

providers, etc. to contribute an equal percent of their interstate revenues (a surcharge on those revenues). (14,20-21) LTS should be eliminated. (14)

COMMENTS OF GTE

Goals and Principles

Affordability and Quality: Affordability guidelines or thresholds should be established as a percentage of median family income or expenditure.(8)

Support for Rural, Insular, and High-Cost Areas

Services to be Supported: Core services should include (a) residence voice grade access to the network with the ability to place and receive calls; (b) touch-tone; (c) single party service; (d) access to emergency services, such as 911; (e) access to operator services; and the ability to place and receive interstate calls, but not the usage of interstate long-distance service.(2) Core services should not include advanced services because advanced services have not yet been subscribed to by a substantial majority of residential customers.(2)

Calculation of the Subsidy: The FCC should seek to achieve a specific level of end user prices (support should be based on outputs (prices)).(7) The FCC should adopt two support triggering "national affordability" guidelines or thresholds. If costs exceed the first threshold, both state and federal support should be available. If costs exceed the second threshold, only federal support should be available.(7-8) Support should consist of the difference between the affordability threshold and the rate the carrier would otherwise set in a competitive market which should be estimated according to the cost of providing the services.(8) Costs should be estimated by determining the average level of compensation the incumbent LEC would expect in a competitive market, including a market-determined level of contribution toward shared and common costs.(9) Direct costs estimated for the "core" services should be marked up in an amount representing the contribution toward shared and common costs.(9) Once competitors have entered particular areas, the FCC should set subsidy levels in those areas using a bidding process in which the first group of winning bidders would receive the highest level of support.(8-9, 10-12) The bidding process should be administered by states within Federal guidelines.(12) The geographic areas utilized should be CBGs.(9)

Implementation: Urban and rural rates need not be identical to be comparable.(8)

Eligible Carriers: Carriers should be eligible for support only if they meet the statutory requirements and actually promote universal service.(5-6) Also, states may add eligibility requirements.(S) The FCC should condition federal funding on the equitable application to all carriers of universal service obligations by states.(6)

Evolution of the Universal Service Definition

The universal service definition should be reviewed every three years upon request, and every five-years if no request was acted upon after the three-year interval.(3) Services should be added only if they create a public benefit that outweighs the added burden on contributors.(3) No new reporting requirements should be imposed at this time. (3)

Schools, Libraries, and Health Care Providers

Schools and Libraries: Support should be provided for telecommunications services used by schools and libraries.(18) The FCC should (a) identify the "level of functionality" needed by schools and libraries, (b) determine the amount of funding needed for the "network service component of the level of functionality chosen," and (c) allocate funds to the states. The states should then administer the funds.(19-20)

Health Care Providers: States should appoint administrative agencies to administer support for services provided at discounts to health care providers.(21) These agencies should establish reasonable price ranges applicable to carriers seeking subsidization for services provided to rural health care providers so as to limit the variance between urban and rural rates.(21) If no rural services are offered the agencies should solicit competitive bids on which it can base support calculation.(21)

Administration of Support Mechanisms

Federal support should be available for both the interstate and intrastate portion of core services, although state funding should also be available.(4-5) States should enforce universal service obligations. Certifications that support is used only for designated services will be unnecessary if support is just sufficient to cover costs.(7)

There should be a limited transfer of funding from states with lower funding needs to those with higher needs.(13) The Part 36 separations process should be eliminated as a determinant of funding levels.(12-13) However, the FCC should direct funds for assistance to interstate services to the interstate jurisdiction and funds to assist intrastate services to the intrastate jurisdiction.(13-14) Incumbent LECs would make the separations.(14) The FCC and the states should link universal service decisions to reforms in the forthcoming interstate access charge and pricing structure proceedings.(14) The CCL should be eliminated, but changes in EUCL rates should not be made uniformly in all areas.(14) EUCL levels should be increased and the FCC should adopt the USTA proposal that funding constitute the difference between an increased EUCL cap and the interstate common line costs in each geographic area. However, support should not be tied exclusively to a single LEC rate element such as common line costs. Federal funds should be used to offset rates currently generating implicit support.(14-16) Lifeline and Link Up should be generalized by detaching them from FCC accounting, separations, and access charge rules.(22) Lifeline customers should receive credits to offset the charges the customer selects.(22) Support should be provided for requirements that deposit amounts below amounts providers would set to reflect consumers' credit history and the maximum monthly charges customers can afford. (23)

Funds should be collected through a single uniform surcharge on intra and interstate end-user retail revenues.(16-17)

