

ARIZONA UNIVERSAL SERVICE FUND (AUSF) SUPPORT FOR SCHOOLS AND LIBRARIES

On January 13, 2017, the Arizona Corporation Commission ("Commission") issued Decision No. 75919 to begin the process of amending the Arizona Universal Service Fund ("AUSF") rules to facilitate the construction of broadband infrastructure in largely rural areas in Arizona. The Commission and the Arizona Department of Education are partnering to take advantage of a recent and limited Federal Communications Commission's ("FCC") E-rate program that would allow Arizona to obtain federal matching funds to bridge the broadband "connectivity gap" for Arizona's rural schools and libraries that do not have adequate internet capabilities. The E-rate Broadband Special Construction Project Matching Fund Program was then established on March 22, 2017 in Decision No. 76018. Article 12 - Part B of the Arizona Administrative Code contains the rules that the Arizona Corporation Commission ("ACC") uses to administer and implement the AUSF - E-rate Broadband Special Construction Project Matching Fund Program.

This new program under the AUSF will provide a one-time distribution to qualifying Arizona schools and libraries of approximately \$8 million in the aggregate. Currently, Arizona customers contribute to the AUSF through a monthly surcharge included in the telephone bills received from the customers' service providers. The adoption of this new program will increase the AUSF surcharge on each customer's monthly bill.

One-half of the E-rate Broadband Special Construction Project Matching Fund Program funding requirement is collected through a surcharge paid by providers of basic local exchange service, wireless service, paging service and other Commercial Mobile Radio Service providers that interconnect with the public switched network. These entities are known as Category One providers. The second half of the E-rate Broadband Special Construction Project Matching Fund Program funding requirement is collected from providers of intrastate toll service. These entities are known as Category Two providers.

E-rate Broadband Special Construction Project Matching Fund Program rates have approved by Decision No. 76159 and became effective on July 1, 2017. The increases are \$0.117032 per line, \$0.170321 per interconnecting trunk, and 3.0735 percent of intrastate toll revenues.

If you have any questions concerning how the amended AUSF rules affect your monthly bill or have other questions about the AUSF rulemaking, you may contact the Commission's Consumer Services Section, during regular business hours, at 602-542-4251 or 1-800-222-7000. You can also contact your MetTel Customer Care Representative at 800-876-9823.