

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska) Application No. NUSF-64
Public Service Commission, on)
its own motion, seeking to) ORDER SEEKING COMMENT
investigate the use of) ESTABLISHING PROCEDURAL
expense caps in the earnings) SCHEDULE AND SETTING
calculation for Nebraska) HEARING
universal service fund)
support.) Entered: December 18, 2007

BY THE HEARING OFFICER:

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

The Nebraska Public Service Commission (Commission) opened the above-captioned docket on December 19, 2006 to investigate the use of expense caps in the earnings calculation for Nebraska universal service fund support.

On January 31, 2007, the Commission held a workshop so the staff could discuss initial thoughts of how expense caps could be used in the earnings calculation. At the workshop, the rural companies asked the Commission to consider releasing some questions for public comment. On March 6, 2007, the Commission released various questions for public comment.

On October 10, 2007 the Commission entered an order seeking comment on a proposed method for considering expense caps. On November 2, 2007, the Commission entered an Erratum Order and Order extending the comment deadline. Comments responsive to the Commission's November 2, 2007 Order were filed by the Rural Independent Companies (RIC), Qwest Communications (Qwest), the Rural Telecommunications Coalition of Nebraska (RTCN), United Telephone Company of the West d/b/a Embarq (Embarq), and State Auditor Mike Foley.

On December 4, 2007, the Commission held a Pre-hearing Conference in the Commission Hearing Room, Lincoln, Nebraska. The following parties appeared through their respective legal counsel: RIC through James Overcash and Paul Schudel (via telephone); Qwest Corporation through Jill Gettman and Tim Goodwin (both via telephone); the RTCN through Troy Kirk, Embarq through Deonne Bruning and William Hendricks (via telephone). In addition, the following persons were present or participated via the

telephone bridge: Steve Meradith, Windstream; Bob Lanphier, Qwest; Jon Jordison, Great Plains; Charlie Cooper and Nick Paden, RIC; Eric Carstensen, NTA; State Auditor, Mike Foley; Jeff Pursley, Director of the Nebraska Telecommunications Infrastructure and Public Safety Department; Tyler Frost, Staff Economist, and Shana Knutson, Legal Counsel.

This Pre-hearing Conference Order records the actions taken at the Conference.

1. Release of Revised Data and Analysis: Based on discussions at the conference, further revisions and corrections to the staff's proposed model were to be made available on December 18, 2007. The Commission staff added data points to the model to the extent available and has made corrections to certain errors discovered subsequent to the Erratum Order issued on November 2, 2007. The Commission staff then re-ran the proposed model setting the parameter α equal to 0.05; such that a portion of the distribution of forecast total cost, approximately equal to that of a normal distribution within two standard deviations, lies below the upper threshold. As of the date of this Order, the revised data and analysis will be made available to the list of persons who have signed the Protective Order in this proceeding.

2. Schedule: The following schedule shall be established and shall govern the Commission's consideration of this docket:

- a. Interested parties shall have to and including January 18, 2008 to submit further comments in this docket.
- b. Parties shall have to and including February 1, 2008 to prepare and file with the Commission and serve on the other parties that filed comments in this docket (i) the pre-filed testimony of any witness that the party intends to call at the hearing on this matter, and (ii) the exhibits that the party intends to offer at the hearing, except for rebuttal exhibits.
- c. Parties shall have to and including February 15, 2008 to prepare and file with the Commission and

serve on the other parties filing comments or testimony in this docket: (i) the pre-filed rebuttal testimony of any witness that the party intends to call at the hearing on this matter, and (ii) any rebuttal exhibits that the party intends to offer at the hearing.

- d. A second Pre-hearing Conference will be held on **February 26, 2008** at 1:30 p.m. in the Commission Hearing Room.
- e. The Hearing in this matter will be held on **March 4, 2008** at 1:30 p.m. in the Commission Hearing Room. The Commission will reserve March 5, 2008 should additional time be needed. The Hearing on March 5, 2008 will commence at 10:00 a.m. in the Commission Hearing Room.

3. Hearing Procedure: The Hearing will be held in the traditional format. Witnesses will be sworn-in.

- f. The order of the witnesses will be determined by the Commission.
- g. In order for the Commission to facilitate the development of a complete record in this matter, cross-examination shall be allowed by all parties.

The Commission requires an electronic copy as well as five (5) paper copies of comments, testimony and exhibits. Electronic copies of comments, testimony and exhibits should be sent to Brandy.Zierott@psc.ne.gov. Service of comments, testimony and exhibits to interested parties may be accomplished via electronic mail.

O R D E R

IT IS THEREFORE ORDERED by the Hearing Officer in the above-captioned matter that interested persons may file comments responsive to the revised data and model which is hereby made available to interested parties as described herein. Comments must be filed on or before January 18, 2008 as provided above.

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IT IS FURTHER ORDERED that the procedural schedule set forth herein be, and it is hereby, adopted.

IT IS FURTHER ORDERED that a Pre-hearing Conference will be held on **February 26, 2008** at 1:30 p.m. in the Commission Hearing Room, 300 The Atrium Building, 1200 N Street, Lincoln, Nebraska.

IT IS FURTHER ORDERED that a Hearing will be held on **March 4, 2008** at 1:30 p.m., in the Commission Hearing Room, 300 The Atrium Building, 1200 N Street, Lincoln, Nebraska.

MADE AND ENTERED at Lincoln, Nebraska this 18th day of December, 2007.

By:


Hearing Officer