school or library. Excluded from this definition is a voice or data network that provides connections between or among instructional buildings of a single school campus or between or among non-administrative buildings of a single library branch.

Section 54.501 is amended by redesignating paragraph (d)(4) as (d)(3) and removing paragraph (d)(4).

10. Section 54.502 is revised to read as follows:

§ 54.502 Supported telecommunications services.

For purposes of this subpart, supported telecommunications services provided by telecommunications carriers include all commercially available telecommunications services in addition to all reasonable charges that are incurred by taking such services, such as state and federal taxes. Charges for termination liability, penalty surcharges, and other charges not included in the cost of taking such service shall not be covered by the universal service support mechanisms.

11. Section 54.503 is revised to read as follows:

§ 54.503 Other supported special services.

For the purposes of this subpart, other supported special services provided by telecommunications carriers include Internet access and installation and maintenance of internal connections in addition to all reasonable charges that are incurred by taking such services, such as state and federal taxes. Charges for termination liability, penalty surcharges, and other charges not included in the cost of taking such services shall not be covered by the universal service support mechanisms.

12. Section 54.504 is amended by revising the section heading, paragraphs (a), (b)(1), (b)(2) introductory text, redesignating paragraph (b)(3) as paragraph (b)(4) and revising the first sentence, adding new paragraph (b)(3), redesignating paragraph (c) as paragraph (d) and adding a new paragraph (c) to read as follows:

§ 54.504 Requests for services.

(a) Competitive bid requirements. Except as provided in § 54.511(c), an eligible school, library, or consortium that includes an eligible school or library shall seek competitive bids, pursuant to the requirements established in this subpart, for all services eligible for support under §§ 54.502 and 54.503. These competitive bid requirements apply in addition to state and local competitive bid requirements and are not intended to preempt such state or local requirements.

(b) Posting of FCC Form 470.

(1) An eligible school, library, or consortium that includes an eligible school or library seeking to receive discounts for eligible services under this subpart, shall submit a completed FCC Form 470 to the Schools and Libraries Corporation. FCC Form 470 shall include, at a minimum, the following information, to the extent applicable with respect to the services requested:

* * * * *

(2) FCC Form 470 shall be signed by the person authorized to order telecommunications and other supported services for the eligible school, library, or consortium and shall include that person's certification under oath that:

* * * * *

(3) The Schools and Libraries Corporation shall post each FCC Form 470 that it receives from an eligible school, library, or consortium that includes an eligible school or library on its website designated for this purpose.

(4) After posting on the schools and libraries website an eligible school's, library's, or consortium's FCC Form 470, the Schools and Libraries Corporation shall send confirmation of the posting to the entity requesting service.

(c) Filing of FCC Form 471. An eligible school, library, or consortium that includes an eligible school or library seeking to receive discounts for eligible services under this subpart, shall, upon signing a contract for eligible services, submit a completed FCC Form 471 to the Schools and Libraries Corporation. A commitment of support is contingent upon the filing of FCC Form 471.

* * * * *

13. Section 54.505 is amended by adding paragraphs (b)(4) and (f) and removing and reserving paragraph (d) to read as follows:

§ 54.505 Discounts.

* * * * *

(b) * * *

(4) School districts, library systems, or other billed entities shall calculate

discounts on supported services described in § 54.502 or other supported special services described in § 54.503 that are shared by two or more of their schools, libraries, or consortia members by calculating an average based on the applicable discounts of all member schools and libraries. School districts, library systems, or other billed entities shall ensure that, for each year in which an eligible school or library is included for purposes of calculating the aggregate discount rate, that eligible school or library shall receive a proportionate share of the shared services for which support is sought. For schools, the average discount shall be a weighted average of the applicable discount of all schools sharing a portion of the shared services, with the weighting based on the number of students in each school. For libraries, the average discount shall be a simple average of the applicable discounts to which the libraries sharing a portion of the shared services are entitled.

* * * * *

(d) Reserved.

* * * * *

(f) State support. Federal universal service discounts shall be based on the price of a service, prior to the application of any state provided support for schools or libraries.

14. Section 54.506 is added to read as follows:

§ 54.506 Internal connections.

A service is eligible for support as a component of an institution's internal connections if such service is necessary to transport information within one or more instructional buildings of a single school campus or within one or more non-administrative buildings that comprise a single library branch. Discounts are not available for internal connections in non-instructional buildings of a school or school district, or in administrative buildings of a library, to the extent that a library system has separate administrative buildings, unless those internal connections are essential for the effective transport of information to an instructional building of a school or to a non-administrative building of a library. Internal connections do not include connections that extend beyond a single school campus or single library branch. There is a rebuttable presumption that a connection does not constitute an internal connection if it crosses a public right-of-way.

15. Section 54.511 is amended by revising paragraphs (b) and (c) and adding a new paragraph (d) to read as follows:

§ 54.511 Ordering services.

