

ANNUAL REPORT TO THE LEGISLATURE
ON THE STATUS OF
THE NEBRASKA TELECOMMUNICATIONS INDUSTRY

NEBRASKA PUBLIC SERVICE COMMISSION

January 5, 1988

Nebraska Public Service Commission
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December 15, 1987

Mr. William E. Nichol
President of the Nebraska
State Legislature
State Capitol, Room 2315
Lincoln, Nebraska 68509

Dear Mr. President, Mr. Speaker, and Honorable Members of
the Unicameral:

We are pleased to submit to you the Commission's 1987 Annual
Report on Telecommunications. This report covers the period
of January 1, 1987 to October 31, 1987.

This report is submitted in compliance with the Telecom-
munications Act of 1986 and specifically addresses the items
cited in Section §86-804, Neb. Rev. Stat. (1943) as amended
of that Act.

Respectfully Submitted,

Eric Rasmussen
Eric Rasmussen, Chairman

Duane D. Gay
Duane D. Gay, Commissioner

James F. Munnelly, Commissioner

James F. Munnelly
Harold D. Simpson, Commissioner

Harold D. Simpson
Daniel G. Urwiller, Commissioner

Daniel G. Urwiller

COMMISSIONERS:
DUANE GAY
JAMES F. MUNNELLY
ERIC RASMUSSEN
HAROLD SIMPSON
DANIEL G. URWILLER

EXECUTIVE SECRETARY:
CLARK J. VANSKIVER

INTRODUCTION

The following report for 1987 was prepared to meet the requirements of Article 86-804 of the Telecommunications Act of 1986. Section 86-804 of this Act states that "The Commission shall provide the Legislature with an annual report on or before January 5th of each year on the status of the Nebraska telecommunications industry." Because of time constraints in preparing this report, it contains information from January 1, 1987 to October 31, 1987.

Three specific subsections, (1) through (3) on which the commission is asked to report, are cited in the Act. The act also directs that the report address the question of the need for further legislation to achieve the purposes of this act. This report is thus divided into three main parts. For the convenience of the reader, each part is given the same number designation as the corresponding subsection in the Act which it addresses.

During 1987 the following persons served as Commissioners of the Nebraska Public Service Commission:

Eric Rasmussen, Chairman
Commissioner - Fourth District

Duane D. Gay, Commissioner
Third District

James F. Munnelly, Commissioner
Second District

Harold D. Simpson, Commissioner
First District

Daniel G. Urwiller, Commissioner
Fifth District

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HISTORY

The Communications Department of the Nebraska Public Service Commission is responsible for assisting the Commission in the regulation of telephone companies in Nebraska. The work of the department includes processing applications and formal complaints, handling all inquiries and informal complaints of the public concerning communications companies, on-site central office testing for service quality, auditing the financial reports of the companies and issuing licenses to users of automatic dialing-announcing devices.

In 1986 the Legislature enacted LB 835 which, with minor exceptions, deregulates the rates and charges of communications companies in Nebraska. This bill has attracted attention from a number of other states where it is and has been proposed as an example for other deregulation legislation. A year and one half later, no other state in the nation has chosen to deregulate to the extent Nebraska's legislation has done. This model has been soundly rejected in several states and has not been advanced in any jurisdiction other than Nebraska.

The Attorney General issued an opinion that LB 835 was unconstitutional, whereupon the Public Service Commission voted on the basis of such opinion, not to implement the act. In March of 1987, The Honorable Judge Bernard McGinn of the District Court of Lancaster County issued an opinion that the law was constitutional. The bill is now the subject of an appeal which has been filed with the Nebraska Supreme Court. Because of the Lancaster District Court opinion, the Commission enacted LB 835 and it has been in effect just over six (6) months at the time this report was being drafted. The Commission is dedicated to adhere to the laws of Nebraska and will fulfill their duty to the Constitution to the best of their ability. Enforcing LB 835 is a part of that sworn duty.

In April of 1986, the Legislature enacted LB 835 as the last step toward deregulation of all telecommunications companies. When a roll call vote was taken on Senator John DeCamp's bill, the bill passed with 28 voting in the affirmative and 21 voting in the negative.

Numerous recent changes have taken place in Nebraska in light of LB 835. A review of those changes, regulatory decisions and action from this year and a description of pending cases involving significant telecommunications carriers or issues are reported below. Each action cited in the broad summary below has some significance to LB 835 and to the state in general. These summaries are by no means all-inclusive, but they do provide a picture of some of the Commission's quandaries.

If the Legislature or the public would like to know more about any of the cases, issues or events, discussed in this report, the Commission's orders and records are available for perusal. Copies of documents are always available to the public and to public officials and the staff is available to answer any questions.

VOLUME OF PROCEEDINGS IN 1986 THROUGH OCTOBER 1987

	<u>1986</u>	<u>1987</u>
Number of Proceedings Pending Before Agency as of January 1st	40	29
Number of Proceedings Instituted Before Agency	78	39
Number of Proceedings Pending Before Agency	29	10
Number of Hearings	11	11
Number of Hearing Days	20	9
Number of Orders Appealed to Courts	1	6

COMPLAINTS

Service	35	28
Billing	63	52
Miscellaneous	<u>17</u>	<u>2</u>
TOTAL	115	82

The following tariffs have been submitted to the Nebraska Public Service Commission since L.B. 835 became effective. They do not represent each and every issue considered by the Commission, yet they do provide the Legislature with some detail on the thrust of the major considerations and the history of the competitive development and regulatory (or lack of) evolution in Nebraska.

TARIFFS FILED SINCE MARCH OF 1987

<u>Date</u>	<u>Company</u>	<u>Subject</u>
03/26/87	TMC	File Rate Lists
03/30/87	NWB	DID optional features
04/13/87	MCI	To pass on collection expense
04/16/87	MCI	Dedicated line service
04/16/87	GTE-MTO	Custom Calling
04/23/87	Teleconnect	Test on rating calls, SuperWats.
04/27/87	LT&T	Delete Lincoln Air Park grandfather 2 party & 4 party, demark charge, revise custom calling, operator charges.
04/31/87	MCI	Increase rates for measured service.
05/18/87	Lintel Systems	Revise rates.
05/26/87	AT&T	Rate List
05/26/87	NWB	Late payment charge Switch Net 56 DID optional feature Inside wiring information distribution System, Caroline Service.
05/26/87	GTE-MTO	Employee discount
05/28/87	AT&T	Accunet

<u>Date</u>	<u>Company</u>	<u>Subject</u>
06/01/87	AT&T	Add Megacom
06/16/87	Great Plains	Access Charges
06/19/87	GTE-MTO	Add service charge for Kearney State College students instead of charging the college.
06/19/87	AT&T	Increase Private Line Rates.
06/30/87	AT&T	Delete 5000 Private Line
07/01/87	US Sprint	Change text
07/06/87	GTE-MTO	Increase NRC for selection of interexchange carriers (access).
07/07/87	NWB	Establish rate list for Digicom
07/10/87	US Sprint	Offer Ultra Watts.
07/13/87	Hooper	Wiring maintenance plan
07/15/87	United	Switched access rates over 100 miles.
07/16/87	AT&T	Revise rates
07/20/87	US Sprint	Revise Discounts & Rates
07/21/87	NTA	Feature Group B (access)
07/22/87	Great Plains	Feature Group A & B and interim sod (access)
07/27/87	NWB	(Access) closed circuit TV.
07/31/87	Great Plains	Delete party line at Stapleton.

<u>Date</u>	<u>Company</u>	<u>Subject</u>
07/31/87	AT&T	Add 800 Readyline
07/31/87	MCI	Increase evening, night, and weekend rates (Dial One/- Direct Dial & Credit Card); Restructure intrastate Prism Plus
08-11-87	AT&T	Channel Services Tariff (Correct Typo's)
08-13-87	US Sprint	Introduce two services: Direct 800 & Ultra 800; various text changes
08-17-87	LT&T	To file separate tariff for message toll service and other interexchange service.
08-20-87	GTE	To offer Centranet service.
08-24-87	NWB	Volume discount plan on MTS & WATS
08-24-87	Teleconnect	To increase inter-LATA rates and to file competitive intraLATA rates.
08-28-87	NWB	Intercept Services Catalog, Digicom Services Catalog Digital Transmission Service Catalog
09-02-87	Arlington	Access Charge Residual Rates
09-10-87	Great Plains	Access Charge Residual Rates
09-15-87	United	Access Charge Residual Rates

<u>Date</u>	<u>Company</u>	<u>Subject</u>
09-18-87	NWB	Access Charge Residual Rates
09-21-87	LT&T	Access Charge Residual Rates
09-21-87	NWB	Residence TeleChoice & Custom Net
09-22-87	MCI	MCI 800 Service
09-25-87	GTE	Access Charge Residual Rates
09-28-87	NWB	Long Distance Message Service
09-30-87	NTA	Access Service Tariff Residual Rates
10-02-87	NWB	General Rules and Regs
10-02-87	NWB	Dial Data Access
10-05-87	NWB	Residence Telechoice Service, Customnet, General Exchange Tariff Service
10-05-87	NWB	Wide Area Telephone Service
10-05-87	NWB	Inside Wiring
10-08-87	NTA	"Corrected" Page 100, Revision 1, Access Service Tariff
10-08-87	NWB	Business TeleChoice Service and Premises Wiring
10-13-87	NWB	General Rules and Regulations, Dial Data Access Restriction, Residence Telechoice, Caroline Service

<u>Date</u>	<u>Company</u>	<u>Subject</u>
10-20-87	NWB	Business Telechoice Service
10-20-87	TMC	Resale of Intrastate WATS/MTS
10-20-87	Western Union	Long Distance Services
10-22-87	NWB	Premises Wiring
10-26-87	LT&T	Directory Assistance Service
10-28-87	NWB	General Exchange Tariff
11-02-87	NWB	Index-Rate List Filings
11-02-87	NWB	Command A Link
11-05-87	Great Plains	Elimination of party Line service, Arnold Elimination of Improved Mobile Telephone Service Addition of Custom Calling Service in Arnold and Herman
11-06-87	GTE North Incorporated (formerly General Telephone Company of the Midwest)	Basic Exchange Rate Increase
11-10-87	United	Emergency Number Service (911)
11-17-87	NWB	Caroline Service Dial Data Access Restriction General Rules and Regulations applying to telephone service
11-18-87	Plainview	CPE Tariff

<u>Date</u>	<u>Company</u>	<u>Subject</u>
11-18-87	US Sprint	Sprint Advanced Wats Plus and Banded Wats Increase rates for Sprint Advanced Wats and Dial "1" Wats
11-19-87	Hartman	CPE Tariff
11-20-87	K & M	CPE Tariff
11-20-87	NWB	Access Service Price List, Called Number Identification Ser- vice
11-23-87	Curtis	CPE Tariff
11-23-87	Consolidated Telco, Inc.-(formerly Chrisp Telephone Company)	CPE Tariff
11-23-87	Consolidated Telephone Company	CPE Tariff
11-24-87	Eastern Nebraska	CPE Tariff
11-24-87	Arlington, Blair, Rock Co. Tel. Co.s	CPE Tariff
11-24-87	LinTel Systems, Inc.	WATS
11-25-87	Plainview	CPE Tariff
11-25-87	Hooper	CPE Tariff
11-25-87	Petersburg	CPE Tariff
11-30-87	Clarks	CPE Tariff
11-30-87	Hamilton	CPE Tariff
11-30-87	Pierce	CPE Tariff
11-30-87	NWB	General Rules and Regulations Applying to Telephone Service
11-30-87	GTE-North	CPE Tariff

<u>Date</u>	<u>Company</u>	<u>Subject</u>
11-30-87	NWB	Dial Data Access Restriction Caroline Service
11-30-87	Northeast Nebraska	CPE Tariff
11-30-87	Cozad	CPE Tariff
12-01-87	United	CPE Tariff
12-01-87	Diller	CPE Tariff
12-02-87	Hartington	CPE Tariff
12-03-87	Cambridge	CPE Tariff
12-03-87	NWB	DID Optional Features
12-07-87	Dalton	CPE Tariff

L.B. 835 UPDATE

With the passage of Nebraska's recent Telecommunications Act, L.B. 835, dramatic transformations have occurred in the rates for existing services and new services. Prior to L.B. 835 a telecommunications company was required to make an application for a new service and its proposed rates. The Commission would determine if the service was necessary and if the rates and charges were fair, just and reasonable to the customer.

Currently, the new law provides that the telecommunications company, "shall not be subject to provisions as to rates and charges prescribed in Chapter 75, Articles 1 and 6, and shall instead, file rate lists for their telecommunications services which shall be effective after ten days notice to the commission with the exception of monthly rates for basic local exchange services." This language strips the Commission of any oversight on rates or services other than a modest oversight of basic local exchange services.

In just over 6 months, this portion of the bill has distinguished itself. The telecommunications companies have utilized this language of the bill to a great extent.

One of the problems which has occurred which the bill did not address is that the customers in some incidents have not been notified of the new rates and have been back-billed. This problem of notice has created a great deal of confusion with subscribers and the industry. With no Commission oversight on the charges examples have been found where a certain private line rate went up 400% and then was back-billed for two months. Complaints came in from across the state and there was nothing the Commission could do about the increase or the way it was handled.

Basic local service rates can be changed after sixty days notice to all affected subscribers. Ironically, according to the new law the Commission does not have to be notified of the rate increase. If a rate increase is above 10% or if a certain percentage of subscribers petition the Commission a hearing can be held on the rate increase. However, the standard utilized in most of the country, (Is the rate fair, just and reasonable?) has been altered to include that the commission may not set a rate "below the actual cost of providing basic local exchange service". Although the telecommunications companies have tossed out figures as to the cost of providing the basic loop, when it actually comes down to figuring this cost, many non-local costs are pitched into the formula.

