

- (7) Protection of the public interest; and
- (8) Any other factors deemed relevant by the commission.

The commission may, as it deems appropriate and in the public interest, reject all bids, redraft the specifications, and re-start the bidding process.

(c) Every carrier (including the incumbent carrier providing basic exchange service in the area) submitting a bid shall include in its projected cost the undepreciated balance of the facilities of the incumbent carrier then being used to provide basic exchange service in the area. The undepreciated balance is the undepreciated value of the facilities as carried on the books of the incumbent carrier. The commission shall establish a procedural schedule for the incumbent carrier to present its claim of the cost of the undepreciated balance of the facilities, for comments to be made by the consumer advocate and other carriers, and for adjudication of this matter by the commission in advance of the submission of bids.

[Eff] (Auth: HRS §§269-6, 269-35, 269-38, 269-41 to 43) (Imp: HRS §§269-35, 269-38, 269-41 to 43, 47 U.S.C. §254)

§6-81-56 Distribution of universal service fund to the carrier of last resort. (a) Except as otherwise provided by the commission, a carrier of last resort may apply for subsidies from the universal service fund to recover the amount required by its bid.

(b) Upon the receipt of an application for universal service fund subsidies, the administrator of the universal service fund shall pay the subsidies to the carrier of last resort, on the terms and conditions, and in the manner, prescribed by the commission. [Eff] (Auth: HRS §§269-6, 269-35, 269-38, 269-41 to 43) (Imp: HRS §§269-35, 269-38, 269-41 to 43, 47 U.S.C. §254)

§6-81-57

§6-81-57 Adjustment of subsidy amount. The commission may, on its own motion or on the motion of the carrier of last resort, readjust the subsidy amount that the carrier may receive from the universal service fund if, during the course of the carrier's contract period, the definition of universal service is expanded or contracted by State or federal law or by commission order. [Eff] (Auth: HRS §§269-6, 269-35, 269-38, 269-41 to 43) (Imp: HRS §§269-35, 269-38, 269-41 to 43, 47 U.S.C. §254)

§§6-81-58 to 62 (Reserved)

SUBCHAPTER 7

SUBSIDIES FOR SPECIALIZED TELECOMMUNICATIONS SERVICES AND SERVICES TO PUBLIC INSTITUTIONS

§6-81-63 Specialized telecommunications services. Services included in basic exchange service that are, for technical, physical, or practical purposes, provided by a single telecommunications carrier, such as the relay services for the deaf, hearing-impaired, and speech-impaired under §269-16.6, HRS, may be subsidized by payment from the universal service fund directly to the carrier providing that service. The amount of the subsidy is limited to the cost of providing the specialized service. [Eff] (Auth: HRS §§269-6, 269-35, 269-38, 269-41 to 43) (Imp: HRS §§269-16.6, 269-35, 269-38, 269-41 to 43)

§6-81-64 Distribution of universal service fund to providers of specialized services and providers of

services to public institutions. A telecommunications carrier seeking a subsidy for providing a specialized service described in §6-81-63 and service to a public institution described in this subchapter must apply for the subsidy. Upon receipt of an application for a subsidy, the administrator of the universal service fund shall review the application and, if appropriate, pay the requested subsidy to the carrier on the terms and conditions and in the manner prescribed by the commission. [Eff _____] (Auth: HRS §§269-6, 269-35, 269-38, 269-41 to 43) (Imp: HRS §§269-35, 269-38, 269-41 to 43, 47 U.S.C. §254)

§6-81-65 Telecommunications services to health care providers - general. (a) Upon the receipt of a bona fide request, a telecommunications carrier shall provide telecommunications services that are necessary for the provision of health care services, including instruction relating to such services, to any public or nonprofit health care provider, that serves persons who reside in a high cost area, at rates that are reasonably comparable to the rates charged for similar services in the urban areas in the State. For purposes of this section, the following areas in the State are deemed urban areas:

- (1) The entire island of Oahu; and
- (2) Areas on the neighbor islands where the rates charged health care providers are no greater than the rates charged ordinary businesses on the island of Oahu.

(b) The rates to be charged a health care provider under subsection (a) shall be tariffed. The tariff, when filed with the commission, is subject to protest, in which event, the provisions of §6-80-40(c) apply. The tariff is also subject to commission review. Upon review, the commission may:

- (1) Deny or reject the tariff;
- (2) Revise or modify the tariff; or
- (3) Allow the tariff to take effect.

§6-81-65

(c) A carrier providing service to a health care provider in a high cost area at rates prescribed in subsection (a) may secure a subsidy from the universal service fund for any difference between the carrier's rates and the rates for similar services provided to customers in other high cost areas in the State. The amount of this subsidy is exclusive of the costs for basic service subsidized pursuant to this chapter.

[Eff] (Auth: HRS §269-6) (Imp:
47 U.S.C. §254)

§6-81-66 Basic telecommunications services and service drops to schools and libraries. Upon receipt of a bona fide request, a telecommunications carrier shall provide basic telecommunications service and service drops to elementary schools, secondary schools, and libraries situated in the carrier's geographical area for educational purposes at rates less than the amounts charged for similar services to other parties. The amount of the discount may not exceed fifty per cent. The carrier may secure a subsidy from the universal service fund for the difference between the discounted rates and the rates charged for similar services to other parties. "Service drop," as used in this section, means the wire or cable from the carrier's service pole or terminal located outside a school or library premises to the demarcation point on the school or library premises. [Eff] (Auth: HRS §269-6)
(Imp: 47 U.S.C. §254)

§6-81-67 Advanced telecommunications services to public institutions. Upon establishment of FCC regulations pursuant to 47 U.S.C. §254(h)(2), a telecommunications carrier shall, to the extent technically feasible and economically reasonable and in conformance with FCC regulations, offer to all public and non-profit elementary and secondary school

§6-81-72

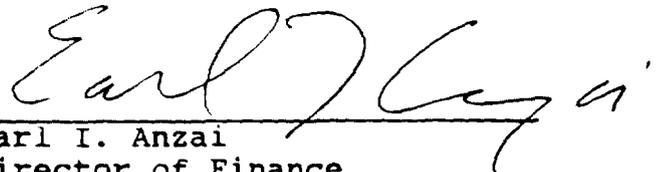
classrooms, health care providers, and libraries situated in the carrier's service area, access to advanced telecommunications and information services. [Eff] (Auth: HRS §§269-6, 269-35, 269-38, 269-41 to 43) (Imp: HRS §§269-35, 269-38, 269-41 to 43, 47 U.S.C. §§254, 706)

§§6-81-68 to 72 (Reserved)

DEPARTMENT OF BUDGET AND FINANCE

Chapter 6-81, Hawaii Administrative Rules, on Summary Page dated May 17, 1996, was adopted on May 17, 1996, following public hearing held on March 4, 5, 6, 7, and 8, 1996, after public notice was given in the Honolulu Advertiser on February 2, 1996, The Garden Island on February 2, 1996, the Maui News on February 2, 1996, the Hawaii Tribune-Herald on February 4, 1996, and West Hawaii Today on February 4, 1996.

The adoption of chapter 6-81 shall take effect ten days after filing with the Office of the Lieutenant Governor.



Earl I. Anzai
Director of Finance
Department of Budget and
Finance



Yukio Naito
Chairman
Public Utilities Commission

APPROVED:



Benjamin J. Cayetano
Governor
State of Hawaii

Dated: May 23, 1996

APPROVED AS TO FORM:

William Jackson
Deputy Attorney General

Filed