COMMENTS OF THE CALIFORNIA STATE LIBRARY

Schools, Libraries, and Health Care Providers

Schools and Libraries: All rural areas should be equipped with the capacity to access all information formats electronically at prices equivalent to those in urban areas. Public libraries should be provided advanced telecommunications access capabilities at zero or minimal charge. Related costs such as file transfers should be passed along to individual users and should not be considered selling or reselling services.(2)

COMMENTS OF THE CALIFORNIA LIBRARY ASSOCIATION

Goals and Principles

Principles: The FCC should adopt the statement of principles listed in the NPRM, particularly the principle of access to advanced telecommunications and information services.(1)

Affordability and Quality: "Affordable" should be defined as "no more than the cost of a local telephone call. "(3)

Support for Rural, Insular, and High Cost Areas

Services to be Supported: Advanced telecommunications services could be included among the core services.(1)

Evolution of the Universal Service Definition

The universal service definition should be reviewed at least every three years.(2)

Schools, Libraries, and Health Care Providers

Schools and Libraries: Schools and libraries should have discounted access to any telecommunications service available in the surrounding geographic area, including access to high-speed data lines and advanced services, including the Internet.(1, 3) The definition of additional services to be provided to schools and libraries should be reviewed periodically.(3) The prohibition on the resale of telecommunications services and network capacity should be carefully worded to avoid discouraging cost-recovery measures for services that would be fiscally prohibitive (such as FTP) and to avoid discouraging cooperative projects.(4)

COMMENTS OF THE CALIFORNIA DEPARTMENT OF CONSUMER AFFAIRS

Goals and Principles

Affordability and Quality: Rates are "just and reasonable" if they reflect the cost of providing a service. Rates are "affordable" if people can pay them. Subsidies should be provided only to those who cannot afford to purchase services without them.

General Principles: The burdens of the universal service subsidy on the public telecommunications system should be kept as low as possible.(6) The FCC should be guided by the following principles: (a) promotion of competition, (b) minimization of the scope of activity regulated, and (c) subsidization only to the extent necessary to enable users to purchase essential services that are beyond their economic means.(8) While the FCC should interpret and implement that 1996 Act as it relates to interstate interexchange services, it should allow the states to interpret and implement the Act as it relates to intrastate and local exchange issues.(8-9) The subsidy should be limited and targeted to consumers who would not have access to telecommunications networks without it, should be not be "needlessly large," and should give recipients "maximum feasible flexibility" in using it.(12-13)

Support for Rural, Insular, and High-Cost Areas

Services to be Supported: No new telecommunications or information technologies should be added to the definition of subsidized basic services.(22)

Implementation: Subsidies should be provided only to those who otherwise could not afford universal services, recipients should be aware of the amount of subsidy they receive, and contributors should be aware of the amount they contribute. The FCC should allow the states to determine what constitutes reasonably comparable rural and urban intrastate and local exchange rates. Rural rates need not be identical to urban rates. Rural rates are reasonably comparable to urban rates if the rural rate includes the additional costs incurred in providing a service to rural customers. Geographically deaveraged residential rates should be phased in, and the FCC's goal should be to abolish high-cost area subsidies.

Support for Low-Income Consumers

Services to be Supported: Core services should include toll limitation and restriction services; reduced service deposit charges; and, for those without access to residential service, vouchers to purchase services such as voice mail or pre-paid telephone cards.(23)

Implementation: The FCC should require the provision of lifeline-rate vouchers permitting access to services at reduced rates.(22) See the corresponding paragraph above, under "Support for Rural, Insular, and High-Cost Areas."

Schools, Libraries, and Health Care Providers

The FCC should establish broad rules regarding the provision of services to these institutions, but the interpretation and implementation of those rules should be left to the

states to the greatest extent possible.(9) The FCC should provide incentives for the market to deploy a fiber optic, broadband network platform.(25) The FCC may want to require that new technologies be provided to schools and libraries at reduced rates.(22)

COMMENTS OF THE OAKLAND UNIFIED SCHOOL DISTRICT

Goals and Principles

Principles: Important principles are the need for specific, predictable, and sufficient federal and state mechanisms to preserve and advance universal service; and the notion that elementary and secondary schools and classrooms should have access to advanced services.(I)

Support for Rural, Insular, and High Cost Areas

Services to be Supported: Core services should include a range of services providing access to the PSN, a range of services providing switching within the PSN, and a range of services providing features utilized on the PSN.(6-7)

Calculation of the Subsidy: For purposes of Section 254(h)(1)(B), a geographic area should be defined as a LATA, and "all telecommunications carriers" should include any carriers with a point of presence in the LATA, including LECs, long distance carriers and Internet service providers.(10-1 I)