Two companies have notified their customers of rate increases since L.B. 835 was implemented: Eastern Nebraska Telephone Company and General Telephone of the Midwest (GTE-MTO). Eastern is a small telephone company with less than 2,500 subscribers. The rate increase proposed varied from 123% to over 300%. General has approximately 43,000 access lines and proposed a 10% across the board increase on local and extended service, general ancillary services, terminal equipment and nonrecurring charges. Eastern had enough protests for the commission to review the rates and a hearing has been held but an opinion has not been issued. General's proposal did not prompt enough protests for the Commission to review the rate increase. General's rate increase will go into effect in December 1987.

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GENERAL DESCRIPTION OF THE TELECOMMUNICATIONS INDUSTRY IN NEBRASKA

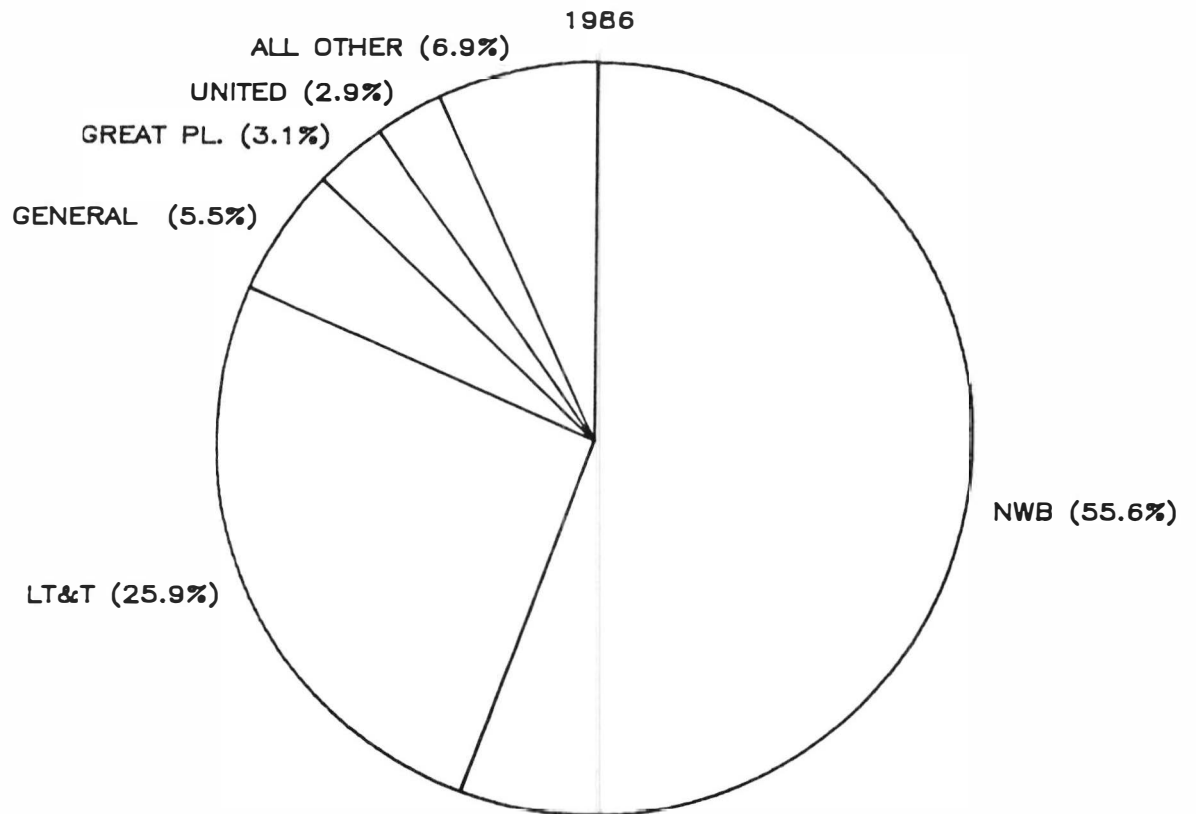
The telecommunications industry in Nebraska includes an array of firms, companies, partnerships and the like, both established and new. In some urban areas this provides a diverse selection of telecommunications products and services. There is no competition in basic local service. This section describes the quantity and quality of the telecommunications options available in Nebraska and highlights the trends and reformations in the industry with the new telecommunications act of 1986 (L.B. 835).

LOCAL EXCHANGE COMPANIES

Telecommunications services provided to customers in Nebraska may be classified as either exchange or interexchange services. Exchange services, involving service within the local telephone distribution network and access to the local network for intrastate and interstate toll service, are provided by local exchange companies. Perhaps the most visible aspect of telecommunications is one's local exchange company (LEC). There are currently 38 regulated telephone companies in Nebraska providing local service. The five largest local exchange carriers are:

<u>Company</u>	<u>Access Lines</u>
Northwestern Bell Telephone Company	428,202
The Lincoln Telephone & Telegraph Co.	200,050
General Telephone Co. of the Midwest	43,785
Great Plains Communications, Inc.	24,606
United Telephone Company of the West	23,632

ACCESS LINES



Northwestern Bell Telephone Company (NWB) and The Lincoln Telephone and Telegraph Company (LT&T) serve most of the urban population of Nebraska. A point of interest is that LT&T is one of the largest independent companies in the country. The remaining 33 telephone companies dominate the largely rural population.

A complete list of all of Nebraska's telephone companies, exchanges and rates can be found in section three of this report.

Local exchange service is intrastate service and prior to L.B. 835 was regulated by the Commission, not the Federal Communications Commission (FCC).

The trend indicates that the number of local exchange companies in Nebraska is decreasing as larger companies acquire smaller companies. For example, last year Craig Telephone Company was purchased by Northeast Nebraska Telephone Company.

In order to better understand the impacts of competition, the Legislature in 1985 commissioned Arthur Anderson & Co. to prepare an extensive study of telecommunications in Nebraska. The Arthur Anderson report was entitled, The Report to the Nebraska Legislature on the Telecommunications Industry in Nebraska.*

LEC's have at least three sources of income, not counting miscellaneous sources like billing. The main source of income is access charges paid to the local telephone company by long distance interexchange companies. Two other sources are revenues from the basic exchange service, and revenues from long-distance calls originated by their own subscribers (Intra-LATA Toll).

* The Arthur Anderson & Co. report was a private study financed by the Nebraska State Legislature in 1985. Although in many regards it is a generic report that could apply to the Telecommunications industry in 90% of the Midwest, it still is a helpful report regarding the industry in general.

Prior to L.B. 835, the LEC's with less than 5,000 subscribers were subject to reduced regulation under Nebraska Statutes 75-601 (L.B. 573). Commission oversight was triggered if any one of the following took place:

1. the telephone company elected to be subject to rate regulation by the Commission,
2. the proposed increase exceeded 30% in any one year,
3. 5% of the subscribers petitioned the commission, or
4. 51% of subscribers petitioned for review at any time.

The rationale for the limited review was the responsiveness of smaller companies to local input and the costs of traditional rate regulation. Smaller companies tended to keep the cost of local service low as shown in the tables in the rate section due to the fact that access charges would pick up the slack and still produce enough revenue to generate a respectable rate of return. The local companies deregulated as to the fixing of rates by the enactment of L.B. 573, served primarily the rural areas of Nebraska, where little competition now exists because of the capital investment and continuing costs of providing competing services.

Paradoxically, Judge McGinn compared the bills L.B. 835 and L.B. 573 and stated in his opinion, "that with the passage of L.B. 573, neither the Legislature, the Commission, nor the Attorney General regarded the absence of competition to be a bar to the deregulation taking effect and the process of review at the initiation of subscribers was accepted as sufficient control over the rate fixing process." With this he speculated that L.B. 835 was so similar that neither the Commission nor the Attorney General should have grounds to object to L.B. 835.

With L.B. 835, the review by the Commission is dramatically different. The Commission's jurisdiction is limited to rates for basic local exchange service and may only review increases upon complaint by a specified number of affected subscribers, or if the rate increase is above 10%. A review procedure is established by L.B. 835 which provides that upon receipt of a formal complaint filed within 60 days of the notice of increase and signed by a specified percentage of affected subscribers, the Commission must hold a hearing within 90 days after the filing of the complaint to determine if the rates proposed are "fair, just, and reasonable, and not below the actual costs of providing the service, as established by evidence received at the hearing".

The standard used throughout the country is whether the rates are fair, just and reasonable. The national standard does not consider whether the rates are "below the actual cost."

In addition, the new standard for determining the cost of basic local service is the "actual cost" of the basic service. It may be difficult to justify why a business is required to pay more for their phone line than a residence, when in reality, the cost of the loop is the same for a business or a residence. The costs of a business phone may even be less in a populated community. This controversy will be discussed later in the report with a recommendation to the Legislature.

Furthermore, no definition exists in the industry regarding "actual cost". Did the Legislature mean that the company should be earning a profit on the local exchange portion of the company when they used the term "actual cost"? Some have argued that the term of course implies a profit; others have wrestled with the idea that the Legislature probably meant "cost of money or weighted debt factors". This has not been resolved and further assistance from the Legislature would be helpful.

BASIC LOCAL EXCHANGE RATES

An important issue concerning local exchange companies is the rate they charge for basic local exchange service. Since the implementation of L.B. 835, two telecommunications companies in Nebraska have notified their customers that they would be increasing local basic exchange rates.

Eastern Nebraska Telephone Company, which serves the communities of Belden, Carroll, Macy, Meadow Grove, Osmond, Rosalie, Walthill and Winnebago, Nebraska proposed to increase their rates by over 100% in their exchanges. These communities are served by Senators Hefner, Conway, Korshoj, and Peterson. The Commission was pleased to receive comments from Senators Peterson and Korshoj regarding the increase and wholeheartedly welcomes input from elected officials.

The Commission received 352 protests regarding the basic local service rate increase of Eastern Nebraska Telephone Company. This prompted the Commission to stay the rate increase and hold a hearing to review these rates. More information on Eastern's case is found in the newspaper clippings at the end of this report.

The staff investigated the rate increase and audited Eastern's books. A hearing was held on November 5th, in the

Community Fire Hall at Meadow Grove, Nebraska and provided an opportunity for ratepayers to testify. The Commission's decision based upon the new law and the new standard was pending at the time this report was being written.

The second company to file a rate increase in Nebraska under the new law was General Telephone Company of the Midwest (GTE). GTE exchanges in Nebraska are: Albion, Alma, Amherst, Battle Creek, Beaver City, Bertrand, Bloomington, Brunswick, Columbus, Duncan, Edison, Franklin, Genoa, Greeley, Heartwell, Hildreth, Kearney, Leigh, Lindsay, Madison, Miller, Monroe, Naponee, Neligh, Newman Grove, Orchard, Ord, Orleans, Palmer, Platte Center, Pleasanton, Republican City, Riverdale, Stamford, Sumner, Tilden, and Wilsonville.

These communities are represented by almost one-half of the Senators in the Legislature. GTE's proposed increase was 10% across the board on all rates and services. This increase amounts to approximately \$650,000 in additional annual revenue.

The petition process fell at least 1500 protests short of enabling the Commission to hold a hearing and review the rates. This rate increase went into effect December 1st, 1987. The Commission is concerned that the public needed to be informed on "how" to petition the Commission for review of the rate increases.

The Legislature in its 1986 telecommunications act required that the petition state certain "key words and phrases." The complaint must set forth:

- (a) The rate or charge as to which review is requested,
- (b) the reasons for the requested review, and
- (c) the relief which the complainants desire.

Some subscribers were sending the Commission the company's rate increase notice with a computer mailing card and their name and address stapled to it, but no signature. These "protests" did not state the certain "key words and phrases" required by L.B. 835, and therefore would not constitute valid petitions. Although the Commission acknowledges the intent of the subscriber to protest, some of the petitions have been deficient. These protests are the key to any Commission oversight and the Legislature needs to know that the petition process may be vague and ambiguous to many subscribers.

The main concern of the commission is that the language of L.B. 835 has significantly changed the procedures for reviewing rates and the public should not be denied an opportunity to have those rates reviewed if they so choose.

OTHER RATES AND SERVICES

In all other areas of Rates and Services, the Commission has no control over what the rate is and what services are offered. For example if one would look to the new tariffs filed with the Commission after L.B. 835 was implemented, one would find charges for directory assistance in LT&T's area, increases in GTE rates and services of 10% across the board, and certain private lines of AT&T which went up several hundred percent, all as a result of L.B. 835. Bear in mind that these rates and services in local exchange areas generally do not have the benefit of competition and little if anything affects the rate that the company may choose to set for a service.

Several new services have been introduced under L.B. 835 which are beneficial to the public. New services with non-regulated rates can be put into effect with just 10 days notice to the Commission. These services varied from pre-packaged custom calling features to special 800 lines for small businesses. One such service was the ability to bar "976 toll" calls from your service.

TECHNOLOGY OF LEC'S

The central office and transmission technology which local exchange companies currently employ to provide telecommunications services to their customers, varies considerably among companies, and within an individual company. Newly available technologies such as fiber optics and digital switching are being deployed in the state, driven in part by the need to offer equal access to competing interexchange carriers. The conversion to digital switching has a significant impact on several basic service offerings such as touch tone dialing, extended area service (EAS) and local measured service.

Current technology has developed to the point where the basic local access line should be equipped to process calls placed by either a touch tone or rotary dial instrument at no additional cost to the consumer.

Digital switching technology also has the ability to provide EAS on an optional basis and measure individual usage to allow for the recovery of EAS costs from the users of the service. This measurement ability can still be extended to local service through the offering of local measured service.

