

**BEFORE THE CORPORATION COMMISSION OF OKLAHOMA**

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**IN RE: INQUIRY OF THE OKLAHOMA )  
CORPORATION COMMISSION TO )  
IDENTIFY AND RESOLVE ISSUES RELATED )  
TO FUNDING FROM THE OKLAHOMA )  
UNIVERSAL SERVICE FUND RELATED TO )  
SPECIAL UNIVERSAL SERVICES PROVIDED )  
TO PUBLIC SCHOOLS, PUBLIC LIBRARIES )  
AND ELIGIBLE HEALTHCARE ENTITIES )**

**CAUSE NO. PUD 201500339**

**FILED**  
SEP 10 2015

**COURT CLERK'S OFFICE - OKC  
CORPORATION COMMISSION  
OF OKLAHOMA**

**NOTICE OF INQUIRY**

BY THE COMMISSION

The Public Utility Division of the Oklahoma Corporation Commission ("Commission") request that the Commission open this Notice of Inquiry ("NOI") in order to identify and resolve issues affecting telemedicine, Internet access to public schools and public libraries and other payments from the Oklahoma Universal Service Fund ("OUSF") for Special Universal Services as provided in 17 O.S. §139.109, and to examine related issues. Additionally, the Public Utility Division seeks input regarding any need for changes to the Oklahoma Telecommunications Act of 1997 or the rules found in the Oklahoma Administrative Code ("OAC") 165:59 ("Chapter 59") related to Special Universal Services. The purpose of this NOI is to identify and resolve issues related to Special Universal Service funding from the OUSF. The Commission seeks comments addressing either regulatory or legislative change on the following issues and questions. The following are some, but not necessarily all, matters to be considered.

1) Bandwidth and Connectivity.

A) The current statute requires the OUSF to fund a 1.5 Mbps line to public school buildings with classrooms or an equivalent credit (17 O.S. §139.109(C)(4)). However, the State Educational Technology Directors Association ("SETDA") has developed bandwidth

recommendations for schools that are based on per user amounts<sup>1</sup>, and the Federal Communications Commission (“FCC”) has adopted similar standards<sup>2</sup>.

- i) Should school funding be based on a bandwidth per student, per student and staff (“users”), or some other measure?
  - ii) If the bandwidth is based on a factor related to the number of students or users, should the bandwidth targets be modified for entities with very small or very large numbers of users, and if so, how?
  - iii) To what extent should the OUSF reimburse eligible costs that are not reimbursed through other programs?
  - iv) If the OUSF does not reimburse all eligible costs, should the reimbursement rate from the OUSF be different in urban areas than it is in rural areas? If so, how and to what extent should the reimbursement differ?
- B) For libraries, the FCC adopted the comments of the American Library Association (“ALA”) regarding Internet connectivity targets<sup>3</sup>. For purposes of the OUSF:
- i) What target bandwidth should be used for Oklahoma libraries?
  - ii) To what extent should the OUSF reimburse eligible costs that are not reimbursed through other programs?
- C) For telemedicine, the FCC published estimates of broadband requirements for various sizes of health care facilities in 2010, with estimates ranging from 4 Mbps for a single physician practice to 1 Gbps for academic or large medical centers. The estimates also provided information for file sizes for various diagnostic devices and services, up to 25 GB for a cellular pathology study<sup>4</sup>.
- i) Are the FCC published values still valid? If so, how should they be used to determine funded bandwidth? If not, what are other possible criteria?

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<sup>1</sup> The SETDA *minimum* target for the 2017-2018 school year is an Internet connection of 1 Gbps for every 1,000 students and staff. The 2014-2015 targets were one-tenth of the 2017-2018 year targets. See State Educational Technology Directors Association, *The Broadband Imperative: Recommendation to Address K-12 Educational Infrastructure Needs*, (2012), [http://www.setda.org/wp-content/uploads/2013/09/The\\_Broadband\\_Imperative.pdf](http://www.setda.org/wp-content/uploads/2013/09/The_Broadband_Imperative.pdf)

<sup>2</sup> The FCC adopted the target recommendation of Internet access for schools of at least 100 Mbps per 1,000 students and staff (“users”) in the short term and 1 Gbps Internet access per 1,000 users in the longer term. See *Modernizing the E-Rate Program for Schools and Libraries*, WC Docket No. 13-184, 29 FCC Rcd. 8885, para. 34 (2014) (*E-Rate Modernization Order* or *E-Rate Modernization FNPRM*).

