

Discounts for Qualifying Public Service Agencies

Pursuant to Commission Decision No. 96-10-066 and subsequent decisions, the Company may provide certain services at discounted rates to qualified public service agencies. The provision of discounted services is contingent on the continued availability to the Company of funding from the California Teleconnect Fund (“CTF”). Eligibility criteria and the identification of services and discounts available under this rule are as specified below. If state funding for the CTF is exhausted, participants will be backbilled for all discounts advanced by the Company that have not been funded through the CTF. Federal funding or subsidies given to CTF participants for CTF-eligible services shall be taken into account before applying the CTF discount.

1. Eligibility for Discounts. Discounted services under this rule will be provided to the following types of public service agencies after presentation of proof of eligibility to the Company in accordance with the Commission’s rules governing the CTF discount program: (i) “Qualifying Schools and Libraries” -- public or nonprofit schools providing elementary or secondary education, and which do not have endowments of more than \$50 million, and libraries that are eligible for participation in state-based plans for funds under Title III of the Library Services and Construction Act (20 U.S.C § 335c, et seq.); (ii) “Qualifying Hospitals and Health Clinics” -- municipal or county government or hospital district owned and operated hospitals and health clinics; (iii) “Qualifying Community Based Organizations” -- organizations described in 26 U.S.C. §§ 501(c)(3) or 501(d) that offer health care, job training, job placement, or educational instruction, and community-based nonprofit organizations that are exempt from taxation under 26 U.S.C § 501(c)(3) and engage in diffusing technology into local communities and training communities that have no access to or have limited access to the Internet and other technologies; (iv) California community colleges or districts; and (v) public or non-profit health care providers in rural areas.

2. Eligible Services. Services for which CTF discounts may be received under this rule are currently specified in CPUC Decision 15-07-007, which is available online at <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M153/K445/153445700.PDF>. Such services include the following services and their functional equivalents, if offered by the Company at the time service is requested:

(a) Digital Transmission Service: Asynchronous Transfer Mode (ATM), Broadband over Power Lines (BPL), Digital Subscriber Line (DSL), DS-1, DS-3, Ethernet, Fiber, Frame Relay/Permanent Virtual Circuit (PVC), Integrated Services Digital Network (ISDN, BRI, PRI), OC-1, OC-3, OC-12, OC-N, Satellite service, Switched Multimegabit Data Service (SMDS), T-1, T-3, Fractional T-1, Wireless, and Wide Area Networks (WAN). In addition, subject to approval by CPUC staff, such services may also include the telecommunications component of Distance learning capability, Video, and Interactive television.

(b) Internet Access: (Support in this funding category is generally only available for basic conduit access to the Internet but is not available for content, equipment purchased by applicants, and services beyond basic conduit access to the Internet. Basic conduit access technologies include but are not limited to: BPL- enabled Internet access service, Cable, Digital Subscriber Line (DSL), Fiber/Dark Fiber, Satellite service, Telephone dial-up, T-1 lines, Wireless, Wide Area Network (WAN).)

(c) Wireless Internet Access Service: (The CTF discount only applies to data plans and laptop cards and not cellular voice minutes or plans)

(d) Telephone Service: Measured Business Service, VoIP

Services provided at discounted rates may not be resold to, or shared with, any non-qualifying entity or person.)

3. Discount: Services provided under this will rule will be discounted as specified below:

CBOs. Participating CBOs will be entitled to a 50% non-voice/25% voice discount (or 50% discount if the Voice Exemption described below applies) off posted or negotiated/contract rates, whichever is less, for eligible services. CBOs offering Head Start programs will be entitled to a 50% non-voice/25% (or 50% discount if the Voice Exemption described below applies) voice discount off posted or negotiated/contract rates, whichever is less, for eligible services, after first deducting the applicable E-rate discounts in the same manner as for participating schools, as specified below. CBOs providing healthcare in rural areas may be eligible for federal rural healthcare funding under the Rural Health Care Program of the Universal Service Fund (“RHC”) equal to the difference between urban and rural rates. Such CBOs will be entitled to a 50% non-voice/25% voice discount (or 50% discount if the Voice Exemption described below applies) off posted or negotiated/contract

rates, whichever is less, for eligible services, after first deducting the applicable RHC funding in the same manner as for participating RHCPs, as specified below.

