

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission,)	Application No. NUSF-4
on its own motion, seeking to)	
determine the level of the fund)	
necessary to carry out the)	ORDER SETTING SURCHARGE
Nebraska Telecommunications)	FROM JULY 1, 2013 THROUGH
Universal Service Fund Act)	JUNE 30, 2014
effective fiscal year beginning)	
July 1, 1999.)	Entered: May 29, 2013

BY THE COMMISSION:

On April 15, 1999, the Commission, on its own motion, opened this docket to determine the level of the fund necessary to carry out the Nebraska Telecommunication Universal Service Fund Act. Neb. Rev. Stat. § 86-328 (2008) states, in pertinent part, that "Annually, the Commission shall hold a public hearing to determine the level of the fund necessary to carry out the Nebraska Universal Service Fund Act." Notice of this hearing appeared in The Daily Record, Omaha, Nebraska on May 10 and May 13, 2013; and the Lincoln Journal Star, Lincoln, Nebraska and the Omaha World Herald, Omaha, Nebraska on April 29 and May 6, 2013 pursuant to § 86-328. A public hearing on this matter was held in the Commission Hearing Room, Lincoln, Nebraska, on May 14, 2013.

F I N D I N G S A N D C O N C L U S I O N S

Ms. Sue Vanicek, Director of the Nebraska Telecommunications Infrastructure and Public Safety Department, which administers the Nebraska Universal Service Fund (NUSF), recommended that the surcharge remain at 6.95 percent. The NUSF Advisory Board also recommended that the surcharge remain at the present level of 6.95 percent.

Ms. Vanicek based her recommendation on the lack of growth forecast for NUSF remittances for the upcoming year. Remittances have been declining slightly, about 1 to 2 percent. The NUSF currently has a three month operating reserve.

Further, Ms. Vanicek testified, the Nebraska Broadband Pilot Program is in its second year of implementation. The Commission received applications requesting support totaling approximately \$19.4 million. Maintaining the current surcharge level would allow the Commission to continue to provide broadband pilot program support for areas lacking sufficient broadband service.

Mr. Andy Newell, General Counsel of N.E. Colorado Cellular Inc., d/b/a Viaero Wireless ("Viaero") also presented testimony at the hearing. Mr. Newell testified the Commission's general policy direction to consolidate funding in the NUSF-69 and NUSF-77 was a good one. Mr. Newell suggested the Commission consolidate all other universal service programs as well. In addition, Mr. Newell stated the Commission should look into creating more cost efficiencies in its program as he believed technology costs were going down.

In response to questions from the Commission, Mr. Newell stated he didn't think any carrier would deploy copper rather than fiber because fiber is cheaper to deploy. He was not advocating for the abandonment of the copper network or underfunding the wireline network. He was advocating that the Commission should holistically determine whether there were cheaper ways to support these networks other than the current system.

In response to questions from the Commission staff, Mr. Newell stated wireless carriers should continue to receive support based upon actual costs. He further stated that it may make more sense to use a cost model to determine wireline network costs.

Upon review of the testimony given, the Commission is of the opinion that the recommendation of Ms. Vanicek and the NUSF Advisory Board should be accepted. Maintaining the surcharge level at 6.95 percent will keep the NUSF specific, sufficient, and predictable pursuant to Neb. Rev. Stat. § 86-323. Accordingly, the NUSF surcharge should continue to be set at 6.95 percent for the fiscal year of operations beginning July 1, 2013, and extending through June 30, 2014.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that a 6.95 percent surcharge shall fund the Nebraska Universal Service Fund from July 1, 2013 to June 30, 2014.

IT IS FINALLY ORDERED that all affected telecommunications companies are hereby required to collect said surcharge and remit it to the Commission as set forth herein and in Commission Universal Service Rules and Regulations and Commission orders.

MADE AND ENTERED at Lincoln, Nebraska, this 29th day of May, 2013.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chair

ATTEST:

Executive Director

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MADE AND ENTERED at Lincoln, Nebraska, this 29th day of May, 2013.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING

Tim Schram Vice Chair *John Lunk*

Rod Johnson
Shawn L. Vay

ATTEST:

Steve Meredith
Executive Director

//s// Frank.E. Landis