<sup>3</sup> The ALA targets are 100 Mbps for all libraries that serve fewer than 50,000 people and 1 Gbps for all libraries that serve 50,000 people or more. See *id.* at 8886, para. 37.

<sup>4</sup> See Federal Communications Commission, *Connecting America: The National Broadband Plan, Health Care Chapter 10*. (2010) <http://download.broadband.gov/plan/national-broadband-plan-chapter-10-health-care.pdf>

- ii) When using file sizes for estimating bandwidth, what are acceptable times for file transmission in non-emergency health care? How and why should acceptable times change when considering emergency health care?
  - iii) Electronic medical records (“EMRs”) now include stored images and videos that may need to be transmitted to other locations for patient care. How much bandwidth should be allocated for EMRs?
- D) Should usage measurements be submitted as part of the evaluation for funding, that is, should the applicant provide a network utilization graph over a sufficiently short span (minutes or hours) that shows the percentage of bandwidth capacity used during a period of maximum use?
- i) If so, how would these graphs be used to support the case for funding?
  - ii) How would these graphs be evaluated for increases in bandwidth?
  - iii) How would these graphs be captured in smaller facilities where technology staff is not available?
- E) Based on the previous questions, if some bandwidth should be considered ineligible:
- i) How would ineligible bandwidth be defined?
  - ii) As the unit cost of bandwidth, typically evaluated in Mbps, almost always decreases as the bandwidth increases, how should cost allocation be calculated?
- F) Should there be different criteria for maximum funded bandwidth depending on whether the entity is in an urban or rural setting?
- G) For schools, libraries, and health care providers, bandwidth requirements are increasing, whether it is the number of patrons bringing in connected devices or streaming services for libraries, the requirements of real-time consulting and high definition imaging for health care, or increasing technology available to students, staff, and visitors in schools. Based on this increase:
- i) If usage is a criterion for evaluating cost effectiveness, how should requests for funding be evaluated if technologies that will increase bandwidth usage will not be in place until later in the first year of a contract?
  - ii) How should multi-year commitments be evaluated if the need for increased bandwidth is planned but may not be required until a year or more after the service is installed?
- H) For entities that can enter into a longer term contracts, should long-term contracts have price reconsideration clauses built into them in order for the entity to continue receive funding after a specified number of years?

- i) If so, after how many years should price reconsideration be required?
- ii) How should the cost effectiveness of a price reconsideration be determined?
- iii) Should entities be required to conduct another competitive bidding process after a specified number of years and, if so, how should that number of years be determined, and should that number of years vary based on the type of contract?

I) For Wide Area Network (“WAN”) funding:

- i) How should the Commission determine eligible WAN bandwidth relative to the Internet bandwidth of the entity?
- ii) Should WAN funding be an explicit part of the OUSF, with WAN bandwidth having targets different from Internet bandwidth<sup>5</sup>?
- iii) Should WAN links that do not pass Internet traffic but pass internal network traffic, such as access to storage, Voice over Internet Protocol (“VOIP”) or programs hosted in another facility, be eligible or ineligible for funding from the OUSF? If such WAN links are ineligible, how should cost allocation be calculated?
- iv) The statute addressing Special Universal Services<sup>6</sup> states that each school building and each public library may receive “one access line, free of charge, with the ability to connect toll-free to an Internet Carrier at 1.5 Mbps, in the most economically efficient manner for the carrier, or an equivalent dollar credit to be applied by the public school toward similar services *provided by the same carrier*, [emphasis added] for the purpose of accessing the Internet.” OAC 165:59-7-8 (b) states “Upon receipt of a written request by a public school or a public library, the telecommunications carrier or OneNet shall, *by itself or in conjunction with another provider of Special Universal Services*, provide each public school building wherein classrooms are contained and each public library in the state one access line, free of charge, with the ability to connect toll-free to an Internet service provider at 1.5 Mbps as set forth in 17 O.S. §139.109(C)(4), in the most economically efficient manner for the carrier or an equivalent dollar credit to be applied by the public school or public library toward similar services, including services are [sic] required to link locations prior to accessing a service provider.” Is legislation needed to confirm that the OUSF may fund Internet access provided by one carrier and WAN provided by another carrier, when it is more economical to fund both carriers than it would be to fund one Internet access line to each public school building?