To date local measured service has only been offered on an optional basis; however, many industry representatives feel local service costs should be recovered by implementing local non-optional measured service in lieu of flat rate

service. L.B. 835 currently states that, "the Commission may order that flat rate services shall be available whenever measured service is implemented and that for such services the price restrictions prescribed in section 1-11 of this act shall be retained".

It is interesting to note that many utility consumers have not embraced measured service. One need only to look at the current pricing trends offered by gas and electric utilities to recognize that consumers have expressed a desire to receive these services, which have been historically priced on a measured basis, on a flat rate basis often referred to as budget service. Many subscribers are even willing to pay a premium to have flat rate service in lieu of the fluctuating rates resulting from measured service. This trend may reflect the needs of those consumers whose income is fixed, and monthly budgeting for utility bills, which vary with usage, becomes nearly impossible.

While the use of newer technology is expanding, older technology, such as electromechanical switching, is still commonly used throughout the state.

The technology used to provide access commonly referred to as the "local loop" continues to be a pair of copper wires in a buried filled cable. Thus far, the rapid advance in telecommunications technology has not to any great degree extended to the local loop portion of the network. Due to the large investment required in outside plant facilities, and until technology provides an alternative to the buried copper pair loop plant, local exchange carriers will maintain their monopoly position in providing basic telecommunications services.

This technical jargon is also telling us that basically local exchanges in Nebraska vary significantly in the range of services they offer to their subscribers. The disparity arises between the small rural telephone companies and the concentrated urban companies, like NWB and LT&T, serving markets like Omaha and Lincoln.

Some smaller rural companies provide plain old telephone service (POTS) which is incapable of offering services like call waiting, call forwarding, speed dialing or three-way calling, all of which are available from common control type central offices installed today. The standard offering of tone dial service will also be driven by the conversion to new technology in central office equipment. This evolution should ultimately result in the standard access line being capable of switching calls placed by either a rotary dial or touch tone instrument without an additional charge to the subscriber.

Telephone service investigations are conducted by actually visiting selected company exchanges and central offices for the purpose of making service tests, inspecting the telephone facilities, and reviewing the telephone operations to ascertain the level of telephone service being provided. During the course of these investigations the premises and telephone operations thereupon are observed to determine if the service standards set forth in the Commission Rules and Regulations are being met by the telephone company.

Prior to implementing L.B. 835 these service audits were generally performed in conjunction with rate increase requests with the results entered into the record during the hearing on the matter. Subsequent to implementation of L.B. 835 the Commission has directed testing and inspecting telephone company facilities on a periodic basis.

In relation to the matters that were decided by the Commission during 1987, tests were conducted at 42 central offices by the Commission staff.

Another element associated with local exchange service is Extended Area Service (EAS). This service has the effect of increasing the size of the local calling area. EAS is generally favored by communities which frequently call each other. Calls between the two cities are treated as local calls. For an additional flat monthly fee, exchanges may be provided this service which eliminates long distance charges for calls between these exchanges.

There is a wide array of rates charged for EAS across the state and it would be difficult to provide cross-company comparisons for the Legislature. The new issue concerning EAS which arose since L.B. 835 is that some companies prefer that all calls between the cities be treated as toll calls. EAS is not an option they wish to offer.

If the Commission's rules and regulations regarding EAS are no longer controlling, then these calls will remain toll calls and certain existing EAS communities might be lost. Under the Commission's rules and regulations, no EAS could be discontinued without the approval of the Commission.

Several communities have contacted State Senators and the Commission regarding this issue. The Commission is wrestling with the issue that since EAS is a flat rate service on the local bill, it might be considered a portion of the basic local service. The Commission will continue to investigate the option of EAS in Nebraska. (Note the press clippings on this topic at the end of the report.)

INTEREXCHANGE CARRIERS

Several companies provide long distance service in Nebraska. They are: AT&T Communications of the Midwest, Lintel Systems Inc., MCI, US Sprint, TeleMarketing Investments Ltd., Dial-Net Inc., Teleconnect Company, Ideal-2-Tel, Inc. (filed for financial reorganization in Bankruptcy Court), and Western Union. Lastly International Telecharge, Inc. has an application pending.

In areas of the state where equal access has been implemented the subscriber chooses who its carrier is and receives the service. The long distance provider may do their own direct billing or may choose to pay the local company for billing and collections.

Equal access is available in the communities and surrounding areas of Omaha and Lincoln, and is pending in the Grand Island community. There are areas in the state where the long distance providers did not have an interest in providing the service. Where equal access is not available, the Interexchange Companies provide their subscribers with extra-digits which are dialed for access to its system. The drawbacks of the dialing system are that it takes longer to place a call, more errors occur in dialing, and these connections have been known to have an inferior transmission quality.

In the future there may be more equal access in Nebraska. Many of the local exchange companies in the state are not federally mandated to convert to equal access. However, there still may be hope that these companies will have equal access in the future. States like Indiana and Illinois are recruiting firms which try to group customers of smaller telephone companies together in order to accumulate traffic so as to make it attractive to a long distance carrier to serve the area. Nebraska with its smaller population must wait for centralized equal access to receive more of the benefits of competition in the future.

The interexchange carrier rates are based upon airline miles and generally the initial minute is the most expensive with each additional minute cheaper. Some companies also have volume discounts. Mileage charges vary slightly and so do the additional minute rates between cities depending upon what company a subscriber chooses.

As of 12-1-87 the actual rates on file for the 3 major interexchange carriers are:

AT&T
DIAL STATION DAY RATES

<u>Rate</u> <u>Mileage</u> @	<u>1st</u> <u>Minute</u>	<u>Additional</u> <u>Minute</u>
1 - 20	\$.35	\$.22
21 - 35	.38	.25
36 - 55	.42	.29
56 - 100	.45	.32
101 - 148	.49	.36
149 - 292	.52	.39
293 - 470	.54	.41

US SPRINT
PER-MINUTE RATES

<u>Rate</u> <u>Mileage</u> @	<u>1st</u> <u>Minute</u>	<u>Additional</u> <u>Minute</u>
0 - 20	\$.34	\$.219
21 - 35	.37	.249
36 - 55	.4055	.289
56 - 100	.44	.319
101- 148	.48	.359
149- 292	.51	.389
293+	.53	.409

MCI TELECOMMUNICATIONS CORPORATION
DAY INTERCITY SERVICE TARIFF

<u>Rate</u> <u>Mileage</u> @	<u>1st</u> <u>Minute</u>	<u>Additional</u> <u>Minute</u>
1 - 20	\$.34	\$.217
21 - 35	.37	.247
36 - 55	.41	.287
56 - 100	.44	.316
101- 148	.48	.356
149- 292	.51	.386
293- Over	.53	.405

Calls between exchanges in the same LATA or between exchanges in different LATAs are usually subject to toll charges and require the use of facilities provided by an interexchange carrier. The local exchange company providing basic local exchange service affords access to the interex-

change carrier through its switching equipment and its local distribution network connected to the telephone subscriber.

The originating and terminating local exchange companies receive revenue by way of "access charges" from the interLATA interexchange carriers for this interconnection.

In light of Federal deregulation, several new trends are occurring in Nebraska's interexchange telephone industry. Increased competition has come about because of equal access and points of presence of several interexchange carriers. This has resulted in less of a need for traditional regulation in areas where competition exists. The market itself regulates the price of the service. As long as the market has true competition, this aspect of the industry will continue to regulate itself.

EFFECTS ON CUSTOMERS

In reviewing the quality of telecommunications in Nebraska, the Commission would be remiss not to address the effects of L.B. 835 on the subscriber.

In rural and urban areas of Nebraska, the subscriber has no alternative supplier of basic local service. Competition would have a mixed effect on most of Nebraska's subscribers.

Customers in the past have had little control over their local service bill. Subscriber line charges have been added, phone rentals and inside wiring have been thought to be a necessity, and in general, the public has realized that the cost of having phone service has gone up. Many times, these costs are thought to be the cost of local exchange service. Subscribers relentlessly believe that the phone company is making a profit off of all of these charges. In some respects, this is unfair to the company.

EFFECTS ON CARRIERS

L.B. 835 has focused attention on the local telephone company's practice of keeping local rates low by subsidizing them with artificially high long distance rates.

AT&T has recently published their nationwide offer to reduce long distance calling rates by \$800 million if the FCC will reduce the access charges required to be paid by AT&T to local companies. Locally, these same arguments regarding the benefits of reducing access charges have also been personally presented to the Commissioners and staff.

UNIVERSAL SERVICE

Telecommunications penetration is defined as the percentage of households who have telecommunications service available to them. A high level of subscription is commonly referred to as "universal service".

Several Nebraska Public Service Commissioners have voiced the fear that with the introduction of a competitive atmosphere and the pressure to reduce the subsidization of local telecommunications service, the high universal service figures will be endangered.

L.B. 835 will be used to argue that each company must move closer to having its local revenue requirement covered by the subscribers in their territory.

Currently, the cost of subsidizing the local rates, reflects one of the major components of long distance rates. The Commission is cognizant of the significant problems in the theories maintaining that the local rates should or should not be subsidized.

A substantial portion of the state is rural and sparsely populated. There is no guarantee that the high cost of providing basic local service will be balanced against the low prices promised on long distance rates. This pass through traditionally does not benefit the subscriber with low long distance usage. Those who benefit the most from these decreases generally are large business users. Unquestionably, decreasing subsidization will have an impact on Nebraska subscribers.

In the alternative, the rates currently charged by the local exchange companies in some portions of the state are low and do put an extra-ordinary burden on the interexchange companies. This has to be corrected.

2222 (2) A review of the availability of diverse
2 2 and affordable telecommunications services
2 to all of the people of Nebraska.
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2222 (2) A review of the availability of diverse
2 2 and affordable telecommunications services
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2222 (2) A review of the availability of diverse
2 2 and affordable telecommunications services
2 to all of the people of Nebraska.
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Most of the traditional aspects of telecommunications services were discussed in chapter one; however, there are several areas of non-traditional features to consider.

L.B. 835 does not allow the Commission to regulate the following:

(1) one-way broadcast or cable television transmission of television or radio signals; and

(2) Mobile radio services, radio paging services, and cellular services.

CELLULAR

Cellular telephone service in Nebraska is a new mobile telephone technology only recently being exploited. Many may have noticed the advertising surge on television, radio, and billboards regarding cellular phones. The Federal Communications Commission (FCC) has divided the United States into 350 cellular market areas. Each market area is divided into a number of smaller geographic areas known as "cells".

A low power transmitter is located within each cell which transmits communications from a mobile telephone to the local loop, over one of 330 channels over the 50 MHz range of the frequency spectrum, which the FCC has designated for cellular telephone service. The transmitter in each cell operates on one channel with no transmitter in contiguous cells operating on the same channel. As a mobile telephone user moves from one cell to another, the signal which was being relayed over one channel in the cell the caller is leaving, is instantly picked up on another channel in the cell the caller is entering.

The FCC is in the process of authorizing cellular service companies in market territories nation-wide. In each territory, two companies, a wireline telephone operating company and a non-wireline company, have been authorized to provide service. The companies split the frequency range with each transmitting over 25 MHz.

To allow for additional competition, the FCC permits resale of cellular service. Automobile rental corporations in Nebraska such as Hertz, National, Avis, and Budget are among these resellers. Such companies can purchase numbers from the phone company, install equipment in their cars, and bill customers for the cellular phone and for any calls made.

In March of 1985 Omaha Cellular Limited Partnership (Centel Cellular Company) began providing service for the Omaha cellular market. Omaha Cellular's competitor, Radio Engineering Service Inc. began its operations on June 20, 1985.

Lincoln is the only other area in the state to have cellular service. Lincoln Telephone Cellular serves the Lincoln cellular market.

The expense of cellular equipment and service is extremely costly. Similar to other pieces of modern technology, the price will gradually be reduced as competition is introduced. The Commission predicts that this will happen in the next few years; however, the price will be extravagant for most of Nebraskans until that time.

MOBILE RADIO

Conventional mobile telephone service (CMTS) has one high powered transmitter with a range of approximately 25 miles and a limited number of radio channels. As a result, the number of subscribers that are able to use the system at one time is small.

There are currently more than 10 companies providing mobile telephone service within the State of Nebraska. Mobile telephone service is available to all the major cities in Nebraska. Virtually all of these companies provide paging service in their operating areas.

COMMISSION ACTIONS TO MAINTAIN PENETRATION LEVELS

The Nebraska Public Service Commission has taken many actions to maintain and encourage the availability of diverse and affordable telecommunications services to all of the people of Nebraska. The bulk of these actions can be divided into seven major categories:

- 1) Permitting telecommunications companies to use liberal depreciation practices more consistent with economic criteria, rather than service lives.

- 2) Encouraging the development of competition.

3) Allowing the reselling of telecommunications services.

4) Allowing the option of usage sensitive pricing, which allows charges for subscriber access to be minimized, if the subscriber chooses that option.

5) Reviewing access charges for long distance providers.

6) The Commission has endorsed the development of lifeline telephone rates in the past. However at this point the Commission finds that the current federal lifeline system would place a cost burden on Nebraska customers in excess of the benefits that they would receive through participation. The current Federal program will be analyzed by the Commission, and if it can be demonstrated that its benefits exceed its costs for Nebraska customers, the program will then be endorsed.

7) The Commission is investigating participation in the Federal "Link-Up America" program designed to assist low-income households with installation charges. A pre-hearing conference has been held regarding the issue and a proposed order is being researched.

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333	(3)	A review of the level of rates of local
3	3	exchange companies.
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333	(3)	A review of the level of rates of local
3	3	exchange companies.
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This section presents information on local exchange rates, average monthly basic local exchange rates, and access lines by company.

The information in Schedule 1 was compiled from tariffs filed with the Public Service Commission. Schedule 1 shows rates for all classes of service for all companies by exchange.

