

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska) Application No. C-1633
Public Service Commission, on)
its own motion, to conduct an)
investigation to determine which) DOCKET CLOSED
cost study model should be recom-)
mended to the FCC for determining)
federal universal service support.) Entered: November 24, 1998

BY THE COMMISSION:

The Commission opened Docket No. C-1633 on September 23, 1997, to determine which cost study model it should recommend to the Federal Communications Commission (FCC) for determining the federal universal service support for the non-rural carriers in Nebraska. All certificated carriers were made a party to the docket and notice was sent to all interexchange and local exchange carriers on September 25, 1997. In addition to these carriers, The Nebraska Independent Telephone Association (NITA) was also made a party to these proceedings pursuant to its petition for formal intervention. The parties submitted two cost models for consideration by the Commission. US West Communications (USW) and Sprint (Sprint) sponsored the Benchmark Cost Proxy Model 3.1 (BCPM), while AT&T and MCI supported the HAI 5.0a model.

On October 9 and 10, 1997, the Commission held a workshop in which proponents of each of the cost models were given an opportunity to present their models to the Commission.

The Commission then held a prehearing conference on March 9 and 11, 1998, to determine procedural matters pertaining to this docket. A Commission order entered March 16, 1998, set out the decisions resulting from that conference.

Pursuant to the time frames established in that order, the Commission's staff economist, Dr. David Rosenbaum, filed his recommendation for a cost proxy model on March 24, 1998. Dr. Rosenbaum recommended the HAI Model. The Commission convened a hearing on March 31, 1998, to allow interested parties to ask Dr. Rosenbaum clarifying questions concerning his recommendation. At the hearing, Dr. Rosenbaum gave an oral summary of his recommendation and then answered questions from parties.

The March 31 hearing was continued to April 14, 15, and 16, 1998, to give all parties an opportunity to respond to Dr. Rosenbaum's recommendation and to present evidence. At the hearing, parties orally presented pre-filed testimony in an abbreviated form, along with any rebuttal testimony.

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The Commission adopted on April 27, 1998, the BCPM 3.1 uncapped version as the platform model to recommend to the FCC. On May 22, 1998, the Commission adopted Nebraska-specific inputs and parameters which included GTE inputs for cable pricing.

On June 1, 1998, US West and Aliant jointly filed a Motion for Rehearing. A public hearing was held on July 23, 1998, at which time the specific cable inputs previously submitted to the FCC were reviewed. However, prior to taking additional action in this docket, the FCC selected a hybrid cost model that was different from that suggested by this Commission.

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

In the course of the proceedings in this docket, the Commission conducted an extensive review of two cost models that attempted to estimate the forward-looking costs of meeting this universal service objective. Each model makes certain assumptions about the creation and operation of a hypothetical network. The cost estimates generated by each model are greatly influenced by the assumptions, parameters, and inputs that are used in the respective models. For various reasons outlined in a previous order, we recommended that the FCC use BCPM to determine the level of federal universal service support in Nebraska.

The Commission has subsequently determined that the GTE inputs contain no provision for engineering. Therefore, we find that our earlier order was erroneous in this particular area.

However, in light of the FCC's adoption of a hybrid model that is different from that suggested by this Commission, the Commission at this time believes that modifying our previously suggested inputs is unnecessary. As the FCC has adopted a specific model to be used in their proceedings, the Commission believes that Docket No. C-1633 should be closed at this time.

The Commission retains the right to provide information to the FCC during their comment cycle regarding Nebraska-specific inputs for the newly selected hybrid cost model.

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O R D E R

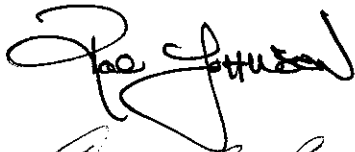
IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that because the Commission adopted cable inputs were submitted based upon the Benchmark Proxy Model, and because the FCC has subsequently adopted a hybrid cost model, the Commission declines to change the previously suggested inputs at this time.

IT IS FURTHER ORDERED by the Nebraska Public Service Commission that Docket No. C-1633 is hereby closed.

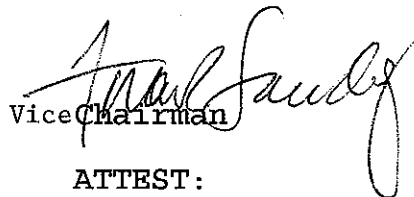
MADE AND ENTERED at Lincoln, Nebraska, this 24th day of November, 1998.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:



//s//Frank E. Landis
//s//Daniel G. Urwiller


Vice Chairman

ATTEST:


Executive Director

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION
