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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 31st
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 GRANTING INTERVENTIONS
AND ADOPTING EDUCATIONAL DISCOUNT MATRIX

Procedural History

The Commission issued its order establishing this case on July 3, 1997, in response to a motion by the Staff of the Commission (Staff). Staff asked the Commission to expeditiously issue an order adopting the Federal Communications Commission (FCC) discount matrix for discounts for intrastate services provided to schools and libraries. The matrix itself was attached as Attachment A to the Order Establishing Docket and is identical to the matrix found in Paragraph 520 of the FCC's Report and Order.¹ The Telecommunications Act of 1996 (the Act) establishes discounts to schools and libraries for intrastate services to be subsidized by the federal Universal Service Fund. Those funds may be available as early as January of 1998, but states may begin to apply for the funds as soon as an administrator has been appointed and application forms have been developed by the FCC. The funds will be distributed on a first come, first served basis, but will only be available to schools and libraries in states where

¹ 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 state utility commission has established intrastate discount levels that are at least equal to those set by the FCC for interstate discounts.

In its order of July 3, the Commission established this docket, granted intervention to all the parties to the pending universal service rulemaking, Case No. TX-97-379, and established an intervention period ending July 17. The order also permitted parties wishing to file comments on the adoption of the matrix to file them no later than July 21, 1997.

Interventions

MCI Telecommunications Corporation (MCI) and MCImetro Access Transmission Services, Inc. (MCImetro) filed a joint Application to Intervene on July 10. Both MCI and MCImetro are competitive telecommunications companies incorporated in Delaware and authorized to do business in the State of Missouri. They wish to intervene in this proceeding because the Commission's decision regarding intrastate discounts for schools and libraries may affect their interests as providers of telecommunications services. MCI and MCImetro state that their interests are different from those of the general public since they provide competitive telecommunications services. MCI and MCImetro also state that their intervention would be in the public interest because of their expertise in the telecommunications industry.

The Missouri State Library filed an Application to Intervene on July 11 stating that it is under a statutory duty to "further the coordination of library services furnished by the state with those of local libraries and other educational agencies." Section 181.021(2), RSMo 1994. The Missouri State Library states that it has a direct interest in the Commission's determinations respecting the adoption, scope, and uniformity of intrastate discounts for schools and libraries, that its interests are

different from those of the general public, and that its intervention would be in the public interest.

The Commission has reviewed these applications for intervention and finds that they are in substantial compliance with Commission rules regarding intervention. 4 CSR 240-2.075. The Commission finds that these applicants have interests in this case which are different from those of the general public and that their applications should be granted.

Comments

The Office of the Public Counsel (OPC) filed comments on July 18 stating that it concurs with Commission Staff in urging the Commission to adopt by order the federal discounts matrix found in Paragraph 520 of the FCC Report and Order. OPC stated that adoption of the matrix is vital so that Missouri schools and libraries will be eligible for funding and that adoption of the matrix is in the best interests of the public.

Staff filed comments on July 21 incorporating by reference the arguments made in its Motion to Establish Docket. Staff encouraged the Commission to act expeditiously.

The Missouri Secretary of State's Office filed comments on July 21 stating that the Commission should issue an order adopting the FCC discounts matrix. The Secretary of State argued that it is necessary for the Commission to take action in order for Missouri's schools and libraries to become eligible for telecommunication discounts under the Telecommunications Act of 1996, citing to Paragraph 443 and Paragraph 472 of the FCC Order. The Secretary of State encouraged the Commission to act expeditiously, pointing out that funds may become available as early as January of 1998 and that Missouri's public libraries have projects underway which will be affected by the implementation of the FCC Order.

Southwestern Bell Telephone Company filed comments on July 21 stating that it does not oppose Staff's recommendation that the Commission adopt the discount matrix for purposes of setting an intrastate discount under 47 U.S.C. Section 254(h)(1)(B) for the sole purpose of permitting eligible Missouri schools and libraries to participate in the discounts which may become available under the federal Universal Service Fund.

The Missouri Public Library Directors and the Missouri Library Network Corporation filed comments on July 21. The Missouri Public Library Directors (MPLD) is a consortium of directors of public libraries in the state; the Missouri Library Network Corporation (MLNC) is a not-for-profit corporation which provides services to public and academic libraries in Missouri. The MPLD and MLNC encourage the Commission to act expeditiously in adopting all appropriate measures to extend federal funding to intrastate universal service. These organizations believe that such funding is necessary for all Missouri libraries to take full advantage of the savings guaranteed by universal service subsidies. The MPLD and MLNC believe that reducing telecommunication costs will allow them to serve the Missouri public better by devoting limited resources to new projects or acquisitions. These organizations argue that the FCC matrix presents a simple and reasonable solution to the issue facing the Commission, and point out that there is nothing to prevent the Commission from revisiting the magnitude of intrastate discounts at a later date.

GTE Midwest Incorporated (GTE) filed comments on July 21 recommending that the Commission expeditiously adopt for intrastate purposes the discount levels that were adopted by the FCC in its Report and Order. GTE also pointed that it has concerns that the FCC-approved discounts may not comply with Section 170.250.10(1), RSMo Supp. 1996, since

the rates for certain services may be below the actual costs of providing the service. Nevertheless, GTE supports adoption of the matrix.

MCI and MCImetro filed comments on July 22 stating that they support adoption of the FCC discount matrix and oppose the adoption of any additional discounts.

Discussion

The Commission finds that it is in the public interest to take whatever action is necessary to enable Missouri schools and libraries to participate in the benefits of the federal Universal Service Fund. Accordingly, the Commission finds it reasonable to adopt, for these purposes, the discount matrix included with this order as Attachment A. The Commission notes that there are other cases pending before it that may have a bearing upon the ultimate level of discounts which schools and libraries receive for telecommunications services, namely Case No. TX-97-163, Case No. TO-97-367, and Case No. TX-97-379. The Commission expects the discount matrix adopted by this order to be incorporated, either in its present form or a form that has been modified after notice and hearing, in the appropriate rulemaking docket.

IT IS THEREFORE ORDERED:

1. That the following parties are granted intervention in accordance with 4 CSR 240-2.075:

**MCI Telecommunications Corporation and MCImetro
Access Transmission Services, Inc.; and**

Missouri State Library.

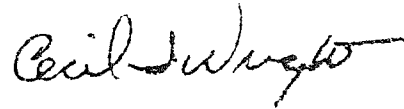
2. That the comments of MCI Telecommunications Corporation and MCImetro Access Transmission Services, Inc. are accepted though filed out of time.

3. That the discount matrix attached to this order as Attachment A is hereby adopted to govern intrastate discounts to schools and libraries for the purpose of permitting eligible Missouri institutions to participate in the discounts available under the federal Universal Service Fund.

4. That nothing in this order shall be construed to limit the Commission's ability to revisit the discount levels in a future proceeding.

5. That this order shall become effective on August 12, 1997.

BY THE COMMISSION



**Cecil I. Wright
Executive Secretary**

(S E A L)

Zobrist, Chm., Crumpton,
Drainer, Murray and Lumpe,
CC., concur.

ALJ: Wickliffe

SCHOOLS AND LIBRARIES DISCOUNT MATRIX		DISCOUNT LEVEL	
HOW DISADVANTAGED?		urban discount (%)	rural discount (%)
% of students eligible for national school lunch program	(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).