The information in Schedules 2 and 3 was compiled from the Service-Rate Questionnaire for January 1, 1987. The PSC annually distributes a service and rate questionnaire to all of the telephone companies. The companies complete one questionnaire for each of its exchanges. Schedule 2 shows information about central offices, rates, and access lines alphabetically by exchange. Schedule 3 shows the average monthly rate for business one-party and residential one-party service in the state of Nebraska.

Differences between Schedule 1 and Schedule 2 result because of different compilation dates. Schedule 1 is the most current listing of rates. The rates in Schedule 2 are those that were in effect as of December 31, 1986. During 1987, rate increases were authorized for Nebraska Central Telephone Company, Northwestern Bell Telephone Company, and Pierce Telephone Company, and these increased rates are reflected in Schedule 1.

NEBRASKA TELEPHONE COMPANIES
Local Exchange Rates

Schedule 1

COMPANY	EXCHANGE	B-1	B-2	R-1	R-2	R-4	RR-1	RB-1	S-S
Arapahoe Tel. Co.	Arapahoe	\$13.25		\$8.25					
	Hendley	13.25		8.25					
	Holbrook	13.25		8.25					
Arlington Tel. Co.	Arlington	12.80	11.75	8.60	7.50		*7.20	*8.60	
Benkelman Tel. Co.	Benkelman	10.50		7.50					
Blair Tel. Co.	Blair	20.80		10.15					
	Fort Calhoun	20.80		10.15					
	Kennard	20.80		10.15					
Cambridge Tel. Co.	Bartley	7.50		5.25					
	Cambridge	7.50		5.25					
Clarks Tel. Co.	Clarks	11.50		7.50					
	Staplehurst	12.50		9.00					
	Ulysses	11.50		7.50					
Consolidated Telco	Dickens	15.75		10.00					
	Madrid	9.75		7.50					
	Maywood	15.75		11.50					
	Paxton	9.75		7.50					
	Wallace	9.75		7.50					
	Wellfleet	15.75		11.50					
Consolidated Tel. Co.	Anselmo	6.50		4.00	3.50	2.75	12.00		
	Arthur	14.50		7.50			17.00		
	Brewster	6.50		4.00			12.00		
	Brownlee			17.00	14.50		17.00		
	Dunning	6.50		4.00	3.50		12.00		
	Halsey	6.50		4.00			12.00		
	Hyannis	6.25		5.25	4.25		17.00		1.25
	Merna	6.50		4.00			12.00		
	Mullen	6.50		4.00	3.50		17.00		1.25
	Purdum	6.50		4.00			7.00		
	Seneca	6.50		4.00	3.50	2.75	17.00		
	Thedford	6.50		4.00			17.00		1.25
Cozad Tel. Co.	Cozad	8.50		5.50	5.00				
Curtis Tel. Co.	Curtis	17.50		13.50					
Dalton Tel. Co.	Bushnell	11.50	10.50	10.00	9.00	8.00	**9.00		
	Dalton	7.00		5.00			**3.75	**5.75	
	Dix	11.50	10.50	10.00	9.00	8.00	**9.00		
	Gurley	7.00		5.00			**3.75	**5.75	
	Lodgepole	7.00		5.00			**3.75	**5.75	
Diller Tel. Co.	Diller	8.50		7.50					
	Harbine	8.50		7.50					

* Multi-party, ** 4 party

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NEBRASKA TELEPHONE COMPANIES
Local Exchange Rates

COMPANY	EXCHANGE	B-1	B-2	R-1	R-2	R-4	RR-1	RB-1	S-S
	Odell	8.50		7.50					
	Virginia	8.50		7.50					
Eastern Neb. Tel. Co.	Belden	7.75		4.50					
	Carroll	8.25		5.25	4.50		*4.25	*5.25	
	Meadow Grove	9.25		6.25	5.50		*5.25	*6.25	
	Osmond	8.25		5.25	4.50		*4.25	*5.25	
	Rosalie	8.75		5.75					
	Walthill	8.75		5.75	5.00			*6.00	
	Winnebago	8.75		5.75					
Eustis Tel. Exchange	Eustis	8.00		5.00	4.25		7.00		2.50
General Tel. Co. of the Midwest	Group I	12.75		6.80			**6.88		
	Group II	14.75		8.20			**8.27		
Glenwood Tel. Memb. Corp.	Bladen	12.00		8.00					
	Blue Hill	12.00		8.00					
	Campbell	12.00		8.00					
	Funk	13.50		13.50		11.50			
	Holstein	12.00		8.00					
	Lawrence	12.00		8.00					
	Norman	12.00		8.00					
	Roseland	12.00		8.00					
	Upland	12.00		8.00					
Great Plains Comm.	Archer	25.35		12.65					
	Arnold	12.00		9.00	8.25		**8.25	**9.25	
	Bancroft	25.35		12.65					
	Beemer	25.35		12.65					
	Bloomfield	13.60		10.35					
	Byron	25.35		12.65					
	Callaway	12.00		8.50	7.75		**7.75	**8.75	
	Center	12.00		8.50					
	Chapman	25.35		12.65					
	Chester	26.35		13.65					
	Cotesfield	26.35		13.65					
	Creighton	13.60		10.35					
	Crofton	13.60		10.35					
	Deshler	25.35		12.65					
	Dodge	26.35		13.65					
	Elgin	13.60		10.35					
	Ewing	13.00		9.75					
	Grant	13.00		9.75					
	Hay Springs	26.35		13.65					
	Hayes Center	12.75		9.00					
	Herman	25.35		12.65					
	Hubbell	20.90		11.40					
	Huntley-Ragan	26.35		13.65					
	Imperial	13.00		9.75					
	Indianola	25.35		12.65					

* Multi-party, ** 4 party

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NEBRASKA TELEPHONE COMPANIES
Local Exchange Rates

COMPANY	EXCHANGE	B-1	B-2	R-1	R-2	R-4	RR-1	RB-1	S-S
	Kilgore	25.35		12.65					
	Merriman	20.90		11.40					
	Mirage Flats	26.35		13.65					
	Niobrara	12.60		9.10					
	North Bend	26.35		13.65					
	Oakdale	13.60		10.35					
	Oconto	10.00		6.75	6.25		**6.25	**8.25	
	Page	13.00		9.75					
	Palisade	12.75		9.00					
	Ponca	12.75		9.00					
	Red Cloud	25.35		12.65					
	Reynolds	20.90		11.40					
	Riverton	25.35		12.65					
	St. Edward	12.75		9.00					
	Scribner	20.90		11.40					
	Snyder	26.35		13.65					
	Stapleton	12.00		8.50	7.75		**7.75	**8.75	
	Sutherland	12.75		9.00					
	Tryon	13.00		9.75					
	Vanango	12.00		8.50					
	Verdigre	12.75		9.00					
	Walnut	13.60		10.35					
	Wausa	12.75		9.00	8.25		**8.25	**9.25	
	Wilcox	26.35		13.65					
	Winnetoon	13.00		9.75					
	Wisner	25.35		12.65					
	Wolbach	26.35		13.65					
	Wood Lake	26.35		13.65					
	Wynot	25.35		12.65					
Hamilton Tel. Co.	Aurora	9.50		7.00					
	Doniphan	7.00		6.00					
	Giltner	7.00		6.00					
	Hampton	7.00		6.00					
	Hordville	7.00		6.00					
	Marquette	7.00		6.00					
	Phillips	7.00		6.00					
	Stockham	9.50		7.00					
	Trumbull	7.00		6.00					
Hartington Tel. Co.	Hartington	12.00		7.50					
Hartman Tel. Exchanges	Danbury	9.50		9.50					
	Haigler	9.50		9.50					
	Lebanon	9.50		9.50					
Home Tel. Co. of Neb.	Brady	7.25		4.50	4.00		*4.50	*6.25	
	Maxwell	7.25		4.50	4.00		*4.50	*6.25	1.50
Hooper Tel. Co.	Hooper	8.35	7.85	6.35	5.85				
	Uehling	8.35	7.85	6.35	5.85				

* Multi-party, ** 4 party

16-Dec-87

NEBRASKA TELEPHONE COMPANIES
Local Exchange Rates

COMPANY	EXCHANGE	B-1	B-2	R-1	R-2	R-4	RR-1	RB-1	S-S

K & M Tel. Co.	Chambers	15.50		12.25					
	Inman	15.50		12.25					
Keystone-Arthur Tel. Co.	Keystone	14.50	13.00	11.50	10.00		**11.50		
	Lemoine	14.50	13.00	11.50	10.00		**11.50		
Lincoln Tel. & Tel. Co.	Group A	17.55	13.95	6.85	6.05		9.90	20.25	
	Group B	22.05	17.60	7.70	6.85		10.50	25.45	
	Group C	24.05	19.25	8.05	7.15		10.60	27.70	
	Group D	26.50	21.20	8.50	7.60		10.90	30.25	
	Group E	28.10	22.75	8.95	8.05		11.10	32.10	
	Group F	33.00	27.85	9.35	8.45		11.50	37.70	
Neb. Central Tel. Co.	Ansley	19.00		10.75	5.65	4.65		**9.15	
	Arcadia	16.25		9.25	5.15	4.15		**8.15	
	Comstock	19.00		10.75	5.65	4.65		**9.15	
	Gibbon	19.00		10.75	6.15	5.15		**10.15	
	Sargent	19.00		10.75	6.15	5.15		**10.15	
	Shelton	19.00		10.75	6.15	5.15		**10.15	
Northeast Neb. Tel. Co.	Bartlett	7.75		5.25					
	Clearwater	7.75		5.25					
	Coleridge	7.75		5.25					
	Craig	8.00		6.25					
	Dixon	7.75		5.25					
	Jackson	7.75		5.25					
	Linwood	9.25		6.25					
	Martinsburg	7.75		5.25					
	Newcastle	7.75		5.25					
	Obert	7.75		5.25					
	Prague	9.25		6.25					
	Weston	9.25		6.25					
Northwestern Bell Tel. Co.	Group A	37.55		14.90	12.90		20.65	43.30	
	Group B	36.40		14.10	12.10		19.85	42.15	
Petersburg Tel. Co.	Petersburg	17.50		15.00					
Pierce Tel. Co., Inc.	Hoskins	16.10		11.10					
	Pierce	16.10		11.10					
Plainview Tel. Co.	Plainview	12.50		6.00			10.25	11.75	
Rock County Tel. Co.	Bassett	15.65		9.65	9.15		*8.65	*13.65	
	Newport	15.65		9.65	9.15		*8.65	*13.65	
Rodeo Tel., Inc.	Burwell	17.05		11.20					
	Erickson	17.05		11.20					
	North Loup	17.05		11.20					
	Scotia	17.05		11.20					

* Multi-party, ** 4 party

16-Dec-87

NEBRASKA TELEPHONE COMPANIES
Local Exchange Rates

COMPANY	EXCHANGE	B-1	B-2	R-1	R-2	R-4	RR-1	RB-1	S-S
	Taylor	17.05		11.20					
Southeast Neb. Tel. Co.	Falls City	27.50		10.50	9.75		**9.50		
	Tri-City	27.50		10.50	9.75		**9.50		
Stanton Tel. Co., Inc.	Stanton	17.50		14.50					
Three River Telco	Johnstown	13.25		9.00					
	Lynch	13.25		9.00					
	Naper	13.25		9.00					
	Springview	13.25		9.00					
	Verdel	13.25		9.00					
United Tel. Co. of the West	Group 1	16.87		8.44		6.75	**10.92	25.37	
	Group 2	17.60		8.80			**11.40	26.10	
	Group 3	20.40		10.20		8.15	**13.21	28.90	
Wauneta Tel. Co.	Wauneta	10.50		7.50					

General Telephone Company of the Midwest:

Group I	Albion, Alma, Amherst, Battle Creek, Beaver City, Bertrand, Bloomington, Brunswick, Duncan, Edison, Franklin, Genoa, Greeley, Heartwell, Hildreth, Leigh, Lindsay, Madison, Miller, Monroe, Naponee, Neligh, Newman Grove, Orchard, Ord, Orleans, Palmer, Platte Center, Pleasanton, Republican City, Riverdale, Stamford, Sumner, Tilden, Wilsonville
Group II	Columbus, Kearney

The Lincoln Telephone & Telegraph Company:

Group A	Adams, Burr, Davenport, Exeter, Guide Rock, Milligan, Nehawka, Tobias
Group B	Bellwood, Brainard, Brock, Brownville, Bruning, Bruno, Burchard, Carleton, Cedar Bluffs, Ceresco, Clatonia, Clay Center, Colon, Cook, Cordova, Crab Orchard, Dawson, Devese, Edgar, Elk Creek, Elmwood, Fairfield, Fairmont, Freind, Grafton, Humboldt, Ithaca, Johnson, Louisville, Mead, Murdock, Nelson, Nemaha, Octavia, Ohioa, Ong, Osceola, Peru, Polk, Rising City, Ruskin, Shickley, Steinauer, Sterling, Stromsburg, Surprise, Swanton, Table Rock, Western, Wilber
Group C	Alexandria, Ashland, Auburn, Avoca, Beaver Crossing, Benedict, Bradshaw, David City, Daykin, DeWitt, Dorchester, DuBois, Dunbar, Dwight, Filley, Garland, Geneva, Gresham, Hardy, Harvard, Hebron, Jansen, Julian, McCool, Otoe, Pawnee City, Plymouth, Shelby, Steele City, Superior, Syracuse, Talmage, Tamora, Tecumseh, Unadilla, Union, Waco, Wahoo, Weeping Water, Wymore, Yutan
Group D	Crete, Fairbury, Milford, Murray, Nebraska City, Plattsmouth, Seward, Sutton, Utica,
Group E	Barneston, Beatrice, Glenvil, Hansen, Hastings, Juniata, Kenesaw, Liberty
Group F	Alvo-Eagle, Bennet, Cortland, Davey, Denton, Douglas, Firth, Greenwood, Hallam, Hickman, Lincoln, Malcolm, Martell, Palmyra, Panama, Pleasant Dale, Raymond, Valparaiso, Waverly