* * * * *

(b) Lowest corresponding price. Providers of eligible services shall not charge schools, school districts, libraries, library consortia, or consortia including any of these entities a price above the lowest corresponding price for supported services, unless the Commission, with respect to interstate services or the state commission with respect to intrastate services, finds that the lowest corresponding price is not compensatory. Promotional rates offered by a service provider for a period of more than 90 days must be included among the comparable rates upon which the lowest corresponding price is determined.

(c) Existing contracts.

(1) A signed contract for services eligible for discounts pursuant to this subpart between an eligible school or library as defined under § 54.501 or consortium that includes an eligible school or library and a service provider shall be exempt from the competitive bid requirements set forth in § 54.504(a) as follows:

(i) A contract signed on or before July 10, 1997 is exempt from the competitive bid requirements for the life the contract; or

(ii) A contract signed after July 10, 1997, but before the date on which the universal service competitive bid system described in § 54.504 is operational, is exempt from the competitive bid requirements only with respect to services that were provided under such contract between January 1, 1998 and December 31, 1998.

(2) For a school, library, or consortium that includes an eligible school or library that takes service under or pursuant to a master contract, the date of execution of that master contract represents the applicable date for purposes of determining whether and to what extent the school, library, or consortium is exempt from the competitive bid requirements.

(3) The competitive bid system will be deemed to be operational when the Schools and Libraries Corporation is ready to accept and post FCC Form 470 from schools and libraries on a website and that website is available for use by service providers.

(d) The exemption from the competitive bid requirements set forth in paragraph (c) shall not apply to voluntary extensions of existing contracts.

16. Section 54.518 is added to read as follows:

§ 54.518 Support for wide area networks.

To the extent that states, schools, or libraries build or purchase a wide area network to provide telecommunications services, the cost of such wide area networks shall not be eligible for universal service discounts provided under this subpart.

17. Section 54.519 is added to read as follows:

§ 54.519 State telecommunications networks.

(a) Telecommunications services. State telecommunications networks may secure discounts under the universal service support mechanisms on supported telecommunications services (as described in §54.502) on behalf of eligible schools and libraries (as described in §54.501) or consortia that include an eligible school or library. Such state telecommunications networks shall pass on such discounts to eligible schools and libraries and shall:

(1) Maintain records listing each eligible school and library and showing the basis for each eligibility determination;

(2) Maintain records demonstrating the discount amount to which each eligible school and library is entitled and the basis for such determination;

(3) Make a good faith effort to ensure that each eligible school or library receives a proportionate share of the shared services;

(4) Take reasonable steps to ensure that service providers apply the appropriate discount amounts on the portion of the supported services used by each school or library;

(5) Direct eligible schools and libraries to pay the discounted price; and

(6) Comply with the competitive bid requirements set forth in § 54.504(a).

(b) Internet access and installation and maintenance of internal connections. State telecommunications networks either may secure discounts on Internet access and installation and maintenance of internal connections in the manner described in paragraph (a) of this section with regard to telecommunications, or shall be eligible, consistent with §54.517(b), to receive universal service support for providing such services to eligible schools, libraries, and consortia including those entities.

Subpart G - Universal Service Support for Health Care Providers

18. Section 54.603 is amended by revising the section heading and paragraphs (b)(1) introductory text, (b)(2) and (b)(3) to read as follows:

§ 54.603 Competitive bid requirements.

* * * * *

(b) Posting of FCC Form 465.

(1) An eligible health care provider seeking to receive telecommunications services eligible for universal service support under this subpart shall submit a completed FCC Form 465 to the Rural Health Care Corporation. FCC Form 465 shall be signed by the person authorized to order telecommunications services for the health care provider and shall include, at a minimum, that person's certification under oath that:

* * * * *

(2) The Rural Health Corporation shall post each FCC Form 465 that it receives from an eligible health care provider on its website designated for this purpose.

(3) After posting an eligible health care providers FCC Form 465 on the Rural Health Care Corporation website, the Rural Health Care Corporation shall send confirmation of the posting to the entity requesting services. The health care provider shall wait at least 28 days from the date on which its FCC Form 465 is posted on the website before making commitments with the selected telecommunications carrier(s).

* * * * *

19. Section 54.604 is added to read as follows:

§ 54.604 Existing contracts.

(a) Existing contract. A signed contract for services eligible for support pursuant to this subpart between an eligible health care provider as defined under § 54.601 and a service provider shall be exempt from the competitive bid requirements set forth in § 54.603(a) as follows:

(1) A contract signed on or before July 10, 1997 is exempt from the competitive bid requirement for the life of the contract; or

(2) A contract signed after July 10, 1997 but before the date on which the universal service competitive bid system described in § 54.603 is operational is exempt from the competitive bid requirements only with respect to services that will be provided under such contract between January 1, 1998 and December 31, 1998.

