

**STATE OF NEBRASKA
ATTESTATION REVIEW
OF THE
NEBRASKA PUBLIC SERVICE COMMISSION**

JULY 1, 2007 THROUGH JUNE 30, 2008

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Issued on May 19, 2009

NEBRASKA PUBLIC SERVICE COMMISSION

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Independent Accountant's Report

Citizens of the State of Nebraska:

We have reviewed the revenues, expenditures, fixed assets, and payroll of the Nebraska Public Service Commission (Commission) for the period July 1, 2007, through June 30, 2008. The Commission's management is responsible for the Commission's revenues, expenditures, fixed assets, and payroll. We did not obtain a written assertion regarding such matters from management.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the Commission's revenues, expenditures, fixed assets, and payroll. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe the Commission's revenues, expenditures, fixed assets, and payroll are not presented, in all material respects, in conformity with the criteria set forth in the Criteria section.

In accordance with *Government Auditing Standards*, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Commission's revenues, expenditures, fixed assets, and payroll and any fraud and illegal acts that are more than inconsequential that come to our attention during our review. We are also required to obtain the views of management on those matters. We did not perform our review for the purpose of expressing an opinion on the internal control over the Commission's revenues, expenditures, fixed assets, and payroll or on compliance and other matters; accordingly, we express no such opinions.

Our review disclosed certain findings that are required to be reported under *Government Auditing Standards* and certain other matters. Those findings, along with the views of management and the identification of significant deficiencies and material weaknesses, are described below in the Summary of Results. A significant deficiency is a deficiency in internal

control, or combination of deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report data reliably in accordance with the applicable criteria or framework such that there is more than a remote likelihood that a misstatement of the subject matter that is more than inconsequential will not be prevented or detected.

This report is intended solely for the information and use of the Citizens of the State of Nebraska, management of the Commission, others within the Commission, and the appropriate Federal and regulatory agencies; however, this report is a matter of public record, and its distribution is not limited.

Signed Original on File

Mike Foley
Auditor of Public Accounts

Jennifer Person
Audit Manager

May 19, 2009

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Background

The Public Service Commission (Commission) was created in 1906 by a constitutional amendment as the Nebraska State Railway Commission. The name of the Commission was changed to the Nebraska Public Service Commission by a 1972 constitutional amendment. The Commission consists of five members elected in general elections for a term of six years.

The constitutional and statutory powers and duties of the Commission include regulatory authority over certain aspects of the following industries:

- Grain warehouses and grain dealers;
- Manufacturers and sellers of manufactured homes, modular homes, and recreational vehicles;
- Motor transportation carriers of household goods and passengers;
- Natural gas utilities;
- Private water companies;
- Railroads; and
- Telecommunications carriers.

The Commission is composed of its transportation, communications, grain warehouse and dealers, housing and recreational vehicles, natural gas, Universal Service Fund, and wireless enhanced 911 departments.

The Transportation Department regulates the rates, service, territory, safety and insurance of household goods and passenger carriers, as well as, railroad locomotive and track safety.

The Communications Department regulates telephone companies' basic local service rates and access charges, boundary limitations, entry into and out of the Nebraska telecommunications market, and subscriber complaints against telephone companies. The department also has oversight of the operation of the Nebraska Relay Service.

The Grain Warehouse and Dealers Department regulates grain production, including the licensing of grain warehouses and dealers, grain probes and moisture meter testing. Neb. Rev. Stat. § 88-547 (Reissue 2008) allows the Commission to close a warehouse under certain circumstances, and take title to all grain stored in the warehouse at that time in trust for distribution to valid owners, depositors, or storers of grain. On April 4, 2008, the warehouse of Alvo Grain and Feed, Inc. was closed and the Commission took title to all grain in the warehouse.

The Housing and Recreational Vehicle Department regulates the construction of manufactured homes, modular housing units and recreational vehicles through plan review, factory production line inspection, dealer lot inspection, and consumer complaint investigation.

The Natural Gas Department regulates the rate and service quality of investor-owned natural gas public utilities pursuant to the State Natural Gas Regulation Act, Neb. Rev. Stat. §§ 66-1801 to 66-1864 (Reissue 2003, Cum. Supp. 2008), passed by the Nebraska Legislature in 2003.

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The Nebraska Telecommunications Infrastructure and Public Safety (NTIPS) Department is responsible for the administration of the Nebraska Universal Service Fund, the Wireless Enhanced 911 Fund, and the Link-Up and Lifeline programs. The Universal Service Fund was established to ensure all Nebraskans have access to quality telecommunications services at affordable and comparable rates. To accomplish this goal the Commission has created three programs within the Nebraska Universal Service Fund (NUSF): High-Cost Program, which seeks to make telecommunications and information rates generally affordable and comparable across Nebraska; Nebraska Telephone Assistance Program (NTAP) provides discounted rates to qualifying low-income Nebraskans; and the Rural Tele-Health Program, which supports the provision of telecommunications services to a statewide tele-health network.

The Commission, by order and after public hearing, maintained the NUSF surcharge at 6.95 percent of in-state retail telecommunications revenue for fiscal year 2008. The Commission determines assessable services through the use of Federal Communications Commission (FCC) Federal universal service definitions in order to reduce the amount of duplicate administrative work for telecommunications providers. Specific categories of services subject to NUSF are: local service, including connection charges, enhanced services, such as Caller ID, and extended area services; wireless services, including cellular, Personal Communications Service (PCS), and paging; in-state long distance services, including prepaid calling card, operator-assisted, collect, calling card, and private line and; Fixed Interconnected Voice over the Internet Protocol (VoIP) service.

In 1997, the Legislature passed LB 686, authorizing the Commission to create the NUSF. In July of 1999, the collection of the NUSF surcharge by telecommunications companies began. Distribution of NUSF to eligible telecommunications companies began in October 1999. The amount distributed to companies as aid continued to increase through fiscal year 2007. Aid expenditures in fiscal year 2008 decreased approximately \$22 million from fiscal year 2007 due to an overall decrease in the amount allocated through the high cost model and one time NUSF-7 waiver payments made in fiscal year 2007. See **Exhibit A** for NUSF Surcharge Revenue and Aid Expenditures for fiscal years 2000 through 2008. The cash balance in the NUSF had been increasing from fiscal years 2000 through 2003 when surcharge revenues were greater than expenditures. Beginning with fiscal year 2004 expenditures exceeded surcharge revenues causing the cash balance to decrease significantly from fiscal year 2005 through fiscal year 2008. See **Exhibit B** for NUSF Cash Balances at June 30 for fiscal years 2000 through 2008.

The Wireless Enhanced 911 Fund was established to regulate wireless enhanced 911 services, which allows 911 call centers to identify and locate emergency calls originating from wireless phones. Financial assistance is provided to public safety answering points and wireless carriers for the implementation and on-going costs of Phase I and Phase II wireless 911. When Phase I has been implemented a wireless 911 call will come into a public safety answering point with the wireless phone's call back number and the location of the wireless tower that received the call. Phase II allows call-takers to receive both the caller's wireless phone number and their specific location by latitude and longitude. A 50 cent surcharge is collected for each active telephone number or its equivalent, per month. The Wireless Enhanced 911 Fund was created on April 17, 2001. The cash balance in the fund increased each year until fiscal year 2008 when aid expenditures increased. The Commission put a hold on funding new Phase I or Phase II implementations beginning March 2005, through January 2007, while a study was completed

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regarding the consolidation of public safety answering points. Implementations that were underway before March 2005 continued. See **Exhibit C** for surcharge revenue and aid expenditures for fiscal years 2002 through 2008. See **Exhibit D** for cash balances at June 30 for fiscal years 2002 through 2008.

The following table shows the expenditures of the Commission for the period July 1, 2007, through June 30, 2008. NUSF aid expenditures represent 79 percent of the total expenditures of the Commission.

Public Service Commission Expenditures	
Payroll	\$ 3,432,304
Operating	2,114,500
Travel	120,508
Capital Outlay	62,585
Nebraska Universal Service Fund Aid	56,640,902
Enhanced Wireless 911 Aid	8,774,103
Other Aid	482,901
Total	\$ 71,627,803

The Commission's largest source of revenue is the NUSF and Enhanced Wireless 911 surcharges. Other revenues for the period July 1, 2007, through June 30, 2008, as noted in the table below, include proceeds from the sale of grain due to the failure of the Alvo Grain Warehouse, the telephone relay surcharge, investment income, and sales and charges which consist mainly of license fees.

Public Service Commission Revenues	
State General Fund Appropriations	\$ 2,490,217
Federal Grants	2,733
Sales and Charges	1,342,112
Universal Service Fund Surcharge	53,328,600
Enhanced Wireless 911 Surcharge	7,092,416
Telephone Relay Surcharge	1,141,871
Alvo Grain Warehouse & Dealer Trust	1,947,597
Investment Income	1,302,019
Miscellaneous	438,415
Total	\$ 69,085,980

Criteria

The criteria used in this attestation review were State Statutes, Commission Rules and Regulations, the Nebraska State Accounting Manual, and Commission policies.

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Summary of Procedures

Pursuant to Neb. Rev. Stat. § 84-304 (Reissue 2008), the Auditor of Public Accounts (APA) conducted an attestation review of the Commission's revenues, expenditures, fixed assets, and payroll for the period July 1, 2007, through June 30, 2008, in accordance with standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The APA's attestation review consisted of the following procedures:

1. Gained and documented an understanding of the processes and procedures related to the Commission's revenues, expenditures, fixed assets and payroll.
2. Followed up and assessed status of prior year attestation examination findings.
3. Performed analytical procedures of the changes in revenues and expenditures.
4. Reviewed travel and operating expenditures and selected certain transactions for detailed testing.
5. Performed testing of the following related to the Commission's payroll: changes to employees salaries, terminated employees final pay, part-time employees leave and benefits, commuting mileage for Commissioners, sick and vacation leave earnings, and the allocation of payroll costs.
6. Nebraska Universal Service Fund (NUSF)
 - a. Obtained understanding of the high cost model support established in Commission Order NUSF-26 and modified in NUSF-50.
 - b. Obtained detail of surcharge revenues and selected transactions for detailed testing. Testing included verifying correct amount per Commission Order was remitted, amount was remitted timely, and third party audits were completed as required by Commission Order.
 - c. Obtained detail of NUSF aid expenditures and selected transactions for detailed testing. Testing included verifying companies were designated as Nebraska eligible telecommunications carrier, were in compliance with Commission Orders, third party audits were completed as required by Commission Order, and supporting documentation was available for tele-health and lifeline payments.
7. Wireless Enhanced 911 (E911)
 - a. Obtained detail of surcharge revenues and selected transactions for detailed testing. Testing included verifying correct amount per Commission Order was remitted, amount was remitted timely, and third party audits were completed as required by Commission Order.
 - b. Obtained detail of E911 aid expenditures and selected transactions for detailed testing. Testing included verifying supporting documentation was available and in accordance with Commission Orders, funding was for an eligible purpose and was approved by the Commission in a timely manner.
8. Obtained detail of Relay Surcharge Revenues and Alvo Grain Warehouse and Dealer Trust Revenues and selected transactions for detailed testing.