Northwestern Bell Telephone Company:

Group A	Allen, Bennington, Chadron, Creston, Dakota City, Elkhorn, Fremont, Grand Island, Gretna, Humphrey, Laurel, Norfolk, North Platte, Omaha, Pilger, South Sioux City, Springfield, Valley, Wakefield, Waterbury, Waterloo, Winside
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* Multi-party, ** 4 party

NEBRASKA TELEPHONE COMPANIES
Local Exchange Rates

COMPANY	EXCHANGE	B-1	B-2	R-1	R-2	R-4	RR-1	RB-1	S-S
=====									
Group B	Ainsworth, Alliance, Ashton, Atkinson, Atlanta, Axtell, Belgrade, Big Springs, Boelus, Bridgeport, Bristow, Broken Bow, Brule, Butte, Cairo, Cedar Rapids, Central City, Clarkson, Cody, Crawford, Crookston, Culbertson, Dannebrog, Decatur, Elba, Elm Creek, Elwood, Emerson, Farnam, Farwell, Fullerton, Gordon, Gothenburg, Harrison, Holdrege, Homer, Howells, Lexington, Litchfield, Long Pine, Loomis, Loup City, Lyons, McCook, Mason City, Minden, Oakland, Ogallala, O'Neill, Overton, Oxford, Pender, Primrose, Randolph, Ravenna, Rockville, Rushville, St. Libory, St. Paul, Schuyler, Sidney, Silver Creek, Spalding, Spencer, Stratton, Stuart, Tekamah, Trenton, Valentine, Wayne, West Point, Whitney, Wood River								
United Telephone Company of the West:									
Group 1	Bayard, Broadwater, Chappell, Lewellen, Lyman, Minatare, Mitchell, Morrill, Oshkosh, Potter								
Group 2	Kimball								
Group 3	Gering, Scottsbluff								

SERVICE AND RATE QUESTIONNAIRE DATA
1/1/87

Schedule 2

EXCHANGE	COMPANY	C.O.	RATES		ACCESS LINES		TOTAL
			R-1	B-1	RES.	BUS.	
ADAMS	LT&T	SXS	6.85	17.55	320	38	363
AINSWORTH	NWB	X-BAR	13.69	33.45	1229	310	1626
ALBION	GENERAL	SXS	6.80	12.27	1257	323	1627
ALEXANDRIA	LT&T	SXS	8.05	24.05	158	10	170
ALLEN-WATERBURY	NWB	ELEC	13.69	33.45	322	44	375
ALLIANCE	NWB	X-BAR	13.69	33.67	4659	865	5696
ALMA	GENERAL	SXS	6.80	12.27	630	187	848
AMHERST	GENERAL	LEICH	6.80	12.27	260	16	287
ANSELMO	CONSOLIDATED	XY	4.00	6.50	201	12	217
ANSLEY	NEBRASKA CENTRAL	DIGITAL	6.65	11.15	466	58	531
ARAPAHOE	ARAPAHOE	DIGITAL	8.25	13.25	600	126	755
ARCADIA	NEBRASKA CENTRAL	DIGITAL	6.15	10.15	302	47	354
ARCHER	GREAT PLAINS	SXS	12.65	25.35	91	7	103
ARLINGTON	ARLINGTON	XY	8.60	12.80	777	95	890
ARNOLD	GREAT PLAINS	SXS	9.00	12.00	357	105	486
ARTHUR	CONSOLIDATED	XY	7.50	14.50	187	29	221
ASHLAND	LT&T	SXS	8.05	24.05	1611	203	1867
ASHTON	NWB	SXS	13.69	33.45	184	31	230
ATKINSON	NWB	ELEC	13.69	33.67	1071	200	1323
ATLANTA	NWB	SXS	13.69	33.45	94	19	121
AUBURN	LT&T	SXS	8.05	24.05	1840	372	2264
AURORA	HAMILTON	DIGITAL	7.00	9.50	2034	590	2746
AVOCA	LT&T	XY	8.05	24.05	198	15	219
AXTELL	NWB	SXS	13.69	33.45	341	78	449
BANCROFT	GREAT PLAINS	SXS	12.65	25.35	398	64	467
BARNESTON	LT&T	DIGITAL	8.95	28.10	154	10	169
BARTLETT	NORTHEAST NEBRASKA	XY	5.25	7.75	107	33	151
BARTLEY	CAMBRIDGE	XY	5.25	7.50	210	36	249
BASSETT	ROCK COUNTY	XY	9.65	15.65	586	181	785
BATTLE CREEK	GENERAL	SXS	6.80	12.27	626	83	726
BAYARD	UNITED	X-BAR	8.44	16.87	827	118	964
BEATRICE	LT&T	DIGITAL	8.95	28.10	5923	1136	7217
BEAVER CITY	GENERAL	SXS	6.80	12.27	412	82	508
BEAVER CROSSING	LT&T	SXS	8.05	24.05	298	12	316
BEEMER	GREAT PLAINS	SXS	12.65	25.35	414	97	522
BELDEN	EASTERN NEBRASKA	XY	4.50	7.75	110	19	133
BELGRADE	NWB	X-BAR	13.69	33.45	146	12	161
BELLEVUE	NWB	(SEE OMAHA)					
BELLWOOD	LT&T	DIGITAL	7.70	22.05	350	27	383
BENEDICT	LT&T	DIGITAL	8.05	24.05	213	16	232
BENKELMAN	BENKELMAN	DIGITAL	7.50	10.50	919	198	1134
BENNET	LT&T	SXS	9.35	33.00	498	33	541
BENNINGTON	NWB	DIGITAL	15.68	38.83	690	77	781
BERTRAND	GENERAL	SXS	6.80	12.27	510	79	604
BIG SPRINGS	NWB	SXS	13.69	33.45	355	70	466
BLAIR	BLAIR	DIGITAL	10.15	20.80	3211	816	4130
BLOOMFIELD	GREAT PLAINS	ELEC	10.35	13.60	923	177	1111
BLOOMINGTON	GENERAL	LEICH	6.80	12.27	136	9	155

EXCHANGE	COMPANY	C.O.	RATES		ACCESS LINES		TOTAL
			R-1	B-1	RES.	BUS.	
BLUE HILL	GLENWOOD	DIGITAL	8.00	12.00	1953	253	2296
BOELUS	NWB	SXS	13.69	33.45	154	22	185
BRADSHAW	LT&T	DIGITAL	8.05	24.05	210	22	238
BRADY	HOME	XY	4.50	7.25	383	45	430
BRAINARD	LT&T	DIGITAL	7.70	22.05	339	31	375
BREWSTER	CONSOLIDATED	XY	4.00	6.50	93	13	110
BRIDGEPORT	NWB	X-BAR	13.69	33.45	1008	256	1314
BRISTOW	NWB	X-BAR	13.69	33.45	104	12	118
BROADWATER	UNITED	XY	8.44	16.87	161	33	199
BROCK	LT&T	SXS	7.70	22.05	132	9	144
BROKEN BOW	NWB	SXS	13.69	33.45	2065	509	2656
BROWNLEE	CONSOLIDATED	XY	17.00	NONE	82	NONE	83
BROWNVILLE	LT&T	SXS	7.70	22.05	110	45	162
BRULE	NWB	SXS	13.69	33.45	274	65	358
BRUNING	LT&T	SXS	7.70	22.05	249	38	291
BRUNO	LT&T	DIGITAL	7.70	22.05	210	9	224
BRUNSWICK	GENERAL	LEICH	6.80	12.27	207	25	242
BURCHARD	LT&T	SXS	7.70	22.05	162	16	181
BURR	LT&T	SXS	6.85	17.55	104	13	120
BURWELL	RODEO	DIGITAL	11.20	17.05	926	219	1198
BUSHNELL	DALTON	SXS	10.00	11.50	156	28	195
BUTTE	NWB	SXS	13.69	33.45	310	56	375
BYRON	GREAT PLAINS	SXS	12.65	25.35	187	22	218
CAIRO	NWB	SXS	14.55	35.68	485	56	557
CALLAWAY	GREAT PLAINS	SXS	8.50	12.00	428	82	516
CAMBRIDGE	CAMBRIDGE	XY	5.25	7.50	722	163	904
CARLETON	LT&T	DIGITAL	7.70	22.05	104	13	120
CARROLL	EASTERN NEBRASKA	XY	5.25	8.25	263	24	291
CEDAR BLUFFS	LT&T	SXS	7.70	22.05	411	34	450
CEDAR RAPIDS- PRIMROSE	NWB	X-BAR	13.69	33.45	409	59	487
CENTER	GREAT PLAINS	SXS	8.50	12.00	84	37	126
CENTRAL CITY	NWB	SXS	13.69	33.45	1486	321	1855
CERESCO	LT&T	DIGITAL	7.70	22.05	416	42	466
CHADRON	NWB	ELEC	15.19	38.06	2592	529	3289
CHAMBERS	K&M	SXS	12.25	15.50	397	58	466
CHAPMAN	GREAT PLAINS	SXS	12.65	25.35	262	25	297
CHAPPELL	UNITED	SXS	8.44	16.87	608	172	802
CHESTER-HUBBELL- REYNOLDS	GREAT PLAINS	DIGITAL	13.65	26.35	379	62	461
CLARKS	CLARKS	XY	7.50	11.50	395	54	474
CLARKSON	NWB	SXS	13.69	33.45	560	76	646
CLATONIA	LT&T	SXS	7.70	22.05	178	18	201
CLAY CENTER	LT&T	SXS	7.70	22.05	437	102	549
CLEARWATER	NORTHEAST NEBRASKA	XY	5.25	7.75	409	36	452
CODY	NWB	SXS	13.69	33.45	174	34	218
COLERIDGE	NORTHEAST NEBRASKA	XY	5.25	7.75	451	51	512
COLON	LT&T	SXS	7.70	22.05	136	4	142
COLUMBUS	GENERAL	DIGITAL	8.20	14.75	8327	2136	10738
COMSTOCK	NEBRASKA CENTRAL	DIGITAL	6.65	11.15	143	14	160
COOK	LT&T	DIGITAL	7.70	22.05	296	32	332
CORDOVA	LT&T	DIGITAL	7.70	22.05	115	12	134
CORTLAND	LT&T	X-BAR	9.35	33.00	335	12	352
COTESFIELD	GREAT PLAINS	EMS	13.65	26.35	79	6	91
COZAD	COZAD	DIGITAL	5.50	8.50	2026	475	2538

EXCHANGE	COMPANY	C.O.	RATES		ACCESS LINES		TOTAL
			R-1	B-1	RES.	BUS.	
CRAB ORCHARD	LT&T	SXS	7.70	22.05	79	6	88
CRAIG	NORTHEAST NEBRASKA	XY	6.25	8.00	278	14	297
CRAWFORD	NWB	X-BAR	13.69	33.67	833	132	1006
CREIGHTON	GREAT PLAINS	SXS	10.35	13.60	794	129	943
CRESTON	NWB	ELEC	13.69	33.45	249	20	270
CRETE	LT&T	SXS	8.50	26.50	2403	382	2859
CROFTON	GREAT PLAINS	DIGITAL	10.35	13.60	726	102	844
CROOKSTON	NWB	SXS	13.69	33.45	127	16	152
CULBERTSON	NWB	SXS	13.69	33.67	515	66	594
CURTIS	CURTIS	DIGITAL & ELECTRONIC	13.50	17.50	605	138	788
DAKOTA CITY	NWB	(SEE SOUTH SIOUX CITY)					
DALTON	DALTON	SXS	5.00	7.00	276	51	343
DANBURY	HARTMAN	SXS	9.50	NONE	163	NONE	166
DANNEBROG	NWB	SXS	13.69	33.45	283	36	326
DAVENPORT	LT&T	X-BAR	6.85	17.55	301	45	349
DAVEY	LT&T	SXS	9.35	33.00	335	17	357
DAVID CITY	LT&T	SXS	8.05	24.05	1342	252	1651
DAWSON	LT&T	SXS	7.70	22.05	179	21	204
DAYKIN	LT&T	SXS	8.05	24.05	202	20	226
DECATUR	NWB	SXS	13.69	33.45	346	40	393
DENTON	LT&T	SXS	9.35	33.00	282	7	296
DESHLER	GREAT PLAINS	SXS	12.65	25.35	566	85	663
DEWEESE	LT&T	DIGITAL	7.70	22.05	120	6	130
DEWITT	LT&T	SXS	8.05	24.05	400	43	451
DILLER	DILLER	DIGITAL	7.50	8.50	266	22	294
DIX	DALTON	SXS	10.00	11.50	146	21	178
DIXON	NORTHEAST NEBRASKA	XY	5.25	7.75	269	29	304
DODGE	GREAT PLAINS	SXS	13.65	26.35	490	82	581
DONIPHAN	HAMILTON	DIGITAL	6.75	7.75	515	101	690
DORCHESTER	LT&T	SXS	8.05	24.05	374	27	408
DOUGLAS	LT&T	SXS	6.85	17.55	156	15	176
DUBOIS	LT&T	XY	8.05	24.05	182	15	200
DUNBAR	LT&T	SXS	8.05	24.05	253	14	272
DUNCAN	GENERAL	LEICH	6.80	12.27	276	23	316
DUNNING	CONSOLIDATED	XY	4.00	6.50	151	19	182
DWIGHT	LT&T	SXS	8.05	24.05	150	13	169
EAGLE	LT&T	X-BAR	9.35	33.00	645	35	689
EDGAR	LT&T	DIGITAL	7.70	22.05	324	56	386
EDISON	GENERAL	LEICH	6.80	12.27	136	16	160
ELBA	NWB	SXS	13.69	33.45	119	24	151
ELGIN	GREAT PLAINS	DIGITAL	10.35	13.60	634	111	760
ELK CREEK	LT&T	SXS	7.70	22.05	140	11	154
ELKHORN	NWB	ELEC	15.68	38.83	2326	263	2667
ELM CREEK	NWB	SXS	14.55	35.68	544	79	649
ELMWOOD	LT&T	SXS	7.70	22.05	401	43	448
ELWOOD	NWB	SXS	13.69	33.67	846	122	991
EMERSON	NWB	SXS	13.69	33.45	519	72	602
ERICSON	RODEO	DIGITAL	11.20	17.05	162	29	197
EUSTIS	EUSTIS	XY	5.00	8.00	373	64	435
EWING	GREAT PLAINS	XY	9.75	13.00	287	62	358
EXETER	LT&T	DIGITAL	6.85	17.55	388	51	444
FAIRBURY	LT&T	SXS	8.50	26.50	2505	451	3021
FAIRFIELD	LT&T	X-BAR	7.70	22.05	266	44	320
FAIRMONT	LT&T	DIGITAL	7.70	22.05	366	56	428

