

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska) Application No. NUSF-50
Public Service Commission, on)
its own motion, seeking to make) ORDER AMENDING PAYMENT
adjustments to the universal) AUTHORIZATION ORDER
service fund mechanism)
established in NUSF-26.)
) February 5, 2008

BY THE COMMISSION:

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

The Commission, on an annual basis, has given the staff authorization to disburse NUSF support to qualifying Nebraska eligible telecommunications carriers (NETCs) pursuant to methodology set in place by the Commission. On January 23, 2008, the Commission entered an Order Authorizing Payments ("Order"). In that Order, the Commission authorized the Nebraska Telecommunications Infrastructure and Safety Department (Department) to pay up to \$54.5 million dollars in high-cost wireline support, excluding the support authorized for carriers in the NUSF-7 waiver orders.

On October 10, 2007, the Commission opened an investigation to review a significant reduction in NUSF remittances.¹ In that Order the Commission stated that the outcome of NUSF-71 could necessitate a change in the amount of high-cost support distributed by the mechanism. No interventions or protests were filed in that proceeding. The Commission requested data from certain companies' whose remittances varied significantly from previous remittance filings. The Commission entered an Order in NUSF-71 on February 5, 2008 closing that proceeding. In light of the information provided to the Commission in NUSF-71 and available high-cost support, the Commission is required to amend its January 23, 2008 Order for the support amount provided therein. In addition, the Commission directs the Department to distribute high-cost support consistent with the Commission's previous findings relative to the SAM Distribution Model (the "SAM") and the transitional mechanisms previously adopted by the Commission.

On November 3, 2004 in NUSF-26, the Commission implemented the SAM and a five-year transition mechanism to ease Nebraska eligible telecommunications companies into the SAM distribution

¹ See generally, Docket No. NUSF-71, *In the Matter of the Nebraska Public Service Commission, on its own motion, seeking to investigate remittance variances and compliance with universal service fund requirements and to make necessary adjustments to the high-cost program* (October 10, 2007).

model.² In its December 19, 2006 Order in Docket NUSF-50, the Commission adopted a mandatory step-down process for companies receiving Over Earnings Redistribution (OER) support in the transition mechanism.

In light of the amount of support available for high-cost distribution, and pursuant to the model adopted by the Commission in NUSF-26 as modified by the Commission Order issued in NUSF-50 on December 19, 2006, the Commission authorizes the Department to pay up to \$43.5 million in high-cost wireline support for the period of February 2008 through December 2008, excluding the support authorized for carriers in the NUSF-7 waiver orders. This includes support which should be disbursed to designated competitive local exchange carriers (CLECs) in compliance with the Commission's CLEC orders. This represents an annual reduction of \$6.5 million from the amount approved in NUSF-50 entered on January 23, 2008 and is the result of the Commission's findings in Docket NUSF-71. The funding changes for the 2008 support year should continue the mandatory OER step-down for companies still transitioning to the SAM as envisioned by the preceding NUSF-26 and NUSF-50 Orders. The Commission authorizes the staff to implement step two of the OER step-down in order to facilitate the implementation of this reduction.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the staff be authorized to make high-cost program disbursements as described above.

MADE AND ENTERED at Lincoln, Nebraska this 5th day of February, 2008.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chair

ATTEST:

Executive Director

² See NUSF-26, *In the Matter of the Nebraska Public Service Commission, on its own motion, seeking to establish a long-term universal service funding mechanism*, Findings and Conclusions (November 3, 2004) at ¶ 73.