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Expanding Access and Leveraging Financial Resources in the Telecommunications Industry:

Community, Industry and Regulatory Collaboration and Direct Funding for Wisconsin Nonprofits

A Case Study on Collaboration

Louise G. Trubek, Michael Barndt
and Adam M. Nathe

Center for Public Representation

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PURPOSE OF THE REPORT

In 1993, the Wisconsin Legislature passed Act 496, which brought sweeping deregulation to the state's telecommunications industry. With deregulation came the Universal Service Fund Council and two important grant programs. This report examines, in greater detail, one of those programs - the Nonprofit Access Grant Program.

The Nonprofit Access Grant Program distributed grant funding for the first time late in 2000. The grants are the first of their kind to be awarded in Wisconsin. While other grant programs have helped to fund telecommunications and technology projects for schools and libraries, this innovative grant program is delivering grant assistance directly to nonprofit organizations to serve consumers who otherwise go untouched by existing telecommunications access programs.

This report provides the contextual overview of the creation of this program. The report examines the importance of grant programs for the nonprofit community and explores the collaboration that was an essential component in the creation of the program. The report also presents the PSC-USF grant process from creation and promotion to application and funding.

BACKGROUND

TELECOMMUNICATIONS OPPORTUNITIES AND NONPROFIT ORGANIZATIONS
Contributed by Michael Barndt
Nonprofit Center of Milwaukee

Introduction

We live in an "Information Age," an age in which organizations are increasingly dependent upon technology to do their work. Critical data and information is delivered electronically and individuals and organizations connect with one another increasingly through telecommunications means. As a result, those who work in professional jobs require specialized skills and access to technology. But change brought about by the information age is affecting more than just commercial sectors.

Changes affect nonprofit organizations, their members and clients as well. Technology is creating opportunities of nonprofits to do work more effectively and at lower cost. It offers the possibility of transforming work and creating new client directed systems.

Telecommunications technology, however, is merely one part of a broader technology movement. Telecommunications is a critical link that is helping to create a broadly interconnected world of instantaneous information exchange and use. Technology and telecommunications have the potential to affect nonprofit organizations in a variety of ways. Some are related to the management of the organizations, some to the services they provide and others to the specific integration of telecommunications within service provision plans.

Critical applications by nonprofits – basic categories

Nonprofit Management

As with any organization, technology can improve the effectiveness and efficiency of nonprofit organizations. Some nonprofits have already introduced technology for accounting functions, word processing and database management. Many organizations are also adding management information systems to assist staff, enhance service delivery, track work assessment and perform transactions and other routine business operations. These resources to varying degrees have already been implemented in commercial, education and government sectors.

When a nonprofit organization works from multiple locations or when several organizations collaborate in the delivery of a service, a shared management information system (MIS) can add substantially to organizational efficiency. Telecommunications networks allow for real-time collaboration regardless of distances between sites. This is just one example of a resource saving application that can be and is being used to enhance the day-to-day operations of nonprofit organizations.

For example, the Milwaukee Boys and Girls clubs have developed a common database that tracks youth participation in various club activities. At club events, youths carry cards that are scanned to quickly record their participation in an event. Several larger clubs also collaborate with local after school programs to track participation. Sharing database information makes it easier to manage activities between and among these organizations.

In a similar effort, homeless shelters in Milwaukee have established a database system with shared data across programs. The system tracks capacity and accelerates the process of finding available beds within the network. The shelters also share a database of client information allowing for more accurate assessments regarding the scope of individual problems related to homelessness in Milwaukee.

Nonprofit Service Delivery and Teaching Technology

When organizations deliver a service or communicate with others (clients, members or other organizations), telecommunications services can be used for basic transactions and for client interaction. Clients can now arrange for services or follow up with staff more efficiently. Services that once required many steps and that once required a client to visit an agency can now be accomplished with fewer steps through on-line systems. As modalities change, the balance of power between organizations and clients will also shift. Empowering clients to make their own choices is much easier with integrated and user-friendly systems. This trend is fully afoot in the commercial sector and has many applications that can cross over into the nonprofit sector.

In this arena, local governments have moved more quickly than nonprofit organizations by introducing web sites that provide access to government information and let citizens fill out documents on-line. What once required a visit to a 'city hall' can now in many instances be accomplished anywhere and anytime via the Internet. An excellent example of this is *BadgerCare* – a state sponsored health plan – enrollment that once required a special visit to a state office building is now being moved to an on-line registration system.

Increasing user skills is also a key element of the nonprofit agenda. Teaching about technology use provides an important step toward increasing employability and building other skills. To do this, computer clusters are being introduced to expand Internet access points and to provide links to information and resources. The Lincoln Park Community Center is an example of one such cluster. It operates a cluster of computers that utilizes various skill development training modules to assist criminal offenders who are transitioning back into the community. Not only can technology providing access to information, it can help provide educational links as well.

Nonprofit Organizations Support Community-Building Efforts

Technology can also be an instrument that reduces the isolation of citizens and sustains support for common needs or interests groups. Technology is helping to bring together groups that are widely dispersed by providing links to similar communities around the globe. For instance, caregivers to persons suffering from Alzheimer's, who are often isolated from others because of the substantial responsibility for care, can now exchange email, share information and provide support directly to each other's homes via the Internet. Similarly, activists working in urban neighborhoods

around the United States are finding that telecommunications related media allows them to network and share common experiences across great distances at minimal cost.

Nonprofits play a key role in addressing issues of the digital divide. Helping clients gain access to technology and telecommunications resources is an important function. Help, however, takes many shapes. Some community-based organizations are sponsoring programs to accept donated computers, to rebuild them and to distribute them to low-income homes for a very low cost. Or DANEnet - a community network - provides access, information and training for neighborhood residents in Madison, Wisconsin. Many organizations are working to increase the use of telecommunications by residents and by neighborhood serving organizations.

Nonprofit Organizations as a Critical Link in the Provision of Basic Access to Telecommunications

For many of the poorest citizens in the United States, basic phone services may be out of reach. Others with special needs require specific equipment and support to use basic telecommunications resources. Organizations must begin by meeting these basic needs, but larger issues must not be overlooked. Addressing digital divide issues can be accomplished while meeting basic needs. For instance, Community Advocates in Milwaukee assists low-income residents with arranging for "lifeline" telephone services and at the same time collects information on the limitations of existing legislation and resources. These small efforts are an important step in effecting broader policy changes.

Moreover, as the initial fascination with the Internet fades, nonprofit groups can become more innovative with how they use the technological capabilities at their disposal. Technology can become an integral part of how nonprofits carry out their day-to-day work. For example, the Pine Tree Legal Assistance project in Maine uses Internet-based technology to create a secure network, linking domestic violence shelters to courtrooms to let victims of domestic abuse obtain court-ordered protection and access to legal services at the same time. Domestic violence victims are able to submit video affidavits from the safety of local domestic violence shelters. Without telecommunications connections and an innovative application of resources, this type of effort would fail. This is simply one way in which clients can become the focus of a technology application.

The nonprofit sector is increasingly important

The role of nonprofit organizations has increased substantially over the last few decades. While government has reduced its service role, it has also increased contracts and grants to nonprofit organizations to offer essential services that were once only delivered by government. This does not mean, however, that nonprofits have full and free access to all necessary resources.

Although government has increased its reliance upon the work of the nonprofit sector, it has not made this sector part of its general responsibility. Substantial resources have been directed towards schools and libraries but funding for telecommunications initiatives has left nonprofit organizations out. Nonprofit organizations, nevertheless, are often the resource of last resort for citizens with the fewest resources.

The Nonprofit Sector Has Been Late to Use Technology

Despite the increasing importance of nonprofit organizations, they are often the last to take advantage of 'information age' resources. Technology start-up costs are high, particularly when customized software and systems are used. Furthermore, maintenance and upgrade costs can be unrelenting. As a result, organizations often take partial steps, implementing solutions that are inadequate and often poorly received by staff or evaluators.

It is particularly difficult to press for the rapid adoption of telecommunications technology when organizations have not completed the basic first steps to introduce technology. Many organizations have staff with limited technology skills, no organizationally based support resource, or have inadequate patterns of record keeping and limited experience by front-line staff or policy makers with the use of information. Providing services to this sector is unattractive to the hardware and software community. Consequently, few generic solutions have been developed for the nonprofit community.

Many organizations require a substantial organizational transformation in procedures, communication flow, personnel development and physical capacity before the benefits of technology can be realized. The downside is that these organizations face highs costs for developing technology solutions. Moreover, the use of telecommunications technology presumes that other more basic technology is in place and that organizations have already built the capacity to use the technology to explore more focused applications. In reality, organizations must begin with cultural changes before the benefits of more advanced applications can be realized.

Nonprofit organizations require professional staff to deliver specialized services. Such staff are often not the best individuals to understand the complexities of technology. They have the immediate essential knowledge pertinent to providing service to a client, but they often lack the technical expertise to fully utilize technological resources. Therefore, an intermediary or cultural shift is essential to assisting staff with integrating systems to enhance client services.

Using technology to deliver services that involve complex human services or development requires that more creative technology products be developed. Beyond supporting the work of professionals, software and delivery tools must transform the way that organizations serve both members and clients. Few solutions exist that meet this demand. Significant work is required to invent new approaches. A sequence of reforms is required.

Technology adaptation requires a new mix of systems, content and hardware. Few technology vendors are in a position to contribute to a full set of requirements for individual nonprofits. Intermediaries can effectively work with nonprofit organizations to develop effective strategies and make the best choices among private sector resources. For example, the Nonprofit Center of Milwaukee provides a mix of capacity building services to organizations. As a client organization begins a strategic planning process, it creates a vision of where it would like to be. The development of a plan calls for staff development, hardware and software replacement, creation of content and collaboration with others. While complex this type of reform can be successfully undertaken with appropriate planning.

State policy

Nonprofits generally do not receive the same attention as other public serving entities. State policy in Wisconsin has been focused upon introducing technology within government, public schools and libraries. Even when the financial resource has been independent of the tax base – as with the PSC Universal Service Fund telecommunication grants and the Wisconsin Advanced Technology Fund – nonprofits have to some extent been an after-thought.

The PSC fund is directed to nonprofits but restricts the purpose of the fund – appropriately – to issues related to universal service. The PSC has chosen to be flexible in interpreting this rule, but it clearly removes many nonprofit programs from consideration. The grant program supports technology costs but not content costs. For a nonprofit organization, physical technology is only a means for delivering content. But organizing content is a precondition for applying the technology. Many nonprofits are caught in this gap. .

The PSC guidelines require a direct connection between technology and client. But telecommunications resources are merely a bridge between the two. For example, a consumer may go to a church based computer cluster to look on the Internet for a resource that has been built by a local housing organization. PSC rules do not allow funding for the local housing organization to build the information nor do they allow the church based organization to create content to help the client with their search. This limits each organizations ability to connect with the client.

Moreover, both the PSC and Wisconsin Advanced Technology Fund are limited to a small number of awards each year. At some point, a broader investment in nonprofit organizations will be required. Today, full demonstration projects may be sufficient. Organizations who are ready to take advantage of the technology can become the model for others to follow. How long these opportunities will remain is uncertain.

In this regard, the Milwaukee experience is exemplary. Foundations have pooled funds to support a Nonprofit Management Fund. This fund supports technology and technology consultation, but requires a careful needs assessment and technology plan before making significant investment. The fund has also adopted a 'circuit rider' consultation/assessment model. Through this model, the University of Wisconsin-Milwaukee (UWM) has contributed students as technical resources in addition to non-UWM financial resources.

State Systemic Differences

The cost of telecommunications access is not uniform across the state. Milwaukee is the center of a developed urban region, and access to technology is much easier and lower in cost as a result. In rural Wisconsin, access and resource issues can be severe. In rural areas, phone lines are often not able to sustain even moderate digital speeds and emerging models for higher speed systems – DSL and Cable Modem – are often not available at all. Other choices are exorbitantly expensive. Similarly, the extreme poverty in central Milwaukee severely limits access by some residents. Digital divide issues in rural Wisconsin and in central city Milwaukee are different, but both deserve equal attention.

Conclusion

Telecommunications technology can substantially impact the resource allocations of nonprofit organizations. The introduction of such innovations must follow a broader mandate. Organizations must create and adapt the capacity to use technology in all of their work. At this time, supporting exemplary telecommunications applications may be sufficient. Nonprofit organizations and those who support their work – foundations and government – must however work together to plan for technology. Challenges will vary substantially by region and by local financial support, private sector vendors and telecommunication access. Nonprofits can move closer to providing services to meet the needs of their constituencies with greater coordination and efficiency. The technology exists, grant funding is available, but there is still work to be done.