EXCHANGE	COMPANY	C.O.	RATES		ACCESS LINES		TOTAL
			R-1	B-1	RES.	BUS.	
FALLS CITY	SOUTHEAST NEBRASKA	SXS	10.50	27.50	2633	515	3214
FARNAM	NWB	SXS	13.69	33.45	182	29	220
FARWELL	NWB	SXS	13.69	33.45	133	20	161
FILLEY	LT&T	SXS	8.05	24.05	174	13	190
FIRTH	LT&T	DIGITAL	9.35	33.00	334	33	376
FORT CALHOUN	BLAIR	XY	10.15	20.80	511	78	601
FRANKLIN	GENERAL	SXS	6.80	12.27	662	151	839
FREMONT	NWB	X-BAR	14.55	35.68	11045	2038	13621
FRIEND	LT&T	SXS	7.70	22.05	617	89	720
FULLERTON	NWB	SXS	13.69	33.45	800	147	970
FUNK	GLENWOOD	ELECTRONIC	10.00	13.50	247	20	280
GARLAND	LT&T	SXS	8.05	24.05	186	7	198
GENEVA	LT&T	SXS	8.05	24.05	1232	312	1586
GENOA	GENERAL	SXS	6.80	12.27	582	93	691
GERING	UNITED	DIGITAL	10.20	20.40	3372	635	4038
GIBBON	NEBRASKA CENTRAL	LEICH	7.15	12.15	890	148	1052
GILTNER	HAMILTON	XY	6.00	7.00	282	35	332
GLENVIL	LT&T	X-BAR	8.95	28.10	287	23	325
GORDON	NWB	X-BAR	13.69	33.45	1373	295	1735
GOTHENBURG	NWB	SXS	13.69	33.45	1650	326	2049
GRAFTON	LT&T	SXS	7.70	22.05	114	17	134
GRAND ISLAND	NWB	ELEC	15.44	38.42	16025	3453	22142
GRANT	GREAT PLAINS	XY	9.75	13.00	747	230	995
GREELEY	GENERAL	LEICH	6.80	12.27	297	64	380
GREENWOOD	LT&T	SXS	9.35	33.00	266	20	292
GRESHAM	LT&T	SXS	8.05	24.05	230	22	254
GRETNA	NWB	DIGITAL	15.68	38.83	1254	142	1442
GUIDE ROCK	LT&T	SXS	6.85	17.55	247	30	279
GURLEY	DALTON	SXS	5.00	7.00	143	47	201
HAIGLER	HARTMAN	SXS	9.50	NONE	199	NONE	201
HALLAM	LT&T	SXS	9.35	33.00	193	14	211
HALSEY	CONSOLIDATED	XY	4.00	6.50	72	26	102
HAMPTON	HAMILTON	XY	6.00	7.00	311	61	394
HANSEN	LT&T	SXS	8.95	28.10	258	27	288
HARBINE	DILLER	DIGITAL	7.50	8.50	106	4	113
HARDY	LT&T	SXS	8.05	24.05	152	19	174
HARRISON	NWB	SXS	13.69	33.45	297	65	380
HARTINGTON	HARTINGTON	DIGITAL	7.50	12.00	1039	274	1320
HARVARD	LT&T	DIGITAL	8.05	24.05	512	51	572
HASTINGS	LT&T	DIGITAL	8.95	28.10	9936	2207	12443
HAY SPRINGS	GREAT PLAINS	SXS	13.65	26.35	477	72	559
HAYES CENTER	GREAT PLAINS	XY	9.00	12.75	247	50	303
HEARTWELL	GENERAL	XY	6.80	12.27	89	13	109
HEBRON	LT&T	DIGITAL	8.05	24.05	990	239	1253
HENDLEY	ARAPAHOE	DIGITAL	8.25	13.25	51	5	58
HERMAN	GREAT PLAINS	SXS	12.65	25.35	333	31	370
HICKMAN	LT&T	X-BAR	9.35	33.00	659	52	719
HILDRETH	GENERAL	LEICH	6.80	12.27	304	38	360
HOLBROOK	ARAPAHOE	DIGITAL	8.25	13.25	196	27	227
HOLDREGE	NWB	SXS	13.69	33.45	2768	670	3543
HOMER	NWB	SXS	13.69	33.67	330	45	390
HOOPER	HOOPER	SXS	6.35	8.35	720	134	871
HORDVILLE	HAMILTON	XY	6.50	7.50	117	18	139
HOSKINS	PIERCE	XY	9.00	13.75	309	33	348
HOWELLS	NWB	X-BAR	13.69	33.45	533	71	620

EXCHANGE	COMPANY	C.O.	RATES		ACCESS LINES		TOTAL
			R-1	B-1	RES.	BUS.	
HUBBELL	GREAT PLAINS	(SEE CHESTER)					
HUMBOLDT	LT&T	X-BAR	7.70	22.05	722	118	852
HUMPHREY	NWB	ELEC	13.69	33.45	608	94	725
HYANNIS	CONSOLIDATED	XY	5.25	6.25	514	50	583
IMPERIAL	GREAT PLAINS	XY	9.75	13.00	1281	372	1672
INDIANOLA	GREAT PLAINS	SXS	12.65	25.35	457	75	540
INMAN	K&M	LEICH	12.25	15.50	148	10	160
ITHACA	LT&T	SXS	7.70	22.05	130	10	142
JACKSON	NORTHEAST NEBRASKA	XY	5.25	7.75	377	41	435
JANSEN	LT&T	SXS	8.05	24.05	134	15	152
JOHNSON	LT&T	SXS	7.70	22.05	328	30	362
JOHNSTOWN	THREE RIVER	XY	9.00	13.25	110	13	125
JULIAN	LT&T	SXS	8.05	24.05	78	2	83
JUNIATA	LT&T	X-BAR	8.95	28.10	475	45	534
KEARNEY	GENERAL	DIGITAL	8.20	14.75	10689	2660	13683
KENESAW	LT&T	XY	8.95	28.10	408	42	463
KENNARD	BLAIR	XY	10.15	20.80	265	27	296
KEYSTONE	KEYSTONE-ARTHUR	DIGITAL	11.50	14.50	146	22	184
KILGORE	GREAT PLAINS	SXS	13.65	26.35	80	8	96
KIMBALL	UNITED	SXS	8.80	17.60	1492	529	2057
LAUREL	NWB	ELEC	13.69	33.45	617	108	742
LEBANON	HARTMAN	SXS	9.50	NONE	80	NONE	82
LEIGH	GENERAL	SXS	6.80	12.27	437	61	515
LEMOYNE	KEYSTONE-ARTHUR	DIGITAL	11.50	14.50	292	24	334
LEWELLEN	UNITED	XY	8.44	16.87	295	55	358
LEXINGTON	NWB	SXS	13.69	33.67	3178	734	4073
LIBERTY	LT&T	DIGITAL	8.95	28.10	136	9	149
LINCOLN 15&M STREET	LT&T	ELEC	9.35	33.00	8512	4403	24972
	LT&T	DIGITAL	9.35	33.00	18632	3651	22939
LINCOLN 27&OLD CHENEY	LT&T	ELEC	9.35	33.00	9319	1035	10459
LINCOLN 48&SOUTH	LT&T	DIGITAL	9.35	33.00	19300	2843	22347
LINCOLN 49&WALKER	LT&T	DIGITAL	9.35	33.00	17849	3686	21903
LINCOLN AIR PARK	LT&T	SXS	9.35	33.00	1217	79	1337
LINDSAY	GENERAL	LEICH	6.80	12.27	279	64	361
LINWOOD-MORSE BLUFFS	NORTHEAST NEBRASKA	DIGITAL	6.25	9.25	274	19	301
LITCHFIELD	NWB	SXS	13.69	33.45	231	35	278
LODGEPOLE	DALTON	SXS	5.00	7.00	285	43	327
LONG PINE	NWB	SXS	13.69	33.45	285	45	347
LOOMIS	NWB	SXS	13.69	33.67	288	51	349
LOUISVILLE	LT&T	DIGITAL	7.70	22.05	843	79	940
LOUP CITY	NWB	X-BAR	13.69	33.45	783	140	956
LYMAN	UNITED	X-BAR	8.44	16.87	235	53	296
LYNCH	THREE RIVER	DIGITAL	9.00	13.25	275	46	328
LYONS	NWB	SXS	13.69	33.45	696	127	841
MACY	EASTERN NEBRASKA	DIGITAL	5.75	8.75	62	56	120
MADISON	GENERAL	SXS	6.80	12.27	1051	202	1293
MADRID	CONSOLIDATED TELCO	XY	7.50	9.75	178	41	225
MALCOLM	LT&T	X-BAR	9.35	33.00	395	10	414
MARQUETTE	HAMILTON	DIGITAL	6.00	7.00	294	40	350
MARTELL	LT&T	DIGITAL	9.35	33.00	279	18	305
MARTINSBURG	NORTHEAST NEBRASKA	DIGITAL	5.25	7.75	83	4	89
MASON CITY	NWB	SXS	13.69	33.45	174	25	211
MAXWELL	HOME	XY	4.50	7.25	249	36	288
MAYWOOD	CONSOLIDATED TELCO	XY	11.50	15.75	244	35	284
McCOOK	NWB	X-BAR	13.69	33.67	3835	992	5028

EXCHANGE	COMPANY	C.O.	RATES		ACCESS LINES		TOTAL
			R-1	B-1	RES.	BUS.	
McCOOL	LT&T	X-BAR	8.05	24.05	316	45	365
MEAD	LT&T	SXS	7.70	22.05	286	45	339
MEADOW GROVE	EASTERN NEBRASKA	XY	6.25	9.25	295	29	330
MERNA	CONSOLIDATED	DIGITAL	4.00	6.50	308	30	344
MERRIMAN	GREAT PLAINS	SXS	13.65	26.35	132	21	158
MILFORD	LT&T	X-BAR	8.50	26.50	1048	114	1193
MILLER	GENERAL	LEICH	6.80	12.27	116	13	139
MILLIGAN	LT&T	SXS	6.85	17.55	264	34	301
MINATARE	UNITED	X-BAR	8.44	16.87	992	126	1141
MINDEN	NWB	X-BAR	13.69	33.45	1496	308	1862
MIRAGE FLATS	GREAT PLAINS	SXS	13.65	26.35	141	5	152
MITCHELL	UNITED	X-BAR	8.44	16.87	1220	186	1424
MONROE	GENERAL	LEICH	6.80	12.27	235	36	282
MORRILL	UNITED	SXS	8.44	16.87	883	166	1063
MULLEN	CONSOLIDATED	XY	4.00	6.50	405	91	514
MURDOCK	LT&T	DIGITAL	7.70	22.05	253	18	278
MURRAY	LT&T	X-BAR	8.50	26.50	610	41	662
NAPER	THREE RIVER	DIGITAL	9.00	13.25	209	21	233
NAPONEE	GENERAL	LEICH	6.80	12.27	108	12	129
NEBRASKA CITY	LT&T	SXS	8.50	26.50	3182	640	3928
NEHAWKA	LT&T	SXS	6.85	17.55	199	22	227
NELIGH	GENERAL	SXS	6.80	12.27	930	274	1248
NELSON	LT&T	DIGITAL	7.70	22.05	515	74	539
NEMAHA	LT&T	SXS	7.70	22.05	136	7	145
NEWCASTLE	NORTHEAST NEBRASKA	DIGITAL	5.25	7.75	300	31	340
NEWMAN GROVE	GENERAL	SXS	6.80	12.27	573	91	684
NEWPORT	ROCK COUNTY	XY	9.65	15.65	189	19	213
NIOBRARA	GREAT PLAINS	XY	9.10	12.60	318	82	409
NORFOLK	NWB	ELEC	15.44	38.42	9671	1966	12941
NORTH BEND	GREAT PLAINS	SXS	13.65	26.35	704	124	847
NORTH BURWELL	RODEO	DIGITAL	11.20	17.05	98	7	106
NORTH LOUP	RODEO	DIGITAL	11.20	17.05	274	42	338
NORTH PLATTE	NWB	X-BAR	14.55	35.68	10206	2189	13272
OAKDALE	GREAT PLAINS	DIGITAL	10.35	13.60	188	27	219
OAKLAND	NWB	SXS	13.69	33.67	810	137	970
OBERT	NORTHEAST NEBRASKA	DIGITAL	5.25	7.75	106	7	115
OCONTO	GREAT PLAINS	XY	6.75	10.00	250	38	297
OCTAVIA	LT&T	DIGITAL	7.70	22.05	118	4	125
ODELL	DILLER	DIGITAL	7.50	8.50	337	37	381
OGALLALA	NWB	SXS	13.69	33.45	2500	729	3441
OHIOA	LT&T	SXS	7.70	22.05	162	17	185
OMAHA-BELLEVUE	NWB	ELEC	15.68	38.83	14152	1832	19301
OMAHA-DOUGLAS	NWB	ELEC	15.68	38.83	16811	8191	47581
OMAHA-FORT STREET	NWB	ELEC	15.68	38.83	11471	1254	14814
OMAHA-IZARD STREET	NWB	ELEC	15.68	38.83	28373	3199	34770
OMAHA-O STREET	NWB	ELEC	15.68	38.83	18913	2521	22055
OMAHA-30TH STREET	NWB	DIGITAL	15.68	38.83	21169	1485	23007
OMAHA-78TH STREET	NWB	ELEC	15.68	38.83	11033	1543	15381
OMAHA-84TH STREET	NWB	DIGITAL	15.68	38.83	17883	5285	24622
OMAHA-90TH STREET	NWB	ELEC	15.68	38.83	18251	7740	36049
OMAHA-135TH STREET	NWB	DIGITAL	15.68	38.83	15531	4832	21420
OMAHA-156TH STREET	NWB	ELEC	15.68	38.83	9305	1461	12052
O'NEILL	NWB	X-BAR	13.69	33.67	2166	587	2889
ONG	LT&T	SXS	7.70	22.05	77	6	85
ORCHARD	GENERAL	DIGITAL	6.80	12.27	386	73	473

