

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                        )  
investigate the use of expense                    ) ORDER SEEKING COMMENT  
caps in the earnings calculation                  )  
for Nebraska universal service                    )  
fund support.                                        ) Entered: March 6, 2007

BY THE COMMISSION:

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. The Commission has considered the list of questions filed, has narrowed the list of questions and modified the questions it wishes to pose to interested parties. Interested parties are free to comment on the overall propriety of using expense caps in the NUSF earnings calculation and file comments on other issues germane to this docket.

The following are questions released for public comment:

1. How will or should implementation of expense caps be administered through the NUSF-EARN Form process?

2. In the event that an expense cap proposal were to be implemented, should such proposal be restricted only to prospective application, and should a transition period be implemented?

3. Should expense cap calculations be subject to adjustments or waiver based upon company-specific expense characteristics such as low population density, high service costs or unusually costly projects undertaken to improve service? What should be the process for making these adjustments?

4. The Commission proposes including expense categories 6110, 6120, 6220, 6230, 6310, 6410, 6510, 6540, 6610, 6620, 6710 and 6720. Interested parties should comment on whether the

foregoing list of expense categories is appropriate to use. If not, interested parties should elaborate on the reasons for exclusion of certain expense categories.

5. Should the proposal to establish expense caps contain different terms and conditions applicable to rural and non-rural NETCs?

Comments responsive to the above-listed questions may be filed by anyone interested on or before **April 6, 2007**. Persons filing comments should file five (5) paper copies along with one (1) electronic copy. Electronic copies should be served on [Brandy.Zierott@psc.ne.gov](mailto:Brandy.Zierott@psc.ne.gov).

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission in the above-captioned matter that the above-listed questions be released for public comment. Comments shall be filed on or before **April 6, 2007**. Electronic filings shall be served on [Brandy.Zierott@psc.ne.gov](mailto:Brandy.Zierott@psc.ne.gov).

MADE AND ENTERED at Lincoln, Nebraska this 6th day of March, 2007.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director