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Summary of Results

The summary of our attestation review noted the following findings and recommendations:

1. Nebraska Universal Service Fund Remittances

The purpose of the Nebraska Telecommunications Universal Service Fund Act is to authorize the Commission to establish a funding mechanism which supplements Federal universal service support mechanisms and ensures that all Nebraskans, without regard to their location, have access to quality telecommunications services at affordable and comparable rates. During fiscal year 2008, the Commission collected \$53,328,600 from the Nebraska Universal Service Fund (NUSF) surcharge.

Title 291 NAC 10-003.02 and 10-003.03 require remittance worksheets to be received by the Commission and remittances to be transferred electronically to the Nebraska State Treasurer no later than the 15th day following the end of a remittance period. According to the Nebraska Telecommunications Infrastructure and Public Safety (NTIPS) Remittance Late-Fee/Administrative Fine Procedures approved by the Commission on October 3, 2006, "An NUSF remittance will be considered late when: An ACH Debit worksheet is not filed or filed incorrectly by the due date, which is the 15th or next business day. An ACH Credit worksheet not filed or filed incorrectly, or if the correct amount is not remitted by the second business day following the due date, which is the 15th or next business day." The late handling fee is \$100 per late remittance. Good internal control requires procedures to ensure all surcharges are collected and all worksheets are filed on time.

Good internal control also requires procedures to ensure payments are processed in a timely manner, compliance with rules and regulations for reporting requirements, all companies providing service in Nebraska are properly remitting the surcharge to the Commission, and all worksheets are remitted.

We noted the following related to the remittance of the NUSF surcharge:

- The Commission did not have procedures to ensure all amounts collected for the NUSF surcharge were remitted to the Commission. Telecommunications companies who register with the Commission receive correspondence from the Commission annually, reminding them of Commission Orders for surcharges and the requirements for remittance; however, the Commission did not contact companies who had registered but had not remitted the surcharge. Forty-two companies were registered with the Commission and did not remit the surcharge during fiscal year 2008. See **Exhibit E**. Without adequate procedures to ensure all companies are properly collecting and remitting the surcharge, there is an increased risk all monies owed to the State are not being collected.
- We noted several instances where the remittance worksheet was not received by the Commission, or the remittance was not transferred to the Nebraska State Treasurer by the 15th day following the end of a remittance period. The number of business days the remittance worksheets or electronic transfers were late ranged from 2 to 308. See

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Exhibit F for more detailed information. Without adequate procedures in place to ensure remittance worksheets and remittance payments are received on time and late fees are properly assessed, there is an increased risk of noncompliance with Commission rules and regulations and Commission policy.

- Telecommunications companies could choose to have the Commission initiate the electronic transfer of funds for the remittance collected; this transfer was initiated by the Commission after the remittance worksheet was received. We noted seven Commission initiated transfers were not timely based on the date the worksheet was received, as noted in the chart below. When Commission initiated transfers are not completed in a timely manner there is an increased risk of loss of State Funds.

Worksheet Received	Debit Created	Number of Business Days Until Debit Created	Amount Due
1/11/2008	6/4/2008	97	\$ 3,322
1/15/2008	2/25/2008	27	\$ 67,018
10/15/2007	11/20/2007	25	\$ 2,856
12/17/2007	1/18/2008	22	\$ 2,204
2/20/2008	3/18/2008	19	\$ 2,495
5/9/2008	6/4/2008	13	\$ 2,869
5/15/2008	6/4/2008	13	\$ 1,255

NOTE: To determine the number of business days, the latter of the worksheet receipt date or the 15th of the month (or next business day) was used as per the debit agreement with the company. The debit agreement states the transfer of funds will not occur until the 15th day of the month.

- When reviewing a listing of surcharges remitted for fiscal year 2008, we noted one company was remitting quarterly when, based on amounts remitted each quarter they should have been remitting monthly. The total surcharges remitted during fiscal year 2008 were \$2,551. Based on the surcharges remitted, total revenues for this company for April 2007 to March 2008 were \$36,704. Title 291 NAC 10-003.01B states, “A telecommunications company whose assessable revenue is less than \$20,000 for a given fiscal year may remit on a quarterly basis to the NUSF.”
- During the review of unusual remittances, we noted one company had not submitted the June 2007 remittance worksheet as of January 28, 2009. After the APA notified the Commission of the missing worksheet, the worksheet was requested and submitted. It was determined that the company had paid the June 2007 surcharge of \$610 on time; however, since there was no corresponding worksheet submitted, the Commission did not know where to apply the remittance. Adequate follow-up was not performed to determine the proper recording of the money received.

We consider this finding to be a significant deficiency in internal control.

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We recommend the Commission implement procedures to ensure all telecommunication companies are remitting the NUSF surcharge. We also recommend the Commission implement procedures to ensure the fine policy in place is being followed. Finally, we recommend the Commission implement procedures to ensure all monies received are deposited in a timely manner.

Commission's Response: The Commission is in the process of implementing an on-line remittance system for carriers required to collect and remit the NUSF and wireless E911 surcharges. The migration of carriers to this new remittance process will commence first quarter of FY 2009-2010. The new remittance system will enhance the ability of the Commission to address the issues identified in the review.

2. Nebraska Universal Service Fund Expenditures

The purpose of the Nebraska Telecommunications Universal Service Fund Act is to authorize the Commission to establish a funding mechanism which supplements Federal universal service support mechanisms and ensures that all Nebraskans, without regard to their location, have access to quality telecommunications services at affordable and comparable rates. NUSF support payments for fiscal year 2008 totalled \$56,640,902; see **Exhibit G** for schedule of payments by payee.

Title 291 NAC 10-004.04 states, "NUSF funding shall be used by telecommunications companies solely for the provision, maintenance and upgrading of facilities and services for which support is intended."

Good internal control and sound business practice require procedures to ensure NUSF support was used in accordance with the Commission's Rules and Regulations and the terms of the NUSF-7 waiver are adequately documented and approved by the Commission.

We noted the following related to NUSF Expenditures:

- The Commission did not have adequate procedures in place to ensure NUSF support was used in accordance with the Commission's Rules and Regulations. The Commission obtained signed letters from each telecommunication company which stated the support was used for the provision, maintenance, and upgrading of facilities and services. The Commission did not obtain an independent third-party attest to the use of the NUSF support by all companies. This finding was noted in our prior attestation examination.
- There was no documentation to support the repayment terms, including the number of years and related interest rate, for one-time payments made to a telecommunications provider under the NUSF-7 waiver program. The amount paid to the company as one-time payments totaled \$22,163,877 during fiscal years 2006 and 2007. The company's repayment is subtracted from the additional waiver funds granted to cover additional costs to the company for the plant improvements, such as depreciation expense and property taxes. The repayment terms used were 120 months and 5% interest.

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Without adequate procedures to ensure the universal service funds are being used solely for the provision, maintenance, and upgrading of facilities and services for which support is intended, there is significant risk that universal service funds are not being used as intended. When repayment terms are not adequately documented there is an increased risk the NUSF-7 waiver payments are not calculated in accordance with the Commission's intentions. We consider this finding to be a significant deficiency in internal control.

We strongly recommend the Commission implement procedures to ensure an independent third-party attest to the use of the universal service funds by all companies. We also recommend the Commission ensure adequate documentation is maintained to support the calculation of waiver payments including the related repayment terms.

Commission's Response: The Commission will continue to examine methodologies to ensure that NUSF support received by carriers is utilized for its intended purposes, including further examination of utilizing third-party attestation audits.

The Commission will review all prior approved waiver grants and ensure that adequate documentation is being maintained.

3. Wireless Enhanced 911 Remittances

The wireless enhanced 911 department regulates wireless enhanced 911 services, which allows 911 call centers to identify and locate emergency calls originating from wireless phones. Financial assistance is provided to public safety answering points and wireless carriers for the implementation and on-going costs of Phase I and Phase II wireless 911. To provide the financial assistance to the public safety answering points and wireless carriers a surcharge is collected for each active telephone number or its equivalent, per month. During fiscal year 2008, the Commission collected \$7,092,416 from the wireless enhanced 911 surcharge.

Good internal control requires procedures to ensure amounts are properly deposited in a timely manner, all money remitted to the Commission is in the correct amount, and all money due to the Commission is received.

We noted the following related to the remittance of enhanced wireless 911 services surcharge:

- The Commission did not have procedures to ensure all amounts collected for the enhanced wireless 911 surcharge were remitted to the Commission. Telecommunications companies who register with the Commission receive correspondence from the Commission annually, reminding them of Commission orders for surcharges and the requirements for remittance; however, the Commission did not contact companies who had registered but had not remitted the surcharge. Twenty wireless companies were registered with the Commission and did not remit the surcharge during fiscal year 2008. See **Exhibit E**. Without adequate procedures to ensure all companies are properly collecting and remitting the surcharge, there is an increased risk all monies owed to the State are not being collected.

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- Telecommunications companies could choose to have the Commission initiate the electronic transfer of funds for the remittance collected; this transfer was initiated by the Commission after the remittance worksheet was received. We noted two Commission initiated transfers were not timely based on the date the worksheet was received. One of the transfers was initiated 32 business days after the receipt of the worksheet; the other was initiated approximately 11 months after receipt of the worksheet. When Commission initiated transfers are not completed in a timely manner there is an increased risk of loss of State Funds.
- A 50 cent surcharge is collected for each active telephone number or its equivalent, per month by the telecommunications companies and subsequently remitted to the Commission. We noted one company reported 11,315 lines collected and remitted \$22,630 in April 2008; an overpayment of \$16,973. The Commission was not aware of the overpayment until the APA selected the remittance for testing. Without procedures to ensure remittances are mathematically correct there is an increased risk of underpayments or overpayments of the surcharge.
- The calculations for the prepaid wireless customer remittances did not appear to be audited. Companies selected a method used to report prepaid wireless surcharges in accordance with Commission Order 911-031 entered June 19, 2007; once the election was made, no other method could be used without prior Commission approval. The third party audit completed for a prepaid wireless company did not appear to address the method used to calculate the surcharge and if it was the method the company had elected and communicated to the Commission. Without procedures to ensure prepaid wireless surcharges are correctly calculated, there is an increased risk all monies owed to the State are not being collected.