EXCHANGE	COMPANY	C.O.	RATES		ACCESS LINES		TOTAL
			R-1	B-1	RES.	BUS.	
ORD	GENERAL	SXS	6.80	12.27	1473	402	1918
ORLEANS	GENERAL	SXS	6.80	12.27	323	63	395
OSCEOLA	LT&T	DIGITAL	7.70	22.05	585	131	724
OSHKOSH	UNITED	X-BAR	8.44	16.87	744	201	962
OSMOND	EASTERN NEBRASKA	XY	5.25	8.25	382	111	502
OIOE	LT&T	SXS	8.05	24.05	119	9	132
OVERTON	NWB	SXS	13.69	33.67	381	64	462
OXFORD	NWB	SXS	13.69	33.45	493	128	645
PAGE	GREAT PLAINS	XY	9.75	13.00	185	21	210
PALISADE	GREAT PLAINS	XY	9.00	12.75	303	47	357
PALMER	GENERAL	SXS	6.80	12.27	373	50	437
PALMYRA	LT&T	XY	9.35	33.00	341	31	378
PANAMA	LT&T	SXS	9.35	33.00	187	19	210
PAWNEE CITY	LT&T	X-BAR	8.05	24.05	681	110	804
PAXTON	CONSOLIDATED TELCO	XY	7.50	9.75	404	65	481
PENDER	NWB	SXS	13.69	33.45	854	176	1054
PERU	LT&T	SXS	7.70	22.05	379	33	432
PETERSBURG	PETERSBURG	DIGITAL	15.00	17.50	384	47	439
PHILLIPS	HAMILTON	DIGITAL	6.50	7.50	336	41	404
PICKRELL	LT&T	SXS	8.05	24.05	246	18	269
PIERCE	PIERCE	XY	9.00	13.75	1083	180	1300
PILGER	NWB	ELEC	13.69	33.45	320	42	366
PLAINVIEW	PLAINVIEW	XY	6.00	12.50	932	177	1130
PLATTE CENTER	GENERAL	DIGITAL	6.80	12.27	407	46	463
PLATTSMOUTH	LT&T	DIGITAL	8.50	26.50	3163	363	3602
PLEASANT DALE	LT&T	SXS	9.35	33.00	257	14	279
PLEASANTON	GENERAL	LEICH	6.80	12.27	314	38	380
PLYMOUTH	LT&T	DIGITAL	8.05	24.05	329	42	376
POLK	LT&T	SXS	7.70	22.05	371	40	415
PONCA	GREAT PLAINS	XY	9.00	12.75	524	105	638
POTTER	UNITED	SXS	8.44	16.87	274	52	337
PRAGUE	NORTHEAST NEBRASKA	DIGITAL	6.25	9.25	361	25	393
PRIMROSE	NWB	(SEE CEDAR RAPIDS)					
PURDUM	CONSOLIDATED	XY	4.00	6.50	85	6	93
RAGAN-HUNTLEY	GREAT PLAINS	SXS	13.65	26.35	131	8	144
RANDOLPH	NWB	X-BAR	13.69	33.45	735	91	851
RAVENNA	NWB	SXS	13.69	33.45	928	130	1091
RAYMOND	LT&T	DIGITAL	9.35	33.00	301	7	317
RED CLOUD-RIVERTON	GREAT PLAINS	XY	12.65	25.35	902	186	1107
REPUBLICAN CITY	GENERAL	LEICH	6.80	12.27	252	34	303
REYNOLDS	GREAT PLAINS	(SEE CHESTER)					
RISING CITY	LT&T	X-BAR	7.70	22.05	308	27	339
RIVERDALE	GENERAL	DIGITAL	6.80	12.27	209	20	248
RIVERTON	GREAT PLAINS	(SEE RED CLOUD)					
ROCKVILLE	NWB	SXS	13.69	33.45	79	8	92
ROSALIE	EASTERN NEBRASKA	DIGITAL	5.75	8.75	136	17	155
RUSHVILLE	NWB	SXS	13.69	33.45	659	167	859
RUSKIN	LT&T	SXS	7.70	22.05	151	18	173
ST. EDWARD	GREAT PLAINS	XY	9.00	12.75	542	81	630
ST. LIBORY	NWB	SXS	14.55	35.68	319	17	340
ST. PAUL	NWB	SXS	13.69	33.45	1086	209	1337
SARGENT	NEBRASKA CENTRAL	DIGITAL	7.15	12.15	507	92	608
SCHUYLER	NWB	ELEC	13.69	33.45	2095	331	2503
SCOTIA	RODEO	DIGITAL	11.20	17.05	286	43	335
SCOTTSBLUFF	UNITED	DIGITAL	10.20	20.40	6928	2472	9575

EXCHANGE	COMPANY	C.O.	RATES		ACCESS LINES		TOTAL
			R-1	B-1	RES.	BUS.	
SCRIBNER	GREAT PLAINS	SXS	13.65	26.35	608	104	724
SENECA	CONSOLIDATED	XY	4.00	6.50	72	7	82
SEWARD	LT&T	SXS	8.50	26.50	2528	516	3114
SHELBY	LT&T	DIGITAL	8.05	24.05	455	56	518
SHELTON	NEBRASKA CENTRAL	LEICH	7.15	12.15	613	104	724
SHICKLEY	LT&T	SXS	7.70	22.05	294	49	345
SIDNEY	NWB	X-BAR	13.69	33.45	2930	756	4030
SILVER CREEK	NWB	SXS	13.69	33.45	324	55	392
SNYDER	GREAT PLAINS	SXS	13.65	26.35	249	43	300
SOUTH SIOUX CITY- DAKOTA CITY	NWB	ELEC	15.44	38.42	4659	846	5971
SPALDING	NWB	SXS	13.69	33.45	412	89	520
SPENCER	NWB	X-BAR	13.69	33.45	369	61	451
SPRINGFIELD	NWB	ELEC	15.68	38.83	921	80	1020
SPRINGVIEW	THREE RIVER	DIGITAL	9.00	13.25	362	61	429
STAMFORD	GENERAL	LEICH	6.80	12.27	172	19	202
STANTON	STANTON	DIGITAL	14.50	17.50	839	137	988
STAPLEHURST	CLARKS	XY	9.00	12.50	251	14	274
STAPLETON	GREAT PLAINS	XY	8.50	12.00	208	50	267
STEELE CITY	LT&T	SXS	8.05	24.05	94	4	101
STEINAUER	LT&T	SXS	7.70	22.05	109	13	124
STERLING	LT&T	DIGITAL	7.70	22.05	423	39	468
STOCKHAM	HAMILTON	XY	7.00	9.50	71	7	85
STRATTON	NWB	SXS	13.69	33.45	305	55	373
STROMSBURG	LT&T	DIGITAL	7.70	22.05	730	108	852
STUART	NWB	SXS	13.69	33.67	411	60	484
SUMNER	GENERAL	LEICH	6.80	12.27	174	21	207
SUPERIOR	LT&T	SXS	8.05	24.05	1373	301	1710
SURPRISE	LT&T	DIGITAL	7.70	22.05	85	5	93
SUTHERLAND	GREAT PLAINS	XY	9.00	12.75	596	104	719
SUTTON	LT&T	SXS	8.50	26.50	888	159	1063
SWANTON	LT&T	SXS	7.70	22.05	98	12	114
SYRACUSE	LT&T	X-BAR	8.05	24.05	953	189	1163
TABLE ROCK	LT&T	DIGITAL	7.70	22.05	224	27	255
TALMAGE	LT&T	SXS	8.05	24.05	217	19	242
TAMORA	LT&T	SXS	8.05	24.05	161	17	184
TAYLOR	RODEO	DIGITAL	11.20	17.05	243	32	281
TECUMSEH	LT&T	SXS	8.05	24.05	1102	181	1328
TEKAMAH	NWB	X-BAR	13.69	33.45	1029	226	1284
THEDFORD	CONSOLIDATED	XY	4.00	6.50	204	60	295
TILDEN	GENERAL	SXS	6.80	12.27	604	105	730
TOBIAS	LT&T	SXS	6.85	17.55	142	15	159
TRENTON	NWB	SXS	13.69	33.45	416	89	526
TRI-CITY	SOUTHEAST NEBRASKA	SXS	10.50	27.50	558	39	613
TRUMBULL	HAMILTON	XY	6.00	7.00	148	19	170
TRYON	GREAT PLAINS	XY	9.75	13.00	209	17	231
UEHLING	HOOVER	SXS	6.35	8.35	202	40	247
ULYSSES	CLARKS	XY	7.50	11.50	216	23	242
UNADILLA	LT&T	SXS	8.05	24.05	241	19	267
UNION	LT&T	SXS	8.05	24.05	366	19	391
UTICA	LT&T	DIGITAL	8.50	26.50	427	52	488
VALENTINE	NWB	X-BAR	13.69	33.45	1649	432	2190
VALLEY	NWB	ELEC	15.68	38.83	1458	215	1777
VALPARAISO	LT&T	DIGITAL	9.35	33.00	418	42	467
VENANGO	GREAT PLAINS	XY	8.50	12.00	136	29	174

EXCHANGE	COMPANY	C.O.	RATES		ACCESS LINES		TOTAL
			R-1	B-1	RES.	BUS.	
VERDEL	THREE RIVER	DIGITAL	9.00	13.25	91	5	99
VERDIGRE	GREAT PLAINS	XY	9.00	12.75	430	76	511
VIRGINIA	DILLER	SXS	7.50	8.50	76	9	87
WACO	LT&T	SXS	8.05	24.05	273	21	304
WAHOO	LT&T	DIGITAL	8.05	24.05	1744	353	2145
WAKEFIELD	NWB	ELEC	13.69	33.45	728	97	842
WALLACE	CONSOLIDATED TELCO	XY	7.50	9.75	229	54	292
WALNUT	GREAT PLAINS	XY	10.35	13.60	65	1	70
WALTHILL	EASTERN NEBRASKA	DIGITAL	5.75	8.75	387	88	484
WATERBURY	NWB	(SEE ALLEN)					
WATERLOO	NWB	ELEC	15.68	38.83	538	67	618
WAUNETA	WAUNETA	DIGITAL	7.50	10.50	543	100	647
WAUSA	GREAT PLAINS	XY	9.00	12.75	550	92	651
WAVERLY	LT&T	ELEC	9.35	33.00	933	133	1084
WAYNE	NWB	X-BAR	13.69	33.45	2167	407	2729
WEeping WATER	LT&T	SXS	8.05	24.05	603	121	743
WELLFLEET	CONSOLIDATED TELCO	XY	11.50	15.75	134	19	158
WESTERN	LT&T	DIGITAL	7.70	22.05	233	17	255
WESTON	NORTHEAST NEBRASKA	DIGITAL	6.25	9.25	419	30	458
WEST POINT	NWB	ELEC	13.69	33.45	1858	416	2347
WHITNEY	NWB	X-BAR	13.69	33.67	80	4	85
WILBER	LT&T	X-BAR	7.70	22.05	895	115	1029
WILCOX	GREAT PLAINS	XY	13.65	26.35	217	35	257
WILSONVILLE	GENERAL	ELECTRONIC	6.80	12.27	136	24	167
WINNEBAGO	EASTERN NEBRASKA	DIGITAL	5.75	8.75	219	100	324
WINNETOON	GREAT PLAINS	XY	9.75	13.00	135	9	147
WINSIDE	NWB	ELEC	13.69	33.45	334	31	370
WISNER	GREAT PLAINS	XY	12.65	25.35	828	166	1013
WOLBACH	GREAT PLAINS	SXS	13.65	26.35	219	29	256
WOOD LAKE	GREAT PLAINS	SXS	13.65	26.35	102	4	114
WOOD RIVER	NWB	SXS	14.55	35.68	675	91	792
WYMORE	LT&T	SXS	8.05	24.05	1033	114	1163
WYNOT	GREAT PLAINS	DIGITAL	12.65	25.35	559	55	624
YORK	LT&T	DIGITAL	8.50	26.50	3565	928	4596
YUTAN	LT&T	X-BAR	8.05	24.05	578	30	617

TOTAL ACCESS LINES 588,114 117,984 783,664

38 - COMPANIES

448 - EXCHANGES

457 - CENTRAL OFFICES

Schedule 3

AVERAGE MONTHLY BASIC LOCAL EXCHANGE RATES FOR THE STATE OF NEBRASKA 1986

ALL COMPANIES - 38 448 EXCHANGES

	AVERAGE RATE BY EXCHANGE	AVERAGE WEIGHTED BY ACCESS LINES
R-1	\$ 9.83	\$12.14
B-1	\$22.18	\$31.01

33 SMALLEST COMPANIES* 111 EXCHANGES

	AVERAGE RATE BY EXCHANGE	AVERAGE WEIGHTED BY ACCESS LINES
R-1	\$ 7.78	\$ 8.07
B-1	\$10.93	\$13.25

*Excluding General Telephone Company of the Midwest,
Great Plains Communications Inc., Lincoln Telephone
& Telegraph Company, Northwestern Bell Telephone Company,
and United Telephone Company of the West

Source: Service and Rate Questionnaire Data, 1/1/87,
Nebraska Public Service Commission

CONCLUSION

The Nebraska Public Service Commission has devoted the Communications Department's energy during the past year to implementing L.B. 835 and developing revisions to our rules and regulations to comply with the new act.

