

**Before the  
Federal Communications Commission  
Washington, D.C.**

**In the Matter of:**

Comments on Eligible Services	)	
List for the Universal Service Mechanism	)	
for Schools and Libraries	)	FCC 05-158
	)	
United Talmudical Academy II Decision	)	FCC 03-260
	)	
Joint Board on Universal Service	)	CC Docket No. 02-6

**Request by the State E-Rate Coordinators’ Alliance to designate Centrex Telephone Service as “Basic Telephone Service” for the purpose of E-Rate discounts to schools and libraries.**

The Federal Communications Commission issued a public notice on August 15, 2005 requesting public comment on the Year 2006 E-Rate Eligible Services List. The State E-Rate Coordinators’ Alliance (SECA) submitted comments and reply comments during the comment period. We come now before the Commission with this Ex Parte filing to request expedited action on the United Talmudical Academy II Decision.<sup>1</sup> Specifically, we ask the Commission to designate Centrex telephone service as basic telephone service for the Schools and Libraries Mechanism.

**Background**

The Federal Communications, in accordance with its rules, publicizes the Eligible Services List (ESL) for the Schools and Libraries Support Mechanism and requests public comment prior to finalization for the following E-Rate fund cycle. The proposed ESL was released on August 15, 2005. Comments were due on August 1 and replies on September 1.

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<sup>1</sup> Application for Review by United Talmudical Academy, FCC03-260, rel October 24, 2003 (UTA II).

In a decision of an appeal by the United Talmudical Academy, Brooklyn New York (UTA II), released October 24, 2003, the Commission denied UTA's appeal requesting designation of Centrex telephone service as basic telephone service for E-Rate. Such designation would exclude Centrex service applicants from development of technology plans and exempt such from funding denial as a result of a failed Schools and Libraries Division Item 25 Review.

The Commission opened the door for basic telephone service designation for Centrex in UTA II, saying: "There may be a reasonable argument that Centrex should be treated as basic telephone service in future funding years, to streamline application processing."<sup>2</sup> With this filing, we urge the Commission to designate Centrex as "basic telephone service" for the Year 2006 fund cycle and beyond.

### **Discussion**

The proposed Eligible Services List describes Centrex telephone Service as: "a business telephone service that consists of a wide variety of features, such as call forwarding and call transfer, provided by central office software and extended to the customer's premises via local distribution facilities." According to the "Eligibility" component, Centrex service is eligible for discounts but is not considered basic telephone service and, if applied for E-Rate discounts, must be included in a technology plan and are not exempt from Item 25 Review Exemption, also known as a "Selective Review."

Centrex service is indeed a basic telephone service for business customers. It is generally more cost effective than multiple telephone lines strung individually to school offices and classrooms or libraries. Telephone companies have developed standard packages for Centrex service to accommodate business of varying sizes and needs.

Generally, Centrex service appears to the typical user as a simple telephone handset with a number of features such as call forwarding, voicemail, and conference calling. Very little training for end-users is required for utilizing Centrex services. Often, training is limited to a small booklet or a few pages on a Web site. Centrex service requires little or no local technical support, with the entire system usually maintained by the Centrex provider.

Centrex services are provided under tariff in many states. In Virginia four telephone companies, CTC, Verizon Virginia, Cox, and AT&T have filed tariffs for Centrex services with the Virginia State Corporation Commission.<sup>3</sup> As such, applicants may currently file a Form 470 requesting only Tariff or Month-to-month telephone service and seek E-Rate discounts on Tariff Centrex services – if such services are the most cost effective package in response to a Form 470 filing. No contract would be necessary for this service.

Centrex services require no local support beyond the non-discounted portion of bills. Service packages normally include all maintenance and a guaranteed level of service within the contract or Tariff. All switching and system support equipment is maintained by the telephone company at the company's switching office. Support required by the E-Rate applicant is minimal and should not be factored into the Administrator's equation when calculating necessary resources for an Item 25 Review. Indeed, because Centrex is currently included as a component of the Item 25 Review, if an applicant fails the review, the drastic effect is to deprive the applicant of discounts on telephone service. Because the Administrator has never made public the criteria for

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<sup>2</sup> UTA II at 15.

<sup>3</sup> See: <http://www.scc.virginia.gov/division/puc/tarifflog/tariff.htm>

evaluation of an Item 25 Review, we cannot comment on the impact inclusion or exclusion of Centrex service would have on a review.

It should be noted here that making Centrex eligible for funding as basic telephone service under the Schools and Libraries mechanism will have no impact on other Universal Service mechanisms. Services provided under the Schools and Libraries program are targeted to business customers, as most jurisdictions classify schools and libraries as “businesses.” The other Universal Service programs target individuals and provide “basic” telephone service based on the individual – a single 3 Khz telephone line per household. Services to schools and libraries on the other hand should not be judged by the needs of individuals or families, rather they should be aligned with the type of entities they actually are – small and large businesses. Without question, Centrex and other telephone packages of this ilk are “basic” telephone service for business customers. It is impractical and cost inefficient for businesses – small and large – to order individual telephone lines to serve their needs.

Ruling Centrex service as “basic” telephone service for the Schools and Libraries program and not other Universal Service programs does not constitute conflicting regulations. The Commission has already recognized the difference in program constituents with establishing regulations and orders. In the High Cost/Low Income programs, support is limited to “Eligible Telecommunications Carriers,” recognizing that only “basic” telephone service will be funded; however, telecommunications support for the Schools and Libraries program is open to all “common carriers,” as the range of service to Schools and Libraries extends far beyond basic telephone service.

Finally, recognition of Centrex as basic telephone service will reduce funding denials, and post commitment funding adjustments. A minority of applicants include provisions for telephone service in technology plans – be it basic or other service. Telephone service has been considered a given by most applicants and not worthy of inclusion in technology plans. Applicants subject to technology plan review either during PIA review or during post funding visits or audits will be in violation of program rules if they were funded for Centrex service and did not include those services in the technology plan.

### **Conclusion**

We ask the Commission to instruct the Administrator to include Centrex telephone in the definition of “basic” telephone service for the Year 2006 E-Rate funding cycle. Applicants requesting Centrex and other basic telephone service would be exempt from preparing a technology plan and Centrex service would be exempt from denial in the event of a failed Item 25 Review.

Respectfully submitted this 22<sup>nd</sup> day of September,

Gary Rawson,

Chair, SECA