(b) For rural health care providers that take service under or pursuant to a master contract, as defined in §54.500(f), the date of execution of that master contract represents the applicable date for purposes of determining whether and to what extent the rural health care provider is exempt from the competitive bid requirements.

(c) The competitive bid system will be deemed to be operational when the Rural Health Care Corporation is ready to accept and post FCC Form 465 from rural health care providers on a website and that website is available for use by service providers.

(d) The exemption from competitive bid requirements set forth in paragraph (a) shall not apply to voluntary extensions of existing contracts.

20. Section 54.605 is amended by revising paragraph (d) and adding paragraph (e) to read as follows:

§ 54.605 Determining the urban rate.

* * * * *

(d) The "standard urban distance" for a state is the average of the longest diameters of all cities with a population of 50,000 or more within the state.

(e) The Rural Health Care Corporation shall calculate the "standard urban distance" and shall post the "standard urban distance" and the maximum supported distance for each state on its website.

21. Section 54.609 is amended by revising paragraph (a) and adding paragraph (c) to read as follows:

§ 54.609 Calculating support.

(a) * * * In addition, all reasonable charges that are incurred by taking such services, such as state and federal taxes shall be eligible for universal service support. Charges for termination liability, penalty surcharges, and other charges not included in the cost of taking such service shall not be covered by the universal service support mechanisms.

* * * * *

(c) The universal service support mechanisms shall cover reduced rates on intrastate telecommunications services, as set forth in §54.101(a), provided to rural health care providers as well as interstate telecommunications services.

22. Section 54.625 is added to read as follows:

§ 54.625 Support for services beyond the maximum supported distance for rural health care providers.

(a) The maximum support distance is the distance from the health care provider to the farthest point on the boundary of the nearest large city, as calculated by the Rural Health Care Corporation.

(b) An eligible rural health care provider may purchase an eligible telecommunications service, as defined in § 54.601(c)(1) through (c)(2), that is provided over a distance that exceeds the maximum supported distance.

(c) If an eligible rural health care provider purchases an eligible telecommunications service, as defined in § 54.601(c)(1) through (c)(2), that exceeds the maximum supported distance, the health care provider must pay the applicable rural rate for the distance that such service is carried beyond the maximum supported distance.

Subpart H - Administration

23. Section 54.703 is amended by adding a new last sentence to paragraphs (b) and (c) to read as follows:

§ 54.703 Contributions.

* * * * *

(b) * * * The following entities will not be required to contribute on the basis of revenues derived from the provision of interstate telecommunications: non-profit schools, non-profit colleges, non-profit universities, non-profit libraries, and non-profit health care providers; broadcasters of video programming; systems integrators that derive less than five percent of their systems integration revenues from the resale of telecommunications.

(c) * * * The following entities will not be required to contribute on the basis of revenues derived from the provision of interstate telecommunications: non-profit schools, non-profit colleges, non-profit universities, non-profit libraries, and non-profit health care providers; broadcasters of video programming, systems integrators that derive less than five percent of their systems integration revenues from the resale of telecommunications.

24.. Section 54.705 is amended by replacing "$100" with "$10,000."

§ 54.705 *De minimis* exemption.

* * * * * $10,000 * * * * *

25. Section 54.709 is amended by replacing "Administrator" in paragraph (a) with "Commission" and adding a new sentence after the third sentence of paragraph (a)(3) to read as follows:

§ 54.709 Computations of required contributions to universal service support mechanisms.

(a) * * * Commission.

* * * * *

(3) * * * Based on data submitted to the Administrator on the Universal Service Worksheets, the Administrator must submit the total contribution bases to the Commission and the Common Carrier Bureau at least 60 days before the start of each quarter. * * *

* * * * *

PART 69 -- ACCESS CHARGES

26. Section 69.153 is amended by adding a new paragraph (h):

§ 69.153 Presubscribed interexchange carrier charge (PICC)

* * * * *

(h) If a local exchange carrier receives low income universal service support on behalf of a customer under § 54.403(d) of this chapter, then the local exchange carrier shall not recover a residential presubscribed interexchange carrier charge from that end-user customer or its presubscribed interexchange carrier. Any amounts recovered under § 54.403(d) of this chapter by the local exchange carrier shall be treated as if they were recovered through the presubscribed interexchange carrier charge.