The Commission will continue to evaluate the need for changes in the Telecommunications Act in light of the constantly changing industry and regulatory issues, and to address other relevant topics as requested by consumers and the State. The Commission has directed the staff to develop programs for service testing and audits of telecommunication companies.

RECOMMENDATIONS:

1. It is recommended that this commission work with each Senator and his/her staff to keep the Legislature well informed of changes and developments in the telecommunications industry, particularly in light of L.B. 835, and those rates and services which affect the Senator's constituency.
2. It is recommended that any questions or concerns that the Legislature might have regarding the telecommunications industry be forwarded to our new location at:

The Nebraska Public Service Commission
300 The Atrium, 1200 N Street
P.O. Box 94927
Lincoln, Nebraska 68509

3. Specifically, in lieu of the difficulties with L.B. 835, the Commission makes the following recommendations regarding simple amendments which would correct some of the problems encountered in the first six months of implementation of L.B. 835:

A. The standard for rate regulation throughout much of the United States is whether the rates are "fair, just and reasonable." To require that "the Commission may not set any rate or charge below the actual cost of providing such service" is vague, nonmeasurable, and may well result in excessive rates.

Therefore it is recommended that the second portion of the standard be deleted or the term "actual cost" be defined by the Legislature.

B. It is recommended that adequate notification be given by one of the following:

1. Requiring adequate notification to existing customers of new rates for services other than basic local exchange service.
2. Striking the deregulation of rates and services portion of the bill unless competition exists in the affected area.
3. Or at the very least, allowing the Commission to investigate rates based upon complaints by a substantial number of consumers.
4. It is recommended that the Legislature reevaluate the necessity of L.B. 835 in areas where there still exists a monopoly in the state of Nebraska. In today's world, telephone service is still considered to be a necessity. In Nebraska it is tied to each person's welfare, and to the state's own productivity, security and social well-being.

In many areas a natural monopoly still exists. Basic local exchange service is a prime example of a natural monopoly. Technological changes and innovations have been reflected in some competitive markets; however, workable competitive markets are not available in many respects in Nebraska.

The public policy goals achieved by regulation are necessary where there is a monopoly. The appropriate policy for the time period is not easy. This transition period in Nebraska has freed the companies to operate without constraints on its pricing or other market policies, while the company still retains significant monopoly power. This monopoly power can be used or abused in Nebraska.

Having no alternative supplier can put your constituents on a very precarious ledge. The price to customers is going up, to the detriment of Universal Service. Anti-trust laws and activity can be a nightmare to both the industry and to regulators. Deregulation like L.B. 835 has given significant market power to companies who already have a firm base. This risk of distorted market development is very real in Nebraska. Concluding that deregulation (L.B. 835) is the appropriate policy for this transition period is not a position the Nebraska Public Service Commission would have chosen to support.

What this Commission would recommend for the future is implementing a strategy of regulated monopoly service, and deregulating services with workable competitive markets. This theory is not novel and not a concept which the Nebraska Public Service Commission formulated. It is a

workable policy currently in place in several states. There are no clear, easy answers as to which markets are competitive and which ones are not, but at least this solution benefits both the industry and the subscriber.

L.B. 835 may pose some serious public policy questions to the Unicameral in the future. Deregulating telephone service when no competitive markets exist is alarming.

Implementing a strategy in an orderly and efficient manner requires this Commission be given the legislative flexibility to innovate and pursue the needed policy. Currently in the Transportation Committee there is a bill (L.B. 380) introduced by Senator Loran Schmit which would allow the Legislature to develop a regulatory strategy which would be a successful mix of regulation/deregulation.

Managing this transition period with L.B. 835 currently calls for extraordinary efforts on the part of the Commission because of the concerns for the public in these hard economic times. This Commission is dedicated to providing the Nebraska consumer with good service at a reasonable cost. Public utility regulation with respect to entry, rates, services and exit of local exchange carriers, is still very necessary in Nebraska and the Commission warns that the public has been and will be adversely affected by L.B. 835.

Respectfully submitted,

The Nebraska Public Service Commission

Phone Company Wants to Double Rates

Wayne, Neb. (AP) — The Eastern Nebraska Telephone Co. needs to double local service rates in eight towns to approach the rate of return authorized by the Nebraska Public Service Commission, a company spokesman said.

General Manager Michael Jacobson of Blair said the utility is earning 3.1 percent compared with the authorized rate of 7.6 percent.

"Revenues are not sufficient to give us a fair rate of return," Jacobson said Tuesday. "Our rates are very low, in the range of \$4 to \$6, compared to a lot of surrounding towns, where most rates are between \$10 and \$15."

Jacobson commented in an interview at a meeting room, where the company had planned to explain its rate hikes sought in Belden, Carroll, Macy, Meadow Grove, Osmond, Rosalie, Walthill and Winnebago.

Only one customer attended.

Eastern's filing is the first since deregulation of the state's telecommunications industry.

Residential access line rates, which range from \$4.50 in Belden to \$6.25 in Meadow Grove, would rise to \$12.95. Business rates, ranging from \$7.75 in Belden to \$9.25 in Meadow Grove, would increase to \$19.95.

Jacobson said the company's last rate increase was in 1970.

The proposed increase will be reviewed by the Nebraska Public Service Commission because of the number of protests sent by subscribers, commission attorney Chris Dibbern said.

She said the commission has received 50 valid signatures and expects to get the 40 to 50 additional signatures needed to trigger the formal review under a new law passed by the Legislature.

The deadline to submit protests is Aug. 25. Each letter must cite a reason for asking for the review, request relief and include the customer's telephone number, she said.

The new law puts the filing in the commission's hands if 5 percent of the affected subscribers protest, she said. Eastern has about 3,200 telephone access lines.

The commission also can review any rate increase that is above 10 percent.

LT&T to charge 40¢ for dialing 411

Customers to get two free calls a month

Dialing 411 — directory assistance — rather than using the telephone book to find a telephone number will cost extra money beginning Dec. 1.

The Lincoln Telephone & Telegraph Co. will begin charging 40 cents for every directory assistance call to obtain telephone numbers in the Lincoln area or in Nebraska, an LT&T news release said.

Customers will get two free directory assistance calls per month per account. After those free calls, the 40-cent charge will begin and will be summarized on LT&T monthly bills, the release said.

The best way to minimize directory assistance charges is to use the telephone book, said DeLoyd Larsen, LT&T customer services director.

Nearly all residential and business numbers are listed in the official LT&T directory. Customers may obtain additional copies by contacting their local LT&T business office, the news release said.

Larsen also recommended that customers make a note of any new number they obtain from directory assistance to avoid making a second call. The two free calls are provided in order to handle new listings.

The new 40-cent charge for obtaining local numbers and numbers within Ne-

braska should not be confused with existing charges for obtaining out-of-state numbers, the release said. That out-of-state directory assistance charge was part of a federal order and is collected by some of the long distance companies.

In the past the cost of providing directory assistance service has been paid by all telephone customers through their local rates, Larsen said.

"Charging only those who use the service will allow LT&T to keep the rates for local basic service as low as possible," he said.

LT&T will have some exemptions to the new charge. Customers using coin telephones will not be charged. And customers with physical disabilities that prevent them from using the written telephone book are eligible for an exemption.

The new directory assistance charge will affect 93 percent of LT&T customers, including all Lincoln telephone customers, on Dec. 1. The new charge will not begin immediately in 36 of LT&T's 137 exchanges. Those exchanges have older equipment which will be upgraded during the next two years.

Those communities will be informed through an insert in their monthly bill or a letter before the 40-cent directory assistance charge begins.

Ceresco wants to join LT&T, but not if phone rates triple

By Nancy Hicks
of The Lincoln Star

Telephone bills for Ceresco residents would almost triple if the community becomes part of the Lincoln telephone exchange.

But Ceresco residents who want to become a part of the Lincoln exchange are hoping that the Lincoln Telephone Co. will reduce its proposed rates.

"We're hoping that there will be a meeting of minds about rates rather than a hassle about rates," said Dean Swanson, manager of Ernie's, a Ceresco-based furniture store, at the Tuesday meeting of the Nebraska Public Service Commission.

Currently Ceresco residents pay \$7.70 a month for local telephone service. LT&T has indicated that monthly bills would climb to \$22.30 if Ceresco were included in the Lincoln exchange. This is about \$13 above the Lincoln residential monthly rate of \$9.35.

"People have trouble understanding paying \$22," Swanson said.

Ceresco is about 15 miles from Lincoln, but across the county line in Saunders County. Ceresco residents must pay long distance charges to call Lincoln numbers. This is an inconvenience for many people who work, do business and obtain medical services from Lincoln, Swanson said.

Also, two of the three schools that serve Ceresco students are in the Lincoln exchange, creating additional long distance calls, he said. Those two schools are an elementary school in Valparaiso, which is part of the Lincoln exchange, and a junior-senior high school in Lancaster County.

Two Ceresco businessmen came to the commission for advice and found there may be nothing the PSC can do officially to help settle the rate issue.

The new state law deregulating the telephone industry removed that rate control from the commission, Commissioner Duane Gay of Columbus said.

"There's no way we should be reviewing the rates. And we have no authority

to require Lincoln Telephone to provide the service," Gay said.

LB835, the deregulation bill, gives the commission control over local rates and over quality of service. But the Ceresco request — called extended area service — does not fall under commission control, even though there is no competition, Gay said.

Swanson pointed out that communities have no alternatives.

"Local communities have one choice. There is no competition. And we're at their mercy," he said.

LT&T is asking its attorneys to research what control PSC has over extended area service rates. If the attorneys believe that the commission has no control over extended area service, the commission will then ask the attorney general for another opinion, said Commission Chairman Eric Rasmussen.

"I'm not going to take a position today that 835 has negated this. I'm not sure," Rasmussen said.

PSC completes part of proposed rules

Lincoln
Journal

By Ann Harrell
Journal Writer

The Nebraska Public Service Commission has completed the first part of proposed new rules in the state's partial deregulation of the telecommunications industry.

The two proposals finished this month are the first step in rewriting the way the PSC handles telecommunications in Nebraska.

In its 1986 session, the Legislature, with the support of then-Gov. Bob Kerrey, passed LB835, which was hailed as the biggest step any state has made toward deregulation of telephone rates.

Among other provisions, the new law allows Nebraska telephone companies to raise rates up to the amount of their actual costs to provide service without approval from the PSC. If the rate increase is more than 10 percent, the commission could review local exchange rates if a petition were signed by a sufficient portion of subscribers.

Unconstitutional

The PSC and the state attorney general's office challenged the constitutionality of the law. They said it unconstitutionally usurps the PSC's authority and denies citizens due process and a voice in the pricing of rates.

The law was ruled constitutional by the Lancaster County District Court and an appeal is pending before the Nebraska Supreme Court. In the meantime, the PSC is enforcing the new law, which took effect Jan. 1.

The task facing the PSC is to write rules in accordance with LB835 to apply the law. The PSC hired attorney Chris Diberni this year to help guide implementation of LB835.

The PSC divided the task into three parts:

- Rules regarding subscribers, information meetings relating to rate increases and the petition process for protesting rate increases.

- Rules to help define the actual costs

facing telephone companies for reviewing fair and just rates on basic local service, setting deadlines and seeking information in order to make an annual report to the Legislature on the status of the industry, among other things.

- A wrap-up of definitions, implementation rules and other miscellaneous items.

No. 88, No. 89

Copies of the first new rules and regulations written, known as proposed rule and regulation numbers 88 and 89, may be obtained from PSC Executive Secretary Clark Vanskiver. Public hearings are scheduled Sept. 2 in the commission's Lincoln hearing room. The hearing on number 88 will be at 10 a.m. and

on number 89 will be at 1:30 p.m.

Number 88 deals with interexchange telecommunications service; applications; standards; protests against application, when filed; performance bonds; and escrow and advance deposits.

Number 89 deals with rate regulation, notice of rate change, petition notice form on local exchange service, informational meetings, notice filing with the commission, directory published notice, rate change effective date, notifying and validating petitions, valid petition signatures, suspended rates and charges and burden of proof.

The second proposed rule, No. 89, is particularly important to subscribers, as it focuses on how telephone company

customers may protest rate increases.

The first local service rate increase since LB835 took effect was filed with the PSC earlier this month. Eastern Nebraska Telephone Co. wants to more than double local rates in the communities of Belden, Carroll, Macy, Meadow Grove, Osmond, Rosalie, Walthall and Winnebago.

The law maintains the PSC's authority over quality of service and both entry into and exit from service areas.

The commission hopes to finish drafting rules and regulations on the new law by the end of the year, in time to make a report in January to the Legislature regarding the status of the telecommunications industry, as required annually by LB835.