SPECIAL REPORT: PROMOTING UNIVERSAL SERVICE THROUGH GRANT FUNDING FOR NONPROFITS: WISCONSIN PSC 160.125'S FIRST GRANT CYCLE

By Adam M. Nathe – Law Student

This report presents a brief history of the Wisconsin Public Service Commission's (PSC), Nonprofit Access Grant Program (Wisc. Admin. Code § PSC 160.125). It reviews the regulation's enactment, implementation and the results of the first grant distribution. The intent of the report is to offer a brief assessment of the program.

Supplying Universal Service Funds to Wisconsin Nonprofits

For the first time in Wisconsin PSC history, six nonprofit organizations shared $193,645 in direct grant assistance from the Universal Service Fund.[1] Funding was distributed through the Nonprofit Access Grant Program (NPAG)[2] and went to community nonprofit organizations to support programs that help provide affordable telecommunications services to underserved consumers. The program received final PSC approval in May 2000, and the fiscal year 2001 grant distributions mark the end of months of challenging work by industry, community and PSC representatives.

The NPAG program is one of two grant programs created in 1999 and put into effect in 2000. The programs were a response to under-spending of USF funds, which plagued the USF since the funds creation. The rules, written into the PSC Administrative Code, provide a permanent and unique funding mechanism for underserved consumers. Creating these programs was not an easy task.

Negotiations and debate over unspent USF monies was part of an ongoing debate at the PSC. As USF funds accumulated demand for funds remained stagnant. The USF Council, as part of its mandate to advise the PSC on USF matters, concluded that greater accountability and innovation was needed to protect and promote universal service in Wisconsin.[3] The Council then created two innovative grant programs.

The first program, the NPAG program, provides matching funds to nonprofit organizations for telecommunication related projects. The intent of the program is for nonprofit organizations to assist underserved consumers[4] in obtaining access to basic or advanced telecommunications services.[5] The second program, the Medical Telecommunications Equipment Fund (MTEF) is a similar effort that targets organizations that provide health care services. Both of programs, while broad in scope, attempt to reach targeted groups that traditionally had struggled to gain access to

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[1] Phone interview with Anita Sprenger, Wisconsin Public Service Commission, November 28, 2000.

[2] See Wisc. Admin. Code § PSC 160.125 (2000) (hereinafter PSC 160.125).

[3] See Wis. Stat. § 196.218(5) (1999).

[4] See id. at (5)(a)(1-2). (Identifying target low-income groups as "high-cost," "low-income" and "disabled" consumers).

[5] See PSC 160.125.

telecommunications services and uses USF funds to fill-in the gaps where other USF programs had not been reaching.[6] The PSC grant programs help to promote universal service in Wisconsin.

Deregulation and Universal Service in Wisconsin: A Brief History

In recent years, the telecommunications industry has experienced an explosion in service usage and in competition. In the 1990's, telephone service penetration rates reached above 95 percent nationwide and fluctuated between 96 and 98 percent in Wisconsin.[7] At the same time, competition from wireless, cable and satellite service providers grew. Growing competition has dramatically influenced the quality and quantity of services being offered to consumers. High penetration rates indicate wide service use but mask a problem of low service rates in 'high cost' rural and urban areas.[8] In this same time period, industry regulation did not keep pace. Industry demanded greater freedom to compete.

In 1994, Wisconsin Act 496 (Act)[9] set in place a template for telecommunications industry deregulation. The Act created a regulatory structure designed to promote competition, encourage the rapid deployment of an advanced telecommunications infrastructure and to protect universal service.[10] These goals emerged as part of a 1993 Governor's Blue Ribbon Task Force Report,[11] which had assessed Wisconsin's place in the "growing information marketplace." The report concluded that investment and deployment of an advanced telecommunications infrastructure was best promoted by "unleash[ing] the forces of innovation and competition."[12] Subsequently, Act 496 was created. The Act partially deregulated the state's telecommunications industry but also at the urging of consumer groups provided a basic framework of support for universal service.[13]

To insure that universal service was protected and promoted, the Wisconsin Legislature directed the PSC to create the Universal Service Fund Council (USFC).[14] The council is made up of

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[6] See Wisc. Admin. Code § PSC 160.115. (2000) The Medical Telecommunications Equipment Fund (MTEF). The following results are from the first round of grant applications:

- Grant recipients for MTEF grants included: Stockbridge-Munsee Community, Home Health United Visiting Nurse Service, Rural Wisconsin Health Cooperative, Madison Department of Public Health and Beloit Area Community Health Center.

- Grant seekers sought funding for: a digital dictation and transcription network, technology for a congestive heart failure home monitoring system, enhanced telecommunications capabilities for videoconferencing, and equipment for two separate automatic dialing systems.

- Total funding request for MTEF first round totaled $458,806. Eight organizations applied for funds and 5 received full or partial funding. A total of $159,637 is planned for December 2000 distribution.

[7] See 1999 Annual Report on Universal Service to the Joint Committee on Information Policy, p.6, July 1999.

[8] See id.

[9] Now codified at Wis.Stat. § 196.218.

[10] See Wis. Stat. § 196.218(5).

[11] Convergence, Competition, Cooperation: The Report of the Governor's Blue Ribbon Telecommunications Infrastructure Task Force, Volume 2, 1993.

[12] See id at 5.

[13] See Wisc. Admin. Code § PSC 160.02(13): "Universal Service is a state-wide rapid, efficient, communications network with adequate, economically placed facilities to assure that a basic set of essential telecommunications services is available to all persons in this state at affordable prices and that the advanced service capabilities of a modern telecommunications infrastructure are affordable and accessible to all areas of the state within a reasonable time."

[14] See Wis. Stat. § 196.218(5).

both industry and community interests and is empowered to advise and assist the PSC in the development of rules for promoting and implementing various universal service programs.[15] The PSC rules also loosely define essential[16] and advanced[17] telecommunications services and describe the various other USF programs.[18]

The Legislature also adopted basic standards to measure the quality of telecommunications services in Act 496.[19] Quality standards were intended to provide a baseline for 'basic' service for all state consumers. In practice, however, the standards did little to assure 'universal' accessibility to affordable, high-quality telecommunications services. As a result an accessibility chasm grew in certain areas. The PSC in response created several programs to fill in where 'essential' telecommunications services fell short.[20] These programs, funded through assessments[21] levied on telecommunications providers, serve traditionally 'high-cost' and low-income populations. In spite of these efforts, persistent shortfalls in the provision of services continued.

Nonprofit Access Program Grant Enactment

In 1997, an audit of Wisconsin's Universal Service programs showed that expenditures for universal service assistance programs were not meeting set allocation.[22] Legislators expressed concern that collected USF funds were not being utilized. Telecommunications providers were unhappy about paying the USF charges. And, consumer groups were displeased that USF monies were not reaching intended beneficiaries. The PSC explained that low expenditures were a consequence of the robust economy, which caused low program enrollments.[23] This did not, however, explain the lack of promotion and outreach being undertaken to promote USF programs. Subsequently, the USF Council with the Center for Public Representation and other community groups took action to address the underperformance.

The USFC commenced the process of creating two new programs using authority granted to it as part of the original universal service statute.[24] In reviewing existing programs, the USFC noted that support was not reaching important, yet difficult to reach, population segments. Most USF programs were designed to assist individual consumers, but this left out some of the state's most

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[15] The first USFC rules, codified at Ch. PSC 160 of the Wisconsin Administrative Code, took effect in May of 1996.

[16] See Wisc. Admin. Code § PSC 160.03(1). (Essential telecommunications services include, among other things, single-party, voice-grade line with directory service, timely repair and access to pay telephone service.).

[17] See Wisc. Admin. Code § PSC 160.035. (Advanced telecommunications capabilities are essentially two-way broadband access.).

[18] See Wisc. Admin. Code § PSC 160.05. (Programs to promote access include, among others, reduced rates for low income-income customers, toll blocking, and assistance to persons with disabilities, voice mail for the homeless, rate ceilings for customers in high-cost areas, and a rate shock mitigation program.).

[19] See Wisc. Admin. Code § PSC 160.03(2)(a)(1-15).

[20] See Wisc. Admin. Code § PSC 160.05(1)(a-s).

[21] See Wis. Stat. § 196.218(3). (Wisconsin obtains funding for USF programs by assessing a percentage fee on revenues generated by telecommunications providers from their business activities within the state.).

[22] See Wisconsin Legislative Audit Bureau, Audit of Universal Service Fund, No. 98-10, Table 1, p. 7, July 1998.

[23] See Annual Report on Universal Service to the Joint Committee on Information Policy, p. 3, July 1999.

[24] See Wisc. Admin. Code § PSC 160.19(1).

needy citizens. The USFC concluded that nonprofit organizations were uniquely situated to assist in bridging this gap.

Creating new grant programs, however, involved expanding the USFC's advisory capacity. This raised considerable debate. Concern over duplicating services was expressed. An existing grant program, run through the Wisconsin Advanced Telecommunications Foundation, was already serving a portion of the nonprofit sector. And, other USF programs were reaching out to many individual consumers. The creation of new grant programs, however, was found to be in line with the broad mandate of the universal service fund. In spring of 2000, the Wisconsin PSC approved administrative rules creating the two new programs.[25]

The new grant programs support new modes of delivering telecommunications services. Funding under these programs is guided by three rules. First, USF grants projects are required to address, in a least cost manner, a public need[26] that is not currently being met by other USF programs. Second, projects must assist customers located in high costs areas of the state or must serve low-income or disabled consumers.[27] And, projects are required to support a modern telecommunications infrastructure and/or encourage deployment of advanced telecommunications capabilities.[28]

Implementation – Learning on the Go

Since the administrative rules did not become effective until May 1, 2000, the first grant application period was short. Heavy promotion was used and the PSC moved quickly to assure that funding would occur for fiscal year 2001. Funding had been allocated and disbursement needed to occur by the end of the calendar year or the funds would lapse back to the USF. Extra efforts were made, however, to inform the public about the new USF grant programs.

The Center for Public Representation (CPR) held two free informational workshops in June and July of 2000. At these workshops, lecturers supplied attendees with a variety of resources and recommendations on how to organize and compete for grant funding. Application forms for the grant program became available in June 2000, and the application period for the first round closed September 1, 2000.

Ten total applications were received by the close of the application period[29] and the application review process followed shortly thereafter. A two-step process was used to choose grant recipients. Grants were first screened to assure compliance with statutory requirements. The grant review committee then reviewed and rated all applications based on objective criteria specified in the regulations.[30]

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[25] See Wisc. Admin. Code § PSC 160.115 & 160.125.

[26] See Wisc. Admin. Code § PSC 160.125(2)(c).

[27] See id.

[28] See id.

[29] Some consideration was made, late in the process, for grants received after the September 1 deadline.

[30] See Wisc. Admin. Code § PSC 160.125.

Each project was assessed as to how it provided essential service access or how it encouraged deployment of advanced telecommunications capabilities. Before making final grant determinations, the PSC took public comments. No strong oppositions were raised. Reviewers then selected recipients and presented them for approval to the PSC. Final determinations on recipients and amounts of reimbursement for each program were made in mid-November and grant recipients were notified shortly thereafter.

First Results – An Assortment of Programs

The first round of grant applications was successful. Grant funds were awarded to six out of 10 applicants.[31] The PSC received a total of 10 grant applications for total support requests adding up to $548,645.[32] Not all programs were awarded and several projects requested funding over multiple grant periods. In the end, six projects were fully or partially funded for the first round and shared $193,645 in funding. Groups chosen to receive funding include:

- Boys and Girls Club of Greater Milwaukee
- Coalition of Wisconsin Aging Groups
- Community Advocates, Inc.
- Cornucopia, Inc.
- DANEnet, and
- Transitional Housing, Inc.[33]

Grant requests covered projects including:

- Free telephone lines
- Long-distance calling cards
- Internet computer access
- Internet based information source access, and
- Provision of videoconferencing capabilities.[34]

Assessment – Challenges

Challenges concerning the distribution of funds are an on-going concern for the USFC. Two minor challenges were raised to the program during the first round public comment period. Commenters expressed concerns about the definition of a qualifying nonprofit organization and about reimbursable expenses[35] limits for the projects. Both issues were taken up and addressed by the PSC and by the USFC in reviewing the NPAG program.

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[31] Phone interview with Anita Sprenger, Wisconsin Public Service Commission, November 28, 2000.

[32] See Public Notice, Administration of the Universal Service Fund Grant Program for Access Programs or Projects by Nonprofit Groups, Docket 05-GF-107, September 6, 2000.