We consider this finding to be a significant deficiency in internal control.

We recommend the Commission implement procedures to ensure all telecommunication companies are remitting the appropriate surcharges. We also recommend the Commission ensure all money received is deposited in a timely manner and amounts remitted are mathematically correct. Finally, we recommend the Commission ensure third party audits of companies remitting surcharges related to prepaid wireless customers address the method to be used to calculate prepaid wireless surcharges and ensure the calculation is being performed correctly.

Commission's Response: The Commission is in the process of implementing an on-line remittance system for carriers required to collect and remit the NUSF and wireless E911 surcharges. The migration of carriers to this new remittance process will commence first quarter of FY 2009-2010. The new remittance system will enhance the ability of the Commission to address the issues identified in the review.

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4. Wireless Enhanced 911 Expenditures

The wireless enhanced 911 department regulates wireless enhanced 911 services, which allows 911 call centers to identify and locate emergency calls originating from wireless phones. Financial assistance is provided to public safety answering points and wireless carriers for the implementation and on-going costs of Phase I and Phase II wireless 911. The Commission distributed \$8,774,103 in aid to either a public safety answering point (PSAP), wireless service providers (WSP), or to local exchange carriers (LEC) to help in the implementation of their Phase I or Phase II services.

Title 291 NAC 5-005.10c states, “The Commission shall notify each applicant as to the Commission’s decision to approve or disapprove the application within sixty (60) days after (a) the Commission receives the application or (b) receiving additional documentation needed for review of the application as requested by the Commission, whichever date is later.”

Good internal control requires procedures to ensure adequate documentation is maintained to support expenditures including invoices, funding requests, verification of the receipt of equipment or services, and third party review of quarterly reports submitted by telecommunications companies.

We noted the following in our review of wireless enhanced 911 expenditures:

- The Commission did not approve or disapprove funding within 60 days of receiving the fund request or additional documentation for 6 of 25 disbursements tested. Applications for funding went to the Wireless Enhanced 911 Advisory Board before going to the Commission. The Advisory Board met on a quarterly basis causing the approval or disapproval to take longer than 60 days.
- The Commission required the submission of funding requests prior to payments being made. One company was reimbursed \$21,375 for expenses rendered to a PSAP without a funding request being submitted.
- The Commission made payment for funding requests submitted without an original invoice for 2 of 25 expenditures tested. The disbursements were made based off of the contract between a PSAP and the telecommunications companies. The two payments were for \$52,970 and \$71,250.
- One company tested was invoicing for a different amount (\$18 per tower) than what was previously approved by the Commission and in the Commission Order to pay (\$19 per tower). No follow-up had been done to determine the reason for the difference in the amount billed.
- For one payment tested, the Commission paid \$1,200 when the amount due the company was \$760, resulting in an overpayment of \$440.
- The Commission paid telecommunication companies on behalf of PSAPs for implementation of equipment. The PSAP was contacted for verification of the receipt of

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the equipment and services as well as, verification there were no outstanding issues with the telecommunication company prior to the payment of the invoice. However, there was no documentation maintained to support the verification with the PSAP.

- Payments made to a WSP and a LEC were compared to the quarterly reports the companies were required to submit. However, the information on the quarterly reports were not audited to verify accuracy.

Without procedures to ensure payments are in compliance with Commission Rules and Regulations and are adequately supported there is an increased risk of fraud, loss, or misuse of State funds. A similar finding was noted in our prior attestation examination. We consider this finding to be a significant deficiency in internal control.

We recommend the Commission establish procedures to ensure applications are approved or disapproved within 60 days of receiving the required information for funding. We also recommend all payments be adequately supported and all required documentation be on file before making a payment. Finally, we recommend that the Commission establish procedures to ensure the entities receiving the funds have an independent third party audit completed of the quarterly reports on a periodic basis.

Commission's Response: The Commission has, or will make our best effort to address each issue discussed.

5. Relay Surcharge

The purpose of the Telecommunications Relay System Act is to provide a statewide telecommunications relay system and a statewide voucher program for the provision of specialized telecommunications equipment for qualified deaf, hard of hearing, or speech-impaired persons in Nebraska which enables them to communicate twenty-four hours a day, seven days a week, with other persons who use conventional telephone systems. During fiscal year 2008, the Commission collected \$1,141,871 for this purpose.

Neb. Rev. Stat. §86-313 (5) (Reissue 2008) states “The Commission may require an audit of any company collecting the surcharge pursuant to the act.”

Neb. Rev. Stat. §86-313 also states “Each telephone company in Nebraska shall collect from each of the telephone subscribers a surcharge...The proceeds from the surcharge shall be remitted to the commission monthly no later than thirty days after the end of the month in which they were collected together with forms provided by the commission.”

Good internal control requires procedures to ensure the relay surcharge is properly collected and remitted to the Commission and remittances are timely.

We noted the following related to the remittance of the telecommunications relay system surcharge:

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- The Commission had not audited any telecommunication companies who collect and remit the surcharge. Therefore, the Commission was unable to ensure all surcharge amounts were correctly collected by the telecommunication companies and remitted to the Commission. Per discussion with Commission staff, the Commission is in the process of creating an audit plan for the relay surcharge. This finding was noted in our prior attestation examination.
- Telecommunication companies who register with the Commission receive correspondence from the Commission annually, reminding them of Commission orders for surcharges and the requirements for remittance; however, the Commission did not contact companies who had registered but had not remitted the surcharge. The Commission had 51 companies registered, which did not remit the relay surcharge during fiscal year 2008. See **Exhibit E**. This finding was noted in our prior attestation examination.
- Surcharges and the required remittance forms were not received by the Commission monthly no later than 30 days following the end of the month for which the surcharge was collected for 7 of 10 remittances tested. No late fees were charged for the companies who did not remit timely. The number of days late for the remittances ranged from 1 day to 42 days.

Without procedures to ensure all companies are properly collecting and remitting the surcharge per statute, there is an increased risk all monies owed to the State are not collected. We consider this finding to be a significant deficiency in internal control.

We recommend the Commission implement procedures to ensure all monies due for the telecommunications relay system surcharge are collected and remitted by implementing auditing procedures and following up with companies registered who have not remitted. We also recommend the Commission implement procedures to ensure the relay surcharge is remitted in a timely manner in accordance with statute.

Commission's Response: The Commission will address the issues raised and intends to explore the feasibility of utilizing the NUSF on-line remittance system, once fully operational, for the remittance of TRS surcharge revenues.

6. Internal Control Over Revenues

Good internal control requires procedures to safeguard assets and to ensure all money due to the Commission is received and deposited.

We noted several areas where the internal control over money received by the Commission could be improved:

- The Commission did not have adequate procedures in place to ensure all money received was deposited. Two individuals open the mail daily and create a log of money received,

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noting the check number, amount, and associated department. The money received was distributed to the appropriate department where the department entered the information into the Commission's AS400 receipting system. There was no reconciliation of the initial log created by those opening the mail to the amounts actually deposited by the departments.

- The housing and recreational vehicle department did not perform a reconciliation of the pre-numbered seals to ensure all seals are accounted for. One individual was responsible for recording the receipts into the AS400 system, maintaining the seal ledger, and issuing the seals.
- The transportation department did not perform a reconciliation of license plates on hand to those issued to ensure all plates were accounted for and all fees had been received. One individual was responsible for recording the receipts into the AS400 system and issuing license plates.
- A detailed deposit listing was distributed to each department for review and signature when creating the deposit document for the State Treasurer's office. The grain warehouse and dealers department did not compare the actual receipts entered in the AS400 system to the detail deposit listing prior to signing off. Additionally, moisture meter stickers and warehouse receipts were not maintained in a locked cabinet.

When an adequate segregation of duties is not in place over the Commission's revenues, there is an increased risk of fraud, loss, or misuse of State funds. A similar finding was noted in our prior attestation examination. We consider this finding to be a significant deficiency in internal control.

We recommend the Commission implement procedures to establish initial and adequate controls over receipts to ensure all money received by the Commission is deposited. We also recommend the Commission perform periodic reconciliations of all seals issued. Additionally, we recommend there be procedures in place to perform a physical count of license plates and a reconciliation of money received and plates issued.

Commission's Response: The Commission has addressed each issue raised.

7. Payroll

Neb. Rev. Stat. § 81-1320 (Reissue 2008) states "Permanent employees of the State of Nebraska shall be entitled to sick leave with full pay computed at the rate of eight work hours per month for each calendar month of service."

Nebraska Public Service Commission Policy Manual, 3rd Revision, dated December 11, 2007, states "Unless there are exceptional circumstances and the department director and Executive Director gives prior authorization, an employee may not carry over more than twenty-four (24) hours of accumulated compensatory time from one pay period to another."

NEBRASKA PUBLIC SERVICE COMMISSION
ATTESTATION REVIEW

Good internal control requires procedures to ensure payroll posted to the general ledger as intended and no unauthorized changes were made. Good internal control also requires procedures to ensure leave balances and earnings are accurate, amounts added to the Commissioner's taxable income are accurate, and compensatory time balances are within the limits of Commission policy.

We noted the following related to the internal control over payroll:

- There was no independent reconciliation of the payroll register to the payroll posted to the general ledger to ensure no unauthorized changes were made. An independent reconciliation of payroll to the general ledger would help to ensure unauthorized changes to payroll information are not made.
- There was no independent review of leave balances to ensure accuracy. During review of leave earnings for Commission employees, it was noted the sick leave earnings for one employee were not accruing correctly. The employee was shorted 16 hours of sick leave in fiscal year 2008. When an independent review of leave balances and leave earnings is not performed there is an increased risk of noncompliance with State Statutes and unauthorized changes to leave balances.
- The amount added to a Commissioner's taxable income did not agree to the amounts paid as commuting mileage for 1 of 4 Commissioner's tested. NAC Title 291 2-002.02c requires mileage expenses incurred while traveling to and from a Commissioner's residence to the Commission's office in Lincoln to be reported as taxable income. A total of \$9,876 was reimbursed to the Commissioner for commuting mileage while \$9,534 was added to taxable income, for a variance of \$342.
- One individual had access to change employee information, including salary, which was not commensurate with the individual's job duties. When an employee has access to information that is not necessary to perform their job duties there is an increased risk unauthorized changes could be made to the Commission's payroll information.
- Seven employees carried over more than 24 hours of compensatory time from one pay period to another without documented approval of the department director and Executive Director. Balances over 24 hours at December 31, 2007, ranged from 27.91 to 136.25 hours. Without documented approval of compensatory time balances over 24 hours there is an increased risk the Commission is not in compliance with their own policy.

