

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission,) Application No. NUSF-5/C-2045
on its own motion, seeking to)
prescribe fair, just, and)
reasonable local rates for all) PROGRESSION ORDER #2
incumbent local exchange)
carriers in the state of)
Nebraska pursuant to Neb. Rev.)
Stat. sec. 86-803(4).) Entered March 14, 2000

BY THE COMMISSION:

1. As set forth in the Commission order dated January 13, 1999, in Docket No. C-1628, all incumbent local exchange carriers (ILECs) were required to file transition plans with the Commission for approval. Inter alia, each transition plan was to set forth any annual basic local exchange rate increases necessary to transition the carriers from current rates to rates that are at or above the lower of the Commission adopted benchmarks or cost by the end of the transition period. The transition period is three years for non-rural ILECs and four years for rural ILECs. The Commission has adopted benchmarks of \$17.50/month and \$27.50/month for residential and single-line business basic local exchange rates respectively.

2. Further, the Commission encouraged each ILEC to file, as a part of its initial transition plan, a request pursuant to Neb. Rev. Stat. sec. 86-803(4) that the Commission prescribe and approve as fair, just and reasonable the local exchange rate revisions (a) for the entire three-year period for each non-rural carriers's transition plan, and (b) for the entire four-year period of each rural carrier's transition plan.

3. The Commission proposed to deem rates set forth in the transition plan as "fair, just and reasonable" basic local exchange rates if a company's transition plan was in compliance with the Commission's Findings and Conclusions, contained in Docket No. C-1628, and does not represent an increase in current basic local exchange rates that are already above the Commission adopted benchmarks at the time of the filing.

4. As such, the Commission, on its own motion, opened this docket to review the proposed basic local exchange rate increase portion of companies' transition plans and to prescribe fair, just and reasonable basic local exchange rates for ILECs in the state of Nebraska who have requested the Commission to prescribe such rates pursuant to Neb. Rev. Stat. sec. 86-803(4).

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5. Thirty eight (38) ILECs filed requests pursuant to Neb. Rev. Stat. sec. 86-803(4) that the Commission prescribe and approve as fair, just and reasonable the basic local exchange rates increases contained in their respective transition plans. These companies are listed in Attachment A and are parties to this proceeding. On August 3, 1999, the Commission entered an order in this docket approving, for year one, the proposed basic local exchange rate increases contained in transition plans of these ILECs. Any company that proposed basic local exchange rates increases for years two, three and four, if necessary, of their transition plan that are less than the maximum permitted by statute, as set forth in the Commission's January 13, 1999, C-1628 Order, is required to appear before the Commission to request a waiver specifically authorizing the alternate rate adjustments.

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

6. The Commission finds that the basic local exchange increases proposed for years two, three and four, where necessary, in the transition plans by the ILECs listed in Attachment B are 1) fair, just and reasonable; 2) generally in compliance with the Commission's orders in Docket No. C-1628/NUSF; 3) are in the public interest; and 4) do not represent increases in local exchange rates where existing rates are already above the local rate re-balancing targets. Accordingly, these companies are removed from this proceeding.

7. GTE is included in Attachment B because its filed transition plan includes its basic local exchange rates reaching the Commission established benchmarks in year two. On October 27, 1999, GTE Midwest Incorporated and Citizens Telecommunications Company of Nebraska filed a joint application seeking Commission approval of the sale by GTE to Citizens of GTE's Nebraska telephone exchanges and assets. On February 15, 2000, the Commission approved a joint stipulation in which, inter alia, Citizens agreed to implement the basic local exchange rate increases contained within GTE's filed transition plan. This action will result in Citizen's basic local exchange rates reaching the Commission's benchmarks by September 1, 2000, assuming the sale is approved.

8. The currently filed transition plans of the remaining companies contain basic local exchange rate increases proposed for years two, three and four that are less than the statutory maximum in at least one instance or contain rates that do not reach the Commission's benchmarks by the end of the transition period. The Commission will treat the reduced proposed basic local exchange

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rate increases contained in company transition plans as a request for a waiver of the C-1628 requirements. Therefore, the Commission sets a hearing in this matter for April 17, 2000, at 10:00am in the Commission Hearing Room. The purpose of said hearing will be for these remaining companies to seek approval of their waiver request. Prior to the hearing, the Commission will determine the order in which the companies will appear at the hearing.

