

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska) Application No. NUSF-26
Public Service Commission, on its)
own Motion, seeking to establish a) PROGRESSION ORDER NO. 3
long-term universal service)
funding mechanism.) Entered: December 17, 2002

BY THE COMMISSION:

B A C K G R O U N D

1. The Nebraska Public Service Commission (Commission), on its own motion, opened the above captioned docket seeking to establish a long-term universal service funding mechanism. Notice of the application was published in The Daily Record, Omaha, Nebraska, on August 24, 2001.

2. The order initiating this docket was entered on August 21, 2001. The Commission requested and received written comments by interested parties. Commenters included the Nebraska Telecommunications Association (NTA); Sprint; K&M Telephone Company, Inc.; AT&T; ALLTEL Nebraska, Inc., ALLTEL Communications of the Midwest Inc., ALLTEL Systems of the Midwest Inc., and ALLTEL Communications of Nebraska (collectively ALLTEL); Western Wireless; Cox Nebraska Telcom LLC (Cox); Qwest Corporation (Qwest); and a collective group of rural independent companies (the "rural independent companies" or "RIC").¹ Reply comments were filed by Western Wireless, the NICE-BCS group,² RIC, Qwest Corporation, ALLTEL and Sprint on December 14, 2001. In the RIC reply comments, the Commission received a proposal entitled the "Public Policy Goals Plan" (PPGP). Because the PPGP was outside the scope of the Commission's initial inquiry, the Commission requested that separate comments be filed by interested parties on the PPGP.³

3. The Commission held a prehearing conference on January 15, 2002, after due notice to the interested parties. On January 28,

¹ The rural independent companies, in this context, are comprised of Arlington Telephone Company, Blair Telephone Company, Cambridge Telephone Company, Clarks Telecommunications Co., Consolidated Telephone Company, Consolidated Telco, Inc., Eastern Nebraska Telephone Company, Great Plains Communications, Inc., Hartington Telecommunications Co., Inc., Hershey Cooperative Telephone Company, Inc., Hooper Telephone Company, K&M Telephone Company, Inc., Nebcom, Inc., Nebraska Central Telephone Company, Northeast Nebraska Telephone Company, Pierce Telephone Co., Rock County Telephone Co., Stanton Telephone Co., Inc., and Three River Telco.

² The NICE-BCS group, for the purposes of this proceeding, is comprised of Arapahoe Telephone Company, Benkelman Telephone Company Inc., Cozad Telephone Company, Curtis Telephone Company, Dalton Telephone Company, Diller Telephone Company, Elsie Communications, Glenwood Telephone Membership Corporation, Hartman Telephone Company, Hemingford Cooperative Telephone Company, Keystone-Arthur Telephone Company, Mainstay Communications, and Wauneta Telephone Company.

³ See In the Matter of the Public Service Commission, on its own motion, seeking to establish a long-term universal Service funding mechanism. Application No. NUSF-26, ORDER SEEKING COMMENTS (Entered: January 8, 2001).

2002, the Commission entered a prehearing conference order which bifurcated this docket into two components. The service quality component was set for hearing on February 14, 2002 and briefs on the Commission's statutory authority regarding this issue were filed by ALLTEL, Western Wireless and the rural independent companies on March 11, 2002.

4. The other issues the Commission requested parties to address in its August 21, 2001 order were reserved for the hearing held on March 18 and 19, 2002. Post hearing briefs were requested by the Commission and filed by Western Wireless, NICE-BCS, the Rural Independent Companies, Qwest, Alltel, the Nebraska Hospital Association, and the Nebraska Department of Education on May 13, 2002.

5. The Commission requested a second round of comments with respect to a specific allocation of NUSF support based on the testimony provided by the Nebraska Hospital Association at the March 18, 2002 hearing. Comments were filed by the Nebraska Hospital Association and by Qwest Corporation. The Commission held a hearing on November 6, 2002 and received further testimony on that issue.

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

6. This Order addresses the request of the Nebraska Hospital Association, as represented by Mr. Roger Keetle, for an allocation of NUSF support. In Progression Order No. 2 entered in this docket on August 27, 2002, we found that further consideration of the Nebraska Hospital Association's request for supplemental support was warranted. However, the Commission found that rural healthcare providers must first avail themselves of federal support. We therefore requested further comment from interested parties in the form of written comments, a model or methodology or plan for support.

7. Although we find an explicit allocation of NUSF monies to rural health care providers to be discretionary pursuant to Neb. Rev. Stat. § 86-1404 (Reissue 1999)⁴, upon due consideration we find that it would be in the public interest to allocate a portion of NUSF monies to promote affordable accessibility for rural health care to the larger health care facilities. We find that a grant of an allocation of support for this purpose will have a positive impact on affordability of rates by passing monetary support for advanced services through to communities which will, in turn, promote quality health care in the smaller Nebraska communities and benefit rural Nebraska communities overall. However, any allocation of support should be supplemental and secondary to the receipt of federal support, grants, and other available monetary sources. Therefore, we

⁴ This statute has now been moved to Neb. Rev. Stat. § 86-323 (2002 Cum. Sup.).

reiterate that the rural health care community must continue to demonstrate that they are first availing themselves to any accessible federal support and grant monies. We further find that the rural health care facilities should be responsible for picking up a reasonable portion of their costs for connectivity as well. We further direct the NUSF Department, all NETCs and the Nebraska Hospital Association to work together to develop a specific plan or plan(s) for support approval not to exceed \$900,000 per calendar year. This does not preclude any other telecommunications provider from participating and seeking a designation as an NETC. We direct the Nebraska Hospital Association to bring such specific plan or plans before the Commission for initial approval on or before April 1, 2003. Subsequent requests for approval must be filed on or before April 1st each year. Commission approval will be subject upon commitments from the all rural hospitals receiving the supplemental assistance that such services will be fully utilized and that any cost assigned to rural hospital in the plan will be funded. The Nebraska Hospital Association should file an annual report detailing to the Commission the use of the NUSF support subsequent to the provisioning of such support.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the NUSF Department, the Nebraska ETCs and the Nebraska Hospital Association to work together to develop a specific plan or plans for approval as prescribed herein on or before April 1, 2003.

IT IS FURTHER ORDERED that all other findings and conclusions herein be and they hereby are adopted.

IT IS FURTHER ORDERED that any authorization granted herein shall be subject to the terms, conditions and limitations which have been or may hereafter be prescribed by the Commission.

MADE AND ENTERED at Lincoln, Nebraska, this 17th day of December, 2002.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chair

ATTEST:

Executive Director

Application No. NUSF-26,
Progression Order No. 3

PAGE 4