

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application)	Application No. NUSF-36
of Allo Communications LLC)	
requesting universal service)	GRANTED
support for supported services)	
provided in Qwest exchanges.)	Entered: August 26, 2003

APPEARANCES:

For the Applicant:
Brad Moline, pro se
824 Douglas Street
Box 699
Imperial, NE 69033

For the Commission:
Shana Knutson
300 The Atrium
1200 N Street
Lincoln, Nebraska 68508

BY THE COMMISSION:

By application filed April 16, 2003, Allo Communications, LLC, (Allo or Applicant) of Imperial, Nebraska, seeks designation as a Nebraska eligible telecommunications carrier (NETC) and seeking interim Nebraska universal service fund (NUSF) support for supported services provided in Qwest exchanges. Notice of the application was published in The Daily Record, Omaha, Nebraska, on April 17, 2003. No formal protest or petition for intervention was filed in response to the application. A hearing on the application was held on August 12, 2003. Brad Moline appeared pro se for the applicant. Shana Knutson appeared on behalf of the Commission staff.

In its application, Allo states that it is a Nebraska Limited Liability Company headquartered in Imperial, Nebraska. Allo offers wireline telecommunications services and has been certificated by the Commission as a competitive local exchange carrier in Docket No. C-2844.

Pursuant to ETC requirements and the Commission's NUSF rules and regulations, Allo states it offers all of the following services:

- a. Voice grade access to the public switched network;
- b. Local Usage;
- c. Dual tone multi-frequency signaling and/or its functional equivalent;
- d. Single-party service and/or its functional equivalent;
- e. Access to emergency services;

- f. Access to operator services;
- g. Equal access to interexchange service;
- h. Access to directory assistance;
- i. Toll limitation for qualifying low-income consumers; and
- j. Access to white page listings through agreements with ILECs and/or their directory publishers.

Allo also states it will advertise the availability of and charges for such services using media of general distribution, including newspaper and radio advertising.

In support of the application at the hearing, Allo presented one witness, Mr. Brad Moline, who testified as follows:

Applicant will comply with any advertising requirements the Commission may impose in the future. Applicant will price its basic local exchange service at the benchmark rates established by the Commission in Docket C-1628 (Entered January 13, 1999), which are presently \$17.50 per month for residential service and \$27.50 per month for business service. It will not lower its prices below the benchmark levels should NUSF support be given.

To demonstrate its costs of providing local exchange service, Allo states that it provides wireline services through unbundled network elements platform (UNE-P) provided over Qwest's facilities. The costs are contained in the interconnection agreement established between Allo and Qwest which was approved in Docket C-2936.

By purchasing UNE-P's from Qwest, Allo avers the cost of providing service is commensurate with the cost incurred by Qwest. Allo requests NUSF support for high-cost customers located solely in the Qwest exchanges in Nebraska.

At the hearing, Mr. Moline further stated that Allo understood that the Commission may adopt, from time to time, certain standards, such as quality of service requirements. Allo has agreed to comply with any such standards that are imposed by the Commission on all ETC's.

Allo further confirmed in the event that it begins serving customers in exchanges served by other non-rural companies, it will file a separate application seeking NUSF support for customers served by such companies. Allo further agreed that an order granting interim NUSF support will be superceded by the Commission's findings in NUSF-26 which may result in a different level of support than that received during the interim.

Allo is not seeking any high-cost support in any service area served by a rural telephone company as defined by the Telecommunications Act of 1996.

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

Upon consideration of the testimony and evidence filed in this proceeding, the Commission is of the opinion and finds that Allo should be granted a NETC designation. Allo was granted a certificate of public convenience and necessity by this Commission in Application No. C-2744, to operate as a competitive local exchange carrier of telecommunications services within the state of Nebraska. At that stage, Allo demonstrated that it possessed the adequate technical, managerial and financial ability to provide competitive local exchange service in areas service by Qwest. On August 26, 2003, the Commission designated Allo as an eligible telecommunications carrier for the purpose of receiving federal universal service support in areas served by Qwest and Alltel. As Allo has shown that it has met the requirements of Section 214(e) of the Telecommunications Act of 1996, can fulfill the criteria listed in 47 C.F.R. Section 54.101(a) and will meet the additional criteria imposed by the NUSF rules and regulations, the Commission finds that Allo's application for NETC designation should be granted.

