

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission,     ) Application No. C-2516/PI-49  
on its own motion, to investigate     )  
Qwest Corporation's cost and to     ) ORDER SEEKING COMMENTS  
establish rates for intercon-     )  
nection, unbundled network     )  
elements, transport and     )  
termination and resale services.     ) Entered: December 18, 2001

BY THE COMMISSION:

The above-captioned docket was opened on April 17, 2001, by the Nebraska Public Service Commission (Commission) to investigate cost studies and to establish Qwest Corporation's rates for interconnection, unbundled network elements (UNEs), transport and termination, and resale services. Hearings in the above-captioned docket were broken down into three phases as established by procedural orders of the Commission. Hearings were held August 8-9, September 19-21, and October 16, 2001, on Phase I through Phase III issues respectively. At issue before the Commission are stipulations filed by three interested parties to the docket: Cox Nebraska Telecom LLC (Cox), ALLTEL and Qwest Corporation (Qwest) for pricing items described below.

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

The Telecommunications Act of 1996, 47 U.S.C. § 151, et seq. (the Act) was enacted to "promote competition and reduce regulation in order to secure lower prices and higher quality services for American telecommunications consumers and encourage the rapid deployment of new telecommunications. See Act, Preamble. Section 252(d)(1) of the Act requires state commissions to establish just and reasonable rates for interconnection and unbundled network elements. Section 252(d)(1)(A)(I) of the Act specifically mandates that these rates be "based on the cost of providing the interconnection or network element." In its pricing rules that implement the Act, the FCC stated that prices should rely on the forward-looking total element long run incremental cost (TELRIC). The Commission has previously determined that it should use realistic inputs as opposed to imaginary costs.

On October 4, 2001, Qwest and Cox filed a stipulation which is attached to this order as Exhibit "A." Qwest and Cox requested that the stipulation be made part of the official record in this docket. The stipulation recites in pertinent part that rates for the items included in the stipulation should be as follows:

- On December 4, 2001, ALLTEL and Qwest filed a “Stipulation and Order Regarding Certain UNE Rates.” (Stipulation) That stipulation is attached to this order and is labeled Exhibit “B.” In that stipulation, Qwest and ALLTEL assert that they have agreed upon rates that derive from adjusting the inputs to the Qwest and/or AT&T studies to provide reasonable TELRIC estimates of the amount of investment, labor and factor loadings required to provide the recurring and nonrecurring rates for each UNE listed in the stipulation. Qwest and ALLTEL jointly aver that the methodologies used to create the rates that are the subject of the stipulation comply with the FCC’s TELRIC rules. The parties then stipulated that the following rates were acceptable TELRIC-based rates:

- (Using the wire centers composed in the Commission staff's three zone proposal filed on August 8, 2001.)

- The Commission seeks comment as to whether the prices agreed to, and offered by, the parties in their stipulations comply with TELRIC pricing principles. Parties interested in commenting have until **January 4, 2002**, to file written comments with the Commission. Parties commenting must file five (5) paper copies and one (1) electronic copy in WordPerfect 5.0 format or later.

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the stipulations filed by and between Qwest and ALLTEL and Qwest and Cox as attached hereto as Exhibits “A” and “B” be made part of the official record in the above-captioned docket.

IT IS FURTHER ORDERED that the issues set forth in the stipulations as provided in Exhibit "A" and Exhibit "B" to this order, be, and they are hereby, open for comment. Parties interested in filing comments may do so in the time period and manner prescribed herein.

MADE AND ENTERED at Lincoln, Nebraska this 18th day of December, 2001.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director