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Senator Bruning.

SENATOR BRUNING: Mr. President, members, I wanted to talk briefly about the price issue. I've talked to several members about the fact that in Omaha, for example, US West has just raised its rates about \$1.80, and why that's taking place, and that around the state as well, rural incumbent telephone companies are raising their rates as well. And the Speaker spoke well about it and described it eloquently, so I think it made sense to most of us, but I'm going to reiterate just very briefly why this has happened. When your constituents come to you and they say, my rates are going up. Why are my rates going up? Part of the Telecommunications Act in 1996, when the President signed it, on February 8, '96, it said rates must be at cost. There's no way around it, has to be at cost. Now as I mentioned earlier, cost in some areas is going to be higher than cost in other areas. So what the Public Service Commission has done is set up a new...a new regime, a new way of doing things, where those of us in lower cost areas, we...everybody pays a 5 percent tax on their bill, and this 5 percent tax is going to help people in the higher cost areas, generally. Now if you're in a lower cost area, you're in a rural area and your folks have had phone service at \$8 a month for a long time, how have they been able to afford \$8 per month service? How has the company made any money for the last 10 years? Well, it's been access charges, that's how they've made money. Access charges are a hidden subsidy. Remember all the commercials you saw, you call in state from Lexington to Lincoln and the cost is...it does, it costs more to call in state because of access charges. So instead of having a hidden subsidy that your people were paying, for example, Senator Cudaback in Shelton, they're paying a hidden subsidy, now we're just going to put it right out on their phone bill, 5 percent, their rates for local service will go up to cost, and their overall phone bill isn't going to be that much different. But at least now it's all out in the open, and why do we care about getting to cost? What difference does cost make? If we are not at cost, you can't usher in competition. Congress was trying to bring in competition. If you're not at cost, if there's subsidies here and there and you don't really know where they are, they are hidden in the books, hidden in access charges, maybe you've got business rates jacked up to the moon because the business people can afford to pay,