Schools and Libraries. Participating Schools and Libraries will be entitled to a 50% non-voice/25% voice discount (or 50% discount if the Voice Exemption described below applies) off posted or negotiated/contract rates, whichever is less, for eligible services, after first deducting the applicable E-rate discounts. The discount will be calculated as follows:

- (a) If the participant has not been approved to receive E-rate discounts, whether or not an application is pending, the CTF discount will be applied to all eligible services after deducting a statewide average E-rate discount (determined by the Commission) from the billed amount.
- (b) If the participant has been approved to receive E-rate discounts, the CTF discount will be applied to the services after deducting the actual E-rate discounts from the billed amount. For E-rate schools, the CTF discount amount shall be no higher than its E-rate subsidy. However, if an E-rate school's subsidy for voice services is 0%, it will retain the voice discount of 25% (or 50% discount if the Voice Exemption described below applies).
- (c) The statewide average discount is deducted from the participant's services solely for purposes of calculating the CTF discount. The statewide average discount shall be added back to the billed amount for payment by the participant. However, when the participant receives its approved E-rate benefit, the participant's account will be retroactively adjusted to reflect the approved E-rate.
- (d) The following schools and libraries will be entitled to a 50% non-voice/25% voice discount (or 50% discount if the Voice Exemption described below applies) off posted or negotiated/contract rates, whichever is less, for eligible services: small schools as defined in Section 42283 of the Education Code, participants whose E-rate applications have been denied, and participants who subscribe to services that are ineligible for E-rate discounts.

Rural Health Care Providers (RHCP). Public or non-profit healthcare providers in rural areas may be eligible for RHC funding. RHC funding received by a RHCP shall first be taken into account prior to applying the CTF discount to the eligible service charges subscribed by the RHCP. The 50% non-voice/25% voice (or 50% discount if the Voice Exemption described below applies) CTF discount shall be calculated as follows:

- (1) The 50% non-voice/25%/50% voice discount shall be applied to the entire CTF eligible service charges subscribed by the RHCP that does not apply for RHC funding in a given fiscal year.
- (2) The 50% non-voice/25%/50% voice discount shall be applied to the entire CTF eligible service charges subscribed by the RHCP awaiting approval for RHC funding. Once approved, the CTF discount shall be trued up for that fiscal year to take into account the RHC funding received.

California Community Colleges. Participating California community colleges (CCCs) and/or districts will be entitled to a 50% non-voice/25% voice discount (or 50% discount if the Voice Exemption described below applies) off posted or negotiated/contract rates, whichever is less, for eligible services.

Hospitals and Health Clinics. Participating hospitals and health clinics will be entitled to a 50% non-voice/25% voice discount (or 50% discount if the Voice Exemption described below applies) off posted or negotiated/contract rates, whichever is less, for eligible services, net of RHC funding. Public or non-profit healthcare providers in rural areas may be eligible for RHC funding equal to the difference between urban and rural rates.

4. Special Terms for Voice Discounts: CTF recipients or prospective applicants in unserved or underserved areas of California can apply for a "Voice Exemption" to maintain a 50% discount on their voice services if they are using dial-up telephone service as the only means to access the Internet. An entity can verify if its location is eligible for a Voice Exemption by using the California Broadband Availability map on the Commission's CTF web site. Upon approval of the Voice Exemption by the Commission, their location will maintain the 50% discount for voice service, but will not be eligible for CTF discounts on other data or access services at that location. Such recipients must renew their exemptions every three years. Once an exemption is approved, it will be retained for a period of three years.