

In addition, it does strike the sunset for deaveraging, and that means then that telephone companies will be able to continue to average the costs of service and basically be able to provide low-cost service to rural areas. It does wind up being somewhat of a transfer of costs to urban areas, away from the costs of rural areas. But by permitting us to average we really allow for cost-effective rural service, and in this state it's something that we do to make sure that we have good telephone link-ups to the rural sections of the state. In addition, the bill also strikes the sunset for the petition process itself, thereby allowing the Public Service Commission, in the event that there is a petition...where there is an increase in local services, that that petition process may be used to trip a Public Service hearing review, or hearing of the issue. The final element of significance to me is the fact that in the event there is a major windfall of tax savings the telephone industry will need to develop a plan on how they intend to use that windfall revenue, submit that plan to the Public Service Commission, and await their review and approval of such a plan. The trip wire for this review is a 20 percent reduction in any of the tax liabilities that a company may have for any taxable year. The 20 percent figure comes from the Public Service Commission technical staff, and that's the level that they suggest. This did happen to the telephone industry about a year and a half ago, two years ago. There was a major change in federal taxation. In 16 of, I believe, the 18 states in which US West operates, US West was called in, the hearing process was gone through, and rates were dropped to tax...or rather to ratepayers.

PRESIDENT MOUL: One minute.

SENATOR LANDIS: In Nebraska we could not do that since...Madam President, is this a five minute or a ten minute opening?

PRESIDENT MOUL: Five minute on your amendments. You're speaking on the amendments.

SENATOR LANDIS: Thank you. The federal income tax change with respect to telephone companies, in many places there were rate reductions. Nebraska had no mechanism for triggering a rate reduction on this basis, and Nebraska based companies simply received that windfall and used it however they wished to. Some did it for better service, some invested in technological changes. My guess is that some of it went into retained