A similar finding was noted in our prior attestation examination.

We recommend the following:

- The Commission implement an independent, documented reconciliation of the payroll register to the general ledger to ensure payroll posted accurately and as expected.

NEBRASKA PUBLIC SERVICE COMMISSION
ATTESTATION REVIEW

- The Commission implement an independent, documented review of leave balances, leave earnings, and adjustments to taxable income to ensure accuracy.
- The Commission perform a periodic review of access to payroll information to ensure access is necessary based on the employee's job duties.
- The Commission ensure documentation is maintained to support the carryover of compensatory time balances in excess of the 24 hours allowed per Commission policy.

Commission's Response: The Commission agrees and issues not yet addressed will be addressed by agency management.

8. Allocation of Expenditures

Good internal control and sound business practice require documentation to support the allocation of expenditures across multiple funds and programs. This should include documentation to support the estimates used are reasonable.

The Commission had several employees whose time was allocated across multiple programs or funds. These allocations were also used when paying other operating expenditures of the Commission. To accumulate the allocation, employees estimated the time spent on the various programs of the Commission. Employees did not track the actual time they spent on each program and no comparison of actual time to the estimates used was completed. Payroll costs for 28 of the Commission's 53 employees at June 30 were allocated across multiple programs or funds. A similar finding was noted in our prior attestation examination.

Without a documented comparison of actual time spent on programs to the amount estimated and charged, there is an increased risk programs or funds of the Commission are being charged the incorrect amount for payroll and other expenditures.

We recommend the Commission implement procedures to ensure the allocation used is reasonable by comparing them to a record of actual time spent on programs by employee.

Commission's Response: Commission management will review and implement a methodology to reconcile time allocations as a part of the agencies budget process.

9. Expenditure Testing

Good internal control and sound business practice require procedures to ensure expenditures are reasonable and are adequately documented. Good internal controls also require contracts for services to have enforceable terms.

We noted the following during testing of the Commission's Expenditures:

NEBRASKA PUBLIC SERVICE COMMISSION
ATTESTATION REVIEW

- The Commission contracted for public information services. The contract did not include an hourly or monthly rate and monthly invoices were not detailed to show what actual services were performed during the billing period. The contract for the services stated the contract was for no more than \$13,000 for July 1, 2007, through June 30, 2008. Additionally, the amount billed was not the same amount each month. Eleven months were billed and paid in fiscal year 2008; eight of them were for \$990 and the others for \$960, \$1,020 and \$1,050; indicating varying levels of service were performed each month.
- The Commission contracted with a vendor to provide consulting services related to Natural Gas rate cases. The contract with the vendor did not include enforceable terms; there was no termination date in the contract. The contract was originally signed in 2006 in relation to a rate case with one natural gas company and was used again in fiscal year 2008 to make payments in relation to a different natural gas company's rate case. A total of \$67,018 was paid to the vendor during fiscal year 2008.
- 1 of 12 expenditures tested was not reasonable and necessary for the Commission. The Commission paid \$195 for monthly parking passes in public garages that were not being used by employees. Employees are offered parking passes in one of three garages near the Commission's office and the fee for the pass is withheld from the employee's paycheck each month. In the case where a position is empty the Commission used State funds to maintain the pass until the position was filled. The Commission paid a total of \$1,330 for parking passes during fiscal year 2008; \$650 from the Enhanced Wireless 911 Fund, \$345 from the State General Fund, and \$335 from the Nebraska Universal Service Fund.

When expenditures are not adequately documented and service contracts do not have enforceable terms, there is an increased risk of overpayment for services.

We recommend the Commission implement procedures to ensure expenditures are adequately documented and are a reasonable use of State funds. We further recommend the Commission ensure contracts are specific and enforceable.

Commission's Response: The Commission has addressed the issues raised.

10. Internal Control over Fixed Assets

Good internal control requires an adequate segregation of duties to ensure no one individual can handle all phases of a transaction from beginning to end.

The same individuals performed all functions related to the Commission's fixed assets, including adding and deleting items and performing the physical inventory. There was no documented independent review of the fixed asset integrity reports or the additions and retirements report. There also was no documented review of the surplus property notification forms used when surplus items. This was noted in our prior attestation examination.

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Without procedures to ensure an adequate segregation of duties over fixed assets there is an increased risk of loss or misuse of the Commission's fixed assets.

We recommend the Commission implement an independent, documented review of fixed asset integrity reports, surplus property notifications, and the additions and retirements report to ensure an adequate segregation of duties over fixed assets.

Commission's Response: The Commission has addressed the issue raised.

Overall Conclusion

The Commission did not have adequate procedures to ensure all telecommunications companies were properly remitting the Nebraska Universal Service Fund, Wireless Enhanced 911, and Relay surcharges. The Commission should implement procedures to follow up with companies registered that are not remitting the surcharges and monitor remittances more closely to ensure they are received in a timely manner.

Additionally, the Commission did not have adequate procedures to ensure NUSF support was used in accordance with the Commission's Rules and Regulations. Adequate documentation was not available to support a NUSF-7 waiver payment and Wireless Enhanced 911 expenditures.

We also noted several areas where the Commission could improve the internal control over money received by the Commission, the payroll process, and the Commission's expenditures.

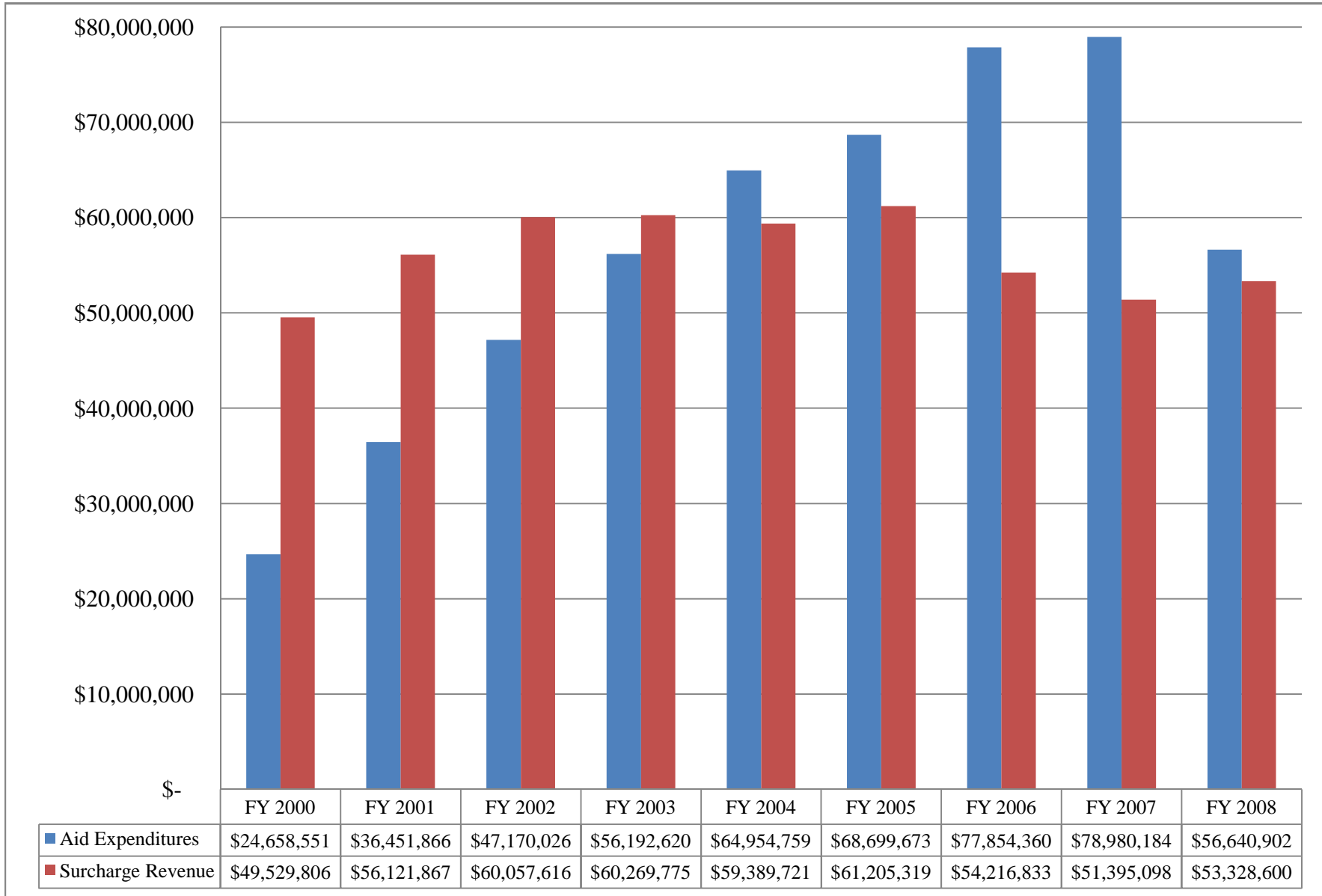
The APA staff members involved in this attestation review were:

Jennifer Person, Audit Manager
Stephanie Todd, Auditor
Christina Wusk, Auditor

If you have any questions regarding the above information, please contact our office.

