



ARIZONA CORPORATION COMMISSION

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Commissioners Hold Workshop to Add New Program to AUSF

(Phoenix) Corporation Commissioners completed an extensive workshop to consider adding a new program to the Arizona Universal Service Fund (AUSF) that will help build broadband infrastructure to rural schools with state matched federal funds. All five Commissioners were present for the workshop and heard directly from the stakeholders to begin rulemaking on this matter.

At a recent Staff Meeting, Commissioners unanimously voted to initiate a rulemaking that would amend the AUSF and create a program which partners the Corporation Commission with the Governor's Office, the Superintendent of Public Instruction, and a non-profit called *EducationSuperHighway*. The idea is to use the AUSF as a state matching fund, drawing federal grant money to meet the connectivity needs of rural Arizona. The federal program is known as Education Rate (E-Rate), which supports phone and internet connectivity needs of schools and libraries across the country.

Approximately 250,000 students in the state of Arizona lack sufficient access to internet services. Arizona's contribution of AUSF funds would equal \$8 million. The Governor proposed in his budget a one-time General Fund appropriation of \$5 million. Together, those funds would help schools and libraries tap federal funds for broadband construction to the tune of \$80-\$100 million—a significant investment into Arizona communities.

Communications experts, along with representatives from wireless carriers, the Governor's Office, the Department of Education, *EducationSuperHighway*, and school districts presented information at the workshop to help narrow down the costs and needs to get the infrastructure in place. The workshop accompanies a major outreach to schools about this major funding opportunity.

"The gap in quality of education between rural and urban schools is real," said Commissioner Andy Tobin. "This is a limited opportunity to use funds while we have them. I appreciated the extensive work in this workshop that can bring millions to the state and literally change lives."

The purpose of AUSF is to support telecommunications carriers as they build scalable infrastructure to serve high cost areas in Arizona. The funds are currently collected through a monthly surcharge of \$0.01 on a customer's phone bill. The proposed program would slightly increase that surcharge to approximately \$0.15 per month for a period of one year and then would automatically expire.

This new AUSF program envisions allocating federal E-Rate funds, along with the state match, to schools and libraries in a community as the "anchor" for the wireless expansion. Once that is in place, the entire community stands to benefit. Increased broadband, for example, will allow rural hospitals to connect to telemedicine programs, giving residents immediate access to health care specialists. Commissioner Bob Burns has been instrumental in getting telemedicine programs in place throughout the state.

"Increasing the amount of broadband access will not only help our students but will save lives," said Commissioner Burns. "Without the connectivity for the telemedicine, rural patients do not have the

same access to specialists. Successful recovery for some emergency conditions, like strokes, may require administering the proper medication in a matter of hours, something that can't happen if the patients must travel to a larger metro area.”

Several stakeholders have also filed reports to the docket. The docket can be viewed at www.azcc.gov and click e-Docket and enter docket number RT-00000H-97-0137. The Commission is working to amend the AUSF rules under a tight deadline so that funds can be used to meet anticipated E-Rate deadlines for schools and libraries to apply for funds in late April or early May.

Established by Article 15 of the state's constitution, the Arizona Corporation Commission is responsible for the regulation of public utilities, overseeing the incorporation or registration of companies wishing to do business in Arizona. Additionally, the Corporation Commission registers and oversees securities offerings and dealers, and enforces railroad and pipeline safety. The five commissioners that make up the Commission are elected by the people of Arizona for a four-year term, with the option of serving for two consecutive terms. To learn more about the Arizona Corporation Commission and the Commissioners, please check out <http://www.azcc.gov/Divisions/Administration/about.asp>