[33] Phone interview with Anita Sprenger, Wisconsin Public Service Commission, November 28, 2000.

[34] See id.

[35] See Wisc. Admin. Code § PSC 160.125(2)(c)(5)(a-d).

PSC administrative rules define nonprofit groups as "organization(s) described in §501(c)(3) of the internal revenue code."[36] Grant recipients are required to produce a Federal Identification Number before grant funding is awarded.[37] The number identifies and confirms an organization's 501(c)(3) status. While most applicants did not submit proof of 501(c)(3) designation with their initial application, verification was required and subsequently supplied by all grant recipients.

Reimbursable expenses raised a more important issue for the USFC, but all projects were kept within statutory limits. By definition reimbursable expenses include up to 50 percent of:

- The costs of telecommunications services and telecommunications equipment used by the program or project;
- The cost of training for those who are served by the program or project so that they can utilize the services;
- The administrative costs directly attributable to the program or project; and
- The cost of technical expertise required to complete the program or project.[38]

In the end, commenting parties provided a welcome check for the program and served to highlight areas for improvement for later grant periods.

Conclusion

The intent of the NPAG program is to provide expanded use of universal service funds and to accommodate the changing needs of an advancing telecommunications intensive society. Funding decision remained within the PSC mandate and provided "partial funding to nonprofit groups for the facilitation of affordable access to telecommunications and information services."[39]

The Nonprofit Access Grant program is providing funding to organizations to directly assist groups of formerly un-served or under-served consumers. This program is advancing the ideals of universal service and providing an excellent supplement to eighteen other USF programs that provide funding to individuals. With this program, universal service has been expanded in a new and creative way.   While improvements can be made to better inform organizations about the program, the first grant distribution cycle was a success.

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[36] See Wisc. Admin. Code § PSC 160.02(9).

[37] Phone interview with Anita Sprenger, Wisconsin Public Service Commission, November 28, 2000.

[38] See Wisc. Admin. Code § PSC 160.125(2)(c)(5)(a-d).

[39] See Wisc. Admin. Code § PSC 160.125(2)(a).

THE OHIO COMMUNITY TECHNOLOGY FUND:
A COMPARATIVE APPROACH
By Adam M. Nathe

The pursuit of regulatory reform in the telecommunications industry is not unique to Wisconsin. Deregulation of the industry has taken similar tracks in many states – allowing for increased competition and less restrictive regulation. Protecting the provision of basic telecommunications services has, however, taken different paths. One example is found in the Ohio Community Technology Fund. While the resulting program is similar the Wisconsin Nonprofit Access Grant Program, the process of getting to this results was quite different.

Background

In 1993 and 1994, the Legal Aid Societies of Dayton and Cleveland, Ohio represented clients in a case before of the State's Public Utilities Commission. Legal Aid sought redress for consumers who alleged that the current rates being charged by regional bell operating company – Ameritech – were unjust and unreasonable and needed to be examined and reduced.

From the outset, this case drew significant attention. Twenty-five parties filed for and were allowed to intervene in the action. Intervenors included long-distance carriers, cable operators, the State's Office of Consumers' Counsel, the American Association of Retired Persons, the Greater Cleveland Welfare Rights Organization, the Edgemont Neighborhood Coalition of Dayton, the Cities of Dayton, Columbus and Toledo, the Ohio Department of Education and the Ohio Department of Administrative Services.

At the heart of the case was Ameritech's push for an alternative to regulation. Ameritech's application for alternative regulation sought to bring about regulation that would allow Ameritech to compete more freely and expand its network. Ameritech wanted to enter new areas of service provision and claimed that alternative regulation was required to do so. The alternative regulation request, however, sparked considerable concern with consumer groups.

In 1989 the Ohio legislature had enacted legislation to allow for expanded competition in the telecommunications industry. The legislation provided for 'flexible regulatory treatment' of public telecommunications services and for alternative regulation where it was deemed to be in the 'public interest.' The legislation also required, however, the protection of basic service provision for all of the State's consumers. Under the former provisions, Ameritech sought to increase the rates it was charging and sought a more flexible regulatory treatment for the expansion of it's broadband network infrastructure. At the same time, concerns were raise with Ameritech's provision of basic services to low-income and underserved consumers.

Community concern over the Ameritech request was related to the company's alleged lack of commitment to protecting the provision of basic telecommunication services across the state. The resulting suit alleged that, in addition to overcharging consumers, Ameritech had shown a lack of commitment to providing low-income consumers with basic services. Evidenced was ultimately presented to the PUC to supported these claims. As a result, a negotiated settlement agreement was reached between the consumer groups and Ameritech. The settlement agreement among other things provided for the establishment of the Community Technology Fund.

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Community Technology Fund

As with Wisconsin's statutory approach, embodied in the Nonprofit Access Grant Program, the Ohio Community Technology Fund (CTF) was created to address a shortfall in the provision of telecommunications services to underserved consumers. Unlike the Wisconsin Act, however, the Ohio CTF arose out of litigation and a subsequent settlement agreement.

The Ohio CTF program emerged after lengthy litigation and negotiation between the parties. This differs from the Wisconsin approach, which saw a grant program subsequently written into the Public Service Commission's Administrative Rules. As a general policy statement, the settlement agreement provides that the CTF is dedicated to uses that help assure that rural and low-income areas in Ohio have access to advanced telecommunications technology. This is similar to the goal established for the Wisconsin statutory grant programs. The agreement also provides for expenditures for computer equipment and software, Ameritech tariffed services, Internet access, technical support, and other associated services and equipment. This is much broader than the types of programs that are eligible for support in Wisconsin.

The CTF's goal, as noted in the agreement, is to support community-based organizations in designing and integrating technology and technology access to improve outcomes results in community building, community economic development, education and health. To reach these goals, the CTF grant program was created to allocate funding to organizations to assist in achieving these goals. Under the CTF grant program, two types of grants are awarded. Grants were made available to acquire new or upgrade existing communications technology and related infrastructure, for associated training and maintenance, for program planning implementation and evaluation, and for collaboration to continue and expand existing services that focus on the CTF's central goals.

A Comparable Approach to Reach a Similar End

Currently, telecommunications regulation and its changing affect on low-income individuals is being decided in proceedings in front of many state public utility commissions. In these proceedings, existing phone companies and their competitors are seeking to change the way they have historically been regulated. Absent all too often from these discussions are the voices of low-income consumers. The Wisconsin and Ohio models are merely two instances where community organizations have been able to bring this voice to bear on the process of industry deregulation. These programs are not and should not be the end of the fight. Much more is at stake as this industry continues on a path of increased deregulation.

Universal service is more than a worthwhile policy goal. Universal access to a growing telecommunications infrastructure is critical to addressing broader social policy issues. Advancements in communications technology and increasing reliance on these technologies by both the public and private sectors have created a social structure dependent upon information and technology. Denying or allowing disparities in access to technology and telecommunications will exacerbate social problems ranging from social isolation to unemployment and disparities in educational opportunities. Without programs like the Ohio Community Technology Fund and the Wisconsin Nonprofit Access Grant program, little effort will be made by an industry facing increases in competitive pressures and increased costs in building new networks. Nevertheless, universal service must remain a fundamental goal for the industry and for the states.

PROMOTING A NEW GRANT PROGRAM

Workshop Promotion

In July and September of 2000 the Center for Public Representation, Inc. and the Nonprofit Center of Milwaukee held two workshops to help promote the new Public Service Commission (PSC) grant programs. The workshops were held in Milwaukee and Madison and attracted a variety of nonprofit organizations from around the state. More than 50 individuals and organizations pre-registered for the event.

The workshop programs included a discussion of the grant process, a presentation on the best practices in nonprofit grant seeking and a small group consultation discussion. The grant program workshop in Madison also included an explanation of the new PSC grant programs by Anita Sprenger and Peter Jahn of the Public Service Commission and a also a presentation from Jodi Gorski, a staff representative from the Wisconsin Advanced Telecommunications Fund.

Program evaluations were completed by many of the workshop attendees. Responses were overwhelmingly positive. Most attendees who completed the evaluation forms expressed appreciation for the information shared by the staff representatives from the Public Service Commission. Other notable responses from the evaluation forms indicated an interest in receiving more specific information or training on grant writing and preparation.

The following pages contain specific grant promotion information. Included is a letter announcing the grant programs from the PSC, a copy of the flier sent as a promotional tool, the workshop agenda and a list of attendees from the Madison workshop. Additional information that was given to workshop attendees is included in Appendix B.

Insert these documents

[Workshop Notice] – Public Service Commission of Wisconsin Letter dated February 29, 2000 – to: Nonprofit Organizations, Public Health Agencies and Medical Clinics (2 pages)

[Workshop Flier] – Assisting Nonprofits Submit Grant Proposals Free Workshops (2 pages)

[Workshop Agenda] – Empowering Wisconsin Nonprofits through Technology (1 page)

[Workshop Attendees] – Madison Workshop Registration List (3 pages)

Public Service Commission of Wisconsin

Ave M. Bie, Chairperson
Joseph P. Mettner, Commissioner
John H. Farrow, Commissioner

610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

February 29, 2000

To: Nonprofit Organizations, Public Health Agencies, and Medical Clinics

The purpose of this letter is to alert you to programs and funding sources that soon may be available to your organization.

The Public Service Commission of Wisconsin (Commission) administers a Universal Service Fund (USF) pursuant to a legislative mandate to, among other purposes, assist low-income customers, customers with disabilities, and customers in high cost areas of the state to obtain affordable access to telecommunications (Wis. Stat. § 196.218). The Commission has programs in effect that target those specific customer groups. These programs are covered in the Wisconsin Administrative Code in ch. PSC 160.

Access for Nonprofit Organizations

The Commission is proposing to add a program to its administrative rules that will make grants available to nonprofit organizations (§ 501 (c)(3) of the IRS code) for the facilitation of affordable access to telecommunications and information services consistent with the purposes of Wis. Stat. § 196.218(5)(a) 1. and 2., which are:

1. To assist customers located in areas of this state that have relatively high costs of telecommunications services, low-income customers and disabled customers in obtaining affordable access to a basic set of essential telecommunications services.

2. To assist in the deployment of advanced service capabilities of a modern telecommunications infrastructure throughout this state.

A copy of the proposed new rule, Wis. Admin. Code § PSC 160.125(2) is enclosed.

Medical Telecommunications Equipment Program
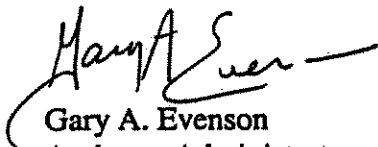
The last state budget directed the creation of a medical telecommunications program to be supported by the USF. The legislature has asked that the Commission adopt rules for this program as part of the rule proceeding now underway. A copy of the proposed rule (Wis. Admin. Code § PSC 160.115) is enclosed. Under this program, a public health agency or nonprofit medical clinic can apply for funding of telecommunications equipment that will be used to promote technologically advanced medical services, enhance access to medical care in rural or underserved areas, or enhance access to medical care by underserved populations or persons with disabilities.

This mailing is to alert you to both of these new programs. The rules for these two programs are not yet in effect; however, they are expected to be later this spring. Formal application materials are not yet available for either program; however, if one of these programs is pertinent to you, please refer to the rules with care. They contain the parameters of the application requirements.

If you have an interest in pursuing an application under either of these programs, or if you have questions about them, please let me know. If you notify me of your interest, I can forward application materials or further information to you as they become available. (Although, my address is on the letterhead and my fax is (608) 266-3957, an e-mail notification is preferred; my e-mail address is *evensg@psc.state.wi.us*.)

Sincerely,

Gary A. Evenson
Assistant Administrator
Telecommunications Division

GAE:slg:reb:lep:tmg:t:\ss\letter\NonProfit Organizations Funding Source 2-7-00

Enclosures   Proposed PSC 160.125(2)
                Proposed PSC 160.115

**Please share this letter with other organizations
that you believe may be interested.**

EMPOWERING WISCONSIN NONPROFITS THROUGH TECHNOLOGY

Wednesday, July 26, 2000
10:00 a.m. to 3:00 p.m.
Pyle Center

Sponsor: Center for Public Representation
Co-Sponsors: Nonprofit Center of Milwaukee
                      Community Shares of Wisconsin
                      Northern Wisconsin AHEC, Inc.

