

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska) Application No. NUSF-30
Public Service Commission)
seeking to determine what is) ORDER INITIATING DOCKET,
"reasonably comparable" with) SEEKING COMMENTS AND
respect to rates charged for) SETTING HEARING
urban and rural consumers.) Entered: October 16, 2002

BY THE COMMISSION:

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

The Nebraska Public Service Commission (Commission) initiates this proceeding to determine what is "reasonably comparable" rates as defined in the Telecommunications Act of 1996 (the Act) and in the Nebraska Telecommunications Universal Service Fund Act (NUSF Act). Neb. Rev. Stat. § 86-1404(3)(Reissue 1999) provides in pertinent part that,

Consumers in all regions of the state . . . should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas.

(Emphasis added.)

The Commission has taken initial steps through the implementation of the NUSF Act to ensure that rates are comparable for both urban and rural customers by setting affordable target benchmark levels for residential and business service. Likewise, in NUSF-26, Progression Order No. 2, entered on August 27, 2002, the Commission adopted a set of goals that included the following goal:

d). All services must be offered at rates that are just, reasonable, and affordable and that rural rates should be reasonably comparable to urban rates, all across the services.

(NUSF-26, Progression Order No. 2 (August 27, 2002) at ¶ 29.)

Some carriers have set retail rates for customers by deaveraging retail rates or implementing a system of mileage-based or zone-based charges for customers located certain distances from towns or cities and from where central offices are located. Although our jurisdiction setting retail rates is limited, we find that it is important for us to determine what it means to charge "reasonably comparable" rates for like services, in order to ensure this goal has been and will continue to be met.

The Commission therefore solicits responses to the following questions and requests the parties file comments on the questions listed below.

- a. Does the Commission need to define a standard of reasonable comparability of rates?
- b. What is the proper interpretation of "rates that are reasonably comparable" in the Act and the NUSF Act?
- c. What variance, if any, should be built into this standard?
- d. How should the "reasonably comparable" standard impact carrier's ability to deaverage retail rates and/or charge mileage-based or other zone-based charges?

Comments responsive to the questions outlined above and on other germane issues may be filed on or before **November 20, 2002**. Parties filing comments must file one original and five paper copies along with one electronic copy in Word or WordPerfect format.

The Commission will hold a public hearing on this investigation on **December 10, 2002** at 10:00 a.m. in the Commission Hearing Room, 300 The Atrium Building, 1200 N Street, Lincoln, Nebraska.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the above-captioned docket shall be and it is hereby opened to determine what is "reasonably comparable" with respect to rates charged for similar services in urban and rural areas.

IT IS FURTHER ORDERED that parties may file comments on or before **November 20, 2002**, in accordance with the manner prescribed herein.

IT IS FURTHER ORDERED that a public hearing be set for **December 10, 2002** at 10:00 a.m. in the Commission Hearing Room, 300 The Atrium, 1200 N Street, Lincoln, Nebraska.

MADE AND ENTERED at Lincoln, Nebraska, this 16th day of October, 2002.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chair

ATTEST:

Executive Director