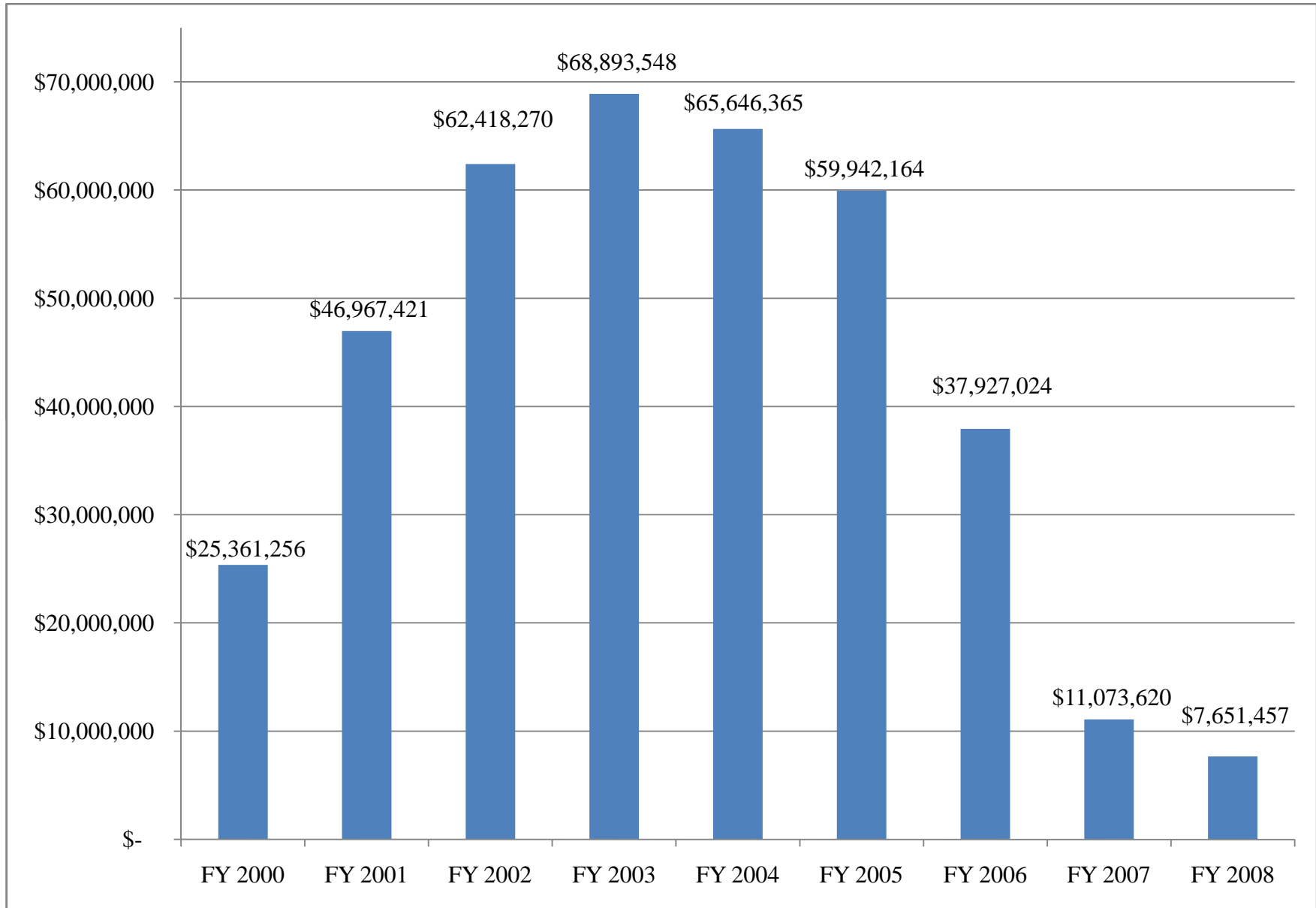
NEBRASKA PUBLIC SERVICE COMMISSION
NEBRASKA UNIVERSAL SERVICE FUND SURCHARGE REVENUE AND AID EXPENDITURES
 For the Fiscal Years 2000 through 2008

Exhibit A



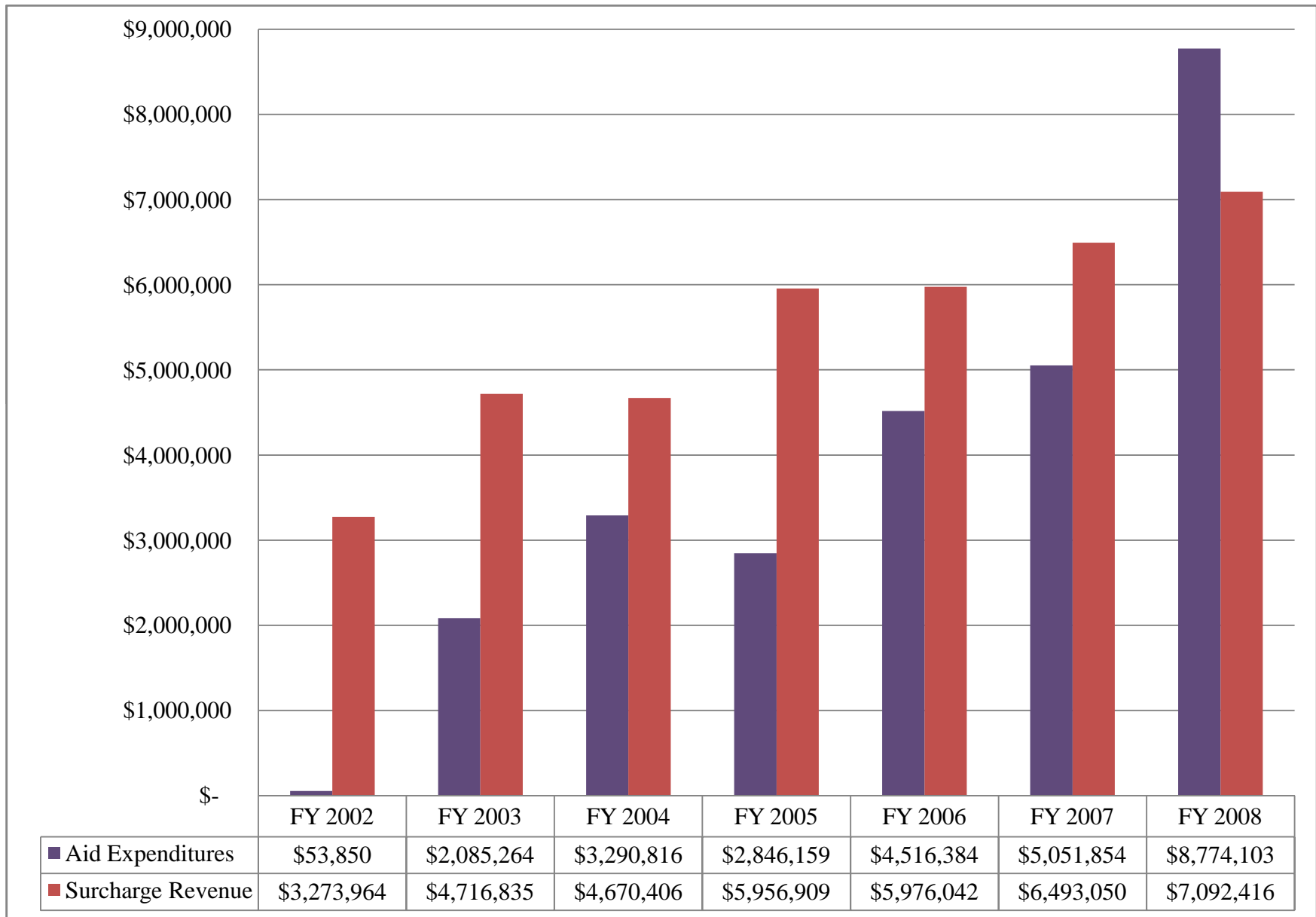
NEBRASKA PUBLIC SERVICE COMMISSION
NEBRASKA UNIVERSAL SERVICE FUND CASH BALANCES AT JUNE 30
For the Fiscal Years 2000 through 2008

Exhibit B



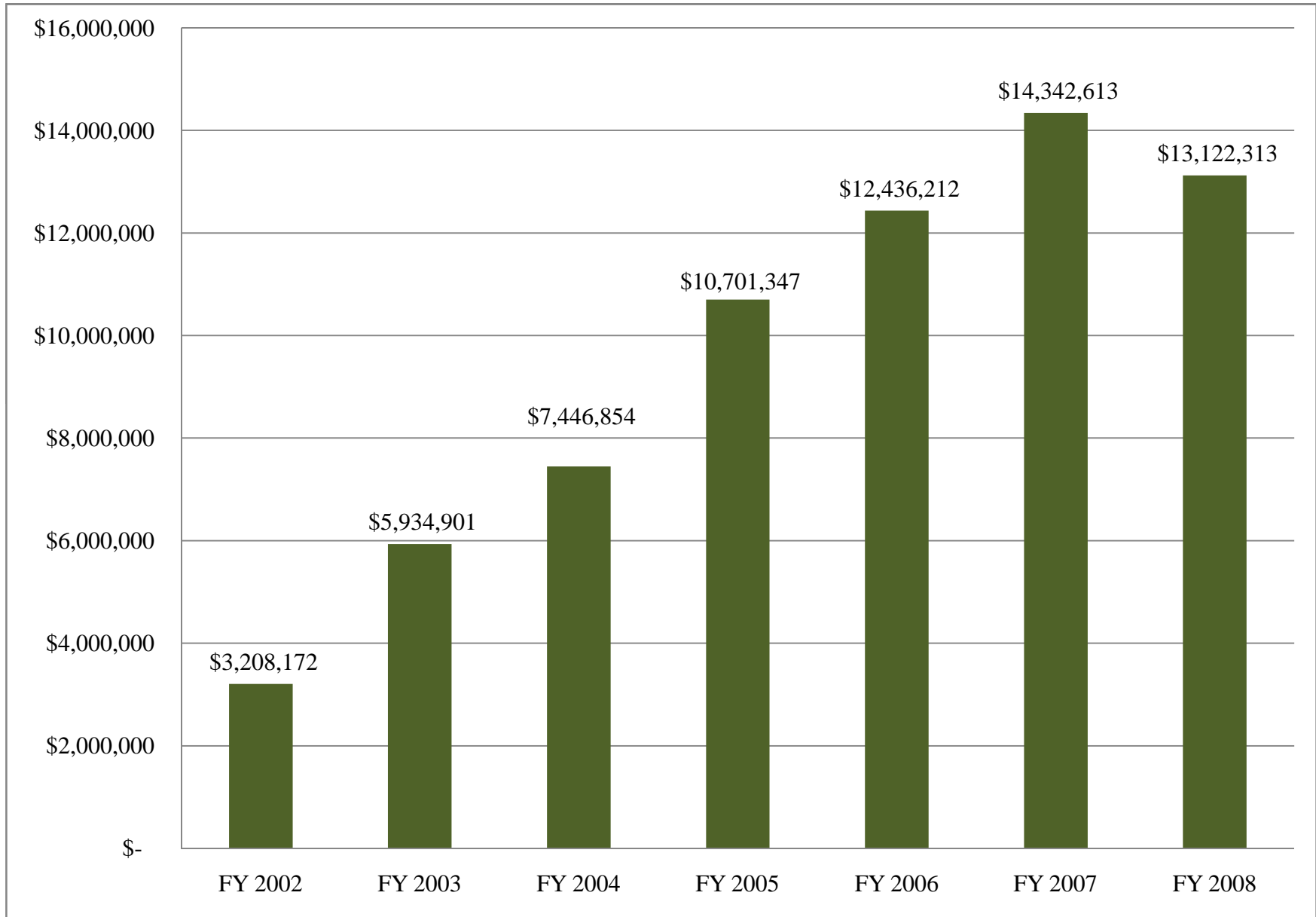
NEBRASKA PUBLIC SERVICE COMMISSION
WIRELESS ENHANCED 911 SURCHARGE REVENUE AND AID EXPENDITURES
 For the Fiscal Years 2002 through 2008

