

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

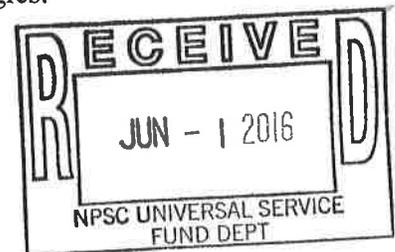
In the Matter of the Nebraska Public Service Commission, on its own motion, to consider revisions to the universal service fund contribution methodology.)
Application No. NUSF- 100)
PI - 193)

**COMMENTS OF
CITIZENS TELECOMMUNICATIONS COMPANY OF NEBRASKA
D/B/A FRONTIER COMMUNICATIONS OF NEBRASKA**

On November 13, 2014, the Nebraska Public Service Commission (the "Commission") opened the above-captioned proceeding to consider revisions to the contribution mechanism of the Nebraska Universal Service Fund ("NUSF"). Comments were filed by parties on February 13, 2015. On April 5, 2016, the Commission issued an *Order Seeking Further Comments* (the "April Order") in this docket. Citizens Telecommunications Company of Nebraska, Inc. d/b/a Frontier Communications of Nebraska ("Frontier") files the following Comments in response to the April Order.

Strategic plan

The April Order laid out the Commission's Strategic Plan for the advancement of universal service in the broadband age. The Commission's description of their plan identified six components. One of those components was titled "Deployment of Fiber-based Network Everywhere", and stated that the Commission's plan will have wireline carriers extend or replace facilities with fiber. While this "fiber to every Nebraskan" approach is a wonderful aspirational goal, from a practical perspective the use of non-fiber technologies will play a very large part in the provision of broadband for the foreseeable future. Copper, coaxial, and wireless technologies are practical and cost-effective means to provide broadband service. The Commission's strategic plan should recognize the continuing use of these technologies, and provide the appropriate support necessary to preserve the service provided via these technologies.



Another component of the plan, titled “Accountability”, noted that mechanisms should be in place to ensure that any support provided under the NUSF is used for its intended purpose. Specifically, the Commission noted that, “Carriers will be required to track and report network investments in Nebraska to coincide with the support amounts provided.” Frontier agrees with the Commission that there should be tracking and reporting requirements in place.

However, the statement just cited, especially its reference only to “investments”, raises a concern. The “intended purpose” of the NUSF is not limited only to the expansion of service to new areas or the deployment of new capabilities brought about by new investment dollars, but also to the preservation and support of existing services. The statutory basis for the NUSF states that the policy of the state is to “preserve and advance universal service”¹. Further, the statute states that there should be sufficient mechanisms in place to “preserve and advance universal service”, and that the funds distributed by the NUSF should encourage the “continued development and maintenance of telecommunications infrastructure”². Carriers are to use the NUSF funding for the “provision, maintenance, and upgrading of facilities and services”³. The Commission’s Universal Service Fund Rules and Regulations also state that funding is to be used for the “provision, maintenance, and upgrading of facilities and services”⁴. Clearly, the legislature did not intend to limit the use of NUSF funding to only supporting new investment, but also intended the funding to be used to preserve existing services through the support of the ongoing provisioning and maintenance costs of those services. The Commission’s plan should clearly recognize that, as well.

Issues for further comment

Under any new connection-based assessment approach, the foundational question is, what is a connection? The April Order approaches this matter in two steps, suggesting two terms identified as “connection” and “assessable service”. Frontier suggests that a combination of these two terms might yield a workable definition: A connection is a wired or wireless link that

¹ Nebraska Statutes, Chapter 86-323.

² Nebraska Statutes, Chapter 86-323(5).

³ Nebraska Statutes, Chapter 86-324(1).

⁴ See also, Nebraska Administrative Code, Title 291, Chapter 10, Rule 04.04.

enables real-time, two-way voice communications and permits users generally to receive calls that originate on the public switched telephone network and to terminate calls to the public switched telephone network. Examples of a connection would include:

- A traditional telephone access line.
- A cellular telephone line.
- An interconnected Voice over Internet Protocol (“VoIP”) line.
- A network access line from a Centrex system.
- Each activated channel on a DS1 or ISDN circuit.

As the Commission notes, carriers are already filing the FCC Form 477, which contains information on connections. Making use of this existing information source would streamline the reporting and administrative burdens of managing the NUSF. Thus, adopting a state definition of a “connection” that is consistent with the FCC’s Form 477 expectations would be efficient, and would allow the Form 477 reports to be used as a basis for NUSF reporting.

The April Order notes that some parties have suggested a sort of equivalency between an assigned telephone number and a connection. In many cases, that correlation might be valid. However, in cases such as a multi-line system of some sort, there may be more telephone numbers assigned to the system than there are actual paths to the public switched network. What ought to be counted as a connection is those actual, simultaneous paths to the public switched network, rather than all the telephone numbers associated with the system.

In creating a new assessment framework, the Commission ought to strive for simplicity and clarity. The April Order raises the possibility of incorporating various kinds of adjustments or factors into the connection counts. For example, differential assessment weights for residence versus business connections or a different assessment factor for wireless as opposed to wireline connections. Frontier would urge the Commission not to engage in these types of arguable and arbitrary complications. Making the process of counting connections as simple and transparent as possible will minimize administrative burdens on both carriers and the Commission, as well as minimizing opportunities for gaming the system.

The April Order also mentions the possibility of some sort of hybrid approach, which would presumably try to meld the current revenue-based approach with a connection-based approach. Such an approach would be complicated both to design and administer, and Frontier

would urge the Commission not to adopt such a plan. Additionally, the possibility of trying to shoehorn special access services into a connection-based framework is mentioned. Again, Frontier would urge the Commission not to adopt this approach.

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Respectfully submitted,

Citizens Telecommunications Company of Nebraska, Inc.
d/b/a Frontier Communications of Nebraska

By: *ls\ Scott Bohler*

Scott Bohler
Manager, Government and External Affairs
Frontier Communications
2378 Wilshire Boulevard
Mound, Minnesota 55364
(952) 491-5534 voice
(952) 491-5515 fax