AGENDA

9:30 - 10:00 am Registration/ Check In

10:00 am	Welcome - Louise Trubek (Center for Public Representation)
10:15 am	Survey of audience - brief
10:30 am	Public Service Commission grant program
	Anita Sprenger and Peter Jahn (PSC staff)
11:00 am	Wisconsin Advanced Telecommunications Fund
	Jodi Gorski (WATF staff)

11:30 am	Introduction of break out groups
12:00 - 1:30	Break out groups and lunch

- Improving resident access to telecommunications
- Delivering data, information and education through telecommunications
- Networking branches and collaborative agencies through telecommunication
- Community Technology Centers
- Health and Telecommunications

1:45 pm	National funding resources
	Michael Barndt (Nonprofit Center of Milwaukee)
2:10 pm	Local Foundation resources
2:30 pm	Packaging your proposal
2:45 pm	Open discussion - Next steps - Organizational needs and collective support
3:00 pm	Adjourn

Please return your evaluation!

Future dates -
Tuesday, September 19 - Workshop in Wausau
Tuesday, September 26 - Workshop in Milwaukee - Focus on national foundations and federal resources

Check the web site - www.execpc.com/~npcm/telecom.htm for links and breaking information
Or Call Michael Barndt Nonprofit Center of Milwaukee - 414-344-3933   npcm@execpc.com

Assisting Nonprofits Submit Grant Proposals

FREE WORKSHOPS

Empowering Wisconsin Nonprofits Through Technology

Thursday, July 20, 2000
10:00 a.m. to 4:00 p.m.
NONPROFIT CENTER OF MILWAUKEE
750 North 18th Street
Milwaukee, WI 53233

OR

Wednesday, July 26, 2000
10:00 a.m. to 4:00 p.m.
THE PYLE CENTER
702 Langdon Street
Madison, WI 53706

Sponsor:
Center for Public Representation, Inc.

Co-Sponsors:
Nonprofit Center of Milwaukee
Community Shares of Wisconsin
Northern AHEC

Underwriter:
Ameritech

Nonprofit organizations can increase the quality and effectiveness of their services and the productivity of their clients through creative application of telecommunications. Nonprofit organizations can also play a key role in expanding the use of telecommunications to increase access by low income and residents with disabilities.

A variety of resources are available to help nonprofits gain funding; new programs being offered as part of the Public Service Commission's Universal Service Fund, the Wisconsin Advanced Telecommunications Fund (WATF), the federal Technology Opportunities Program (TOP), and local community and corporate foundations.

New Public Service Commission Grant Program

Telecommunications companies in Wisconsin are contributing to a "Universal Service Fund" sponsored by the Public Service Commission. This year, for the first time, nonprofit organizations are eligible for grant support through this program. Funding can be used for "the facilitation of affordable access to telecommunications and information services." The grants require a 50% match.

The Center for Public Representation (CPR) is helping Wisconsin nonprofits apply for this funding. CPR is sponsoring several workshops to inform nonprofits about the grant process, assist nonprofits with their applications, and help them expand upon ideas.

Additionally, the Center for Public Representation is sponsoring other educational efforts including:

- A website with links to grant sources, "best practice" examples, and other resources:
  http://www.execpc.com/~npcm/telecom.htm

- Email "broadcast" for breaking information—To join the list send email to:
  "Telecom"<npcm@execpc.com>

- General consultation with Michael Barndt at the Nonprofit Center of Milwaukee (414) 344-3933

Information is also available through the Public Service Commission of Wisconsin:

- Anita Sprenger
  Universal Service Fund Program Manager
  Phone: (608) 266-3843
  Fax: (608) 266-3957
  Email: sprena@psc.state.wi.us
  Website: http://www.psc.state.wi.us

The Center for Public Representation is Wisconsin's oldest nonprofit public interest law firm. Since its founding in 1974, the Center has been an advocate for consumers and low-income families through education, research, training and representation. Its mission is to educate and empower consumers by providing services and information. The Center is a member of Community Shares of Wisconsin.

To learn more about the Center, please visit the Center's website at www.law.wisc.edu/pal.

Assisting Nonprofits Submit Grant Proposals

Thursday, July 20, 2000 and Wednesday, July 26, 2000

CONSULTANT
Michael G. Barndt
Coordinator, Data Center Program, Nonprofit Center of Milwaukee

CONVENER
Louise G. Trubek
Senior Attorney, Center for Public Representation

9:30 – 10:00 a.m.
REGISTRATION/CHECK-IN

10:00 a.m. – 12:00 p.m.
DISCUSSION OF THE GRANT PROCESS
Review the grant application process for the PSC grant program. Discuss elements of a creative application, the "match" requirements, how to leverage resources from several sources. Hear representatives from the PSC, the foundation community and others.

12:00 p.m. – 2:00 p.m.
LUNCH AND INFORMAL DISCUSSION
Lunch will be provided to attendees

2:00 p.m. – 4:00 p.m.
PRESENTATION OF BEST PRACTICES
SMALL GROUP WORK CONSULTATION
Discuss the challenges of implementing new technologies and the benefits that result. Hear from nonprofits who have developed innovative programs. Focus on shaping clear "outcomes" statements in a proposal. Learn of program models detailed on the Internet.

ADJOURN 4:00 p.m.

- Both facilities are accessible for persons with mobility restrictions. Should you need other accommodations, please feel free to call (608) 251-4008, or email us at cpr@lawmail.law.wisc.edu. Special efforts will be made to meet your needs. Parking at the Nonprofit Center is free in the lot across the street. Parking for the Pyle Center is in Lake Street Ramp for $8.00 all day.

REGISTRATION

☐ YES, I would like to attend the Workshop: **Empowering Nonprofits Through Technology.**

FREE REGISTRATION

☐ I would like to attend the July 20, 2000 workshop in Milwaukee at the Nonprofit Center of Milwaukee.

☐ I would like to attend the July 26, 2000 workshop in Madison at the Pyle Center.

_____
Name

_____
Organization Name

_____
Mission of Organization

_____
Address

_____
City/State/Zip+Four

_____
Phone

- You can mail your registration to:
  Center for Public Representation
  P.O. Box 260049
  Madison, WI 53726-0049

- You may also phone in your registration at:
  (608) 251-4008
  or fax us your registration at:
  (608) 251-1263

MADISON WORKSHOP REGISTRATION LIST

Wednesday July 26, 2000   10 a.m. – 4 p.m.   The Pyle Center

Ellen Allen
Domestic Abuse Intervention Svcs.
PO Box 1761
Madison, WI 53701

Jeff Amond
Outlook: Life Beyond Childhood Cancer
UW Madison School of Nursing
600 Highland Ave. K6/277 CSC
Madison, WI 53792-2455

Lucy Arboleda
CAC
1717 N. Stoughton Rd.
Madison, WI 53704

Yuri Averette
Tonitrus Corp.
3306 W. Higland Blvd., Ste. 100
Milwaukee, WI 53206

Kaleb Bedford
(just for morning portion)

Lori Booth
Community Development Authority
Madison Municipal Bldg., Ste. 318
215 Martin Luther King Jr. Blvd.
Madison, WI 53710

David Brody
DeaFirst, Inc.
2116 International Lane
Madison, WI 53704

Cam Buenzli
Healthnet of Janesville
23 W. Milwaukee St.
Janesville, WI 53545

Robin Carufel
Peter Christensen Health Center
450 Old Abe Rd.
Lac Du Flambeau, WI 54538

Monya Choudhury
Briarpatch
512 E. Washington Ave.
Madison, WI 53703

Jamal Currie
MATI Community Media
1610 N. 2nd St.
Milwaukee, WI 53212

Carol Doeppers
WI Data Privacy Project

Emily Ehrler
Community Action Coalition
1717 N. Stoughton Rd.
Madison, WI 53704

Patricia Eldred
Independent Living, Inc.
437 S. Yellowstone Dr.
Madison, WI 53719

Jennifer Farnham
CPR
1014 Spaight St., Apt. 3
Madison, WI

Barbara Goble
CAC
1717 N. Stoughton Rd.
Madison, WI 53704

Linda Green
DeForest Area Community and Sr. Cntr.
505 N. Main St.
DeForest, WI 53532

Rhonda Greenhaw
Medical Society of Milwaukee Cnty.
1126 S. 70th St., Ste. S507
Milwaukee, WI 53214

Dietrich Gruen
Middleton Outreach Ministry
7232 Hubbard Ave.
Middleton, WI 53562

Pamela Hathaway
Community Action Coalition
1717 N. Stoughton Rd.
Madison, WI 53704

Lori Haug
DeForest Area Community Senior Center
505 N. Main St.
DeForest, WI 53532

Kimberly Haupt
Arthritis Foundation
802 W. Broadway, Ste. 206
Madison, WI 53713

Nancy Holtz
ABC Connections
309 W. Cook St.
Portage, WI 53901

Eric Howland
DANEnet
6314 Odana Rd. #1
Madison, WI 53719

Lilah Katcher
DeaFirst, Inc.
2116 International Lane
Madison, WI 53704

Dawn Kondreck
Milwaukee Center for Independence
1339 N. Milwaukee St.
Milwaukee, WI 53202

Brett Larsen
Friends of Pheasant Ranch
PO Box 628242
Middleton, WI 53562

Marge Liss
CPR ProBono Attorney
6413 Jacobs Way
Madison, WI 53711

Becky Margenau
Coalition of WI Aging Groups
2850 Dairy Dr., Ste. 100
Madison, WI 53718

Amy McGrath
Moving Out, Inc.
600 Williamson St., Ste. J
Madison, WI 53704

Jennifer Merkle
Domestic Abuse Intervention Svcs.
PO Box 1761
Madison, WI 53701

Joe Mettner (Commissioner)
Public Service Commission
PO Box 7854
Madison, WI 53707

Chris Miller
Memorial Medical Center
216 Sunset Place
Neillsville, WI 54456

Oscar Mireles
Omega School, Inc.
2237 Sherman Ave.
Madison, WI 53704

Nancy Nelson
Domestic Abuse Intervention Svcs.
PO Box 1761
Madison, WI 53701

Larry Olness
United Way of Dane County
2059 Atwood Ave.
Madison, WI 53704

Kristi Papadopoulous
The Rainbow Project
831 E. Washington Ave.
Madison, WI 53704

Deb Perlman
Community Development Authority
Madison Municipal Bldg., Ste. 318
215 Martin Luther King Jr. Blvd.
Madison, WI 53710

Carla Roden
Carla.com
1530 N. Hawley Rd.
Milwaukee, WI 53208

Russ Schnitzer
WI Wetlands Assn
222 S. Hamilton, Ste. 1
Madison, WI 53703

Steven Schooler
Transitional Housing
1490 Martin St.
Madison, WI 53711

Jennifer Schroeder
WI Office of Rural Health
1300 University Ave
109 Bradley Memorial
Madison, WI 53706

Richard Slone
Common Wealth Development
1501 Williamson St.
Madison, WI 53703

Michelle St. Clair
Community Development Authority
Madison Municipal Bldg., Ste. 318
215 Martin Luther King Jr. Blvd.
Madison, WI 53710

Thomas Stevens
WI Primary Health Care Assn.
5721 Odana Rd., Ste. 105
Madison, WI 53719

Patti Thompson
Atwood Community Center
2425 Atwood Drive
Madison, WI 53704

Arthur Upham
United Refugee Services
1245 E. Washington Ave, #82
Madison, WI 53703

Nancy Weiman
Dane Cnty. Natural Heritage Fndtn.
303 S. Paterson St.
Madison, WI 53703

Tracy Woodward
Community Development Authority
Madison Municipal Bldg., Ste. 318
215 Martin Luther King Jr. Blvd.
Madison, WI 53710

Kim Wright
Domestic Abuse Intervention Svcs.
PO Box 1761
Madison, WI 53701

THE GRANT PROCESS

Overview and Administrative Mandate

The Public Service Commission is responsible for the policies and procedures of the Universal Service Fund. The Fund was established under the 1993 Wisconsin Act 496 to ensure that all state residents receive essential telecommunication services and has access to advanced telecommunication capabilities. Universal Service Fund programs created by the Public Service Commission have been developed to address telecommunication needs for low-income customers, high rate areas of the state, customers with disabilities, nonprofit groups, medical clinics and public health agencies and for areas of the state needing access to pay telephones.

Over the last decade, the Public Service Commission of Wisconsin (Commission) has aggressively initiated and implemented policy to rely upon competition rather than regulation to determine the variety, quality and price of telecommunications services. Since the enactment of 1993 Wis. Act 496 (Act 496) and the Telecommunications Act of 1996 (1996 Act), the Commission's regulation of the telecommunications industry has been drastically changed. In implementing both the state and federal law, the Commission has opened and completed numerous investigations and rulemaking proceedings. A discussion on several of these proceedings follows including contacts for further information

## Universal Service Support Funding and Programs: Chapter PSC 160

In response to a major piece of legislation which established a process for deregulation of the telecommunication industry, the Commission was authorized to create a universal service fund and programs to provide a basic set of essential telecommunication services and access to advanced service capabilities state-wide. Although this chapter does not apply to gas services, it is relevant to the discussions on universal service that are part of the work group agenda.