Schools, Libraries, and Health Care Providers

Schools and Libraries: Discounts should be provided on all universal services utilized by schools, which (apparently) include the core services listed above, high-speed digital services, and Internet access services.(7) In addition, the FCC should designate as additional services for schools facilities capable of providing both off-net access to the PSN for incoming and outgoing calls and on-net capability with access to a variety of locations; all types of terminal equipment; linkages among schools, and between schools and other networks; facilities capable of supporting large data processing needs; video and interactive technologies; and voice processing facilities.(9-10) The services designated for schools should include new products and service enhancements not currently available.(5-6)

Services designated as universal services for schools should be provided at the same rates as universal services for private residential customers, and schools should have the same flat rate access to the network as residential customers. All interoffice LEC facility charges should be eliminated for schools. All voice processing services provided to schools and school district offices should be furnished at a bulk rate.(I 1-12) The costs of these discounts would be minimal.(I 3-14)

Institutions should be certified as elementary and secondary schools using the methods states use to identify K-12 public schools. Once certified, discounts should be provided regardless of the location of use or type of application. Schools should be able to designate the specific individuals authorized to make "bona fide" requests for service. Also, the FCC should clarify that requests for universal and advanced services for any activity undertaken by school personnel be considered "bona fide" requests for services "for educational purposes." (15-16) The prohibition on resale by schools should not be allowed to discourage partnerships between schools and their communities, such as educational consortiums.(17)

Access to Advanced Services

Universal service mechanisms should support high-speed digital services and Internet access, as well as the entities providing them.(7) All interoffice LEC facility charges should be eliminated. Bulk rate discounts should be provided on advanced services when a school district requires a number of the same type of advanced digital network services. The FCC should require the availability of programs under which advanced services are given to schools at no charge for a year and then provided at a tariffed rate. Internet service providers must be identified as "telecommunications carriers" under Section 254(h)(1)(B) so that Internet access services will be provided to schools at a discount.(12-13)

The costs of these discounts would be minimal.(14-15)

COMMENTS OF
THE ALLIANCE FOR DISTANCE EDUCATION IN CALIFORNIA

Schools, Libraries, and Health Care Providers

General: ADEC supports the expansion of the concept of universal service to include both basic and advanced telecommunications services to educational systems, libraries, and health care providers.(1) Colleges and universities which have cooperative programs with K-12 schools or libraries, or which provide rural health care and health sciences instruction should also be eligible for the discounts provided to schools, libraries, and health care providers.(2) The FCC should expedite the availability of all levels of telecommunications services to link students to educational and research resources no matter where students are located.(2)

Schools and Libraries

Determination of the Discount: The discount methodology should utilize the same factors currently used for low-income consumers and those which may be proposed for rural, insular, and high-cost areas.(1) Each library's or K-12 school's classrooms, laboratories, media centers, and computer centers could be equated to a low-income consumer unit eligible for telecommunications services at an amount equal to 10 percent below the lowest rates offered by a telecommunications service provider to its lifeline customers or 20 percent below the lowest contract rates offered to corporations or institutions for particular services, whichever is lower.(1)

Health Care Providers

General: Health care providers should be able to self-certify that they are providing rural health care and instruction by listing the rural areas so served in its application to a telecommunications service provider for health care rates.(1)

Calculation of the Discount: Health care rates should be an amount equal to the lowest lifeline customer's rate or the lowest contract rate paid by corporations to institutions in the state for the service being requested, whichever is lower.(1)

Administration of Support Mechanisms

All commercial telecommunications service providers operating in more than one state should be required to contribute to universal service funding.(2)

COMMENTS OF THE COMMONWEALTH OF MASSACHUSETTS
BOARD OF LIBRARY COMMISSIONERS

Schools and Libraries

Services to be Supported: All generally available core services should also be made available to libraries.(3) Libraries should have at a minimum, affordable access to online electronic information (e.g., Internet access).(3) High-speed digital access, including frame relay, ISDN, DDS and Fractional T-1, should be made available to members of cooperative library networks at discounted rates.(4) Newer technologies, such as high-speed ATM and SONET, should also be made available at discounted rates.(4) Libraries which span two geographical areas should be allowed to receive discounted rates for the entire system.(3) There should be frequent reviews of what constitutes an essential advanced service.(3)

Calculation of the Discount: Discounts should apply to the installation of lines and equipment as well as maintenance of the lines.(3) Whenever possible, flat-rates should be available.(3)