APPENDIX B
PARTIES FILING PETITIONS FOR RECONSIDERATION OF MAY 8, 1997 REPORT AND ORDER
CC Docket 96-45

Petitioner	Abbreviation
Ad Hoc Telecommunications	Ad Hoc
AirTouch Communications, Inc.	AirTouch
Alaska Public Utilities Commission	Alaska Commission
Alaska Telephone Association	
Alliance for Public Technology	
ALLTEL Telephone Services Corporation	ALLTEL
AMSC Subsidiary Corporation	AMSC
American Public Communications Council	
American Petroleum Institute	
Arkansas Public Service Commission	
AT&T Corp.	AT&T
Benton Foundation and Edgemont Neighborhood Coalition	Benton
US Catholic Conference	Catholic Conference
National Coalition for the Homeless	
Cellular Telecommunications Industry Association	CTIA
Columbia Communications Corporation	
Comcast Cellular Communications, Inc. & Vanguard Cellular Systems, Inc.	
Fidelity Telephone Company	
Florida Department of Education	
Florida Department of Management Services	
Florida Public Service Commission	Florida Commission
General Communication, Inc.	GCI
Georgia Department of Administrative Services	
GE American Communications, Inc.	GE Americom
Global Village Schools Institute	Global
GVNW Inc./Management	GVNW
Kansas Corporation Commission	Kansas Commission
Iowa Telecommunications and Technology Commission	
Information Technology Association of America	ITAA
ITCS, Inc.	ITC
MCI, Telecommunications Corporation	MCI
National Association of State Telecommunications Directors	NASTD

National Exchange Carrier Association, Inc.	NECA
New Jersey Division of the Ratepayer Advocate	New Jersey Advocate
New York Library Association	
Nextel Communications, INC.	Nextel
Ozark Telecom, Inc.	
Personal Communications Industry Association	PCIA
ProNet Inc.	
Puerto Rico Telephone Company	
Rural Telephone Companies	
Rural Telephone Coalition	RTC
Sandwich Isles Communications, Inc.	
Sprint Corporation	Sprint
Sprint Spectrum L.P.	Sprint PCS
TelHawaii, Inc.	
Teletouch Licenses, Inc.	
Public Utility Commission of Texas	Texas Commission
Time Warner Communications Holdings, Inc.	Time Warner
US West, Inc.	US WEST
United States Telephone Association	USTA
United Utilities, Inc.	United Utilities
Vermont Public Service Board	Vermont Commission
Western Alliance	
Washington State Department of Information Services	Washington
Wyoming Public Service Commission	Wyoming Commission

PARTIES FILING OPPOSITIONS AND COMMENTS TO PETITIONS FOR RECONSIDERATION OF MAY 8, 1997 REPORT AND ORDER CC Docket 96-45

Commenter	Abbreviation
360° Communications Company	360°
Ad Hoc Telecommunications	Ad Hoc
AirTouch Communications, Inc.	AirTouch
Alaska, State of	Alaska Commission
American Mobile Telecommunications Assoc., Inc.	American
Ameritech Operating Companies	Ameritech
AMSC Subsidiary Corp.	AMSC
Arch Communications Group	Arch
AT&T Corp.	AT&T

Bell Atlantic	
BellSouth Corp. & BellSouth Telecommunications, Inc.	BellSouth
Catholic Conference, United States	Catholic Conference
Benton Foundation,	
Center for Media Education,	
Consumer Action,	
Edgemont Neighborhood Coalition,	
Heartland Alliance for Human Needs & Human Rights,	
Interstate Migrant Education Council,	
Migrant Legal Action Program,	
National Association of Migrant Educators,	
National Coalition for the Homeless,	
Washington Legal Clinic for the Homeless,	
Marcia Zashin, Education Consultant to	
Cleveland Public Schools and Project Act,	
Centennial Cellular Corp.	Centennial
Cellular Telecommunications Industry Association	CTIA
Colorado Public Utilities Commission	Colorado Commission
Comcast Cellular Communications, Inc.	
Comcast/Vanguard	
and Vanguard Cellular Systems, Inc.	
GE American Communications, Inc	GE
GTE Service Corporation	GTE
General Communications, Inc.	
Hawaii, State of	Hawaii Commission
International Business Machines Corp.	IBM
Loral Space and Communications	Loral
LTD	
MCI Telecommunications Corp.	MCI
New Mexico State Corp. Commission	New Mexico Commission
New York Clearing House Association,	NYCHA
MasterCard International Inc.	
VISA, U.S.A., Inc.	
PanAmSat Corp.	PanAmSat
Personal Communications Industry Assoc.	PCIA
Rural Telephone Coalition	RTC
Southern New England Telephone Company	SNET
Sprint, Corp.	Sprint
Telecommunications Consultants, Inc.	TCA
Telecommunications Resellers Associations	Resellers
Time Warner Communications Holding, Inc.	Time Warner
US West, Inc.	US WEST

United States Telephone Association	USTA
Virgin Islands Telephone Corp.	Virgin Islands Telephone

