

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission,) Application No. NUSF-4
on its own motion, seeking to)
determine the level of the fund)
necessary to carry out the) ORDER SETTING SURCHARGE
Nebraska Telecommunications) FROM JULY 1, 2010 THROUGH
Universal Service Fund Act) JUNE 30, 2011
effective fiscal year beginning)
July 1, 1999.) Entered: June 2, 2010

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 (2006 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, and the Omaha World Herald, Omaha, Nebraska and in the Lincoln Journal Star on May 3 and May 10, 2010 pursuant to § 86-328. A public hearing on this matter was held in the Commission Hearing Room, Lincoln, Nebraska, on May 18, 2010.

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

Ms. Sue Vanicek, Director of the Nebraska Telecommunications Infrastructure and Public Safety Department, which administers the Nebraska Universal Service Fund (NUSF), recommended that the surcharge remain at 6.95 percent. The NUSF Advisory Board also recommended that the surcharge remain at the present level of 6.95 percent.

Ms. Vanicek based her recommendation on several factors, including but not limited to, the lack of growth forecast for NUSF remittances for the upcoming year, and the impact of the current economic downturn on the use and pricing of telecommunications services. Ms. Vanicek testified that at the recent NUSF Advisory Board meeting the wireline carrier representatives reported line losses that ranged from 5 to 10 percent on an annual basis. In addition, a recent Lincoln Journal Star article reported that the number of new wireless prepaid subscribers has greatly surpassed the number of new wireless contract subscribers. Many of these subscribers are paying less for wireless service on monthly basis which has led to a smaller intrastate revenue base.

Mr. Charles Fast, Vice President of Consolidated Companies, testified in support of retaining the current surcharge level. Mr. Fast testified that the NUSF supports capital expenditures for a network that provides not only business and residential service, but also telehealth, distance learning, wireless backhaul, 911, Internet access, and other public safety services. Mr. Fast gave specific examples of how NUSF support has promoted access to public safety technology and education in areas served by Consolidated. Mr. Fast further testified that Consolidated has been re-investing in rural infrastructure year after year to the extent that more than 95 percent of its customers have the ability to subscribe to Digital Subscriber Line (DSL) service. Mr. Fast testified that the NUSF supports an evolving multi-use network.

Mr. Ken Pfister, Vice President of Strategic Policy for Great Plains Communications, also testified in support of retaining the current surcharge level. Great Plains serves about 30,000 total customers across approximately 14,000 square miles. Mr. Pfister testified that this was a critical time for the future of the NUSF, as the Commission is actively evolving the program in consideration of federal broadband objectives. Mr. Pfister emphasized shared state and federal universal service obligations are required to meet the goals of the National Broadband Plan released by the Federal Communications Commission. Great Plains has over 2,500 miles of fiber optic cable both in the interexchange and the local exchange network across the state. Its network serves all types of traffic from wireless to wireline, voice, data, and video. Mr. Pfister further testified that Great Plains serves approximately 13,500 consumers with a broadband capable service. The majority of those are able to receive between a 1MG and a 3MG service.

Upon review of the testimony given, the Commission is of the opinion that the recommendation of Ms. Vanicek should be accepted. Maintaining the surcharge level at 6.95 percent will keep the NUSF specific, sufficient, and predictable pursuant to Neb. Rev. Stat. § 86-323. Accordingly, the NUSF surcharge should continue to be set at 6.95 percent for the fiscal year of operations beginning July 1, 2010, and extending through June 30, 2011.

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, 2010 to June 30, 2011.

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 2nd day of June, 2010.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director