

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission,) Application No. NUSF-2
on its own motion, seeking to)
establish guidelines for) PROGRESSION ORDER #1
administration of the Nebraska)
Universal Service Fund.) Entered: March 30, 1999

BY THE COMMISSION:

The Commission has been charged by the Nebraska State Legislature with maximizing federal lifeline support to qualified Nebraska telephone subscribers. This will require the Nebraska Universal Service Fund (NUSF) to contribute two dollars for each additional one dollar of federal support. Also, the Commission's orders in Docket No. C-1628 require Incumbent Local Exchange Carriers (ILECs) to increase basic local residential services rates to a benchmark of \$17.50 per month over a transition period. The transition periods for non-rural and rural companies are three and four years, respectively. Given these facts, the Commission seeks comment on the best manner to increase lifeline support to qualified telephone subscribers in Nebraska.

F I N D I N G S A N D O P I N I O N S

Currently, qualified lifeline recipients receive \$5.25 per month of federal support. This support is only available to a single line of service for each recipient. The support can be doubled to \$10.50 per month with matching funds from the NUSF. As discussed above, for each two dollars of lifeline support from the NUSF, the federal lifeline program will contribute an additional one dollar up to a total of \$1.75. Therefore, in order to gain the maximum amount of additional federal support, the NUSF will need to contribute \$3.50 per month for each qualified line of service.

The rates for local residential services vary greatly among carriers within Nebraska, while the current lifeline amount of \$5.25 per month is provided to a subscriber without regard to the rate charged for local service. This results in significant disparity in the actual payments required from lifeline subscribers for telephone service throughout the state.

As discussed above, the Docket No. C-1628 orders require companies to raise local residential service rates to \$17.50 per month

Application No. NUSF-2,
Progression Order No.1

PAGE 2

over a period of three or four years. For some subscribers, this will result in significant increases over the transition period.

In order to promote equitable treatment among customers and to minimize the effects of Docket No. C-1628 transitional period local rate increases, the Commission tentatively finds that additional lifeline support should be linked to local rates charged to each customer. This will be implemented through the creation of five lifeline support zones with the goal that each lifeline customer pays approximately the same amount for basic local service. The Commission proposes that lifeline support be based on the following schedule:

Where local rates are \$15.85 or more, lifeline subscribers will receive \$10.50/month;

Where local rates are between \$14.45 and \$15.84, lifeline subscribers will receive \$8.83/month;

Where local rates are between \$13.25 and \$14.44, lifeline subscribers will receive \$7.42/month;

Where local rates are between \$12.25 and \$13.24, lifeline subscribers will receive \$6.24/month; and

Where local rates are \$12.24 or less, lifeline subscribers will receive \$5.25/month.

Under this proposed schedule, lifeline subscribers paying the highest rates will receive the maximum federal support. Further, this proposal seeks to create rate parity among lifeline subscribers by linking the level of support to the local rates so the resulting billed amounts are approximately the same for all lifeline subscribers. Finally, it will attempt to mitigate the effect of the Docket No. C-1628 transitional period local rate increases by increasing lifeline support as the local rate increases become effective.

Comments on this proposal are due by April 30, 1999. There will be no reply comments.

Application No. NUSF-2,
Progression Order No.1

PAGE 3

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that interested parties file comments on or before April 30, 1999.

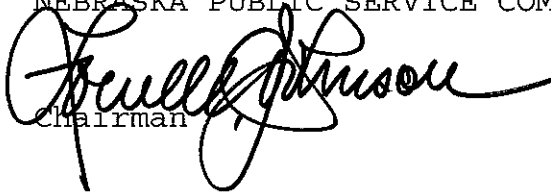
MADE AND ENTERED at Lincoln, Nebraska, this 30th day of March, 1999.

COMMISSIONERS CONCURRING:



//s//Lowell C. Johnson
//s//Frank E. Landis
//s//Daniel G. Urwiller

NEBRASKA PUBLIC SERVICE COMMISSION:


Chairman

ATTEST:


Executive Director

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

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