PARTIES FILING REPLY COMMENTS TO PETITIONS FOR RECONSIDERATION OF MAY 8, 1997 REPORT AND ORDER CC Docket 96-45

Commenter	Abbreviation
Ad Hoc Telecommunications Users Committee	Ad Hoc
Ameritech	
American Petroleum Institute	
Arch Commmunications Group, Inc.	Arch
AT&T Corp.	AT&T
Bell Atlantic	
Cellular Telecommunicationos Industry Association	CTIA
Columbia Communications Corporation	Columbia
Comcast Cellular Communications, Inc. and Vanguard Cellular Systems, Inc.	Comcast and Vanguard
EDS Corporations	EDS
GE American Communications, Inc.	GE Americom
General Communications, Inc.	GCI
GTE Service Corporation	GTE
Iowa Telecommunications and Technology Commission	ICN
MCI Telecommunications Corp.	MCI
National Association of State Telecommunications Directors	NASTD
PanAmSat Corporation	PamAmSat
Personal Communications Industry Association	PCIA
ProNet, Inc.	ProNet
Puerto Rico Telephone Company	PRTC
Rural Telephone Coalition	RTC
Rural Telephone Companies	
Sandwich Isles Communications, Inc.	SIC
Sprint Corp.	Sprint
TCA, Inc. - Telecommunications Consultants	TCA
Telecommunications Resellers Association	TRA
TelHawaii, Inc.	TelHawaii
United States Telephone Association	USTA

United Utilities, Inc.	United
U S West, Inc.	U S WEST
Vermont Public Service Board	Vermont Commission
Vyvx, Unc.	Vyvx
Western Alliance	Western
Wireless Cable Association International, Inc.	WCA

PARTIES FILING PETITIONS FOR RECONSIDERATION OF JULY 10, 1997 ORDER ON RECONSIDERATION CC Docket 96-45

Petitioner	Abbreviation
Education and Library Networks Coalition	EdLiNC
Rural Telephone Coalition	RTC
School Board for the City of Newport News, Virginia	School Board
The Western Alliance	
U S West, Inc.	U S WEST

PARTIES FILING OPPOSITIONS AND COMMENTS TO PETITIONS FOR RECONSIDERATION OF JULY 10, 1997 ORDER ON RECONSIDERATION CC Docket 96-45

Commenter	Abbreviation
Bell Atlantic Telephone Companies	Bell Atlantic
Colorado Libraries, Education and Healthcare	Colorado
Telecommunications Coalition	TC
General Communications, Inc.	GCI
United States Telephone Association	USTA

PARTIES FILING REPLY COMMENTS TO PETITIONS FOR RECONSIDERATION OF JULY 10, 1997 ORDER ON RECONSIDERATION

CC Docket 96-45

Commenter	Abbreviation
Virgin Islands Telephone Co.	Virgin Islands Telephone

PARTIES FILING COMMENTS TO SEPTEMBER 4, 1997 SECOND FURTHER NOTICE OF PROPOSED RULEMAKING (FCC 97-317) CC Docket Nos. 96-262, 94-1, 91-213, 95-72, 96-45

Commenter	Abbreviation
AT&T	AT&T
Bell Atlantic	Bell Atlantic
Florida Public Service Commissions'	Florida Commission
MCI Telecommunications Corporation	MCI
The Rural Telephone Coalition	RTC
Southwestern Bell Telephone Company, Pacific Bell, and Nevada Bell	
Sprint Corporation	Sprint
United States Catholic Conference	
United States Telephone Association	USTA
US West, Inc.	US West

PARTIES FILING REPLY COMMENTS TO SEPTEMBER 4, 1997 SECOND FURTHER NOTICE OF PROPOSED RULEMAKING (FCC 97-317) CC Docket Nos. 96-262, 94-1, 91-213, 95-72, 96-45

Commenter	Abbreviation
AT&T	AT&T
Bell Atlantic	Bell Atlantic
Sprint Corporation	Sprint
US West, Inc.	US West

PARTIES FILING COMMENTS TO SEPTEMBER 10, 1997 PUBLIC NOTICE (DA 97-1957)

CC Docket 96-45

Commenter	Abbreviation
AG Communications Systems Corp.	
State of Alaska	Alaska Commission
Anchorage School District	Anchorage
Archdiocese of New York	
Colorado Department of Education	Colorado DOE
DataCast Learning Network	
Delta-SchoolCraft Intermediate School District	
Education and Library Networks Coalition	EdLiNC
Florida Department of Management Services	Florida Commission
Council of the Great City Schools	
Illinois State Board of Directors	Illinois State Board
Kansas Hospital Association	Kansas Hospital Assn.
KM Broadcasting	KMB
State of Maine Department of Education	
Missouri Public Service Commission	Missouri Commission
Missouri Research and Education Network	MOREnet
Missouri State Library	Missouri
Mississippi Council for Education Technology	
Montana Public Service Commission	Montana Commission
Montana School Boards Association	
New Hampshire State Library	
New Jersey Division of the Ratepayer Advocate	
New Jersey State Library	
City of New York Department of Information Technology & Telecommunications	
New York Public Library	
New York State Department of Public Service and The New York State Education Department	
North Dakota Public Service Commission	North Dakota Commission
Commonwealth of the Northern Mariana Islands	Northern Mariana Islands
Rural Policy Research Institute Rural Telecommunications Task Force	
South Carolina Budget and Control Board, Office of Information Resources	South Carolina OIR
South Carolina Area Health Education Consortium	South Carolina AHEC
United States Telephone Association	USTA
Utah Education Network	
Weisiger, George	