10. In the event that a company amends its transition plan to contain revised basic local exchange rate increases, such changes will be considered in the same manner as previously approved rate increases in this docket. Therefore, any amended transition plans that contain revised basic local exchange rate increases, that differ from those previously considered by this Commission, should be accompanied with a request pursuant to Neb. Rev. Stat. sec. 86-803(4) that the Commission prescribe and approve as fair, just and reasonable the revised basic local exchange rate increases contained in the amended transition plans.

11. Accordingly, the Commission sets a hearing for June 27, 2000, at 1:30pm in the Commission Hearing Room. The purpose of said hearing will be to receive testimony on any revised basic local exchange rate increases contained in amended transition plans. This hearing is being set in anticipation of ILECs filing amended transition plans that contain revised basic local exchange rate increases. In the event no revisions are received, the hearing will be canceled.

12. In the event a company's waiver request is not approved and the company does not amend its transition plan to include basic local exchange rate increases that meet the C-1628 requirements, such company will forfeit only the incremental difference in universal service support as long as the company's basic local exchange rates reach the Commission's adopted benchmarks by the end the company's respective transition period.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the proposed basic local exchange rate adjustments for years two, three and four filed by the ILECs listed in Attachment B are hereby approved pursuant to this order.

IT IS FURTHER ORDERED by the Nebraska Public Service Commission that a public hearing shall be held on April 17, 2000, at 10:00am in the Commission Hearing Room, 300 The Atrium, 1200 N

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Street, Lincoln, Nebraska to receive testimony on ILEC requests for waiver to increase basic local exchange rates less than the statutory maximum set forth Docket No. C-1628.

IT IS FINALLY ORDERED by the Nebraska Public Service Commission that a public hearing shall be held on June 27, 2000, at 1:30pm in the Commission Hearing Room, 300 The Atrium, 1200 N Street, Lincoln, Nebraska to receive testimony on any revised basic local exchange rate increases filed in amended ILEC transition plans.

MADE AND ENTERED at Lincoln, Nebraska, this 14th day of March, 2000.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Lowell Johnson

Aune C. Buys

Frank E. Landis

//s//Frank E. Landis

//s//Daniel G. Urwiller

Mark Jander
Chairman

Attest

Robert R. Logsdon
Executive Director

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Attachment A

Aliant Communications Company
Arapahoe Telephone Company
Arlington Telephone Company
Benkelman Telephone Company
Blair Telephone Company
Cambridge Telephone Company
Clarks Telecommunications Co.
Consolidated Telco, Inc.
Consolidated Telephone Company
Cozad Telephone Company
Curtis Telephone Company
Dalton Telephone Company, Inc.
Diller Telephone Company
Eastern Nebraska Telephone Co.
Elsie Communications, Inc.
Eustis Telephone Exchange
Glenwood Telephone Membership Corporation
Great Plains Communications
GTE
Hartington Telecommunications Co.
Hartman Telephone Exchanges
Hemingford Cooperative
Henderson Cooperative Telephone
Hershey Cooperative Telephone
Home Telephone Comp. of Nebraska
Hooper Telephone Company
Keystone-Arthur Telephone Co.
K & M Telephone Company
Nebraska Central Telephone Company
Pierce Telephone Company, Inc.
Plainview Telephone Co.
Rock County Telephone Company
Sodtown Telephone Company
Southeast Nebraska Telephone Co.
Sprint
Stanton Telecom, Inc.
Three River Telco
Wauneta Telephone Company

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Attachment B

Arlington Telephone Company
Blair Telephone Company
Cambridge Telephone Company
Clarks Telecommunications Co.
Curtis Telephone Company
Diller Telephone Company
Eastern Nebraska Telephone Co.
Elsie Communications, Inc.
Eustis Telephone Exchange
GTE
Hartington Telecommunications Co.
Hemingford Cooperative
Henderson Cooperative Telephone
Plainview Telephone Co.
Rock County Telephone Company
Southeast Nebraska Telephone Co.
Sprint
Stanton Telecom, Inc.
Three River Telco