2) Supporting Cost Effective Use of the OUSF.

- A) Many eligible entities in Oklahoma do not have technical staff. The experience of the OUSF analysts is that smaller entities tend to have difficulty coping with the numerous

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<sup>5</sup> SETDA set a *minimum* WAN target for the 2017 - 2018 school year of an Internet connection of 1 Gbps for every 1,000 students and staff. The 2014-2015 targets were one-tenth of the 2017-2018 year. *Ibid*.

<sup>6</sup> 17 O.S. §139.109(C)(4)

requirements for E-Rate funding (eligible public schools and eligible public libraries) or the Healthcare Connect Fund (“HCF”) Program funding (eligible health care providers), selecting a carrier, and providing information for OUSF funding. Furthermore, experience in other states shows that consortia can reduce overall costs. Should the OUSF provide funding to develop a voluntary consortium that would provide and manage an Internet connection for entities that opt in, with the consortium administrator filing for E-Rate or HCF Program funding, and assuring OUSF recovery? If so:

- i) Should such a consortium be fully funded with the OUSF covering costs that are not eligible for E-Rate or rural health care reimbursement, such as costs incurred to file for reimbursements and manage the consortium, or should the entities pay a fee? If the entities are to pay a fee, how should the fee be determined?
- ii) How should the Commission estimate anticipated cost reductions?
- iii) How would a Service Level Agreement (“SLA”) for a consortium be defined to assure uninterrupted service and appropriate bandwidth for the consortium as a whole and for each member of the consortium?
- iv) Is there logically a state agency that should have an active role in creating one or more consortia, or should any funding for a consortium depend on interested entities to develop and submit a proposal? Should both approaches be an option?
- v) What agency, if any, should have an active role in creating one or more consortia, and should that agency oversee and run the consortium or should proposals be sought from interested non-profit entities?
- vi) Creating a consortium has been an option since the OUSF was created. However, very few entities are members of a consortium. If creating a consortium should depend on interested entities developing and submitting a proposal, what conditions would need to be in place so that many more entities would take advantage of the opportunity?
- vii) Should the Commission apply different funding percentages to entities that participate in a consortium and those that do not?
- viii) How should the Commission evaluate the effectiveness of a consortium and monitor performance?
- ix) Should there be a consortium option for a fully managed network that can be used by smaller entities that do not have the internal expertise to select and maintain a relationship with an Internet access provider? If so:
  - (1) To what extent should the entities share in the costs of operating such a consortium?
  - (2) How should “fully managed network” be defined?

- B) The State of Oklahoma has the Oklahoma Government Telecommunications Network (“OGTN”), which consist of the telecommunications systems and networks of educational entities and agencies of state government<sup>7</sup>. While Oklahoma public schools are part of the OGTN, school networks and broadband are all purchased and managed locally and are not managed or coordinated at the state level. The Office of Management and Enterprise Services – Information Services (“OMES-IS”) has overall responsibility for the OGTN. The FCC is currently supporting states that wish to use E-Rate funds for state networks, and other states have developed statewide networks that provide the Internet connections to schools, with Nebraska<sup>8</sup> and North Carolina<sup>9</sup> as just two examples that have lowered broadband costs and provided more services to eligible entities. The Commission seeks comment on the following:
- i) For the purposes of funding, is a state network the same as a consortium? If not, what are the differences the Commission needs to be aware of?
  - ii) State networks usually have a backbone, middle mile, and last mile. Currently, the OUSF provides funding primarily for the last mile. What issues should the Commission be aware of if funding is requested for the backbone or middle mile?
- C) Currently, many schools are fully funded for Internet between OUSF and E-Rate, as are many eligible rural health care facilities between the OUSF and the HCF Program. In effect, the entities are committing funds without contributing any of their own funds. Evidence from bid evaluations that have been submitted for reimbursements indicate that many times the entity does not select a cost effective solution when the entity does not contribute to the cost.
- i) Would using the same reimbursement rate as E-Rate provide additional incentive for schools and libraries to choose a cost effective option? For example, if E-Rate funds 80%, then OUSF would fund 80% of the remainder, so that a district receives 96% of the total cost and the district would pay 4%? However, even on a connection that costs \$100,000 a year, the district would only pay \$4,000, whereas without support from the OUSF the district or library would pay \$20,000.
  - ii) For health care, should the maximum reimbursement rate be capped at a percentage of the total cost? If so, what is the appropriate percentage?
- D) Currently, the OUSF only pays for “the pipe,” while not paying for basic firewall or router services.