Resale Prohibition: Non-profit organizations, such as library networks, should be able to order and pay for core and advanced services on behalf of their members.(4)

Eligibility: A more general definition of "funds for technology projects" is needed to prevent library eligibility from becoming a problem.(4)

**COMMENTS OF THE LEARNING AND INFORMATION NETWORKS FOR
COMMUNITY TELECOMPUTING COALITION - BOSTON OFFICE**

Goals and Principles

Principles: The FCC should consider that universal service should go "beyond the operation of the market;" its purpose is to remedy market failure.(2)

Schools and Libraries

Services to be Supported: The FCC should "consider the mandate to encourage 'advanced services' not as instruction to necessarily provide 'high bandwidth services" but rather to provide for 'advanced services' in the form of 'essential services.'" Essential services include access to records and databases needed for public health and education; access to new forms of community communications; services providing greater convenience; access to balanced information and news; services ensuring the provision of multi-cultural values; services that protect children from excessive propaganda; and access to telecommunications based "tools of conviviality."(4)

Schools need low or no cost local access among libraries, schools, and homes. Thus, any school or library that opts for local over distant storage of materials should be eligible for a credit against the interstate charges that would have been incurred had the information/data been transmitted via interstate facilities.(6)

COMMENTS OF THE NORTH OF BOSTON LIBRARY

Schools and Libraries

Services to be Supported: Fractional T1, full T1 and some T3 lines for Internet access should be included among the services provided to libraries at a discount.(1)

Calculation of the Discount: Discounts to libraries should be substantial. Also, the FCC should allow non-profit consortia of libraries to be eligible for discounts.(1)

COMMENTS OF THE ILLINOIS STATE BOARD OF EDUCATION

Schools and Libraries

General: Consortia of educational institutions should be eligible for the discounted services for schools and libraries.(12)

Services to be Supported: The 1996 Act established the principle that "elementary and secondary schools and classrooms, health care providers, and libraries should have access to advanced telecommunications services."(5)(emphasis in the comments) Telecommunications costs are prohibitive for schools and libraries and "[c]able TV and wireless are, until now, not a viable option."(5) Services to be provided to schools and libraries at a discount should include high-speed, high-bandwidth, synchronous connections to individual school buildings and classrooms, capable of carrying voice, video, and data.(2,6) Such services should also include cable TV and wireless connections of similar or greater bandwidth should be included;(6) affordable dial-up access for off-site learning; and toll-free 800 services for libraries.(6-7) Also, such services should be of the same quality as those provided to homes and businesses.

Calculation of the Discount: Long-run marginal costs should define the price ceiling from which carriers may discount.(2,8-9) Educational discounts encourage citizens to use other, non-discounted services, including on-line, cable TV, and wireless services at home and in their workplaces.(9)

Resale Prohibition: The prohibition on resale of discounted services should encourage partnerships between K-12 schools, libraries, higher education, and education-related non-profit community groups.(2) A limited form of resale, or at-cost resource sharing, by an educational consortium should be allowed to enable a school or library to recover the costs of allowing educational and non-profit groups to use the discounted services provided to the school or library.(12,14)

Administration of Support Mechanisms

Funding to support discounted services to schools, libraries, and health care providers should come from state and federal sources and a separate levy on all telecommunications, carriers based on market-share.(2) Another possible source of funding are settlement arrangements from alternative regulatory settlement cases, fines assessed in service quality cases, and revenues from price cap reductions.(15) The FCC should recommend that municipal and local governmental bodies explore local solutions to communications access and affordability issues, especially as they examine franchising authority and right-of-way agreements.(15) "[M]any municipalities have written educational access and affordability issues into their franchise arrangements with carriers."(15)

COMMENTS OF THE MICHIGAN LIBRARY ASSOCIATION

Schools and Libraries

Services to be Supported: The services to be supported should include "advanced telecommunications services" which should include (a) line quality capable of facsimile and data transmission; (b) connectivity will all public toll, local, wireline, and wireless networks; (c) telecommunications relay service for voice-to-text and text-to-voice translation; (d) frame relay services; (e) ATM, directory listings; (f) access to interexchange services; (g) voice mail; (h) local (or 800 number supported) long distance; (i) Internet access; (j) high-speed transmission and broadband telecommunications services operating over, at a minimum, a T1 line with data rate transmission capability of at least 128kbps; (k) two-way interactive video services; (l) high-speed data transfer; (m) toll call access to the Internet; and (n) direct Internet access.(5,11-12) Other services that should "be incorporated into any recommendation" include security and network management capabilities, wide-area communications, campus communications, community infrastructure, workstations, and software.(6-7,11-12)