Exhibit C



NEBRASKA PUBLIC SERVICE COMMISSION
WIRELESS ENHANCED 911 FUND CASH BALANCES AT JUNE 30
For the Fiscal Years 2002 through 2008

Exhibit D



NEBRASKA PUBLIC SERVICE COMMISSION
COMPANIES REGISTERED VS. COMPANIES REMITTING SURCHARGES

Exhibit E

Fiscal Year Ending June 30, 2008

Registered Telecommunication and Wireless Companies	Remitting NUSF Surcharge (Y or N)	Remitting Wireless E911 Surcharge (Y or N)	Remitting Relay Surcharge (Y or N)
1-800-RECONEX, Inc	Y	N/A	Y
360networks (USA) , Inc.	Y	N/A	N/A
3U Telecom, Inc.	Y	N/A	N/A
8 x 8, Inc.	Y	N/A	N
800 Response Information Services, LLC	Y	N/A	N/A
Access One, Inc.	N/A	N/A	N/A
Access Point, Inc.	Y	N/A	N/A
AccessLine Communications Corporation	N/A	N/A	N/A
ACN Communication Services, Inc.	Y	N/A	Y
Action Communications, Inc.	Y	N/A	N/A
Advanced Tel, Inc.	N/A	N/A	N/A
Advantage Telecommunications Corp.	Y	N/A	N/A
Aero Communications, LLC	N	N/A	N/A
Affinity Network Inc.	N/A	N/A	N/A
Air Cell, Inc	Y	N	N
Airespring, Inc.	Y	N/A	Y
ALEC, Inc.	N	N/A	N
Alliance Group Services, Inc.	N/A	N/A	N/A
Allo Communications	Y	N/A	Y
Alltel Communications of Nebraska, Inc.	Y	Y	Y
American Fiber Network, Inc.	Y	N/A	N
American Telecommunications Systems, Inc.	N/A	N/A	N/A
Americatel Corporation	Y	N/A	N/A
AmeriVision Communications, Inc.	Y	N/A	N/A
Amp'd Mobile Inc.	N/A	N/A	Y
Andiamo Telecom, LLC	Y	N/A	N/A
Applewood Communications Corporation	Y	N/A	N/A
Applied Communications Technology, Inc.	Y	N/A	Y
Arapahoe Telephone Company	Y	N/A	Y
Arizona Telephony Brokers, L.L.C.	Y	N/A	N/A
Arlington Telephone Company	Y	N/A	Y
Associated Network Partners, Inc.	N/A	N/A	N/A
Association Administrators, Inc.	N/A	N/A	N/A
AT&T	N/A	N/A	N/A
AT&T Communications of the Midwest, Inc.	Y	N/A	Y
AT&T Long Distance	N/A	N/A	N/A
ATCJet.net, LLC	N	N	N
Atrium Wireless Partners, LLC	Y	Y	N
ATX Licensing, Inc.	N/A	N/A	N/A
Aventure Communication Technology, LLC	N/A	N/A	N/A
Azteca Mobile, LLC	N	N	N
Bandwidth.com, Inc.	Y	N/A	N
BCE Nexxia Corporation	Y	N/A	N/A
BCN Telecom, Inc.	Y	N/A	N/A
Bell Atlantic Communications, Inc.	Y	N/A	Y

NEBRASKA PUBLIC SERVICE COMMISSION
COMPANIES REGISTERED VS. COMPANIES REMITTING SURCHARGES

Exhibit E

Fiscal Year Ending June 30, 2008

Registered Telecommunication and Wireless Companies	Remitting NUSF Surcharge (Y or N)	Remitting Wireless E911 Surcharge (Y or N)	Remitting Relay Surcharge (Y or N)
BellSouth Long Distance, Inc.	Y	N/A	N/A
Benkelman Telephone Company	Y	N/A	Y
BetterWorld Telecom, LLC	N/A	N/A	N/A
Big River Telephone Company, LLC	N	N/A	N/A
Blair Telephone Company	Y	N/A	Y
Blue Valley TeleCommunications, Inc.	N	N/A	Y
Broadview Networks, Inc.	N/A	N/A	N/A
BroadWing Communications, L.L.C.	Y	N/A	N/A
Brooking Municipal Utilities	N	N	N
BT Communications Sales, L.L.C.	Y	Y	N/A
Budget Call Long Distance, Inc.	Y	N/A	N/A
BullsEye Telecom, Inc.	Y	N/A	Y
Business Productivity Solutions, Inc.	Y	N/A	N/A
Business Telecom, Inc. (BTI)	Y	N/A	N/A
Cable One, Inc.	N	N/A	N
Cable USA III, LLC	N	N/A	N/A
Cambridge Telephone Company	Y	N/A	Y
Cause Based Commerce, Inc.	Y	Y	N
CenCom, Inc.	N/A	N/A	N/A
CenturyTel Fiber Company II, L.L.C.	N	N/A	N/A
Charter Fiberlink-Nebraska, L.L.C.	Y	N/A	Y
CIMCO Communications, Inc.	Y	N/A	N/A
Cincinnati Bell Any Distance Inc.	Y	N/A	N/A
Citistream Communications, Inc.	N	N/A	N/A
Citizens Telecommunications Company of Nebraska	Y	N/A	Y
Clarks Telecom Long Distance, Inc.	Y	N/A	Y
Clarks Telecommunications Company	Y	N/A	Y
Clear World Communications Corporation	Y	N/A	N/A
Coast International, Inc.	Y	N/A	N/A
Coast To Cost Cellular, Inc.	Y	Y	Y
Comcast Business Communications, Inc.	Y	N/A	N/A
CommPartners, LLC	N	N/A	N/A
CommuniGroup of K.C., Inc.	N/A	N/A	N/A
Community Internet Systems, Inc.	N	N/A	N/A
Comtech 21, L.L.C.	Y	N/A	N
Comtel Telecom Assets LP	Y	Y	Y
Consolidated Communications Enterprise Services, Inc.	N/A	N/A	N/A
Consolidated Long Distance, Inc.	Y	N/A	N/A
Consolidated Telco, Inc.	Y	N/A	Y
Consolidated Telecom, Inc.	Y	N/A	Y
Consolidated Telephone Company	Y	N/A	Y
Consumer Cellular, Incorporated	Y	Y	N
Consumer Telcom, Inc.	N/A	N/A	N/A
Convergia, Inc.	Y	N/A	N/A
Covista, Inc.	Y	N/A	N/A

NEBRASKA PUBLIC SERVICE COMMISSION
COMPANIES REGISTERED VS. COMPANIES REMITTING SURCHARGES

Exhibit E

Fiscal Year Ending June 30, 2008

Registered Telecommunication and Wireless Companies	Remitting NUSF Surcharge (Y or N)	Remitting Wireless E911 Surcharge (Y or N)	Remitting Relay Surcharge (Y or N)
Cox Nebraska Telcom, L.L.C.	Y	N/A	Y
Cozac Wireless, L.L.C	Y	Y	Y
Cozad Telephone Company	Y	N/A	Y
Cricket Communications, Inc.	Y	Y	Y
CTI Long Distance, Inc.	Y	N/A	N/A
Curtis Telephone Company	Y	N/A	Y
Custom Teleconnect, Inc.	Y	N/A	N/A
Dalton Telephone Company	Y	N/A	Y
Dark Fiber Solutions, Inc.	Y	N/A	N/A
DCT Telecom Group, Inc.	Y	N/A	N/A
DeltaCom, Inc.	N/A	N/A	N/A
Deltel, Inc.	Y	N/A	N/A
Dialaround Enterprises, Inc.	N/A	N/A	N/A
DIECA Communications, Inc.	N	N/A	N
Digital ISP Group, Inc.	N/A	N/A	N/A
Digizip.com, Inc.	Y	N/A	N/A
Diller Telephone Company	Y	N/A	Y
Diode Telecom, Inc.	N	N/A	N
DSLnet Communications, L.L.C.	N/A	N/A	N/A
Eastern Nebraska Telephone Company	Y	N/A	Y
Easton Telecom Service, L.L.C.	Y	N/A	N/A
Electric Lightwave, L.L.C.	N/A	N/A	N/A
Elsie Communications, Inc.	Y	N/A	Y
Embarq Communications, Inc.	Y	N	Y
Encartele, Inc.	N/A	N/A	N/A
Enhanced Communications Group, L.L.C.	Y	N/A	N/A
Enhanced Communications Network, Inc.	Y	N/A	N/A
Entrix Telecom, Inc.	Y	N/A	N/A
Ernest Communications, Inc.	Y	N/A	Y
Epixtar Communications Corp	N/A	N/A	N/A
Evercom Systems, Inc.	Y	N/A	N/A
Faith Communications, Inc.	N	N	N
FiberComm, L.C.	Y	N/A	Y
First Communications, LLC	Y	N/A	Y
France Telecom Corporate Solutions, L.L.C.	Y	N/A	Y
Frontier Communications of America, Inc.	Y	N/A	N
Galaxy Cable, Inc.	Y	N/A	N/A
Geneva Broadband, LLC	N/A	N/A	N/A
Glenwood Telephone Membership Corporation	Y	N/A	Y
Global Capacity Group, Inc.	N	N/A	N
Global Connection Inc. of America	N	N/A	N
Global Crossing North American Networks, Inc.	N/A	N/A	N/A
Global Crossing Telecommunications, Inc.	N	N/A	N
Global Crossing Telemanagement, Inc.	N	N/A	N
Globalstar USA, LLC	Y	N	N