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<sup>7</sup> 62 O.S. § 34.23 *Oklahoma Government Telecommunications Network - Development and Maintenance*

<sup>8</sup> See *Network Nebraska*, <http://www.networknebraska.org/>

<sup>9</sup> See *MCNC*, <https://www.mcnc.org/>

- i) Should OUSF cover the same services as E-Rate Category One, with the OUSF administrator developing an Eligible Services List (“ESL”) similar to the list prepared for E-Rate each year<sup>10</sup>?
  - ii) Should an ESL include the router as a point where the network goes from supporting single devices to multiple devices?
  - iii) Should an ESL include basic firewall services?
- E) The OUSF is currently only accepting applications for reimbursement after contracts have been signed, services have begun, and one invoice has been created by the carrier. Sometimes reimbursement is reduced or denied when entities and carriers believed in good faith they had followed the rules. Is the pre-approval process found at OAC 165:59-3-62(r) a viable solution to allow entities to know before signing contracts how much of the request will be funded? What are other suggestions for helping entities understand how much of their request will be funded?
- 3) Public Interest.

The Commission is allowed to consider the public interest when evaluating requests for reimbursement, and may modify or reject the request if the Commission determines it is not in the public interest<sup>11</sup>. The Commission seeks comments on how to define public interest:

- A) Should the definition of public interest be restricted to any effect on the OUSF, or should the definition include the effect on city, county, and state public funds?
- B) Are there examples of rules or actions that the Commission may take that reduce OUSF expenditures, but at the same time may reduce the likelihood that the applicant will receive funding from federal sources?
- C) Should public interest include incurred costs outside of OUSF? For example, should only the lowest cost reasonable bid for the service be approved for reimbursement, or should the Commission consider OUSF-ineligible costs incurred by the entity, such as costs for changing IP ranges when changing to a new carrier, costs for training, or any other costs incurred as a result of changing carriers?
- D) Should the Commission set standards for bandwidth usage? For example, should beneficiaries show that their maximum usage exceeds a certain percentage of the provisioned bandwidth, such as 30%, to receive funding? If so, what should the requirements be in terms of length of measurement, peak usage, and so forth?

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<sup>10</sup> The FCC releases an ESL every year, with the ESL for current and previous years available from <http://www.usac.org/sl/applicants/beforeyoubegin/eligible-services-list.aspx>.

<sup>11</sup> 17 O.S. §139.109(E)

- E) Should the OUSF explicitly define cost allocation between eligible and non-eligible services<sup>12</sup>? For example, if construction is required to connect a beneficiary to higher bandwidth, should the OUSF use a cost allocation method where fixed costs, i.e., those costs that would be incurred if only the eligible services were provided to the entity, would be considered fully eligible and the incremental costs, i.e., those costs that are solely due to ineligible services, would not be reimbursed? Are there other suitable methods of cost allocation?
- F) Should scalability be part of the public interest? That is, should the lowest immediate cost be considered, or should the potential need for higher bandwidth for the entity several years in the future be part of the consideration when constructing connections?
- G) Should potential benefit to the community where the entity is located be taken into consideration? For example, if an entity needs construction, should there be a mechanism for the state, or a city or county authority, to participate in the construction and provide non-OUSF funds that would allow more bandwidth or other benefits to the community? If so,
- i) How should any cost allocation be calculated
  - ii) What mechanisms should be put in place so that the state, or city or county authorities, know about the projects prior to bidding, to facilitate their participation?
- H) Current OUSF rules require that carriers file within 18 months of beginning services, and usually disallowing any reimbursements for periods prior to 18 months<sup>13</sup>.
- i) How can the Commission encourage carriers to file within the allotted time so that there is no penalty to the entity?
  - ii) Occasionally a carrier may offer to forgive the unfunded amount, which is part of, or the entire, non-discounted portion for E-Rate and the HCF Program purposes. In the case of E-Rate<sup>14</sup>, the entity is required to pay the funds to the carrier or they are liable for repaying all funding received from the E-Rate program for those services.<sup>15</sup> However, the Oklahoma Attorney General has determined that schools are not permitted to pay for services delivered in one fiscal year with funds from a different fiscal year<sup>16</sup>. In such a case, payment may occur if a court enters a judgment against the school, although the payment may occur over three years and the payment may

