(text box: 1)BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE ADOPTION OF A DISCOUNT RATE FOR TELECOMMUNI-CATIONS SERVICES TO ELEMENTARY SCHOOLS, SECONDARY SCHOOLS, AND LIBRARIES IN ORDER TO RECEIVE FEDERAL UNIVERSAL SERVICE SUPPORT. | ))))))) | CASE NO. GNR-T-97-11ORDER TO ADOPT FCC E-RATE DISCOUNT MATRIXORDER NO.  27029 |

Section 254(h)(1)(B) of the Telecommunications Act of 1996 (Act) requires discounts on telecommunications services provided to elementary schools, secondary schools, and libraries for educational purposes (E-Rate discount).  Specifically, Section 254(h)(1)(B) provides as follows:

All telecommunications carriers serving a geographic area shall, upon a bona fide request for any of its services that are within the definition of universal service under subsection (c)(3), provide such services to elementary schools, secondary schools, and libraries for educational purposes at rates less than the amounts charged for similar services to other parties. The discount shall be an amount that the Commission, with respect to interstate services, and the States, with respect to intrastate services, determine is appropriate and necessary to ensure affordable access to and use of such services by such entities.

On May 8, 1997, the Federal Communications Commission (FCC) issued its universal service Order No. 97-157, FCC Docket 96-45, to provide a mechanism to determine discount rates for telecommunications services to schools and libraries.

The Commission Staff reviewed the discount matrix and terms established by the FCC in Order No. 97-157 and recommended that the Commission adopt the FCC E-Rate discount matrix for intrastate services.  On June 12, 1997, the Commission issued a Proposed Order pursuant to Rule 312 of the Commission’s Rules of Procedure, proposing to adopt an E-Rate discount and inviting exceptions and briefs to be filed with the Commission.  No exceptions, briefs or comments were filed with the Commission.  We find the discount rates established by the FCC to be appropriate for intrastate as well as interstate services and thus we issue this Order as a final Order to adopt the FCC E-Rate discount matrix for telecommunications services provided to schools and libraries.

The discount mechanism adopted by the FCC is in the form of a matrix with discounts ranging from 20% to 90%.  The matrix has two dimensions, one based on economic disadvantage (measured by the percentage of children eligible for school lunch programs) and one based on high cost to serve (measured by status as rural or urban under the Metropolitan Statistical Area standard).  Below is the FCC adopted matrix:

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| --- | --- |
| SCHOOLS AND LIBRARIES DISCOUNT MATRIX | DISCOUNT LEVEL |
| HOW DISADVANTAGED? | urbandiscount (%) | ruraldiscount(%) |
| % of students eligible for national school lunch program | (estimated % of U. S. schoolsin 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 its Order No. 97-157, the FCC also accepted a recommendation that it adopt rules to require states to establish intrastate discounts at least equal to the discounts on interstate services as a condition of receiving federal universal service support for schools and libraries in that state.  The FCC thus adopted a mechanism to fund discounts on both interstate and intrastate services so long as a state sets intrastate discounts at least equal to the discounts on interstate services.

Based on the review and recommendation of the Staff, we find that the Commission should adopt the FCC discount terms andmatrix for intrastate telecommunication services to schools and libraries as required by Section 254(h)(1)(B) of the Telecommunications Act.  The Commission hereby establishes the discount matrix so that eligible schools and libraries may receive federal universal service fund support for the 1997-98 school year.  The adoption of the discount matrix is only to insure that intrastate services are eligible for federal USF funding and does not affect funding of intrastate services by the Idaho USF

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O R D E R

IT IS HEREBY ORDERED that with respect to intrastate telecommunications services within the definition of universal service as defined by the Telecommunications Act, the discount for elementary schools, secondary schools, and libraries shall be equal to the discount set by the Federal Communications Commission with respect to interstate service.  Accordingly, the FCC discount matrix is adopted as the appropriate mechanism for the Idaho intrastate jurisdiction.

THIS IS A FINAL ORDER.  Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this Case No. GNR-T-97-11  may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order or in interlocutory Orders previously issued in this Case No. GNR-T-97-11 .  Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration.  See Idaho Code § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this                  day of June 1997.

                                                                                                                                       DENNIS S. HANSEN, PRESIDENT

                                                                                            RALPH NELSON, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Jean Jewell

Assistant Commission Secretary

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**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

July 1, 1997