NEBRASKA PUBLIC SERVICE COMMISSION
COMPANIES REGISTERED VS. COMPANIES REMITTING SURCHARGES

Exhibit E

Fiscal Year Ending June 30, 2008

Registered Telecommunication and Wireless Companies	Remitting NUSF Surcharge (Y or N)	Remitting Wireless E911 Surcharge (Y or N)	Remitting Relay Surcharge (Y or N)
Global Tel*Link Corporation	Y	N/A	N/A
Go Solo Technologies, Inc.	Y	N/A	N/A
Gold Line Telemanagement, Inc.	Y	N/A	N/A
Golden West Telecom Co-op, Inc.	N	N/A	Y
Granite Telecommunications, L.L.C.	Y	N	N
Great Plains Broadband, Inc.	Y	N/A	Y
Great Plains Communications	Y	N/A	Y
GTC Telecom	Y	N/A	N/A
Hamilton Long Distance Company	Y	N/A	Y
Hamilton Telephone Company	Y	N/A	Y
Hartington Telecommunications Company, Inc.	Y	N/A	Y
Hartman Telephone Exchanges	Y	N/A	Y
HCI Investment Company	N	N/A	N
Hemingford Cooperative Telephone Company	Y	N/A	Y
Henderson Cooperative Telephone Company	Y	N/A	Y
Hershey Cooperative Telephone	Y	N/A	Y
Hooper Telephone Company	Y	N/A	Y
Horizon Telecom, Inc.	Y	N/A	N/A
Houlton Enterprises, Inc.	Y	N/A	Y
HTC Communications, LLC	Y	N/A	N/A
Huntel Cablevision, Inc.	Y	N/A	Y
Hypercube Telecom, LLC	N	N/A	N/A
IBFA Acquisition Company, LLC	N/A	N/A	N/A
IDT America, Corp.	Y	N/A	N/A
iNetworks Group, Inc.	N	N/A	N
Intellicall Operator Services, Inc.	Y	N/A	N/A
International Telecom, Ltd.	Y	N/A	N/A
Inter-Tel Net Solutions, Inc.	Y	N/A	N/A
Intrado Communications, Inc.	N/A	N/A	N/A
Inventive Wireless of Nebraska, LLC	N	N/A	N
Ionex Communications North, Inc.	Y	N/A	Y
Iowa Network Services, Inc.	Y	N/A	N
IP Retail, Inc.	Y	N/A	N/A
I-wireless, LLC	Y	Y	Y
JBN Telephone Company	N	N	Y
K & M Telephone Company	Y	N/A	Y
KDDI America, Inc.	Y	N/A	N
KeyArt Comm., Inc.	Y	N/A	N/A
Keystone-Arthur Telephone Company	Y	N/A	Y
LCR Telecommunications, L.L.C.	Y	N/A	N/A
LDMI Telecommunications, Inc.	Y	N/A	N
Legacy Long Distance International, Inc.	Y	N/A	N/A
Level 3 Communications, LLC	Y	N/A	Y
LH Telecom	N	N/A	N/A
Lightyear Network Solutions, LLC	Y	N/A	Y

NEBRASKA PUBLIC SERVICE COMMISSION
COMPANIES REGISTERED VS. COMPANIES REMITTING SURCHARGES

Exhibit E

Fiscal Year Ending June 30, 2008

Registered Telecommunication and Wireless Companies	Remitting NUSF Surcharge (Y or N)	Remitting Wireless E911 Surcharge (Y or N)	Remitting Relay Surcharge (Y or N)
Long Lines Siouxland, LLC	Y	N/A	Y
Matrix Telecom, Inc.	Y	N/A	Y
McGraw Communications, Inc.	Y	N/A	N/A
MCI Communications Services, Inc.	Y	N/A	N/A
MCImetro Access Transmission Services, L.L.C.	N	N/A	Y
McLeodUSA Telecommunications Services, Inc.	Y	N/A	Y
Metropolitan Telecommunications of Nebraska, Inc.	Y	N/A	Y
Mobilitie, LLC	N	N/A	Y
Mobius Communications Company	Y	N/A	Y
Momentum Telecom, Inc.	N	N/A	N
National Directory Assistance, L.L.C.	Y	N/A	N/A
Nebraska Central Telephone Company	Y	N/A	Y
Nebraska Long Distance Company, L.L.C.	Y	N/A	N/A
Nebraska Supercomm, L.L.C.	Y	N/A	N/A
Nebraska Technology & Telecommunications, Inc. (NT&T)	Y	N/A	Y
Nebraska Wesleyan University	N/A	N/A	N/A
NE Colorado Cellular, Inc.	Y	Y	Y
NECC Telecom, Inc.	N/A	N/A	N/A
Net One International, Inc.	N/A	N/A	N/A
Net Talk.com, Inc.	N/A	N/A	N/A
NetLojix Telecom, Inc.	N/A	N/A	N/A
Network Billing Systems, L.L.C.	N/A	N/A	N/A
Network Communications International Corporation (NCIC)	Y	N/A	N/A
Network Operator Services, Inc.	Y	N/A	N/A
Network US, Inc.	Y	N/A	N/A
Neutral Tandem-Nebraska, LLC	N	N/A	N/A
New Edge Network, Inc.	N	N/A	N/A
New Horizons Communications Corp.	N/A	N/A	N/A
Newcastle Holdings, Inc.	N/A	N/A	N/A
New Cingular Wireless PSC, LLC	Y	Y	Y
Nextel Boost West, LLC	Y	Y	Y
Nextlink Wireless, Inc.	N/A	N/A	N/A
NexUSTel, LLC	N/A	N/A	N/A
NobelTel, LLC	Y	N/A	N/A
Norlight Telecommunications, Inc.	Y	N/A	N/A
Northeast Nebraska Telephone Company	Y	N/A	Y
Northstar Telecom, Inc.	Y	N/A	Y
NOS Communications, Inc.	Y	N/A	Y
NOSVA Limited Partnership	Y	N/A	N/A
NPCR, Inc	Y	Y	Y
Nyecom Teleservices, Inc.	Y	N/A	N/A
NYNEX Long Distance Company	Y	N/A	N/A
Omaha Cellular Telephone Company	Y	Y	Y
OneLink Communications, Inc.	Y	N/A	N/A
OneStar Long Distance, Inc.	Y	N/A	N

NEBRASKA PUBLIC SERVICE COMMISSION
COMPANIES REGISTERED VS. COMPANIES REMITTING SURCHARGES

Exhibit E

Fiscal Year Ending June 30, 2008

Registered Telecommunication and Wireless Companies	Remitting NUSF Surcharge (Y or N)	Remitting Wireless E911 Surcharge (Y or N)	Remitting Relay Surcharge (Y or N)
OnStar Corporation	Y	Y	Y
Onvoy, Inc.	N/A	N/A	N/A
Opcom, Inc.	Y	N/A	N/A
Operator Service Company, L.L.C.	Y	N/A	N/A
Opex Communications, Inc.	Y	N/A	N/A
OrbitCom, Inc.	Y	N/A	Y
PaeTec Communications, Inc.	Y	N/A	N/A
Peetz Cooperative Telephone Company	N	N/A	Y
Pierce Telephone Company, Inc.	Y	N/A	Y
Pinpoint Communications, Inc.	Y	Y	Y
Plainview Telephone Company	Y	N/A	Y
PNG Telecommunications, Inc.	Y	Y	N/A
Prairie Interactive Messaging, Inc.	N	N	N
Precision Technology, Inc.	N	N	N
Primus Telecommunications, Inc.	Y	N/A	N/A
Protel Advantage, Inc.	Y	N/A	N/A
Protocall LLC	N/A	N/A	N/A
Public Communications Services, Inc.	Y	N/A	N/A
QuantumShift Communications, Inc.	Y	N/A	Y
Qwest Communications Corporation	Y	Y	Y
Qwest LD Corp.	Y	N/A	Y
Reduced Rate Long Distance, L.L.C.	Y	N/A	N/A
Reliance Communications International, Inc.	N/A	N/A	N/A
Reliant Communications, Inc.	Y	N/A	N/A
Rivitel Networks, Inc.	N	N	N
Rock County Telephone Company	Y	N/A	Y
RRV Enterprises, Inc.	Y	N/A	N/A
Rural Telephone Service Company, Inc.	N	N/A	N
Sage Telecom, Inc.	Y	N/A	N/A
Sagir, Inc	Y	Y	Y
SDN Communications	N	N	N
Silv Communication, Inc.	Y	N/A	N/A
Sioux City MSA Limited Partnership	Y	Y	N
Sodtown Telephone Company	Y	N/A	Y
Southeast Nebraska Communications, Inc.	Y	N/A	Y
Southwest Communications, Inc.	N/A	N/A	N/A
Sprint Communications Company L.P.	Y	Y	Y
Stanton Telecom, Inc.	Y	N/A	Y
Startec Global Operating Company	Y	N/A	N/A
Sti Prepaid, LLC	Y	N	N
Syniverse Networks, Inc.	N/A	N/A	N/A
Talk America, Inc.	Y	N/A	N/A
TCG Omaha	Y	N/A	Y
TeleBeep, Inc.	Y	N/A	N
Telecom Management, Inc.	Y	N/A	N/A