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<sup>12</sup> The FCC defines cost allocation for E-Rate in 47 C.F.R. § 54.504(e). USAC condenses the definition of cost allocation as “being based on tangible criteria that provide a realistic result.” See <http://www.usac.org/sl/applicants/beforeyoubegin/eligible-services/cost-allocations.aspx>

<sup>13</sup> O.A.C. 165:59-3-62(n)

<sup>14</sup> 47 C.F.R. § 54.523

<sup>15</sup> “[The FCC] conclude[s] that all funds disbursed should be recovered for any funding requests in which the beneficiary failed to pay its non-discounted share.” See *Fifth Report and Order*, CC Docket No. 02-6, 19 FCC Rcd. 15816, para. 24 (2004).

<sup>16</sup> “It is the official opinion of the Attorney General that Okla. Const., Article X, Section 26 bars a claim against a school district for services attributable to previous fiscal year.” 1981 OK AG 51 at para. 7

require a levy on taxpayers<sup>17</sup>. Alternatively, the entity may apply for a waiver from the FCC of the obligation to pay the undiscounted portion, yet such a waiver is unlikely. Is the unlikely possibility of a waiver an acceptable solution for the entity to resolve funding reductions due to bid adjustments or the 18 month rule?

- I) To what extent should the Commission coordinate the OUSF with other state agencies to bring maximum benefit from the fund?
- J) The major recipients of OUSF funds are not-for-profit health care providers, public schools, and public libraries. To what extent should the Commission encourage the state agencies that have an oversight or support role for these entities to understand and advise on the fund?
- K) Affected parties, whether carrier or entity, are allowed to request reconsideration from the Commission if they do not agree with the initial determination. What costs, whether financial or time spent, have been incurred by applicants or entities requesting reconsideration?

4) Contract terms.

Public school boards and other publicly funded bodies are prohibited from entering multi-year contracts, that is, contracts that extend beyond the current fiscal year without the assent of three-fifths of the voters<sup>18</sup>. As such, if the entity wishes to have longer-term commitments, such contracts are one year with options to renew annually, with the number of potential renewals entered into the contract. Some contracts have non-renewal penalties, due at the end of each contract renewal, to cover unrecovered capital costs. The Commission seeks comment on the following:

- A) If a long term commitment, e.g., five years, seven years, or ten years, offers a substantial reduction in cost over shorter term contracts, should that be considered to be the lowest cost reasonable bid, or does the length of the contract enter into the determination of the lowest cost reasonable bid?
- B) How should non-renewal costs be evaluated for lowest cost reasonable bid when examining long term commitments? Should documented unrecovered capital costs on the part of the carrier, typically used when contracts are not renewed, be evaluated differently from contracts with liquidated damages clauses, typically used when a contract is terminated before the end of the year?
- C) If the contract also has other non-renewal provisions, such as prohibiting an applicant from contracting for similar services from a different carrier, how should that be evaluated as part of the lowest cost reasonable bid?
- D) Should entities be encouraged or required to explicitly seek out bids for longer term commitments compared to shorter terms on the possibility that such longer term

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<sup>17</sup> 62 O.S. § 365.5

<sup>18</sup> Okla. Const., Art. X, § 26

commitments lead to a lower overall cost? If so, how would the length of the term be defined?

