

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Petition of) Application No. NUSF-77
the Nebraska Telecommunications) Progression Order No. 2
Association for Investigation)
and Review of Processes and) ORDER SEEKING COMMENTS
Procedures Regarding the NUSF.)
) Entered: February 1, 2011

BY THE COMMISSION:

On January 14, 2010, the Nebraska Telecommunications Association (NTA) filed a petition for investigation and review of the Nebraska Universal Service Fund (NUSF) processes and procedures. On March 8, 2010 the Commission held a planning conference to discuss a timeline for submission and development of issues to be considered for possible inclusion in this investigation. The Commission requested that a listing of issues be filed by interested parties. Those issues were discussed at a workshop held on June 24, 2010. The issues of many of the commenters focused on establishing a program within the NUSF that would support broadband deployment in Nebraska. The Commission sought comments on how a broadband pilot program could be structured.

In comments filed on January 18, 2011, Windstream Nebraska Inc., Windstream Systems of the Midwest Inc., and Windstream of the Midwest Inc., (collectively "Windstream") requested that the Commission bifurcate this proceeding and seek comments on its proposal to eliminate or alter the earnings test used by the Commission. The earnings test has the effect of reducing or eliminating eligibility of the receipt of NUSF high-cost support for carriers earning over a 12 percent rate of return as the earnings are reflected in the NUSF-EARN Form filed by carriers with the Commission. Historically, through the decision of the Commission in Docket C-1628, carriers have had the option of reflecting earnings on a supported service, total state, or total company basis subject to approval of the Commission. Carriers were also required to elect a one-year or three-year average for the Commission to use in determining a carrier's earnings which was also subject to the approval of the Commission.

Windstream believes that the earnings test should either be eliminated in its entirety, or should be modified to give carriers the option to apply the earnings test at the wire center level. In accordance with Windstream's wire center earnings test modification proposal, carriers would be permitted to separate their high-cost wire centers that have earnings

below the threshold and be eligible to receive NUSF high-cost support for those wire centers without regard to returns of other wire centers. Windstream argues this would eliminate current inter-wire center subsidization.

The Commission hereby gives interested parties an opportunity to comment on Windstream's proposals for elimination or modification of the NUSF earnings test. Comments responsive to this proposal must be filed on or before **February 28, 2011**. Commenters should file one (1) paper copy and one (1) electronic copy of their comments with the Commission. Electronic copies should be sent to Brandy.Zierott@Nebraska.gov. An electronic copy of the comments must also be served on all other interested parties on the Commission's service list.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that comments responsive to Windstream's proposals may be filed on or before **February 28, 2011** as provided above.

MADE AND ENTERED at Lincoln, Nebraska this 1st day of February, 2011.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director