

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of In the Matter	)	Application No. NUSF-4
of the Commission, on its own	)	
motion, seeking to determine the	)	
level of the fund necessary to	)	ORDER SETTING SURCHARGE
carry out the Nebraska	)	FROM JULY 1 2003 THROUGH
Telecommunications Universal	)	JUNE 30, 2004
Service Fund Act be effective	)	
fiscal year beginning July 1,	)	Entered: May 28, 2003
1999.		

APPEARANCES:

For the Commission staff:  
Laura Davenport  
300 The Atrium, 1200 N Street  
P.O. Box 94927  
Lincoln, NE 68509-4927

For AT&T:  
Gary Witt  
1875 Lawrence Street 1500  
Denver, Colorado 80202

BY THE COMMISSION:

This docket was opened on April 15, 1999 on the Commission's own motion, to determine the level of the fund necessary to carry out the Nebraska Telecommunication Universal Service Fund Act. Neb. Rev. Stat. § 86-328 (2002 Cum. Supp.) states, in pertinent part, that "Annually, the Commission shall hold a public hearing to determine the level of the fund necessary to carry out the Nebraska Universal Service Fund Act." Notice of this hearing appeared in The Daily Record, Omaha, Nebraska, the Lincoln Journal Star, Lincoln, Nebraska, and the Omaha World Herald, Omaha, Nebraska on April 29, 2003 and again on May 6, 2003, pursuant to Neb. Rev. Stat. § 86-328. The hearing was held in the Commission Hearing Room, Lincoln, Nebraska, on May 13, 2002, at 2:00 p.m. with appearances as shown above.

F I N D I N G S    A N D    C O N C L U S I O N S

Mr. Jeffrey Pursley, Director of the Nebraska Universal Service Fund, recommended that the surcharge remain at 6.95 percent pending the completion of the NUSF-26 proceeding where the Commission is examining the creation of a permanent universal service fund. Then, Mr. Pursley performed an overview

of the current projections contained in the NUSF surcharge model. He testified that the fund balance would continue to decline. Several events will also affect the remittances. One is the FCC's change in the safe harbor provision which went into effect April 1, 2003, increasing the interstate allocation from 15.0 percent to 28.5 percent for wireless companies. The Commission is also facing true-up requests which will cause a reduction in remittances. Finally, one other item of concern was that remittances were down when compared to the historical trend. This could be the result of early implementation of the FCC's change in the safe harbor provision. Mr. Pursley speculated that NUSF-26 would be complete around January 1, 2004. Pursley stated that the Commission could, by statute, re-examine the level of the surcharge at the Commission's discretion.

The Commission left the record open until May 14, 2003, for and took notice of, the NUSF Advisory Board's recommendation letter. The letter submitted by the Chair of the NUSF Advisory Board stated that the NUSF Advisory Board met on April 28, 2003 for the purpose of discussing the surcharge amount for fiscal year 2003-2004. The Board voted unanimously to recommend that the Commission retain the present surcharge level of 6.95 percent.

No other person offered testimony either in support of or opposition to retaining the level of the surcharge at 6.95 percent.

Mr. Gary Witt, who entered an appearance on behalf of AT&T, responded to Commission questions concerning pass-through of intrastate toll access reductions. The Commission had expressed concerns about ensuring that long distance carriers were passing through the appropriate reductions in intrastate access rates to Nebraska customers.

Upon review of the testimony given, the Commission is of the opinion that the recommendation of Mr. Pursley should be accepted. Accordingly, the Nebraska Universal Service Fund surcharge should continue to be set at 6.95 percent for the fiscal year of operations beginning July 1, 2003, and extending through June 30, 2004.

#### O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that a 6.95 percent surcharge shall fund the Nebraska Universal Service Fund from July 1, 2003 to June 30, 2004.

IT IS FINALLY ORDERED that all affected telecommunications companies are hereby required to collect said surcharge and remit it to the Commission as set forth herein and in Commission Universal Service Rules and Regulations and Commission orders.

MADE AND ENTERED at Lincoln, Nebraska, this 28<sup>th</sup> day of May, 2003.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chair

ATTEST:

Executive Director