NEBRASKA PUBLIC SERVICE COMMISSION
COMPANIES REGISTERED VS. COMPANIES REMITTING SURCHARGES

Exhibit E

Fiscal Year Ending June 30, 2008

Registered Telecommunication and Wireless Companies	Remitting NUSF Surcharge (Y or N)	Remitting Wireless E911 Surcharge (Y or N)	Remitting Relay Surcharge (Y or N)
Teleconnect Long Distance Services & Systems Company	N/A	N/A	N/A
Teledias Communications, Inc.	Y	N/A	N/A
TeleManagement Systems, Inc.	N/A	N/A	N/A
Telenational Communications, Inc.	Y	N/A	N/A
TeleUno, Inc.	N/A	N/A	N/A
Telmex USA, LLC	N/A	N/A	N/A
Telrite Corporation	Y	N/A	N/A
Three River Communications, L.L.C.	Y	N/A	Y
Three River Telco	Y	N/A	Y
Time Warner Cable Information Services (Nebraska), L.L.C.	Y	N/A	Y
T-Mobile Central LLC	Y	Y	Y
T-NETIX Telecommunications Services, Inc.	Y	N/A	N
TON Services, Inc.	Y	Y	Y
Total Tele-Page of Nebraska, Inc.	Y	N/A	N
Total Holdings, Inc.	N/A	N/A	N/A
Touch 1 Communications, Inc.	Y	N/A	N/A
TracFone Wireless, Inc.	Y	Y	N
Trans National Communications International, Inc.	Y	N/A	Y
Tri-M Communications, Inc.	Y	N/A	N
TTI National, Inc.	N/A	N/A	N/A
US LEC Communications	Y	N	N
United States Cellular Operating Co. of Greater Iowa	Y	Y	Y
U.S. South Communications, Inc.	N/A	N/A	N/A
U.S. Telecom Long Distance, Inc.	N/A	N/A	N/A
UCN, Inc.	Y	N/A	N
Unite Private Networks, LLC	N/A	N/A	N/A
United American Technology, Inc.	N/A	N/A	N/A
United Telecom Inc.	Y	N/A	N/A
United Telephone Company of the West	Y	N/A	Y
USA Digital Communications, Inc.	Y	N/A	N
V-Global Communications, LLC	N/A	N/A	N/A
Verizon Wireless Messaging Services LLC	Y	N	Y
Verizon Select Services, Inc.	Y	N/A	N/A
Virgin Mobile USA, LP	Y	Y	Y
Voicecom Telecommunications, L.L.C.	Y	N/A	N/A
Wauneta Telephone Company	Y	N/A	Y
Western CLEC Corporation	N/A	N/A	N/A
WDIG Mobile, LLC	Y	Y	Y
WDT World Discount Telecommunicaitons Co.	Y	N/A	N
Wherify Wireless, Inc	N	N	N
Wholesale Carrier Services, Inc.	N	N/A	N/A
Williams Communications, L.L.C.	N/A	N/A	N/A
Windstream Communications of the Midwest, Inc.	Y	N/A	Y
Windstream Nebraska, Inc.	Y	N/A	Y
Working Assets Funding Service, Inc.	Y	Y	Y

NEBRASKA PUBLIC SERVICE COMMISSION
COMPANIES REGISTERED VS. COMPANIES REMITTING SURCHARGES

Exhibit E

Fiscal Year Ending June 30, 2008

Registered Telecommunication and Wireless Companies	Remitting NUSF Surcharge (Y or N)	Remitting Wireless E911 Surcharge (Y or N)	Remitting Relay Surcharge (Y or N)
X2Comm, Inc.	N/A	N/A	N/A
XE Mobile 55, LLC	N	N	N
X-Treme Internet, LLC	N	N	N
XO Communications Services, Inc.	Y	N/A	N/A
Yak Communications Inc.	N/A	N/A	N/A
Yestel, Inc.	Y	N/A	N/A
YMax Communications Corporation	N	N/A	N
Zone Telecom, Inc.	Y	N/A	N/A
Zoom-I-Net Communications, Inc.	N/A	N/A	N/A
Ztar Mobile, Inc.	Y	N	Y

Total Registered and Not Remitting (N's)

42

20

51

Total Companies Registered

325

NEBRASKA PUBLIC SERVICE COMMISSION
LATE NUSF REMITTANCE WORKSHEETS OR REMITTANCE PAYMENTS NOTED
 Fiscal Year Ending June 30, 2008

Exhibit F

Company	Debit or Credit Transaction	Amount Due	Remit Period	Worksheet Due	Worksheet Received	Business Days Late (Worksheet)	Payment Due	Payment Received	Business Days Late (Payment)
Company 1	Credit	\$ 1,578	Jun-07	7/16/2007	7/19/2007	3	7/18/2007	9/7/2007	36
Company 1	Credit	\$ 1,401	Jul-07	8/15/2007	8/31/2007	12	8/17/2007	10/19/2007	43
Company 1	Credit	\$ 1,401	Aug-07	9/17/2007	9/24/2007	5	9/19/2007	10/19/2007	21
Company 1	Credit	\$ 1,930	Sep-07	10/15/2007	10/18/2007	3	10/17/2007	11/14/2007	19
Company 1	Credit	\$ 2,091	Oct-07	11/15/2007	11/13/2007	-	11/19/2007	1/8/2008	32
Company 1	Credit	\$ 2,427	Nov-07	12/17/2007	12/13/2007	-	12/19/2007	1/8/2008	12
Company 1	Credit	\$ 2,506	Dec-07	1/15/2008	1/15/2008	-	1/17/2008	3/11/2008	36
Company 1	Credit	\$ 2,471	Jan-08	2/15/2008	2/12/2008	-	2/20/2008	3/11/2008	14
Company 1	Credit	\$ 3,925	Mar-08	4/15/2008	4/11/2008	-	4/17/2008	4/23/2008	4
Company 2	Credit	\$ 10,635	Apr-08	5/15/2008	5/13/2008	-	5/19/2008	7/21/2008	43
Company 3	Credit	\$ 831	Sep-07	10/15/2007	10/11/2007	-	10/17/2007	11/7/2007	15
Company 3	Credit	\$ 773	Mar-08	4/15/2008	4/15/2008	-	4/17/2008	5/13/2008	17
Company 4	Debit	\$ 2,956	Jun-06	7/17/2006	10/10/2007	308	NA*	NA*	-
Company 4	Debit	\$ 3,003	Aug-07	9/17/2007	9/27/2007	8	NA*	NA*	-
Company 5	Credit	\$ 3,162	May-07	6/15/2007	6/15/2007	-	6/19/2007	12/21/2007	127
Company 5	Debit	\$ 3,231	Sep-07	10/15/2007	10/22/2007	5	NA*	NA*	-
Company 5	Debit	\$ 3,137	Feb-08	3/17/2008	9/24/2008	133	NA*	NA*	-
Company 6	Credit	\$ 95	Jul-07	8/15/2007	8/17/2007	2	8/17/2007	8/16/2007	-
Company 6	Credit	\$ 306	Dec-07	1/15/2008	1/18/2008	3	1/17/2008	1/17/2008	-
Company 7	Credit	\$ 1,140	Mar-08	4/15/2008	4/15/2008	-	4/17/2008	5/12/2008	16
Company 8	Credit	\$ 81,486	Apr-08	5/15/2008	5/13/2008	-	5/19/2008	7/21/2008	44

* These companies remit the surcharge by the debit process in which the Commission initiates the transfer of funds.

NEBRASKA PUBLIC SERVICE COMMISSION
NEBRASKA UNIVERSAL SERVICE FUND SUPPORT PAYMENTS
 Fiscal Year Ending June 30, 2008

Exhibit G

PAYEE/COMPANY	TOTAL NUSF SUPPORT
QWEST CORPORATION	\$ 15,469,573
GREAT PLAINS COMMUNICATIONS	\$ 9,497,463
NEBRASKA TECHNOLOGY & TELECOM	\$ 7,940,437
ALLTEL COMMUNICATIONS**	\$ 5,458,135
NORTHEAST NEBRASKA TELEPHONE	\$ 1,996,081
UNITED TELEPHONE CO OF WEST	\$ 1,899,539
NEBRASKA CENTRAL TELEPHONE CO	\$ 1,693,895
ARLINGTON TELEPHONE CO	\$ 938,306
GLENWOOD TELEPHONE MEMB CORP	\$ 935,305
HEMINGFORD COOPERATIVE	\$ 813,795
CITIZENS TELECOMMUNICATIONS NE	\$ 689,871
ALLO COMMUNICATIONS LLC	\$ 676,322
THREE RIVER TELCO	\$ 644,572
CONSOLIDATED TELEPHONE CO	\$ 636,509
ARAPAHOE TELEPHONE COMPANY	\$ 605,778
SOUTHEAST NE TELEPHONE CO	\$ 475,138
BENKELMAN TELEPHONE CO	\$ 432,631
DALTON TELEPHONE COMPANY INC	\$ 425,391
CURTIS TELEPHONE COMPANY	\$ 396,342
CLARKS TELECOMMUNICATIONS CO	\$ 387,479
MOBIUS COMMUNICATIONS CO	\$ 386,961
KEYSTONE ARTHUR TELEPHONE CO	\$ 377,133
DILLER TELEPHONE CO	\$ 327,660
PINPOINT COMMUNICATIONS, INC	\$ 306,926
HARTMAN TELEPHONE, BENKELMAN	\$ 277,515
HENDERSON COOP TELEPHONE CO	\$ 272,828
CAMBRIDGE TELEPHONE COMPANY	\$ 265,593
WAUNETA TELEPHONE CO	\$ 256,626
PIERCE TELEPHONE COMPANY INC	\$ 253,115
PLAINVIEW TELEPHONE CO	\$ 219,289
COZAD TELEPHONE COMPANY	\$ 196,102
STANTON TELECOM INC	\$ 191,818
ORBITCOM INC	\$ 188,784
ELSIE COMMUNICATIONS INC	\$ 164,663
HARTINGTON TELEPHONE COMPANY	\$ 149,033

**These payments were made to Windstream who took over the landline portion of Alltel in 2006. The State Accounting System has not been updated for the change in name.

NEBRASKA PUBLIC SERVICE COMMISSION
NEBRASKA UNIVERSAL SERVICE FUND SUPPORT PAYMENTS
 Fiscal Year Ending June 30, 2008

Exhibit G

PAYEE/COMPANY	TOTAL NUSF SUPPORT
K & M TELEPHONE CO	\$ 128,943
HOOPER TELEPHONE CO	\$ 115,381
COX COMMUNICATIONS	\$ 112,348
ACTION COMMUNICATIONS INC	\$ 109,271
CONSOLIDATED TELECOM	\$ 78,122
HERSHEY COOP TELEPHONE CO	\$ 68,489
DARK FIBER SOLUTIONS INC	\$ 61,767
GALAXY CABLEVISION	\$ 53,789
DARK FIBER SOLUTIONS	\$ 45,478
BLAIR TELEPHONE CO	\$ 9,314
HAMILTON TELEPHONE COMPANY	\$ 5,098
AMERICAN BROADBAND NEBRASKA CO	\$ 1,980
EASTERN NEBRASKA TELEPHONE COM	\$ 1,138
ROCK COUNTY TELEPHONE CO	\$ 1,085
CONSOLIDATED TELCO INC	\$ 1,068
THREE RIVER COMMUNICATIONS LLC	\$ 979
SODTOWN TELEPHONE CO	\$ 44
GRAND TOTAL	\$ 56,640,902