Universal service is defined as: a state-wide rapid, efficient, communications network with adequate, economically placed facilities to assure that a basic set of essential telecommunications services is available to all persons in this state at affordable prices and that the advanced service capabilities of a modern telecommunications infrastructure are affordable and accessible to all areas of the state within a reasonable time.

Insert Documents Here

[Application Letter] – Public Service Commission of Wisconsin dated June 16, 2000 Re: Universal
        Service Fund Access Programs or Projects by Nonprofit Groups – Application Packets. (1
        page)

[Application Packet] – Procedures for Funding for Fiscal year July 1, 2000 to June 30, 2001 (4 pages)
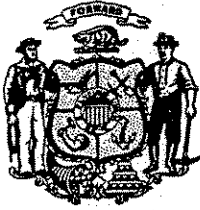
Public Service Commission of Wisconsin

Ave M. Bie, Chairperson
Joseph P. Mettner, Commissioner
John H. Farrow, Commissioner

610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

June 16, 2000

Re: Universal Service Fund Access Programs or Projects by Non-Profit Groups--
Application Packets

To the Person/Organization Addressed:

The Universal Service Fund rule was recently revised and became effective on May 1, 2000 (Wis. Admin. Code ch. PSC 160). The new rule enables non-profit groups to apply for partial funding of programs or projects that will facilitate affordable access to telecommunications and information services. Enclosed are two application packets for the new Universal Service Fund Access Program or Project by Non-Profit Groups.

The first application (blue) is for the state fiscal year that **begins on July 1, 2000, and ends June 30, 2001.** The Commission has approved an expedited application process for this fiscal year so that it is able to award grants to groups that are then able to implement programs in the upcoming fiscal year. **Those applications are due to the PSC by September 1, 2000.** A public comment period on applications will be established once the Commission has received the applications. Funding for the upcoming fiscal year would then be available to approved programs by December 1, 2000.

The second application (pink) is also for the Access Program or Project by Non-Profit Groups but is for the state fiscal year that **begins on July 1, 2001, and ends on June 30, 2002.** The application process for the next fiscal year will follow the schedule as outlined in Wis. Admin. Code § PSC 160.125(2)(b). **Those applications are due to the PSC by November 15, 2000.** The Commission will also seek public comments on those applications. A Commission decision on approved projects or programs will be made by April 15, 2001, and funding for the program will become available on July 1, 2001.

Applications for both fiscal years are being provided to you at this time so that you are aware that the expedited application process for the first year of funding results in the funding application process for the second year beginning fairly shortly after the application process for the first year begins. The application packets contain more detailed information on program background, funding schedule and process and application requirements. If you have any questions, please contact me at (608) 266-3843 or e-mail me at *sprena@psc.state.wi.us.*

Sincerely,

Anita Sprenger
Manager
Universal Service Fund

AS:slg:t:\teams\uniserv\non-profit\nonprofit app cover letter

Enclosures

Public Service Commission of Wisconsin
Universal Service Fund

Access Programs or Projects by Non-Profit Groups

Program Information and Application Materials

Program Background

The Wisconsin Universal Service Fund (USF) was created to promote and assist with the availability and affordability of telecommunications services within Wisconsin. The USF programs established by the Public Service Commission (Commission) fund several purposes. One of the USF programs is available to provide funding to non-profit groups for the facilitation of affordable access to telecommunications and information services that are consistent with the statutory purposes of the USF, but are not supported by other USF programs. (A copy of the USF rule on this program in Wis. Admin. Code § PSC 160.125(2) is included in Appendix A.)

Any non-profit group (defined as an IRS § 501(c)(3) organization) may apply for partial funding from the USF to cover costs of a program or project, including telecommunications costs, which serve the goals of the USF. Total funding for this non-profit groups program is limited to $500,000 per fiscal year; there is no specified limit for any particular project, other than the requirement in the rule that **the USF will only pay up to 50 percent of an applicant's reimbursable costs.**

Funding Schedule and Process

Funding is provided on a state fiscal year basis (July 1 to June 30).

For the fiscal year of July 1, 2000, to June 30, 2001, the schedule for applications and funding is as follows:

Applications due	**September 1, 2000**
Commission determinations on applications	**November 15, 2000**
Funding for this fiscal year will begin	**December 1, 2000**

If the Commission does not grant the entire $500,000 available for this program to the applicants that have filed by September 1, 2000, the Commission may accept and consider applications filed after that application due date.

The Commission staff will review the applications for completeness and may request additional information.

** A separate application is available for the funding of programs or projects
for the July 1, 2001, to June 30, 2002, fiscal year.
Those applications are due by November 15, 2000.

Recipients of USF funds may be audited by the Commission to determine that funds are used appropriately.

Application Requirements

An application for funding for this non-profit group program must include a copy of the Public Service Commission's **"Universal Services Program Promotional Services Grant Application Form."** A copy of that form is included in this packet. <u>On the second line of that form, under "Program," check the box "Other USF Program" and specify "Non-profit."</u>

A complete application, in addition to the required form, must include:

1. A description of a public need that is not being met at present by other USF programs. (A list of existing USF programs is included in Appendix B.)

2. A description of how the proposed program or project is consistent with the purposes of the USF, namely:
   a. To assist customers located in areas of this state that have relatively high costs of telecommunications services, low-income customers and disabled customers in obtaining affordable access to a basic set of essential telecommunications services.
   b. To assist in the deployment of advanced service capabilities of a modern telecommunications infrastructure throughout this state.

3. A description of the program or project proposed, including a description of how the public need described in 1. may be met through affordable access to telecommunications or information services.

4. A showing that the proposed program or project meets the described public need in a least cost manner. (This requirement can be met by showing that the applicant has carried out an appropriate request for proposals, or has otherwise investigated the economic provision of the proposed services or equipment.)

5. A specific description of the following components of the program or project:
   a. The costs of telecommunications services and telecommunications equipment used by the program or project; and an identification of the providers of each portion of the telecommunications services or equipment;
   b. The cost of training for those who are to be served by the program or project so that they can utilize the services;
   c. The administrative costs directly attributable to the program or project;
   d. The cost of technical expertise required to complete the program or project; and
   e. Revenues, if any, you expect to receive for services or training noted in 5.b.

Grants under this program are dependent on the Legislature approving appropriations to make Universal Service Funds available for this purpose.

6. Information on the expected duration of the program or project, and the period for which funding is desired. Proposals that request more than one fiscal year's funding may be considered.

7. A description of how that portion of the program or project costs not covered by the requested universal service fund support will be paid.

Applications should be mailed to:

Universal Service Fund Program Manager
Public Service Commission of Wisconsin
P.O. Box 7854
Madison, WI 53707-7854

For courier services or hand delivery, the address is:

610 N. Whitney Way
Madison, WI 53705

Postmark dates will be used to determine the timeliness of filings.

Questions about this application form or process can be directed to:

Anita Sprenger, Universal Service Fund Program Manager
Public Service Commission of Wisconsin

Phone: (608) 266-3843   Email: sprena@psc.state.wi.us   Fax: (608) 266-3957

A separate application packet is available for the funding of programs or projects
for the July 1, 2001, to June 30, 2002, fiscal year.
Those applications are due by November 15, 2000.

---

*Grants under this program are dependent on the Legislature approving
appropriations to make Universal Service Funds available for this purpose.*

Universal Service Program Promotional Services Grant Application Form
Public Service Commission of Wisconsin
P.O. Box 7854
Madison, WI 53707-7854

2083 (4-18-00)
(Filling this form out is in accordance with PSC Admin. Code 160.)

Instructions: Please complete this application form and attach a written proposal that includes a detailed plan for conducting client outreach activities, a description of program goals and a detailed budget that includes a breakdown of grant funds and organization committments.

Section I -- Applicant/Recipient Data

State Application Identifier

Number	Date Assigned (MM/DD/YYYY)

Program	☐ TEPP Promotion	☐ Lifeline and Linkup Outreach	☐ Other USF Program (specify)

Legal Applicant/Recipient

Applicant Name

Organization

Street/P.O. Box

City	County	State	Zip Code

Title and Description of Applicant's Project (Include specific benefit to USF purposes)

Type of Applicant/Recipient (check only one box)

☐ State Agency ☐ County ☐ Municipality ☐ Private Non-Profit (501)(c)(3) ☐ Other: _____

Area of Project Impact (Names of cities, counties, state)	Estimated Number of Persons Benefiting

Proposed Funding

		Type of Application
Applicant	$ .00	☐ New ☐ Renewal ☐ Revision
State USF	$ .00	
Other (describe)	$ .00	Project Start Date (MM/DD/YYYY)	Project Duration (Months)
TOTAL	$ .00	

Section II -- Certification

The Applicant Certifies That:

To the best of my knowledge and belief, data in this preapplication/application are true and correct, the document has been duly authorized by the governing body of the applicant and the applicant will comply with the attached assurances if the assistance is approved.

Certifying Representative

Type Name and Title	Signature	Date Signed (MM/DD/YYYY)

Section III-- PSC Action

Agency Name	Application Received (MM/DD/YYYY)

Organizational Unit	Address

Funding Awarded		Action Taken	Action Date (MM/DD/YYYY)
Applicant	$ .00	☐ Awarded	
State (USF)	$ .00	☐ Rejected ☐ Returned for Amendment	Starting Date (MM/DD/YYYY)
Other (describe)	$ .00	☐ Deferred	Ending Date (MM/DD/YYYY)
TOTAL	$ .00	☐ Withdrawn	

GRANT REVIEW PROCESS

Administrative Requirements

Notice of Public Comment Period

The Universal Service Fund (USF) may be used for assisting customers in obtaining affordable access to essential telecommunications services and in assisting deployment of advanced telecommunication service capabilities (Wis. Stat. § 196.218).

Wis. Admin. Code § PSC 160.125(2) provides for a USF grant program for nonprofit groups to facilitate affordable access to telecommunications and information services. Application forms for this grant program for the 2001 fiscal year were made available in June 2000. The deadline for the grant applications was September 1, 2000. The Commission received 10 grant applications totaling $548,645.

Wis. Admin. Code § PSC 160.125(2)(f) requires the Commission to seek comments on the programs or projects to be funded, but not hold a hearing. Any party who desires to file comments on these applications shall submit an original and 15 copies and shall include the docket number as indicated in the box on page 1. Members of the public need only file an original. These comments must be received by noon on Friday, October 6, 2000. Comments by fax are due one day earlier. Fax filing cover sheets must state "Official Filing" and include the docket number 5-GF-107 and the number of pages (limit of 20 pages). File by one mode only.

GRANT REVIEW PROCESS
Initial Eligibility Checklist

PUBLIC SERVICE COMMISSION
ACCESS PROGRAMS OR PROJECTS BY NONPROFIT GROUPS

September 2000

Applicant Name _____   Reviewed By _____

****Items A – C below must be checked to pass the initial screening.****

A. The application was postmarked on or before 9/1/00

B. The applicant is a nonprofit group as defined by IRS § 501(c)(3)

C. The grant application is for no more than 50% of total reimbursable costs for the project.

T:\teams ... screening 9-14-00

GRANT REVIEWER CHECKLIST

Public Service Commission
Access Programs or Projects by Nonprofit Groups
USF Grant Program
Fall 2000

Applicant Name_____   Reviewer Name_____

Proposal Number_____   Total Points_____

INSTRUCTIONS TO REVIEWERS: Please give each question a score from the number of points available for that question (number in parenthesis). If an application received the maximum number of points for each question the total score for that application would be 100.

1.   **Description of the public need that will be met as a result of the Proposal (30 pts.).**

   Rate how well the applicant defines the public need that will be met by the Proposal. Does the applicant provide any information on why the Proposal is needed (clearly defining the need, providing statistics to support the public need, impact if the Proposal is funded, etc.)?

   SCORE_____

2.   **Description of how the Proposal assists low-income or disabled customers, or customers that have high costs, in obtaining affordable access to essential telecommunication services or assists in deploying advanced telecommunication services (25 pts.).**

   Rate how well the Applicant clearly describes the telecommunications equipment or services that would be funded in the Proposal and how customers would use the equipment or services. What is the likelihood of success for this project or program?

   SCORE_____

3. **Description of the Proposal with respect to budget, administration, project management, reporting and documentation (20 pts)**

Rate how clearly the applicant describes and documents administrative costs directly attributable to the program cost of technical expertise required, and cost of training for those being served by the program or project so they can use the services. Information on any revenues that are expected as a result of services or training provided should be clearly delineated. For projects or programs that are multi-year, how well does the applicant describe the budget for and management of such a project? Is a budget and timeline provided?