The present application for interim NUSF support is subject to the Commission's previous findings in Docket C-1628/NUSF. In the Commission's January 13, 1999 order, the Commission held that additional carriers, other than ILECs, will be eligible for interim funding after making an acceptable demonstration, pursuant to Commission guidelines, regarding how much each respective carrier should receive. This finding suggests that the Commission intended to make a company-by-company cost determination of support rather than utilize a blanket approval process for all ETCs based on one forward-looking cost methodology.

In C-1628/NUSF, Progression Order No. 20 (Entered December 17, 2002) we found that interim support should be calculated in the manner in which costs are incurred. Tying support to the manner in which costs are incurred will ensure that the NUSF support is being used for the intended purposes. For example, when CETCs are providing service through averaged UNE-P prices, such a company's NUSF support should be averaged in the same manner in which the UNE-P prices are averaged. Such support should be averaged in order to prevent arbitrage opportunities.

Upon consideration of the application filed by Allo, we find Allo has provided an acceptable demonstration with respect to a need for interim support for the transition period. Because Allo will be providing its universal service offering through UNE-P, we find that its support, like that of NT&T, is commensurate with the cost of the underlying ILEC, or in this particular case, with Qwest. However, consistent with the Commission's findings in C-

1628/NUSF, Allo's support should be averaged in the same manner in which the UNE-P prices are averaged.

Because the cost information pertains solely to the support in areas served by a non-rural carrier and is limited to cost recovery supported services provided over UNE-P, the Commission's finding here is also so limited. This finding carries no precedential value for the calculation of support in rural areas or for a support methodology for elements or service provide through a means other than UNE-P.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service commission that the application of Allo Communications LLC, for designation as a Nebraska eligible telecommunications carrier for high-cost support be and it is hereby granted.

IT IS FURTHER ORDERED that should the requirements for NETC's be altered or modified by the decision reached by the Commission in Application No. NUSF-26, Allo shall be required to apply for re-certification as a NETC and demonstrate that it meets any additional rules and requirements.

IT IS FURTHER ORDERED that Allo's NETC designation shall be subject to the terms, conditions, and limitations which have been, or may hereafter be prescribed by the Commission.

IT IS FURTHER ORDERED that the application of Allo to receive NUSF support for supported services provided by said carrier to high-cost customers in the service areas served by Qwest shall be and it is hereby granted.

IT IS FURTHER ORDERED that in order to be eligible and retain eligibility to receive on-going NUSF support, Allo must provide the supported services as defined by current and future Commission orders and rules and regulations.

IT IS FURTHER ORDERED that Allo offer its universal service offering throughout the designated area within a reasonable time.

IT IS FURTHER ORDERED that if the Commission determines that Allo has failed to provide all supported services as defined by the Commission, then, upon notice and hearing, the Commission may withhold or adjust Allo's interim NUSF support.

IT IS FURTHER ORDERED that in order to be eligible to receive NUSF support Allo must advertise the availability and charge of its universal service offering in those high-cost service areas in which it is seeking support, and that the price for said offering

shall not be less than the benchmark rates established by the Commission in Docket C-1628.

IT IS FURTHER ORDERED that Allo file any information required by the NUSF Director necessary to determine support amounts as set forth in this Order.

IT IS FURTHER ORDERED that Allo be required to file a separate application prior to seeking any support for a universal service offering other than that provided through UNE-P or for support in a service area other than that of Qwest Corporation.

IT IS FINALLY ORDERED that Allo may begin receiving NUSF distributions for its provision of supported services as set forth herein effective immediately.

MADE AND ENTERED at Lincoln, Nebraska, this 26th day of August 2003.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chair

ATTEST:

Executive Director