FLORIDA PETITION FOR DECLARATORY RULING
CC Docket No. 96-45

Petitioner	Abbreviation
Florida Public Service Commission	Florida Commission

PARTIES FILING COMMENTS TO FLORIDA PETITION FOR DECLARATORY RULING
CC Docket No. 96-45

Commenter	Abbreviation
Citizens of Florida	

PARTIES FILING LATE-FILED OR INFORMAL COMMENTS

Commenter	Abbreviation
Association of America's Public Television Stations and the Public Broadcasting Service	AAPTS
United States Telephone Association	USTA

Separate Statement of
Commissioner Susan Ness

Re: *Federal-State Joint Board on Universal Service; Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Transport Rate Structure and Pricing, End User Common Line Charge*

Today's decision provides clarifications and mid-course corrections on dozens of issues that have arisen in the course of our universal service proceeding. These particular issues are ones that require resolution before January 1, 1998. That is when the first phase of changes in all aspects of the new universal service regime become effective, as do integrally related changes in the structure of interstate access charges. Other reconsideration issues will be addressed at a later time.

The implementation details we are addressing today matter a great deal to the beneficiaries of the support mechanisms for low-income consumers, consumers in high cost regions, and schools, libraries, and rural health care facilities. The debate surrounding this order, however, is on larger issues, including the basic thrust of our universal service regime.

Almost two years after enactment of the Telecommunications Act of 1996, many people are talking about what's right and what's wrong with the law -- and with the way in which it is being implemented. I welcome an examination of these issues and am delighted to participate. Unfortunately, some of the discussion is shedding heat, not light.

As the one remaining FCC commissioner who participated in the deliberations of the Federal-State Joint Board on universal service as well as the Commission's comprehensive decision of May 1997, I write separately to provide the context for our decision today and for our ongoing efforts to implement Section 254 of the Communications Act.

Congress deliberated on telecommunications policy on and off for two decades, before finally passing landmark legislation in February 1996. The law that emerged was wisely directed at three overarching goals: competition, universal service, and deregulation.

From the very day when the legislation was passed, the FCC and the state commissions have been industriously implementing the will of Congress. At the FCC, there have been literally scores of rulemakings. Each of them involved competition, universal service, or deregulation, and sometimes all three. Throughout these many months, no subject has received more attention than universal service.

The fundamental goal of the Telecommunications Act is to enable *every* American to benefit from increased opportunities to use electronic communications. The new law revitalizes this nation's historic commitment to facilitate access to telephone services. Specific statutory

universal service goals are ambitious, but also achievable:

- Extend quality service to remote towns and villages, from Alaska to Alabama.
- Make service affordable for urban and rural poor, from Washington State to Washington, D.C..
- Enhance access for classrooms and libraries throughout the nation, and enable rural health clinics to use telecommunications as inexpensively as do big-city medical centers.
- And meanwhile, maximize competition, economic efficiency, innovation, and consumer choice, while eliminating unnecessary government burdens and restrictions.

The FCC has embraced all of these noble goals. Over the past two years, we have worked diligently to translate each element of this grand vision into a practical reality -- while strictly adhering to the statutory language.

The universal service proceeding has involved a truly all-encompassing review of existing universal service support mechanisms and of alternative ways in which the universal service provisions of the Telecommunications Act can be effectuated. Interested parties from across the nation have presented facts, analyses, suggestions, and insights to the Joint Board and to the Commission. The record stands at more than 100,000 pages and counting. A dedicated team of federal and state staff has considered every statutory provision and every comment filed. Decisions have been made by a state consumer advocate, four state public utility commissioners, and the FCC.

Remarkably, there has been a high level of agreement about the specific steps that should be taken to implement the statute. On virtually every issue considered by the Joint Board and the FCC, decisions were made by consensus. The first vital implementation steps for all aspects of universal service are just now occurring. Low-income and high-cost support are *already* being provided, even as we refine the specific support mechanisms. Now, support for schools, libraries, and rural health care facilities will also be available.

Specifically, on January 1, 1998, high-cost support, for the first time, is becoming competitively portable. This will be critical for new entrants wishing to compete with incumbents. Low-income assistance will be introduced in those states where it has never before been available, and increased in all the others. Students will soon be more likely to have access to phone lines for distance learning. Teachers will be able to call parents from classrooms, to praise a child's performance. Library patrons will be able to access a world of information on the internet. The quality of rural health care will improve, and its cost will decline, as communications tools are employed.

