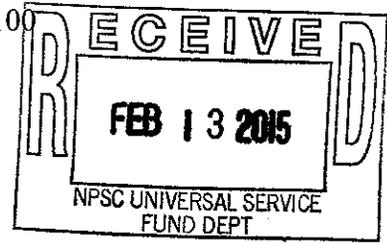


BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

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



**COMMENTS OF COX NEBRASKA TELCOM, LLC**

Cox Nebraska Telcom, LLC (“Cox”) hereby files these comments for the Nebraska Public Service Commission’s (“Commission”) consideration in the above-captioned docket, NUSF-100. These comments are being filed pursuant to the Commission Order entered in Application NUSF-100 on November 13, 2014.

Cox does not receive high-cost support from the Nebraska Universal Service Fund (“NUSF”), but the development of sound processes and procedures regarding the NUSF is critical for all telecommunications companies. Furthermore, Cox is a recipient of NUSF monies to serve low-income customers through the Nebraska Telephone Assistance Program and Cox hopes to become a recipient of NUSF funds from the Nebraska broadband adoption program in the future. Finally, Cox’s customers financially support the NUSF, as Cox collects the NUSF surcharge from its residential and business customers, excluding Lifeline customers. Accordingly, Application NUSF-100 is of importance to Cox and Cox is grateful for the opportunity to submit comments herein.

Cox recently filed comments in Application NUSF-99 supporting the concept that the Commission more closely align the NUSF with the federal Connect America Fund (“CAF”) to establish a higher degree of consistency between the CAF and the NUSF. Similarly, Cox believes it would be prudent for the Commission to harmonize the NUSF contribution methodology with the Federal Universal Service Fund (“FUSF”)

contribution methodology. Accordingly, the Commission should maintain its present NUSF contribution process while the Federal Communications Commission (“FCC”) investigates this same subject.

As the Commission is aware, the FCC is currently assessing the adequacy of FUSF contributions, as there is legitimate concern the present funding mechanism is not sustainable for the long term. The Commission should stay in sync with the FCC’s effort reviewing contribution reform, and not move forward on a faster timeline. The concept suggested in Application NUSF-99 that proposes to better align the NUSF with the federal CAF program should apply to Application NUSF-100 as well.

Cox understands the Commission’s general reluctance to await FCC action, in large part due to the lengthy timelines that typically accompany most federal dockets. However, the FUSF Joint Board’s recommendation on this topic is due before the comment cycle in this proceeding closes.<sup>1</sup> As such, it would be sensible for the Commission to await the outcome of the Joint Board’s recommendations and hold this docket in abeyance, including the submission of Reply Comments until further federal guidance and direction is known.

Furthermore, modifying the contribution base and changing the contribution mechanism are inextricably intertwined. Establishing a new federal contribution base may call for a different contribution mechanism to be utilized at the state level. In other words, changes made by the Commission in Application NUSF-100 may serve to be temporary or interim in nature, and subsequent modifications would be necessary. Such is an inefficient use of the Commission and companies’ time and resources.

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<sup>1</sup> The Federal State Joint Board is to present its recommended decision to the FCC no later than April 7, 2015. *See In the Matter of Federal State Joint Board on Universal Service, Universal Service Contribution Methodology*; WC Docket No. 96-45, WC Docket No. 06-122, et.al, Order adopted Aug. 6, 2014.

Cox does not dispute that a change to the contribution methodology may be necessary in order to continue accomplishing the goals and objectives of the NUSF. However, it is also fair that the appropriate level of support and the needs of the NUSF be reviewed as a part of the undertaking to review the contribution methodology. Before determining that a change in the contribution methodology is necessary, the Commission should open an investigative docket to determine whether the present size of the fund, generated by the 6.95% end-user surcharge, is sufficient.

An investigative docket should review whether the receipt of CAF funds would lessen the need for future NUSF support, thereby resulting in a smaller-sized NUSF going forward. If a carrier receives CAF support, it should not be necessary for that carrier to receive the same historical amount of NUSF support. In fact, it should be assumed that the receipt of CAF funds negates the need to receive NUSF high-cost support absent a demonstration that the CAF funds do not adequately support the high-cost area. Without such a review, carriers could potentially 'double-dip' and receive funding from both programs for the same needs in the same area. A review to accurately 'size' the NUSF should occur prior to making a determination that the present contribution methodology is not sustainable.

Finally, an investigative docket that reviews the size of the fund could examine whether or not NUSF funds are being used for their intended purposes in the designated localities. As Cox noted in its NUSF-99 comments, the FCC has recently indicated the need for strong accountability to ensure the federal CAF is being used appropriately and for its intended purpose.<sup>2</sup> Likewise, the Commission should ensure the public's dollars in

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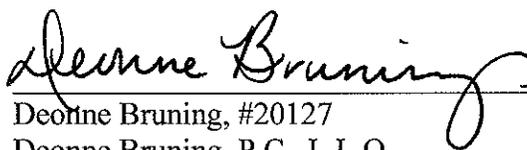
<sup>2</sup> See *Connect America Fund*; WC Docket Nos. 10-90, *et al.*, Report and Order, paras 124-128, Adopted Dec. 11, 2014.

the NUSF are being spent as intended. Enhancing public awareness how funds have been spent, for what purposes and in what locations would enhance the fund's transparency and provide better accountability justifying the NUSF's continued existence.

In closing, Cox reiterates its appreciation for the Commission opening this docket and allowing input on this subject. Cox encourages the Commission to hold this docket in abeyance due to the present review of FUSF contributions, and to open a new docket or to expand the purview of Application NUSF-100 to concurrently examine the needs and size of the NUSF while the adequacy of the NUSF contribution methodology is being reviewed.

Respectfully submitted this 13<sup>th</sup> day of February, 2015.

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