

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska)	Application No. NUSF-26
Public Service Commission, on)	
its own motion, seeking to)	PREHEARING CONFERENCE
establish a long-term universal)	ORDER AND ORDER SETTING
service funding mechanism.)	HEARING
)	Entered: January 28, 2002

BY THE HEARING OFFICER:

On its own motion, the Nebraska Public Service Commission (Commission) seeks to establish a long-term universal service funding mechanism. Notice of the above-captioned application was published in the Daily Record, Omaha, on August 24, 2001. A prehearing conference in this docket was held in the Commission Hearing Room, January 15, 2002. Notice of the prehearing conference was mailed on January 7, 2002, to all parties filing comments in this docket. Notice of the prehearing conference was also posted on the Commission website. Interested parties entering an appearance were as follows: Mr. Paul Schudel representing Alltel and the Rural Independent Companies¹; Ms. Jill Vinjamuri representing Qwest Corporation; Mr. Jon Bruning, representing Cox Nebraska Telcom, L.L.C.; Mr. Steve Seglin appeared on behalf of WWC License LLC, d/b/a Western Wireless; and Mr. Mark Fahleson and Mr. Tim Clare entered an appearance on behalf of the Nebraska Independent Companies for Embedded-Based Cost Support².

Mr. Jeff Pursley, Director of the Nebraska Universal Service Fund (NUSF) Department, gave a statement as to the issues he believed to be germane in this docket. Mr. Pursley dissected the issues into seven components. Those issues are hereby adopted and testimony relevant to the seven issues as

¹ The rural independent companies consist of Arlington Telephone Company, Blair Telephone Company, Cambridge Telephone Company, Clarks Telecommunications Co., Consolidated Telephone Company, Consolidated Telco, Inc., Eastern Nebraska Telephone Company, Great Plains Communications, Inc., Hartington Telecommunications Co., Inc. Hershey Cooperative Telephone Company, Inc., Hooper Telephone Company, K&M Telephone Company, Inc., Nebcom, Inc., Nebraska Central Telephone Company, Northeast Nebraska Telephone Company, Pierce Telephone Co., Rock County Telephone Company, Southeast Nebraska Telephone Co., Stanton Telephone Co., Inc., and Three River Telco.

² The Nebraska Independent Companies for Embedded-Based Cost Support (NICE-BCS) include the following companies: Arapahoe Telephone Company, Benkelman Telephone Company, Cozad Telephone Company, Curtis Telephone Company, Dalton Telephone Company, Diller Telephone Company, Elsie Communications Glenwood Telephone Membership Corporation, Hartman Telephone Company, Hemingford Cooperative Telephone Company, Keystone-Arthur Telephone Company, Mainstay Communications, and Wauneta Telephone Company.

described by Mr. Pursley at the conference is solicited by the Commission.

The first issue was identifying goals for the NUSF. Mr. Pursley asked parties to consider whether the Commission needs to spell out a comprehensive set of goals, and how any recommended goals would meet both federal and state statutory requirements.

The second issue on which Mr. Pursley requested parties to provide testimony was how support should be determined for each provider. Among the alternatives to consider were whether support should be determined separately for each provider, determined for the incumbent and made portable to CLECs, or based on the most efficient provider and then be portable to all companies.

The third issue parties should consider is the manner in which support amounts should be calculated. As set forth in the Commission's order initiating this docket and based on comments filed in this docket, the Commission would like testimony on the following alternatives to base NUSF support on: 1) embedded costs less revenues, 2) forward-looking costs less revenues, 3) performance, and 4) density or scale.

The fourth issue for consideration is the services to be supported by the fund. Mr. Pursley listed several services including basic local exchange service, special access/private line service, installation charges, public interest payphones, additional services provided to schools and libraries, and additional services provided to health care providers.

The fifth issue on which interested parties should also be prepared to testify is the requirements to receive support. Mr. Pursley identified several issues that should be considered. Specifically, should a carrier:

- 1) Be designated as eligible to receive state USF support, designated as a federal ETC, or both?
- 2) Offer services specifically designated by the Commission as eligible to receive support?
- 3) Offer services in a geographic area designated by the Commission as eligible for support?
- 4) Price supported services at Commission prescribed benchmark levels?
- 5) Comply with any Commission prescribed access charge structure?
- 6) Price access services at Commission prescribed levels?

- 7) Offer service to any requesting party in a support area within a specific time frame?

The sixth issue on which Mr. Pursley recommended the Commission receive testimony was on stranded investment.

Mr. Pursley identified service quality as the seventh issue and then recommended that the Commission separate this item from the other issues so that it can be addressed for the transition period as well as the long-term mechanism. Mr. Pursley requested a fast track review of the service quality component in light of pending applications for support.

As hearing officer, I hereby find that Mr. Pursley's recommendation should be granted. Accordingly, interested parties should focus arguments on answering the following questions:

1. Does the Commission currently have statutory authority to impose its service quality standards as promulgated in Title 291, Chapter 5 upon all carriers seeking support? Please explain why or why not. Analysis of this issue should be made in the form of a legal brief.
2. Should service quality standards be a condition of obtaining funding from the NUSF?
3. What should the standards be, if any?

Any submissions in this matter may address additional issues or include any additional information that is germane to the issues before the Commission in this docket.

Procedural Schedule:

A. Service Quality Component:

Interested parties have until February 4, 2002, to file legal briefs and pre-filed testimony, as indicated above, to the Commission on the authority and appropriateness of requiring carriers to meet service quality standards in order to receive state universal service support. The hearing on the service quality issues herein described will be held on February 14, 2002, at 9:00 a.m., in the Commission Hearing Room, 300 The Atrium, 1200 N Street, Lincoln, Nebraska. Parties wishing to testify may summarize their legal briefs and testimony filed with the Commission and supply limited rebuttal testimony. Cross-examination will be limited in time based upon the number of parties participating. Limitations

on cross-examination will be made known to the parties after February 4, 2002. Interested parties will be afforded the opportunity to file post-hearing briefs ten days following the release of the transcript.

B. All Other Issues:

Interested parties will have until March 4, 2002, to submit pre-filed testimony for all issues except issues pertaining to service quality. Cross-examination will be limited based upon the amount of pre-hearing material filed and the number of interested parties. Limitations on cross-examination will be made known to the parties after March 4, 2002. The hearing will be held on March 18, 2002, at 10:00 a.m. in the Commission Hearing Room, 300 The Atrium, 1200 N Street, Lincoln, Nebraska. Interested parties will be afforded the opportunity to file post-hearing briefs ten days following the release of the transcript.

O R D E R

IT IS THEREFORE ORDERED by the Hearing Officer in the above-captioned docket that the procedural schedule described herein be and it is hereby adopted.

IT IS FURTHER ORDERED that the issues as framed above be and they are hereby adopted.

MADE AND ENTERED at Lincoln, Nebraska this 28th day of January, 2002.

BY: _____
HEARING OFFICER