While we have made enormous progress, much remains to be done. We have not yet solved such monumental issues as how best to wring out billions of dollars of implicit high-cost subsidies in inter- and intra-state rates and establish instead a framework that is adequate, explicit, efficient, and competitively neutral. We are still in search of good ideas for a mechanism for high-cost support that transcends traditional jurisdiction-driven thinking in pursuit of an important and long-standing national objective. These matters will require new levels of state-federal partnership, but constructive ideas from any quarter are welcome. Importantly, even though these issues are not yet settled, consumers in high-cost areas will continue to receive subsidized telephone service without interruption.

A host of other issues await attention: How can we better harness competition to obtain the desired communications benefits for low-income consumers, for consumers in high-cost areas, and for schools, libraries, and rural health care facilities? What more can be done to ensure that universal service support is used only as intended, minimizing waste and abuse in every facet of administration? What solutions are available to address the needs of those who live in areas -- thankfully few -- in which telephone service is nonexistent?

One need not regard the past decisions of the Joint Board or the Commission as "perfect" to believe that what we are doing is fundamentally sound, consistent with the statute, and eminently worthwhile. We can and should continue to advance Congress's universal service goals, by implementing universal service changes, even as we rethink and refine what we have done already. In the context of today's relatively narrow order, for example, I myself have some questions:

- In the high-cost program, are we increasing the cap on corporate overhead too much, such that funds that should be supporting loop plant improvements will instead be applied to inefficient management?

- Should the FCC do more to limit "self-certification" by those who order Lifeline services, so that low-income support is not available to those for whom it is not intended?

- Does "grandfathering" of preexisting state networks and master contracts unduly dampen the incentive of schools and libraries to fully explore the potential of competition to drive prediscount prices down?

In my view, these and other uncertainties, as well as unresolved issues of the sort mentioned above, do *not* justify indefinite delay in implementing any of the provisions of the statute. The timetable in Section 254(a) of the Communications Act is one that counsels for expeditious action, not delay (it calls for a Joint Board recommendation within nine months, and an FCC decision within 15 months, after enactment). The timetable in Section 706(b) of the Telecommunications Act (uncodified) is to the same effect (30 months after enactment,

that is, this coming July, the Commission must begin an inquiry to assess "whether advanced telecommunications capability is being made available to all Americans (including, in particular, elementary and secondary schools and classrooms)" in a timely fashion and, if not, to "accelerate" the process).

Contrary to suggestions that have appeared in the press, no facet of universal service provision has been neglected. Nor has any good reason been given why twenty-one months of work by a partnership of state commissioners and the FCC should be jettisoned. I see no reason to withhold from consumers any of the universal service benefits that Congress intended. To the contrary, we should move forward, with measured steps, striving to revise the universal service regime to make it ever more responsive to the goals Congress set forth.

To this end we need a continuing good faith dialogue about how best to fulfill the letter and spirit of every provision of Section 254 of the Communications Act. We should review what has already been done, honestly debate those issues that still require further discussion, and constructively search for the best possible solutions.

Like the Eleanor Roosevelt of Adlai Stevenson's description, we should direct our energies to lighting candles, not cursing the darkness.

DISSENTING STATEMENT OF COMMISSIONER HAROLD FURCHTGOTT-ROTH

Re: Fourth Order on Reconsideration, Federal-State Joint Board on Universal Service (CC Docket No. 96-45), Report and Order, Access Charge Reform, Price Cap Review for Local Exchange Carriers, Transport Rate Structure and Pricing, End User Common Line Charge (CC Docket Nos. 96-262, 94-1, 91-213, 95-72).

The universal service provisions in Section 254 of the Communications Act embody the hopes of many Americans. The Section should be precisely implemented within the letter of the law, and fully implemented according to all -- not just part -- of its language. The Commission has expended significant resources on universal service and has issued three prior orders on universal service. Despite these efforts, considerable doubts remain about whether the Commission's universal service programs fully meet all of the requirements of Section 254 and about whether the universal service programs are entirely within the letter of the law. I mentioned but a few of these concerns in my dissent of December 17, 1997.

The Order adopted by the majority today is entitled a "reconsideration" Order. The Commission has undoubtedly received many requests for reconsideration of fundamental issues related to Section 254. The Commission should have taken this opportunity to review fully the implementation of Section 254 and whether the FCC's previous interpretations are consistent with the plain language of the Act. (I trust that the Commission soon will have another opportunity to do so.) Few of these fundamental issues, however, have found their way into today's Order. Instead, the existing structure of universal service is presumed perfect and minor modifications are suggested here and there. I cannot endorse efforts to implement slight modifications to programs with which I have more fundamental questions that have not been addressed.