- E) For competitive bidding, should the Commission require certain Request for Proposal (“RFP”) terms or contract terms to protect the entity or reduce fund expenses? Here, RFP is used in the sense of being any information that expands on, provides more detail about, or clarifies the services being requested.
- i) Some contracts may have a liquidated damages or similar clause that requires an entity to pay full or partial costs to the end of the contract year. This can lead to a problem when the entity needs only a few days of service until a new carrier can connect. Should the Commission suggest how entities should negotiate these contracts as part of the public interest?
  - ii) Only carriers with a Certificate of Convenience and Necessity (“CCN”) for the exchange where the entity is located are allowed to file for reimbursement from the OUSF. However, entities may not know when evaluating bids if the carrier has a CCN. The result may be that funding from the OUSF is denied if the entity selects a carrier without a CCN. What actions, if any, could the Commission take to help applicants avoid such a denial?
  - iii) E-Rate and the HCF Program only require that the FCC Form 470 (E-Rate) or FCC Form 461 (HCF Program) used to request bids for services be open for 28 days. Is 28 days a sufficient time for an entity to receive high quality bids from all interested carriers, or does 28 day timeframe effectively prevent some carriers from bidding? If so, what actions should be taken to encourage more participants in the bidding process?
  - iv) E-Rate and the HCF Program rules require entities to consider all bids that meet the requirements specified on the FCC Form 470 or FCC Form 461, and to choose the most cost effective option. If a carrier without a CCN in the exchange where the entity is located would have been the lowest cost reasonable bid if they were to have a CCN, that bid would potentially be the most cost effective for E-Rate and the HCF Program. The entity is then faced with the option of selecting the lowest cost reasonable bid from a carrier with a CCN in order to receive OUSF funding, which potentially places E-Rate funding at risk, or selecting the carrier without a CCN, and foregoing OUSF funding. What actions, if any, could the Commission take to help applicants avoid such a denial?
  - v) Some locations will require telecommunications construction to be able to acquire suitable higher speeds. Construction requires much longer lead times, yet can lead to lower overall costs. Should the Commission have rules that apply to projects with construction?
    - (1) If so, to what extent should the Commission evaluate the construction request before funds are committed?

- (2) If so, should the Commission require any particular actions on the part of the entity during the RFP and bid evaluation phases?
    - (a) How much earlier should the filing be encouraged?
    - (b) What kinds of entities should this apply to?
  - (3) When an entity requests bids for services and asks services to be operational shortly after bidding closes, any carrier that needs to do construction is effectively unable to bid because of the lead time required for acquiring access to poles or right-of-ways. Should the Commission encourage applicants to request services earlier than is customary to allow a wider selection of bids?
- F) The FCC exempts services that meet certain bandwidth and cost criteria from competitive bidding for both E-Rate<sup>19</sup> and the HCF Program<sup>20</sup>, with the reasoning being that the services are low cost and the administrative burden of competitive bidding on small entities may discourage their participation in the programs. Should the OUSF exempt from competitive bidding the same services?
- 5) Extent of funding.
- A) Should the Commission encourage collaboration among the various eligible entities in a locale (schools, libraries, and health care) to coordinate purchasing services where feasible, to improve the availability of higher levels of bandwidth at lower costs?
  - B) To what extent should the various entities receiving OUSF funds for broadband (schools, libraries, and health care) be required to engage in collaborative efforts with other entities within the same geographical area on the possibility that collaboration will lead to a lower cost?
  - C) What geographical area should be used if entities within the same geographical area are required to collaborate?
  - D) Should evidence of planning for technology in instruction be required for funding? The FCC removed the requirement that schools and districts provide technology plans for funding for Internet, including WAN, connections<sup>21</sup>. Should the Commission require such evidence?

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<sup>19</sup> The FCC exempts from competitive bidding commercially available business-class broadband that costs not more than \$3,600 per year and provides speeds of at least 100 Mbps downstream and 20 Mbps upstream. *See E-Rate Modernization Order* WC Docket No. 13-184 29 FCC Rcd. at 8948-8950, para. 199-202 (2014).

<sup>20</sup> The FCC exempts from competitive bidding broadband with a maximum cost of \$10,000 annually, as well as contracts that were competitively bid for other reasons, and evergreen contracts. *See Rural Health Care Support Mechanism Report and Order* WC Docket No. 02-060, 27 FCC Rcd. at 16787-16794, paras. 250-268 (2012).

<sup>21</sup> *See Schools and Libraries Universal Service Support Mechanism, A National Broadband Plan for our Future*, CC Docket No. 02-6, GN Docket No. 09-51, Order, 25 FCC Rcd. 18762, 18780-83, para. 58 (2010) (*Schools and Libraries Sixth Report and Order*).

6) Special Construction and State Matching Funds.

