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**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 3rd day of July, 1997.

In the Matter of Adopting Intrastate Discounts for )  
Schools and Libraries pursuant to Section 254(h) ) Case No. TO-97-552  
of the Telecommunications Act of 1996. )  
)

**ORDER ESTABLISHING DOCKET**

The Staff of the Commission (Staff) filed a Motion to Establish a Docket on June 20, 1997, asking the Commission to open a case to consider the establishment of discounts to schools and libraries for intrastate services pursuant to the Telecommunications Act of 1996 (the Act). Staff stated that the Federal Communications Commission (FCC) released a Report and Order on May 8<sup>1</sup> (FCC's Report and Order) providing for funding for intrastate services for schools and libraries. In order for Missouri institutions to become eligible for the funding, Missouri must adopt the federal discount levels for intrastate services. Because the funding is distributed on a first-come-first-served basis, Staff argues that the Commission should proceed expeditiously to give notice and ultimately adopt, by order, the matrix found in paragraph 520 of the FCC's Report and Order. Staff also requested that all the parties to Case No. TX-97-379, the Commission's pending rulemaking regarding universal service funding for schools and libraries, be made parties to the new case.

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<sup>1</sup> In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Report and Order (Fed. Comm. Comm'n, May 8, 1997).

The Commission has reviewed the motion with its attachments and relevant portions of the Act and the FCC's Report and Order. Section 254(h)(B) of the Act requires telecommunications carriers to provide services to schools and libraries at a discount, and provides for the FCC to establish discount rates for interstate services, and state commissions to establish discount rates for intrastate services. The Act also requires universal service funding to support these discounts. See § 254(h)(B)(ii).

The FCC's Report and Order issued to implement these provisions states that all eligible schools and libraries should receive discounts of between 20 percent and 90 percent on all telecommunications services, Internet access, and internal connections provided by telecommunications carriers.<sup>2</sup> The Act requires discount rates to be set at a level that is "appropriate and necessary to ensure affordable access to and use of such services by [schools and libraries]."<sup>3</sup> In order to implement this policy, the FCC issued a discount matrix that ties the discount level for interstate services to the percentage of students in the school district in which the institution is located that qualify for the national school lunch program. That matrix is set out in paragraph 520 of the FCC's Report and Order and attached to this order as Attachment A. The applicable discount will be applied to the "lowest corresponding price," i.e., a price no higher than the lowest price a carrier charges to similarly situated non-residential customers for similar services.<sup>4</sup> These discounts will be

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<sup>2</sup> *Id.*, ¶ 425.

<sup>3</sup> 47 U.S.C. 254(h)(B)

<sup>4</sup> FCC Report and Order, ¶ 484-485.

available to eligible institutions beginning on January 1, 1998, and institutions may begin applying for funding beginning on July 1, 1997.<sup>5</sup>

The FCC will provide federal universal service support to fund both interstate and intrastate discounts. As a condition of receiving federal funding for intrastate discounts, a state commission must establish intrastate discounts levels at least equal to those set by the FCC for interstate discounts.<sup>6</sup>

The Commission finds that a case should be opened for the purpose of establishing intrastate discounts and an intervention and comment period set. The Commission also finds that all the parties to TX-97-379 shall be made parties to this case. If, after considering the comments of the parties, the Commission finds it reasonable to do so, it will issue an order adopting the FCC discount matrix attached to this order as Attachment A.

**IT IS THEREFORE ORDERED:**

1. That Case No. TO-97-552 is established for the purpose of adopting intrastate discounts for schools and libraries pursuant to Section 254(h) of the Telecommunications Act of 1996.

2. That all the parties to TX-97-379 are granted intervention in this case.

3. That all other parties wishing to intervene may file an application to intervene no later than July 17, 1997.

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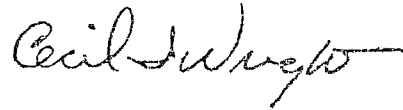
<sup>5</sup> *Id.*, ¶ 535.

<sup>6</sup> *Id.*, ¶ 550-551.

4. That parties wishing to file comments on the adoption of the FCC matrix for intrastate discounts for schools and libraries shall file them no later than July 21, 1997.

5. That this order shall become effective on the date hereof.

**BY THE COMMISSION**



**Cecil I. Wright  
Executive Secretary**

( S E A L )

Zobrist, Chm., Drainer,  
Murray and Lumpe, CC., concur.  
Crompton, C., absent.

ALJ: Wickliffe

SCHOOLS AND LIBRARIES DISCOUNT MATRIX		DISCOUNT LEVEL	
HOW DISADVANTAGED?		urban discount (%)	rural discount (%)
% of students eligible for national school lunch program <sup>1359</sup>	(estimated % of US schools in category)		
< 1	3	20	25
1-19	31	40	50
20-34	19	50	60
35-49	15	60	70
50-74	16	80	80
75-100	16	90	90

In the Matter of Federal-State Joint Board on Universal Service, CC Docket  
No. 96-45, Report and Order ¶ 520 (Fed. Comm. Comm'n, May 8, 1997).