Some of the small recommendations adopted in this Order move the Commission in the right direction; other recommendations cannot even make that claim. For example, one of the provisions adopted in today's Order denies the State of Florida's petition to use, if only for the first year, the form that it has already created and distributed to apply for universal service discounts under the schools and libraries support program. Despite the fact that Section 254 anticipates a prominent state role in all aspects of universal service and that the Commission's own rules require a state role in the certification process, the Order rejects Florida's petition. This is an odd denial given that the universal service form required by the FCC is an extraordinary document; long and cumbersome, it is more reminiscent of an Internal Revenue Service form than an FCC form. I have attached copies of the FCC forms required for schools and libraries as well as the FCC forms required for rural health care providers so that readers may fully appreciate the invasiveness and complexity of these forms. On what plausible basis in Section 254 does the federal government have the authority to collect information on the past and present inventories of computer equipment and software? To what earthly end will the federal government put this information when it is collected? Why could the State of Florida not use its own form, even for the first year? Sadly, many such questions are not addressed or satisfactorily answered in the current Order. And the

denial of the State of Florida is but one small item in the lengthy Order adopted today.

It would have been more appropriate to have had a full opportunity to review even these minor modifications, but such a searching review has been ruled out by the Commission's attempt to meet an arbitrary January 1, 1998, deadline. As everyone has agreed, however, this date is not statutorily required. As I have made clear on previous occasions, I see no need to begin implementing these programs to meet this arbitrarily selected date in the face of public hesitation and direct Congressional requests for delay.

I believe that this Order is a lost opportunity to address some of the fundamental issues that have been raised about universal service. I fear that the Commission is headed in the wrong direction on universal service. It is with great regret that I dissent from the Fourth Order on Reconsideration, Federal-State Joint Board on Universal Service (CC Docket No. 96-45), Report and Order, Access Charge Reform, Price Cap Review for Local Exchange Carriers, Transport Rate Structure and Pricing, End User Common Line Charge (CC Docket Nos. 96-262, 94-1, 91-213, 95-72).

FCC Form

Approval by OMB
3060-0806

470 Schools and Libraries Universal Service Description of Services Requested and Certification Form

Estimated Average Burden Hours Per Response: 6 hours

This form is designed to help schools and libraries describe the eligible telecommunications-related services they seek so that this data can be posted on a website and interested service providers can identify the applicant as a potential customer and compete to serve it.

Please read instructions before completing. (To be completed by entity that will negotiate with providers.)

Block 1: Applicant Address and Identifications (School, library, or consortium desiring Universal Service funding.)

1. Name of Applicant	2. Funding Year
3a. NCES School Code *(if individual school)* or NCES Library Code *(if individual library)*	
3b. Universal Service Control Number *(Administrator will insert this)*	3c. Applicant ID Number *(Administrator will insert this)*

4a. Type of Applicant *(Check only one box.)*

- ☐ school
- ☐ school district
- ☐ library or library consortium under the LSTA
- ☐ consortium of multiple entities

4b. *If applicant is a consortium, check all other boxes that apply:*

- ☐ includes non-governmental entities ineligible for support
- ☐ entity desires separate bills for each member of consortium
- ☐ entity desires separate bills for some members of consortium
- ☐ region of a state ☐ statewide ☐ multi-state
- ☐ state educational agency
- ☐ local educational agency
- ☐ educational service agency

5. Applicant's Street Address, P.O. Box, or Route Number

City	State	Zip Code	Telephone Number	E-mail Address

6. Contact Person's Name

Street Address, P.O. Box, or Route Number (if different from Item 5)

City	State	Zip Code

Fill in all of the following (if available), and check the preferred mode of contact: ☐ Telephone _____ ☐ FAX _____ ☐ E-mail _____ ☐ Mail

Block 2: Other Characteristics of Applicant

7a. Number of students	7b. Number of library patrons
8. Number of buildings to be served	9. Number of rooms to be served

Block 3: Summary Description of Needs or Services Requested

10. ☐ Check if applicant seeks discounts only for eligible services based on one or more **existing, binding** contract(s) and proceed to Block 4. If so, provide date(s) contract(s) was/were signed _____ and its/their termination date(s) _____.

11. ☐ Check here if you have a Request for Proposal (RFP) available. If the RFP is posted on a website, provide the website address _____.

Contact Person's Name _____ and Phone Number _____

(1)	(2) Existing Service	(3) Additional Services Desired	(4) Total Service Desired	(5) Details (Optional)
12. Telecommunications Services				
a. Number of phones that have or require service (See instructions concerning extension phones and fax machines.)				
b. Number of computers that have or require service				
c. Number of high bandwidth video conferencing links				
d. Specify other (Optional)				
13. Internal Connections				
a. Number of buildings with at least some rooms connected				
b. Number of rooms connected				
c. Highest speed of connection				
d. Specify other (Optional)				
14. Internet Access				
a. Number of dial up connections necessary				
b. Highest speed of such dial up connections				
c. Number of direct connections necessary				
d. Highest speed of such direct connections				
e. Specify other (Optional)				

15. You may provide additional summary information about the services you are requesting to help service providers identify your needs more precisely. You may provide technical requirements or give an informal description of your telecommunications-related goals. You may attach additional pages if necessary.

_____

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