Calculation of the Discount: The discount should be formulated through signed agreements between individual parties, who would attest to the discount and quantity of services provided.(12) The same terms, conditions, and prices should be made available to all other schools, libraries and healthcare institutions in the providers' service area.(12) The average cost to provide the service and the rates for the service should be made publicly available.(12) Selected discount methodologies should be distance insensitive.(12) In determining the discount to be provided, the FCC should consider the "four defining principles of universal service," the utilities of services, and the degree to which cost is the primary barrier to service acquisition by schools and libraries.(12)

Certification of Proper Use and Resale Prohibition: The FCC should require schools and libraries to provide carriers with written certification that requested services will be used for educational purposes and not sold, resold, etc. and to report that information annually.(13) The information should be available through the Internet.(13) The FCC should not prohibit the participation of schools and libraries in non-profit consortia.(13)

Bona Fide Requests: Requests should be deemed qualified if signed by the parties and verified by a local, state, or federal agency.(13)

COMMENTS OF THE LIBRARY OF MICHIGAN

The comments filed by the Library of Michigan were an exact duplicate of the comments filed by the Michigan Library Association (see the previous page).

COMMENTS OF THE AMERICAN TELEMEDICINE ASSOCIATION (ATA)

Health Care Providers

General: The FCC should consider the following three general principles with regard to telecommunications policy and telemedicine: (a) the FCC should refrain from requiring consumers to use particular telecommunications providers or modalities for the delivery of service; (b) any policy to promote telemedicine should be considered in the larger community context; and (c) a periodic review of telemedicine policy is needed to adjust to rapid changes.(3-4)

Services to be Supported: The telecommunications services eligible for discounts should not be limited to outgoing or incoming calls and should include the full array of choices that are available to eligible health care providers.(8) In particular, telemedicine should not be limited to the use of ISDN.(8) Decisions about the appropriate bandwidth and level of service should be left to the health care provider.(8) The FCC should guarantee that rural health care providers have local access to the Internet and the ability to send and receive high-quality digital images.(5) Because of the high bandwidth requirements for digital imaging, the FCC should guarantee access to digital transmission services that can provide speeds of at least 112 Kbytes per second.(7) ATA does not recognize any particular provider because this service may come in a variety of forms in the future (e.g., ISDN, cable modems, ADSL, wireless, etc.).(7)

Reasonably Comparable Rates: Special urban comparable rates for rural health care providers should be applied to all levels of available telecommunications services.(5) The practice of basing charges on distance from the local exchange should be eliminated.(9) The FCC should utilize the OMB definitions of metropolitan and non-metropolitan areas to compute urban and rural rate comparability.(9) The FCC also should use the OMB definition of rural areas to determine which health care facilities qualify for rural discounts.(10)

Eligibility: Secondary and tertiary care facilities located in non-rural areas that have telecommunications links to rural health care institutions should receive discounted services.(10) Private practitioners serving rural residents should be eligible for discounted telecommunications services.(10-11)

COMMENTS OF THE AMERICAN HOSPITAL ASSOCIATION, THE ASSOCIATION OF ACADEMIC HEALTH CENTERS, THE ASSOCIATION OF AMERICAN MEDICAL COLLEGES, AND THE RURAL HEALTH ASSOCIATION

Health Care Providers

Services to be Supported: The FCC must ensure that rural health care practitioners receive essential telecommunications services subsidized by universal service mechanisms regardless of artificial political and population-based boundaries.(5) The FCC's definition of "rural area" and the essential services required by these areas should be as broad as possible.(5) The FCC also should determine that the telecommunications services needed by rural health care providers spans the entire spectrum of telecommunications, not just POTS.(6) Because wireless modes of communication will play a critical role for rural health care providers and because cellular service is charged for both incoming and outgoing calls, discounts should not be limited to "outgoing services" only.(6)

Eligibility: The FCC should consider subsidizing rates for health care providers in non-rural areas to foster an exchange of information among practitioners.(5)

COMMENTS OF THE AMERICAN COLLEGE OF NURSE PRACTITIONERS

Health Care Providers

Services to be Supported: Universal service support should encompass emerging technologies.(2) The FCC should require that ISDN be provided at universal service rates to rural health care providers practicing in non-profit hospitals, rural health clinics, federally qualified health centers, non-profit long-term care facilities, and non-profit community home health agencies.(3)

Eligibility: Although non-profit long-term care facilities and non-profit community home health agencies are not mentioned in the legislation as eligible service providers, they should be included because of the increasing need for quality care of the elderly.(3)

F1/52192.1