

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska ) Application No. NUSF-33/PI-68  
Public Service Commission, on )  
its own motion, seeking to )  
investigate the audit ) ORDER AMENDING REMITTANCE  
requirements related to the ) AUDIT POLICY  
Nebraska Universal Service Fund. )  
Entered: September 30, 2008

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 opened this docket on its own motion November 26, 2002, seeking to establish remittance audit requirements related to the Nebraska Universal Service Fund (NUSF). The Commission established an Audit Policy in this docket by order entered on April 10, 2007. In the Audit Policy the Commission established a provision for discretionary waivers. This Order is being entered to clarify in part, and modify in part, the discretionary waiver provisions to allow greater flexibility to the Commission in granting waivers. Because the Commission believes the audit waivers are entirely discretionary and because the action taken in this Order broadens the ability of the Commission to grant waivers, we make the clarifications and modifications to the attached Audit Policy without seeking comment.

The Commission, pursuant to Neb. Rev. Stat. § 86-324(2)(d), "shall require, as reasonably necessary, an annual audit of any telecommunications company to be performed by a third-party certified public accountant to insure the billing, collection, and remittance of a surcharge for universal service. The costs of any audit required pursuant to this subdivision shall be paid by the telecommunications company being audited."

The Commission previously found based upon comments and recommendations received from interested parties, Commission staff, and the State Auditor, that a Remittance Audit Policy subjecting all carriers for potential remittance audits should be adopted. Based on our review of the policy, we find that Paragraph 3 should be clarified in part, and modified in part, as provided in the Attachment to this Order. The clarifications are grammatical corrections and organizational changes to the

policy and are not substantive in nature. The modifications contained in Paragraph 3 are solely related to the discretionary waiver provision and would allow the Commission to grant waivers to carriers which have less than \$2,000 in monthly assessable revenue and less than four late-filed remittance occurrences.

To the extent necessary, said policies will be included in the Commission's rule and regulation proceeding. In addition, any affected carrier objecting to these modifications may file a Motion for Reconsideration of the Commission's decision within 10 days from the date this Order is issued.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the Remittance Audit Policy set forth in Attachment "A" appended hereto, is adopted.

MADE AND ENTERED at Lincoln, Nebraska, this 30th day of September, 2008.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director

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**Remittance Audit Policies for the Nebraska Universal  
Service Fund and the Enhanced Wireless 911 Fund**

The Nebraska Public Service Commission hereby adopts the foregoing policies to be applied to audits of remittances to the Nebraska Universal Service Fund (NUSF) and Enhanced Wireless 911 Fund (E911).

1. **Two Tiers.** There shall be a two-tiered remittance audit program for NUSF. In the first tier, carriers with more than \$1 million in annual assessable revenue shall be subject to annual remittance audits. The second tier requires a remittance audit once every three years for carriers with annual assessable revenue of less than \$1 million. In order to qualify for the second tier, a carrier's revenue must be less than \$1 million for each of the preceding three (3) years. For purposes of remittance audits for the Enhanced Wireless 911 Fund, the tier assigned for the NUSF audit shall apply.
2. **Notice and Filing.** Notices of audits will be sent to carriers by the Commission **no later than June 1<sup>st</sup>**. Audits shall be due **on December 31<sup>st</sup>** or, the next following business day, if this falls on a weekend.
3. **Audit Waivers.** In order to be eligible for consideration for a remittance audit waiver: (1) a carrier shall have annual assessable revenue of under \$100,000 in each of the three prior years, (2) shall have no late-filed remittance occurrences in each of the three prior years, (3) shall have been in compliance with all applicable Commission Rules & Regulations and, (4) shall provide a satisfactory explanation for any variances that are greater than ten percent, and over \$500 where applicable, from any month to the next proceeding month in any information contained on the NUSF or E911 waiver form including but not limited to surcharge, revenues, lines, and subscribers.

Notwithstanding the above waiver criteria, companies with under \$2,000 in monthly assessable revenue and less than four late-filed remittance occurrences may submit a waiver request which will be reviewed for approval on a case-by-case basis. A waiver may be

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denied at the discretion of the Commission even if the audit waiver criteria have been met.

Carriers seeking a waiver shall make a written request on the supplied waiver form to the Commission **no later than September 1<sup>st</sup>** prior to the remittance audit due date, attesting that the audit waiver criteria have been met.

4. **Coordination between NUSF and E911.** NUSF and E-911 remittance audits shall be conducted simultaneously when circumstances permit, however, the period being audited and the scope of each audit may include different years for non-annual remittance audits.
5. **Audit Scope.** Each non-annual remittance audit shall include a review of not less than one year of remittances; however, the Commission reserves the right to extend the scope of the audit to include other time periods when irregularities are observed.
6. **Audit Expenses.** All remittance audits shall be conducted at the expense of the carrier.
7. **Records Retention.** Carriers shall retain at least five years of remittance records.