

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. NUSF-31
of Pinpoint Communications, Inc.,)
of Cambridge Nebraska requesting)
universal service support for) GRANTED
supported services provided in)
Qwest exchanges.)
)
) Entered: August 26, 2003

BY THE COMMISSION:

By application filed June 27, 2003, Pinpoint Communications, Inc., (Pinpoint or Applicant) of Cambridge, Nebraska, seeks interim support from the Nebraska Universal Service Fund (NUSF) for supported services provided in Qwest exchanges. Notice of the application was published in The Daily Record, Omaha, Nebraska, on July 3, 2003. No formal protest or petition for intervention was filed in response to the application.

In support of the application, Pinpoint avers that it is a privately-held Nebraska company headquartered in Cambridge, Nebraska, and a wholly owned subsidiary of Pinpoint Holdings, Inc., a Nebraska-based holding company and parent company of Cambridge Telephone Company. Pinpoint offers wireline telecommunications services and has been certificated by the Commission as a competitive local exchange carrier in Docket No. C-2355. Pinpoint has been designated as an ETC eligible to receive federal universal service support in Docket C-2659. It has also been designated as a Nebraska eligible telecommunications carrier (NETC) through its earlier application to the Commission in NUSF-31 on March 11, 2003.

Pursuant to ETC requirements and the Commission's NUSF rules and regulations, Pinpoint states it offers all of the following services:

- a. Voice grade access to the public switched network;
- b. Local Usage;
- c. Dual tone multi-frequency signaling and/or its functional equivalent;
- d. Single-party service and/or its functional equivalent;
- e. Access to emergency services;
- f. Access to operator services;
- g. Equal access to interexchange service;
- h. Access to directory assistance;
- i. Toll limitation for qualifying low-income consumers; and
- j. Access to white page listings through agreements with ILECs and/or their directory publishers.

Pinpoint also states it advertises the availability of and charges for such services using media of general distribution,

including newspaper and radio advertising. Applicant has promised to comply with any advertising requirements the Commission may impose in the future. Applicant prices its basic local exchange service at the benchmark rates established by the Commission in Docket C-1628 (Entered January 13, 1999), which are presently \$17.50 per month for residential service and \$27.50 per month for business service. It will not lower its prices below the benchmark levels should NUSF support be given.

To demonstrate its costs of providing local exchange service, Pinpoint states that it provides wireline services through unbundled network elements platform (UNE-P) provided over Qwest's facilities. The costs are contained in the interconnection agreement established between Pinpoint and Qwest which was approved in Docket C-2086.

By purchasing UNE-P's from Qwest, Pinpoint states, the cost of providing service is commensurate with the cost incurred by Qwest. The cost relationship was previously demonstrated by Nebraska Technology & Telecommunications (NT&T), wherein the Commission found the cost of providing UNE-P to be commensurate with the costs of the ILEC. Pinpoint requests NUSF support for high-cost customers located solely in the Qwest exchanges in Nebraska.

Pinpoint further states that it understands that the Commission may adopt, from time to time, certain standards, such as quality of service requirements. Pinpoint has agreed to comply with any such standards that are imposed by the Commission on all ETC's.

Pinpoint states that in the event that it begins serving customers in exchanges served by other non-rural companies, such as Alltel, United or Citizens on a UNE-P or other facilities basis, Pinpoint will file a separate application seeking NUSF support for customers served by such companies. Pinpoint is not seeking any high-cost support in any service area served by a rural telephone company as defined by the Telecommunications Act of 1996.

Pinpoint further agrees that an order granting interim NUSF support will be superceded by the Commission's findings in NUSF-26 which may result in a different level of support than that received during the interim.

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

The present application for interim support is subject to the Commission's previous findings in Docket C-1628/NUSF. In the Commission's January 13, 1999 order, the Commission held that additional carriers, other than ILECs, will be eligible for interim funding after making an acceptable demonstration, pursuant to Commission guidelines, regarding how much each respective carrier

should receive. This finding suggests that the Commission intended to make a company-by-company cost determination of support rather than utilize a blanket approval process for all ETCs based on one forward-looking cost methodology.

In C-1628/NUSF, Progression Order No. 20 (Entered December 17, 2002) we found that interim support should be calculated in the manner in which costs are incurred. Tying support to the manner in which costs are incurred will ensure that the NUSF support is being used for the intended purposes. For example, when CETCs are providing service through averaged UNE-P prices, such a company's NUSF support should be averaged in the same manner in which the UNE-P prices are averaged. Such support should be averaged in order to prevent arbitrage opportunities.

Upon consideration of the application filed by Pinpoint, we find Pinpoint has provided an acceptable demonstration with respect to a need for interim support for the transition period. Because Pinpoint will be providing its universal service offering through UNE-P, we find that its support, like that of NT&T, is commensurate with the cost of the underlying ILEC, or in this particular case, with Qwest. However, consistent with the Commission's findings in C-1628/NUSF, Pinpoint's support should be averaged in the same manner in which the UNE-P prices are averaged.

Because the cost information pertains solely to the support in areas served by a non-rural carrier and is limited to cost recovery supported services provided over UNE-P, the Commission's finding here is also so limited. This finding carries no precedential value for the calculation of support in rural areas or for a support methodology for elements or service provide through a means other than UNE-P.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the application for support filed by Pinpoint Communications L.L.C. to receive NUSF support for supported services provided by said carrier to high-cost customers in the service areas served by Qwest, shall be and it is hereby granted.

IT IS FURTHER ORDERED that in order to be eligible and retain eligibility to receive on-going NUSF support, Pinpoint must provide the supported services as defined by current and future Commission orders and rules and regulations.

IT IS FURTHER ORDERED that Pinpoint offer its universal service offering throughout the designated area within a reasonable time.

IT IS FURTHER ORDERED that if the Commission determines that Pinpoint has failed to provide all supported services as defined by the Commission, then, upon notice and hearing, the Commission may withhold or adjust Pinpoint's interim NUSF support.

IT IS FURTHER ORDERED that in order to be eligible to receive NUSF support, Pinpoint must advertise the availability and charge of its universal service offering in those high-cost service areas in which it is seeking support, and that the price for said offering shall not be less than the benchmark rates established by the Commission in Docket C-1628.

IT IS FURTHER ORDERED that Pinpoint file any information required by the NUSF Director necessary to determine support amounts as set forth in this Order.

IT IS FURTHER ORDERED that Pinpoint be required to file a separate application prior to seeking any support for a universal service offering other than that provided through UNE-P or for support in a service area other than that of Qwest Corporation.

IT IS FINALLY ORDERED that Pinpoint may begin receiving NUSF distributions for its provision of supported services as set forth herein effective immediately.

MADE AND ENTERED at Lincoln, Nebraska, this 26th day of August 2003.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chair

ATTEST:

Executive Director