SCORE_____

4. **Description of process used to select telecommunication services and equipment and other equipment and services to be used by the program or project (10 pts.).**

Rate how well the applicant describes what process was used to design the program or project so that it meets the described public need in a least cost manner. Were requests for proposals sent out or bids solicited? Does the applicant provide documentation of its selection process?

SCORE_____

5. **Description of the how the portion of the program or project costs that will not be covered by USF funding will be covered (10 pts.)**

Are the other sources of funding described? How certain or secure is that funding? How well documented are in-kind sources of funding?

SCORE_____

6. **Other evaluation criteria (5 pts.).**

How innovative is the program? Is there community involvement or support? Others?

SCORE_____

[List of Grant Application Programs] – Summary of Universal Service Grant Applications (10/17/00) Nonprofit Access Programs or Projects (1 page)

[[List of Grant Application Programs] – Summary of Universal Service Grant Applications (10/17/00) The Medical Telecommunications Equipment Fund (1 page)

SUMMARY OF UNIVERSAL SERVICE GRANT APPLICATIONS
(10/17/00)

THE MEDICAL TELECOMMUNICATIONS EQUIPMENT FUND
5-GF-108

ORGANIZATION	AMOUNT REQUESTED	SUMMARY
Stockbridge-Munsee Community Bowler, WI	$13,445	Digital dictation and transcription network – install a digital recording system to enable remote access for transcription
Home Health United Visiting Nurse Service Madison, WI	$39,000	Home monitoring technology to improve efficiency of care for congestive heart failure patients
Lac du Flambeau Band of Lake Superior Chippewa Indians Lac du Flambeau , WI	$50,500	Install and align the MEDITECH medical information system in the Peter Christen Health Center and purchase computerized glucometers for diabetes patients
Rural Wisconsin Health Cooperative Sauk City, WI	$55,344	Enhance telecommunications capabilities and expand into videoconferencing through a multi-point video bridge to connect Sauk City with satellite sites in Eau Claire and Green Bay
Madison Department of Public Health Madison, WI	$37,710	Construct fiber optic cable connections to 2 satellite offices in Madison
Madison Department of Public Health Madison, WI	$6,880	Purchase an integrated autodialer system to remind and recall clients for appointments.
Beloit Area community Health Center Beloit, WI	$87,650	Purchase of equipment for an automatic dialing system for reminding patients of appointment, expanded messaging capability and installation of a system for real-time wireless communication among staff members within the health center.
ORIGINAL TOTAL	$290,529	To be addressed in the Commission's first round of decisions for grant applications
Bridge Community Health Clinic (filed Oct. 11, 2000)	$168,277	Purchase of digitized x-ray equipment and alter building as needed for installation, and purchase computer network
REVISED TOTAL	$458,806	Likely to be addressed by the Commission after the first round of grant decisions

NON-PROFIT ACCESS GRANT PROGRAM SUMMARY
FY 2002 – ROUND 2
05-GF-107

ORGANIZATION	AMOUNT REQUESTED	AMOUNT APPROVED	SUMMARY
Community Advocates Milwaukee, WI	$55,000	Pending	Continuation of Pilot program that was approved in Round 1 of grant program; provides outreach, payment agreement advocacy, and follow-up services to 375 households without phone service and 500 households at risk of phone disconnection.
Cornucopia Madison, WI	$6,320	Pending	Second year funding for project approved in Round ! of grant program; provide access to desktop computing and the Internet to people with mental illnesses.
DANEnet Madison, WI	$83,740	Pending	Two-year proposal to fund community center computer labs for advanced telecommunication technology and Internet information services to low-income citizens.
EBTIDE, Inc. Brookfield, WI	$92,025	Pending	Eighteen-month proposal to develop telecommuting options for employment for persons with disabilities.
Partners in Advancing Values in Education Milwaukee, WI	$80,000	Pending	Two –year proposal to develop a clearinghouse to provide community-based access to information on post-secondary education opportunities.
Kenosha Community Health Center Kenosha, WI	$2,500	Pending	One-year project to provide Internet access to staff.
Transitional Housing Madison, WI	$4,664	Pending	Continuation of the first year grant to provide free telephone access and long-distance calling cards to the homeless.
United Cerebral Palsy of SE Wisconsin Milwaukee, WI	$39,880	Pending	One-year project to assist persons with disabilities to obtain employment through telecommunication services.
TOTAL	$364,129		

PUBLIC SERVICE COMMISSION OF WISCONSIN
Memorandum
FOR COMMISSION AGENDA

TO:	The Commission
FROM:	Anita Sprenger, USF Program Manager Georgia Mulcahy, Administrator Gordon Grant, Fiscal Director Division of Administrative Services
RE:	Administration of the Universal Service Fund Grant Program for 05-GF-107 Access Programs or Projects by Nonprofit Groups

Suggested Minute: The Commission approved a one-time change in the application schedule for the nonprofit access grant program as described in Wis. Admin. Code § PSC 160.125(2)(b). The schedule change would affect grant applications for FY 2001 and 2002 only and would allow an additional round of grants in FY 2001.

Background

Wis. Admin. Code § PSC 160.125(2) – Access Programs or Projects by Nonprofit Groups – (attached) is one of the new rules for the Universal Service Fund (USF) that became effective on May 1, 2000. This new program provides grants to nonprofit groups for programs or projects that facilitate affordable access to telecommunications and information services.

Wis. Admin. Code states that: "Funding shall be provided on a fiscal year basis." This could be interpreted as requiring that all the funding be from one fiscal year or that all the funding be for one fiscal year. Under the first interpretation FY 01 money could be encumbered in FY 01 and spent in FY 01 and FY 02. Under the second interpretation FY 01 money could be encumbered in FY 01 and spent in either FY 01 or FY 02. Finally, arguably the funding fiscal year and the spending fiscal year must be the same; that is, FY 01 money may be encumbered in FY 01 and must be spent in FY 01. Arguably, the interpretation requiring the money to be spent in one fiscal year is weakened by the fact that in the rule section dealing with a similar program involving the purchase of medical telecommunications equipment, the rule specifically states that an application "may not involve dispersement of support during multiple state fiscal years." Wis. Admin. Code § 160.115(4)(a). There is no such specific prohibition expressed in the portion of the rule at issue here. Arguably, the presence of such specific prohibitive language in one section of the rule and the lack of such specific prohibitive language in the portion of the rule at issue indicates that no such prohibition is intended in the latter.

At its November 21, 2000 open meeting, the Commission approved the first grants under this new rule. Six grant requests totaling $193,645 were approved. The rule and the Commission's original budget allocation for this program planned for an expected expenditure of $500,000 each fiscal year for this program. After the first round of grant decisions, $306,355 of the original FY 01 budgeted amount for this program remains unallocated.

Program Options for Remaining Program Budget

One option would be the status quo. The remaining FY 01 dollars budgeted for this program would not be used for this program. The funding for the second round of applications that the Commission has received would come from dollars that are appropriated for FY 02. FY 01 dollars budgeted for this program would, if needed, be allocated to assist a different USF program or the level of USF collections would be adjusted to recognize the unused USF expenditure authority for FY 01.

A second option would be to use remaining dollars from FY 01 to fund some of the grant requests that were filed with the Commission last November for FY 02. The Commission received eight second round grant requests totaling $364,129 for FY 02. If the Commission chooses, it could waive the filing schedule for the nonprofit grant program (Wis. Admin. Code § PSC 160.125(2)(b)) for FY 01 and allow some of the second round applications to be funded using the remaining FY 01 budget.

While the second round application dollar request exceeds the amount remaining from FY 01 budgeted dollars, it is uncertain if all applications would be funded since the review process for those applications has not yet begun. If the Commission would choose to fund all applications, some of the applications could be moved to the application cycle for FY 02—potentially the third round of the grant process. When the Commission is making the decision on the grant applications this spring, it could decide to either approve dollars out of FY 02 if needed, or it could decide to have the applications compete with others that are submitted for the third round of applications. In either case, the Commission does not need to decide this issue now.

Under the second option (using remaining FY 01 dollars), the Commission would be able to fund additional nonprofit access programs or projects. Taking the initiative to fund as many programs as the budget allows, would also address some of the criticism received from the Legislature for not promoting USF programs.

Authority for and Impact of a Waiver

Wis. Admin. Code § PSC 160.01(2)(b) states:

> Nothing in this chapter shall preclude special and individual consideration being given to exceptional or unusual situations and upon due investigation of the facts and circumstances involved, the adoption of requirements as to individual providers or services that may be lesser, greater, other or different than those provided in this chapter.

For example, the timing of the rule's promulgation and its impact on the deadlines for initial grant applications could arguably, be viewed as having caused the unusual or exceptional situation of so few first round applications being filed and approved, resulting in a large amount of FY 01 budgeted money still being available.

If the Commission grants a one-time change to the current requirements for application schedules, a process can be put in place so that the second round application cycle can be completed

before the end of this fiscal year. A schedule for funds for distributing FY 02 could then be established. A possible schedule would be as follows:

Commission determination on second round applications	April 2001
Funding for second round of FY 01 projects is encumbered	May 2001
Deadline for applications for applications for FY 02	June 2001
Commission determination on FY 02 applications	September 2001
Funding for FY 02 projects begins	October 2001

Staff will prepare application materials for FY 02 if the Commission decides to proceed with a waiver.

An order to accomplish this waiver, if the Commission chooses to take that action, is attached.

AS:t\teams\ .... schedule waiver 2-7-01

PROSPECTIVE GRANT RECIPIENTS
NONPROFIT ACCESS GRANT PROGRAM SUMMARY
FY 2002 – ROUND 2
05-GF-107

ORGANIZATION	AMOUNT REQUESTED	AMOUNT APPROVED	SUMMARY
Community Advocates Milwaukee, WI	$55,000	Pending	Continuation of Pilot program that was approved in Round 1 of grant program; provides outreach, payment agreement advocacy, and follow-up services to 375 households without phone service and 500 households at risk of phone disconnection.
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TOTAL	$364,129		

t:\teams\uniserv\nonprofit\grant app summary 2nd round 1-23-01

APPENDIX A:

STATUTORY REFERENCES

Insert Document marked:

Access Programs or Projects by Nonprofit Groups – Appendix A (1 page)
Access Programs or Projects by Nonprofit Groups – Appendix B (1 page)

Access Programs or Projects by Non-Profit Groups

Current Rule: Wis. Admin. Code § PSC 160.125(2):

PSC 160.125(2) ACCESS PROGRAMS OR PROJECTS BY NON-PROFIT GROUPS. (a) Partial funding may be available to non-profit groups for the facilitation of affordable access to telecommunications and information services through programs or projects, or both, not supported elsewhere in this chapter, but that are consistent with the purposes identified in s. 196.218(5)(a)1. and 2., Stats.

> **Note:** As of November 1999, s. 196.218(5)(a)1. and 2., Stats., reads:
> *(5) Uses of the fund. (a) The commission shall require that moneys in the universal service fund be used only for any of the following purposes:*
> *1. To assist customers located in areas of this state that have relatively high costs of telecommunications services, low-income customers and disabled customers in obtaining affordable access to a basic set of essential telecommunications services.*
> *2. To assist in the deployment of advanced service capabilities of a modern telecommunications infrastructure throughout this state.*

(b) Any non-profit group may apply for universal service funding to fund any portion of a program or project or both. Funding shall be provided on a state fiscal year basis. Applications for funding in the following fiscal year shall be submitted by November 15th. The commission shall issue a list of approved programs or projects, or both, by April 15th, with funding for those programs or projects, or both, to begin that July 1st. All applications shall become public documents upon filing.

(c) Applications shall include:

1. A description of a public need which is not being met at present;
2. A description of how the program or project is consistent with the purposes identified in s. 196.218(5)(a)1. and 2., Stats.
3. A description of the program or project proposed, including a description of how the public need described in subd. 1. may be met through affordable access to telecommunications or information services;
4. A showing that the proposed program or project meets the described public need in a least cost manner. This requirement can be met by showing that the applicant carried out an appropriate request for proposals.
5. Identification of the providers of each portion of the telecommunications services or equipment and a specific description of the following components of the program or project:
   a. The costs of telecommunications services and telecommunications equipment used by the program or project;
   b. The cost of training for those who are served by the program or project so that they can utilize the services;
   c. The administrative costs directly attributable to the program or project;
   d. The cost of technical expertise required to complete the program or project; and
   e. Revenue from services or training described in subd. 5.b.

