

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the) Application No. NUSF-50
Commission, on its own)
motion, to make adjustments)
to the universal service fund) ORDER APPROVING STIPULATION
mechanism established in)
NUSF-26.) Entered: July 3, 2007

BY THE COMMISSION:

In the Commission's Order issued on December 19, 2006, in NUSF-50, the Commission found the NUSF high-cost support mechanism should include a federal universal service fund (FUSF) imputation calculation when determining a Nebraska Eligible Telecommunications Carrier's (NETC) high-cost NUSF support. The Commission adopted an FUSF imputation methodology to be applied to all NETCs.

On or about April 20, 2007, Elsie Communications Inc. (Elsie) and Dalton Telephone Company, Inc. (Dalton) submitted a letter to the Nebraska Telecommunication Infrastructure and Public Safety Department (Department) requesting a waiver of the effective date of the FUSF imputation reduction established by the Commission.

On June 26, 2007, Elsie and Dalton entered into a Stipulation with the Department. A hearing was held on this matter on June 26, 2007, at which time a copy of the Stipulation was entered into the record. Commission Staff also recommended criteria for the evaluation of similar waiver requests in the future.

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

The Commission finds that Elsie and Dalton each experienced a significant reduction in NUSF high-cost support due to the FUSF imputation pursuant to the Commission's Order issued on December 19, 2006 in NUSF-50. Elsie and Dalton have been uniquely impacted by the Commission's finding in its Order to impute FUSF monies received by Elsie and Dalton.

In addition, Elsie and Dalton were purchased by Newcastle Holdings, Inc. (Newcastle) pursuant to approval by the Commission granted on March 14, 2006, and because of the timing of the purchase of Elsie and Dalton, Newcastle was unaware that the level of NUSF support previously provided to Elsie and Dalton would significantly change in 2007. Further, Newcastle's financial institution relied on Elsie's and Dalton's continuing receipt of NUSF support in its decision to approve financing for the purchase of Elsie and Dalton by

Newcastle. The Commission finds that the terms of the Stipulation should be approved.

Pursuant to the Stipulation, the Commission further finds that Elsie and Dalton shall receive a deferment of one-half of the FUSF imputation support amount for two (2) years (2007 and 2008) that would otherwise result from application to Elsie and Dalton of the methodology for calculating NUSF high-cost support as set forth in the NUSF-26 Order issued on November 3, 2004, as modified by the NUSF-50 Order issued on December 19, 2006.

Such calculation yields a deferment of FUSF imputation in the amount of seventy-two thousand seven hundred and thirty-five dollars (\$72,735) for Elsie, and three hundred twenty-eight thousand two hundred and seven dollars (\$328,207) for Dalton for each year of the two-year period. Such deferment, in conjunction with the NUSF high-cost support methodology set forth in NUSF-50, will result in payments of NUSF high-cost support of at least one hundred thousand four hundred and seventy-three dollars (\$100,473) to Elsie and two hundred eighty-two thousand eight hundred and seventy-one dollars (\$282,871) to Dalton for each of the 2007 and 2008 payment years.

The Commission further finds that NUSF high-cost support amounts received by Elsie and Dalton shall be recorded as revenue in the year of receipt.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the Stipulation between the Department and Elsie and Dalton is approved.

MADE AND ENTERED at Lincoln, Nebraska this 3rd day of July, 2007.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director