

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) PROGRESSION ORDER NO. 2
mechanism established in)
NUSF-26.) Entered: February 28, 2006

BY THE COMMISSION:

1. The Nebraska Public Service Commission (Commission) opens this proceeding on its own motion pursuant to Neb. Rev. Stat. § 86-324(2)(b)(2004 Supp.) to consider certain adjustments to the permanent universal service fund mechanism established in NUSF-26.

2. On December 6, 2005, and on January 18, 2006, the Commission sought comment on some modifications to the permanent NUSF mechanism, which will continue independent of this inquiry.

3. In this progression order, the Commission seeks comment on whether the mechanism should be modified as it relates to porting support from an incumbent NETC to competitive NETCs offering service through leasing of unbundled network elements (UNEs).

4. In Application No. C-3448/NUSF-46, the Commission is considering the petition of a number of competitive NETCs offering service to customers through the leasing of UNEs from Qwest Corporation. The Commission was asked to consider modifying NUSF-26 to enable the NETCs to compete in Qwest zones 2 and 3. The Commission enters this progression order to expand its inquiry as it relates to porting from all incumbent carriers receiving NUSF support to NETCs competing via UNEs. The Commission is likewise initiating a proceeding to review the Qwest zones established in C-2516. See Application No. C-3554/PI-112.

5. The Commission seeks comment on the proposed methodology attached to this order as "Attachment A." The attachment details a proposed Porting Method (PM), to develop NUSF portable support amounts consistent with the support areas determined in Application No. NUSF-26¹.

1 *In the Matter of the Nebraska Public Service Commission, on its own motion, seeking to establish a long-term universal service funding mechanism, Application No. NUSF-26, Findings and Conclusions, (November 3, 2004) (NUSF-26) and In the Matter of the Nebraska Public*

6. The PM determines the amount of monthly per line NUSF support ported to a competing carrier (CLEC) upon capture of an access line previously served by an incumbent (ILEC). Ultimately, the PM will determine monthly per-line NUSF portable support amounts utilizing unbundled network element loop (UNE-L) rates for in-town and out-of-town areas, as developed in C-3554.²

7. The CLEC's cost of providing the unbundled loop is equivalent to the UNE-L rate for the respective area. Thus, the maximum per-line NUSF portable support, if applicable³, is equal to the UNE-L rate minus a loop revenue benchmark amount.⁴ At no point shall the per-line NUSF portable support exceed the calculated maximum amount.

8. As NUSF-26 transitional mechanisms phase out, some carriers will experience decreases in NUSF transitional mechanism support amounts.⁵ Thus, one additional step is necessary to ensure per-line NUSF support amounts ported to a CLEC, for a particular line, do not exceed NUSF support amounts previously received by the ILEC for said line. Consequently, a per-line NUSF support amount is calculated for each in-town and out-of-town zone area, based on the ILEC's current NUSF support. At no point shall the ported NUSF support amount exceed this NUSF support amount. The ILEC's per-line NUSF support amounts

Service Commission, on its own motion, seeking to establish a long-term universal service funding mechanism, Application No. NUSF-26, Second Erratum to Progression Order No. 5, (July 22, 2004) (NUSF-26 Appendix A) at Appendix A.

² See Application No. C-3554/PI-112, *In the Matter of the Commission, on its own motion, seeking to investigate whether the zones established in Docket No. C-2516 are appropriate in light of NUSF-26 findings and conclusions* (February 28, 2006).

³ In the event the loop revenue benchmark amount exceeds the UNE-L rate for the respective area, the maximum per-line NUSF portable support amount is zero.

⁴ The ILEC's NUSF-26 loop revenue benchmark, with the removal of the Access Lines per Household adjustment, to ensure unit commonality, is utilized for the calculation.

⁵ NUSF-26.

shall be periodically reevaluated by the Commission to ensure porting amounts are in compliance.

9. The monthly per-line NUSF portable support is then equal to the minimum of either the portable support, based on a CLEC's cost to provide the unbundled loop, or the per-line NUSF support provided via the NUSF-26 mechanisms.

10. The PM seeks to integrate the Commission's findings in C-3554 and NUSF-26 by developing portable NUSF support amounts in an appropriate and economically sound manner that fosters competition.

11. The Commission asks interested parties to comment on whether to adopt the attached proposal. In addition, the Commission requests interested parties to forward alternative proposals on how to port NUSF support the UNE based NETCs for Commission consideration.

12. Comments responsive to this progression order should be filed on or before April 27, 2006. Commenters should file five (5) paper copies as well as one (1) electronic copy to the Commission.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that this docket be, and it is hereby, opened for public comment.

IT IS FURTHER ORDERED that comments responsive to this order shall be filed by interested parties on or before April 27, 2006.

MADE AND ENTERED at Lincoln, Nebraska this 28th day of February, 2006.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

Attest:

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Executive Director