(d) The commission shall evaluate all applications submitted. In evaluating the applications the commission shall consider information including, but not limited to, the following:

1. The basis of the public need to be met;
2. The extent to which other programs or projects, either funded under this section or otherwise under this chapter, meet that need; and
3. The overall cost of the proposed program or project.

(e) The universal service fund shall reimburse applicants for up to 50% of the cost of reimbursable portions of the program or project, or both. The reimbursable costs include those listed in par. (c)5.a. to d.

(f) The programs or projects, or both, to be funded and the amount of reimbursement for each program or project shall be determined by the commission. The commission shall seek comments on the programs or projects to be funded, but shall not hold a hearing. A maximum of $500,000 in funding may be dispersed under this subsection per state fiscal year.

Access Programs or Projects by Non-Profit Groups

Existing USF Programs:

The following USF programs already exist as part of Wis. Admin. Code ch. PSC 160:

<u>Lifeline Service</u>, which provides discounts on basic telephone service for low-income customers.

<u>Link-Up Service</u>, which provides discounts on connection charges for low-income customers.

<u>Voice Mail Service for the Homeless</u>, which provides a method of contacting homeless people and others without telephone service

<u>Telecommunications Equipment Purchase Program (TEPP)</u>, which provides assistance to individuals with disabilities to purchase needed telecommunications equipment.

<u>Second Line for Two Line Voice Carryover</u>, which provides a second line for use with telecommunications devices for the deaf (TDDs or TTYs).

<u>High Rate Assistance Credits</u>, which assures that rates in high-cost areas remain affordable.

<u>Rate Shock Mitigation</u>, which ensures that sudden rate increases do not adversely affect customers.

<u>Public Interest Pay Telephones</u>, which ensures that payphones are available where needed.

<u>Advanced Services Assistance</u>, which ensures that customers requiring such services can obtain advanced service no matter where those customers are located in Wisconsin.

<u>Medical Telecommunications Equipment Program</u>, which provides assistance for clinics and hospitals in using advanced telecommunications.

<u>Assistance to Institutions</u> (this program in § 160.11, for schools, libraries and hospitals is no longer available to new applicants.)

Telecommunication Taskforce

The Taskforce is created to study the following telecommunication issues:
- Access fees
- Provision of 911 services and how they are paid for
- Cable open access
- Satellite television
- The provision of telecommunications services by local units of government
- The regulation of small-business phone lines
- Alternatives to the current regulation of small telecommunications companies---(gov budget had provision that dealt with changes to PSC authority to order compensation
- Bundling taxation issues
- Whether Wisconsin should remain among the handful of states which subjects Internet access charges to taxation.

Legislators:
Chairman Rep. Phil Montgomery
Vice-Chair Rep. Mark Pettis
Rep. Jon Richards
Sen. Scott Fitzgerald

John Stolzenberg, Legal Council, Joint Legislative Council
Bill Esbeck, Executive Assistant, Public Service Commission
Paul Nelson, Legislative Liaison, Public Service Commission

Members:
Dave Beyers, Director of Business Development, MHTC Net - Internet
Richard Bohling, Director Government Affairs, Verizon - Holding Co.
Pete Gardon, US Cellular – Wireless
Bev Greenberg – Time Warner Cable
Steve Heins, NorthNet Internet
Larry Knegendorf, General Manager, Baldwin Telecom - Small Telco
Jim Leonhardt – AT&T
Dan M. Lipschultz – McLeodUSA
Bill Malkasian – Realtors
Drew Peterson, Federal Relations Manager, TDS Telecom - Holding Co.
Holly Reed, Vice President External Affairs, SBC/Ameritech - Ameritech
Duane Ring, Midwest Region Vice President, CenturyTel of WI - Wireless
Rob Riordan, Executive Vice President, INSIGHT – Wireless
Brandon Scholz – Grocers
Bill Smith – NFIB
Mike Theis, CEO, Communications Management Group - Small Telco
Frank Tower, General Manager, Northnet, LLC - Internet

Dean Voeks, CEO, Chorus Communications · Small Telco
Tim Vowell · Charter Communications
Rachel Winder — Worldcom —

Telecommunication Taskforce

The Taskforce will study the following telecommunication issues:
1. Access fees
2. Provision of 911 services and how they are paid for
3. Cable open access
4. Satellite television
5. The provision of telecommunications services by local units of government
6. The regulation of small-business phone lines
7. Alternatives to the current regulation of small telecommunications companies---(gov budget had provision that dealt with changes to PSC authority to order compensation
8. Bundling taxation issues
9. Whether Wisconsin should remain among the handful of states which subjects Internet access charges to taxation.
10. Wholesale service quality and competition
11. Construction of wireless towers
12. Definition of "effective competition"
13. PSC authority to provide refunds for unlawful charges
14. Termination charges to customers
15. Affiliated interests and cross subsidies of applicability to small telecos

~30-00 *<05*

COMPARISON OF BASIC BUSINESS / RESIDENCE UNBUNDLED LOOPS
2-Wire Interface Loop Basic

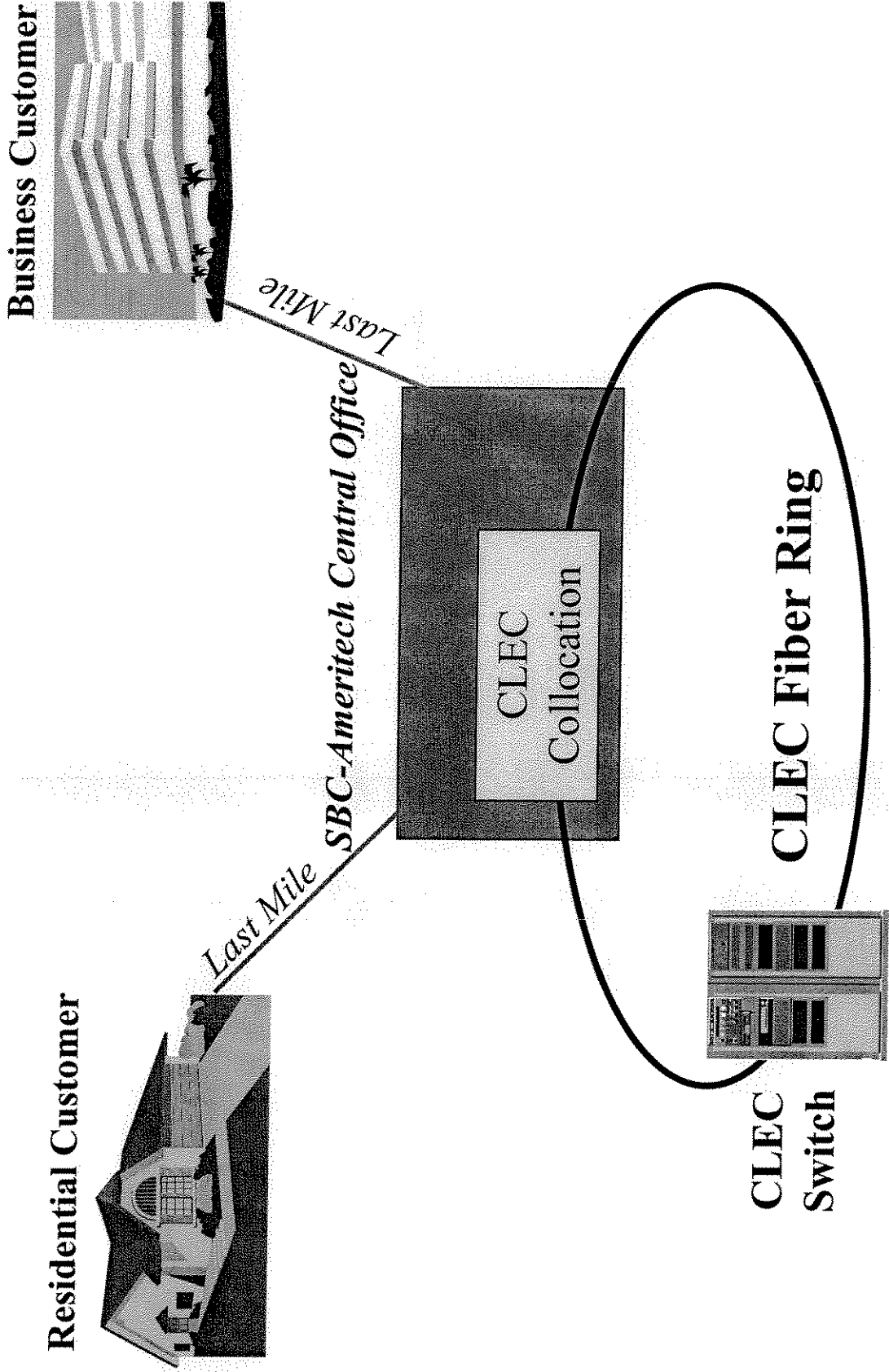| Ameritech State (Rate Group)	Currently Approved	Ameritech WI Proposal	% Difference (WI / other)	Source
ILLINOIS				
Rate Group 1	$2.59	$31.78	1227.03%	note 1
Rate Group 2	$7.07	$36.30	513.44%	note 1
Rate Group 3	$11.40	$45.97	403.25%	note 1
INDIANA				
Rate Group 1	$8.03	$31.78	395.77%	note 2
Rate Group 2	$8.15	$36.30	445.40%	note 2
Rate Group 3	$8.99	$45.97	511.35%	note 2
MICHIGAN				
Rate Group 1	$8.47	$31.78	375.21%	note 3
Rate Group 2	$8.73	$36.30	415.81%	note 3
Rate Group 3	$12.54	$45.97	366.59%	note 3
OHIO				
Rate Group 1	$5.93	$31.78	535.92%	note 4
Rate Group 2	$7.97	$36.30	455.46%	note 4
Rate Group 3	$9.52	$45.97	482.88%	note 4

note 1: ILL. C.C. No. 20, Part 19, Section 2, 2nd Revised Sheet, No. 7

note 2: Ameritech IN Compliance Filing, Cause No. 40611*UNE Tariff Rate Summary,* Sept. 15, 2000.

note 3: M.P.S.C. No. 20R, Part 19, Section 2, 7th Revised Sheet, No. 7

note 4: P.U.C.O No. 20, Part 19, Section 2, Original Sheet, No. 38

CLEC Network

Business Customer

Residential Customer

Last Mile   *SBC-Ameritech Central Office*   *Last Mile*

CLEC Collocation

CLEC Fiber Ring

CLEC Switch

Complaints for Major Utilities

This section includes two tables. The first table provides information on the number of complaints received for the first two quarters and the first six months total for each of the major utilities in each industry. The second table gives first half information on the number of complaints per thousand customers (or access lines for telecommunication local exchange carriers). Customer/access line information is not available for the interexchange carriers. The information on customers/access lines comes from the annual reports which utilities file with the PSC. For comparison purposes, first half statistics for 2000 are also included.

Some observations from the total complaints table:

- Ameritech complaints increased by 446 (26 percent) over the first half last year and were also 22 percent higher than 1999. Billing and credit complaints were the reason for the increase in complaints from the first half last year. They were 62 percent of the Ameritech complaints and a 43 percent increase. Service outage and repair complaints were 13 percent (-36) lower than last year, however, these complaints had been higher in the first half last year than in previous years. Specific complaint categories which increased were threat of disconnection for nonpayment, disputed amount of use, responsible party for billing, sales practices, nonutility merchandising, and receiving a bill for a service or feature which was not ordered.

- Verizon complaints decreased by 101 and CenturyTel complaints increased by 103 over the first half last year. This is partially explained by the fact that CenturyTel purchased several exchanges from Verizon last year. Verizon complaints decreased in nearly all categories. The largest CenturyTel increase was in disconnection related complaints (+63). Service related complaints increased by 19.

- AT&T complaints decreased slightly, with 60 fewer complaints - a 9 percent decrease. AT&T complaints began to increase dramatically after the first half of 1999. Decreases were for complaints regarding charges for operator assisted calls, minimum monthly charges, and charging rates which were higher than the customer was expecting. There were increases in complaints regarding whether or not billed calls were made and pay per call (900#) billing.

- MCI complaints decreased by 83, continuing a trend over the past two years. They had 83 fewer complaints than last year and 220 fewer complaints than the first half of 1999.

- Wisconsin Gas Company complaints increased by 179 (110 percent) after a downward trend over the past two years. The increase can primarily be attributed to the high natural gas prices and lower temperatures last heating season. Billing and credit complaints increased by 163, with disconnection related disputes going up by 104. Disputed amount of use and budget payment plan disputes also rose.

- Wisconsin Electric Power Company complaints were less than the first half last year, reversing a trend. The decrease was in disconnection related complaints. The decrease was also in complaints related to electric service. Natural gas service complaints increased by 136 percent.

