

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of In the Matter of)	Application No. NUSF-4
the Commission, on its own motion,)	
seeking to determine the level of)	
the fund necessary to carry out the)	ORDER SETTING SURCHARGE FROM
Nebraska Telecommunications)	JULY 1 2002 THROUGH JUNE 30,
Universal Service Fund Act be)	2003
effective fiscal year beginning)	
July 1, 1999.)	Entered: June 5, 2002

APPEARANCES:

For the Commission staff:
Shanicee Knutson
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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. § 86-1409 states, in pertinent part, that "the Commission shall annually 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 May 9, 2002 and again on May 16, 2002, pursuant to Neb. Rev. Stat. § 86-1409. The hearing was held in the Commission Hearing Room, Lincoln, Nebraska, on May 22, 2002, at 10:00 a.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, testified that the Commission is presently investigating the goals of the Nebraska Universal Service Fund. For now, the four goals of the Nebraska Universal Service Fund (NUSF), should remain the same. Those goals are: to ensure that all Nebraskans, regardless of their location, have comparable access to telecommunications services at affordable prices; to help ensure the development of fair and equitable competition for all competitors and end users; to keep, at a minimum, 96 percent of Nebraska households subscribed to local telecommunications services; and, to the extent possible, maintain a consistent surcharge.

Mr. Pursley also testified that the current mechanism was working well as it was competitively neutral and accomplishing the goals set

forth in the Federal Telecommunications Act of 1996 and Nebraska Telecommunication Universal Service Fund Act. Mr. Pursley emphasized his support for a consistent rather than fluctuating surcharge. Mr. Pursley recommended that the surcharge remain at 6.95 percent.

Mr. Pursley stated that his recommendation that the surcharge remain at 6.95 percent was based on a number of underlying factors. The Commission has several dockets open which will impact the level of the fund, three of which involve issues related to company access reductions. In NUSF-28, the Commission is going to consider additional access changes for rural carriers in response to the FCC's recent MAG order. Another open proceeding is NUSF-17. The reduction Qwest has requested if granted would result in \$6.2 million per year of additional support from the fund. NUSF-18 is also open with respect to ALLTEL's compliance with the Commission's order in C-1628. There is also an open issue with respect to Citizens. These account for projected reductions that which have been built into the fund.

Other issues that will affect the size of the fund and ultimately the surcharge are set forth in the Commission's NUSF-26 proceeding. The first issue is the initial size of the fund. An open issue is whether the Commission will use a forward looking model to assist it in sizing the fund. Another issue which will be considered by the Commission is whether it should index the growth of support to inflation.

Next, Mr. Pursley testified that the Commission may find that additional money is needed to support the implementation of advanced services, and in support of schools, libraries, rural healthcare and public interest payphones. These issues would also be resolved under NUSF-26.

No other person entered an appearance or offered testimony.

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, 2002, and extending through June 30, 2003.

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, 2002 to June 30, 2003.

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.

MADE AND ENTERED at Lincoln, Nebraska, this 5th day of June 2002.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chair

ATTEST:

Executive Director