The FCC has added additional funds for special construction that meets FCC targets to the E-Rate program, but accessing the funds requires a state match<sup>22</sup>. Beginning in Funding Year 2016, the additional funds for special construction are in the form of an additional discount matched to a state contribution up to ten percent. For example, if a special construction project costs \$500,000 and the school or library receives an 80% discount rate, the school or library's portion is \$100,000. However, if the state contributes \$50,000 (10%), the E-Rate program will match the state's contribution, which would fully pay for the special construction in this example. The Commission seeks comment on the following:

- A) In order to receive the discount, the applicant must state at the time they request funds on the FCC form 471 that state matching funds have been secured to the project. How could the OUSF program change to support this application process?
  - B) The FCC considers acquiring an Indefeasible Right of Use (IRU) as special construction. To what extent is this compatible with the OUSF, or what changes need to be made to make it compatible?
  - C) In order to make the most effective use the matching funds for E-Rate, what statutory and regulatory changes need to be made?
- 7) Are there other issues related to Special Universal Service the Commission should consider in this NOI?

**TECHNICAL CONFERENCES, COMMENTS, AND HEARING:**

Comment Due Dates:           September 28, 2015  
  October 30, 2015

Comments should be filed in the Commission's Office of the Court Clerk and transmitted electronically to all entities that have filed an Entry of Appearance or filed comments in this docket and to Kimberly Prigmore, [k.prigmore@occemail.com](mailto:k.prigmore@occemail.com), and Michael Velez [m.velez@occemail.com](mailto:m.velez@occemail.com).

Technical Conferences:       October 6, 2015, at 10:00 a.m.  
  November 4, 2015, at 10:00 a.m.

Additional Technical Conferences may be scheduled if necessary.

Unless otherwise indicated, all technical conferences will be held in Courtroom 301, Oklahoma Corporation Commission, 2101 N. Lincoln Boulevard, Oklahoma City, Oklahoma 73105.

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<sup>22</sup> See *Second E-Rate Modernization Order* WC Docket No. 13-184, WC Docket No. 10-90, 29 FCC Rcd. at 15560-15562, paras. 56-59 (2014).

Hearing Date: December 1, 2015, at 9:30 a.m. in Courtroom 301, Oklahoma Corporation Commission.

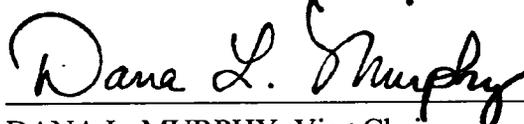
**LEGAL AUTHORITY:**

The Commission has jurisdiction over the above-entitled Notice of Inquiry pursuant to Article IX, Section 18 of the Oklahoma Constitution and 17 O.S. §139.101 *et seq.* Interested persons are invited to submit written comments and to attend the technical conferences to the fullest extent possible. The purpose of the technical conferences will be to receive pertinent information and to discuss issues and comments received by the Commission in response to this Notice of Inquiry. Commissioners may attend and participate in the technical conferences. For further information contact Jim Jones, [j.jones@occcemail.com](mailto:j.jones@occcemail.com), Maribeth Snapp, [m.snapp@occcemail.com](mailto:m.snapp@occcemail.com); Kimberly Prigmore, [k.prigmore@occcemail.com](mailto:k.prigmore@occcemail.com), 405-522-1010; or Michael Velez, [m.velez@occcemail.com](mailto:m.velez@occcemail.com), 405-521-2308.

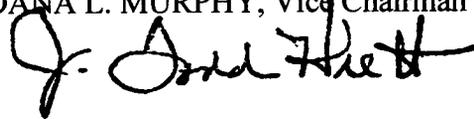
CORPORATION COMMISSION OF OKLAHOMA



BOB ANTHONY, Chairman



DANA L. MURPHY, Vice Chairman

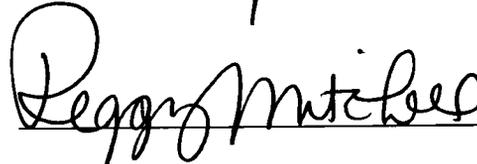


J. TODD HIETT, Commissioner

**CERTIFICATION**

DONE AND PERFORMED by the Commissioners participating in the making of this order as shown by their signatures above this 10 day of September 2015.

Seal



PEGGY MITCHELL, Secretary