Page 15

The following graph shows the trend for Ameritech.
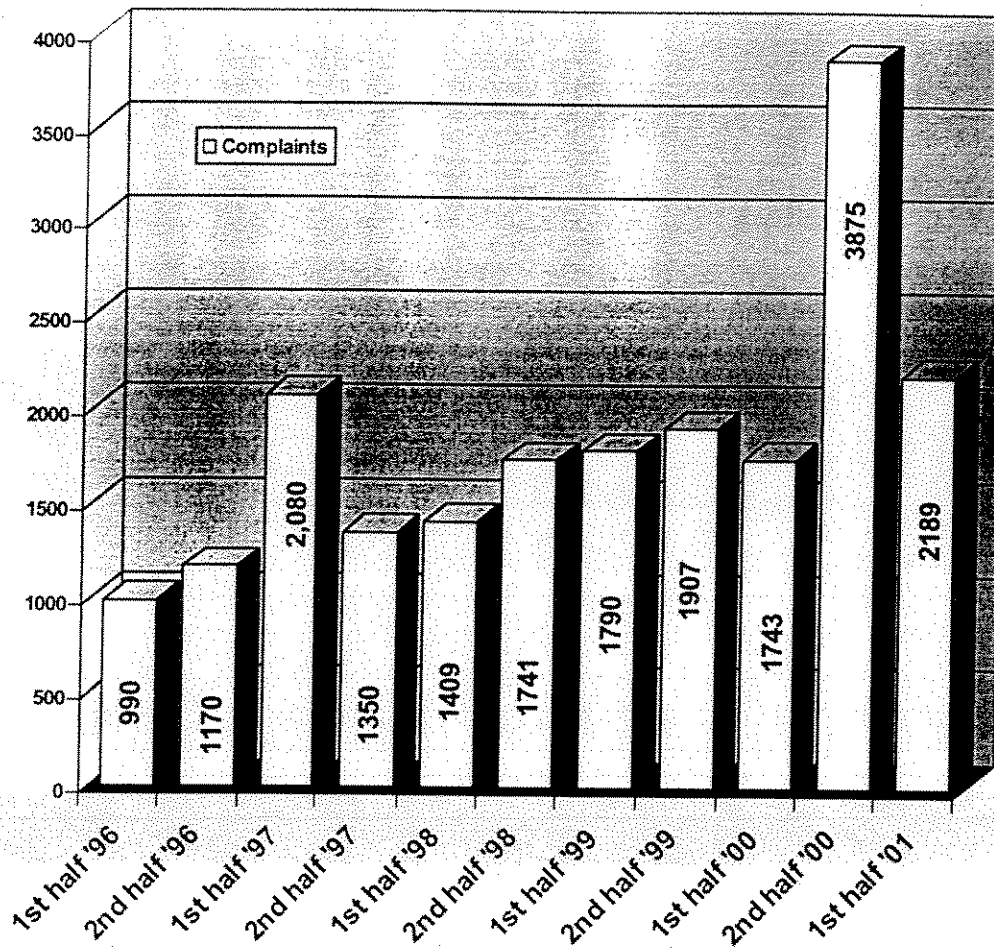
Complaints regarding five companies: Ameritech (2189), AT&T (606), CenturyTel (231), MCI (223), and Verizon (128) comprise 80 percent of the telecommunications complaints.

CenturyTel complaints increased by 103 (80 percent) from the first half last year. Most of the increase was for complaints regarding disconnection for nonpayment issues. In addition, the company had approximately 130,000 more customers this year as a result of acquisitions of exchanges from other companies.

AT&T complaints decreased slightly from last year with 60 fewer complaints, a 9 percent decrease. Decreases were seen in complaints regarding charges for operator assisted calls, minimum monthly charges on bills and charging rates which were higher than what the customer expected. There were increases in complaints regarding whether or not billed calls were made and pay per call billing.

MCI Worldcom complaints decreased by 83, continuing a trend over the past two years.

Page 6

Questions for Ameritech

What constitutes a "competitive marketplace" for local telephone service? What percentage must your competitors have before we say that a competitive marketplace exists?

(For long distance, the feds declared that 50% of the customers had to be served by competitors of ATT before a competitive marketplace existed.)

Robson + Bowers — LD Calls.
Joe Methner →
— Formula → need for
adjustment

PATCO

Consumer Panel → CUB, merchants, AARP
CLBC Panel — TDS, McLeod, Third
Wave
AT+T
— long-distance Competition
model

Boyatzis
Regulatory VP — Scott?
Holly — Gov't. Affairs
→

Telecommunications Deregulation.

7 year STCH -

Judy Robson

concern for customer service - / complaints 26% increase 1st six months.

answer to service & price problems -

—

PSC — Paul Nelson / Gary Evanson -

telephone life was much simpler - good old days -

competition in various parts of competition.

1) intention - a) less regulation b) increase competition c) consumer protection

2) 196.05 — reasonable rates - just service -

competition customer choice - quality plight - environment.

Economic output - efficiency / productivity

- Weighing of public interest - (WATF)

Consumer protection | cross subsidy -

→

→ Traditional regulation is gone →

Ameritech / Verizon - Price regulation | little -

Alternative regulation

{ ① Basic local rates - subject to formula - how performance

- how much can it reduce

② access | long distance - deregulated -

- alternative regulation statutory base -

benefits & incentives |

Infrastructure - productivity - service

& schools | health care -

15 - phone companies -

10 prepaid companies -

Competition - Long Distance. Inter / Intra -
→ choice exists -

Local - much less competitive choices -
- CLEC - incumbent firm   121 cert/put
Wireless/

Interconnect - Agreement -

ILEC   incumbent local exchange companies - 84   (then were 135)
- Ameritech, Century, Verizon, TDS,

CLEC - 125 -

only 25 serving customers.

Competition Study Committee → report -

CLEC - 9% local market -

mostly urban areas -   only 20% -

→ What are barriers to competition ?   Market attractiveness
low population density - high cost to serve

Rural enfranchisement protection -

Economy -

7 years later -

→ i) change in regulation -

ii) more competition today.   - Enough →

Complaints
10,000   →   4200 →   most billing related -

* Service related -

Interconnect: CLEC - ILEC

Consumer ——   196, 199 complaint

- Competitors go where they can make money -

Montgomery - Ohio | Michigan rewrite -
  └ Arizona - high speed internet ??

Joe Mother -

Dotep - *1 complaint since 1997
  Confusion over rates.
  Cellular service / 3rd party billing
    - cancellation policy - *200 unauthorized carb
    obtain service when present -

Muller → 2000 - 30 complaint - 4 million
  - Long Distance carriers tariffs - to Justice

Joe Mother -
  26% complaints - greatly respect - Ameritech 1st six months 2001-2000
  # Service Quality / infrastructure *

* ↓ rule making - productivity asset -
* Expand penalties - capital chars earnings

12:21 Ameritech / SBC - Holly Reed / Scott -
  1) - investment - accelerate - *1 billion represent -
  2) access lines - is trending up -
  3) doubled human capital - hiring staff - 2,000 more
  4) 44th - 45th line growth - not as much line growth -
  5) complaints - "demand" "just fund complaints"

Telecom Deregulation

- Competitive local Exchange -

① TDS

② McClovd -

     ⓐ Difficulty - to Compete -

     ⓑ Interconnection Agreements - *

       - PSC - process ->

③ Metro Call - went after Households -

- Not enough Widespread Competition -

④ Long distance - wait until

PSC -

* Spending process -

* Tools - to enforce the law -

Bringing parties together
     will improve competition -
     Not after Anonimocity -   good old Fashioned Competition

John Mathers - 10/10/01

① Community Corrections -

Indiana → 200 new - (need 150)

* (Indianapolis) 300 additional by First Quarter - **

  • Doesn't have enough money for OUT STATE -

    • Consider OUT STATE

No Budgetary Impact -

Lower Medium - (no murderers / sex offenders)
Programmatic - 18 months -
4000 - consistent with other dimensions -

OUT STATE - Next July -
Milwaukee (may Kellogg Boos Sturtevant)

Contract Boos -

→ December - 13, 10 →

Jerry Bacon -

Ameritech:

6) - justified complaints

7) retail price reduction - 10% rate reduction.

8) >0 new products - broadband -> high speed internet

9) access fees - reduction overhead -

Scott - **Ameritech**

- significant competition both residential / commercial.

# of orders from competitive providers -

-> 500,000 in a month - functioning -> [this concern]

-> 400,000 CLEC lines in 16% of Ameritech -

competition changes many - 35% in business market lost.

135 Interconnection Agreements   only dozen

certified CLECs - 25/

5 in residential - leaving - 26 reseled -

- ~~Ameritech~~ (Ameritech primarily urban -)

P.S.C does have tools to make it work -

✲

Steve Hiniker - **CUB** -

How to make it work -

-> We do not see adequate level of competition -->

4-6% belong to other providers - P.S.C. 5% don't have phones.

Ameritech Complaints -> 600% increase

Something needs to be done to encourage competition. -

Phone company rates function.

a) change price cap

b) Establish system of automatic bill credits for bad service

c) permit customers to sue Ameritech

d) pursue structural separation.

E) oppose Entry into long distance market

- Mrs. Merchants Frederick - Dong Johnson -

Josan - Kay -

- Frustration /

CLEC   Jim Butman - TDS -

Paula Sherwood   Tim Werner

Dan Lipschultz   ~~McLeod~~ McLeod -

TDS - 115,000 - 45,000 residents -

- Cost of embundled loop rate. $9 - 11

- Cost of conversion - $100 =

Customers crying for choice.

* Special construction charges -

a) P.S.C. need more enforcement measures -

Paula Sherwood - Tim   81 / 2500 in Wisconsin

has not fulfilled the promise -

Requires cooperation -   Poor quality service -

(Establish standards) - right model.

- TDS complaint -

Telecommunications

— consumer panel —

① CUB - AARP - Jack merchants.

② CCUC   TDS / Time Warner / McLeod -

③ AT&T -   Competitive model -

complaints - PSC / DATCP -

JCIPT   # 10-11-01

BoS —
Promises made, not fulfilled —
   - Competition managed
   - Consumer complaints ↑
   - improvements in infrastructure, but
        some lag behind other.
   = increased business competition, but
      , many rescene don't have choice

   - what do companie plan to do to
     make sure cooper rural consumers
     have ↑ service + choice.

Kathy Soderbloom, for Sen. Robson →
  re = customer service

Paul Nelson + Gary Evenson, PSC
  -- — 196.03(6) —
        - Factors the PSC was to
          consider re = rates + service

- 15 local companies under alternative regulation
- 10 pending cases

- 120-125 CLBCS Certified
  - only 25 actually serve customers.
- OSS - necessary telco-telco connection for competition
- 84 ILBCs in state
  - Verizon, Ameritech, Century, Tell biggest

- what are barriers to competition
  - market attractiveness
  - high cost
  - low customer density
- more competition today than in 1994
- Change is constant in Industry

2000 - 10,000
2001 1st six months - 4200
- most are billing included complaints (slightly over half)

LIST OF
RRARITIES

Joe Metther — PSC —

DATCP — Dave Chichtchi — Jim Rabbit →
Telcom #1 Complaint since 1997
    — slamming ↓
    — cramming ↑
    — billing ↑
  — other costs being moved onto line
    items on the bill from per minute
    rates.

    — cellular service area
  — 3rd party billing
    — should be right to
    contest bill.
  — Summary of complaint breakdowns.

↓

10-11-01 cont.

Ameritech, cont:
- Services not companies should be regulated
- PSC change in regulatory power should apply across industry

GET

18 Items That Amrt. committee has identified

Letter to Ameritech main question w. rates

Consumer Panel
Jason Kay (AARP)
Dory Johnson (Merchants + Hardware Assn) midwest
Steve Henicker (**CUB**)

CLRC Panel
Jim Bultman
TDS — 15,000
93% served by urban development
(last mile)
Cost: $9 — $11
charge $100.
- How are their rates they are proposing justified?
- Special construction charges

Ⓧ
- PSC needs more enforcement power
Pam Sherwood — Time-Warner

√√

10-11-01 Cont.

— Dan Lipschultz - McLeod

Rock Pleidl
    Connect Wisconsin
    Pro → 496

Jim Leonhart — AT+T
    issue is Market power vs.
                market share
    issue not # CLECS, lines, etc.
            but market power

Chris Labowe
    — WCSTA
    — Vast majority oppose w/ calls
    + structural separation remedy

Pat Schylinger — Green Bay Area
    Chamber of Commerce

Ed Huck — Alliance of Cities