

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

**In the Matter of the Nebraska Public
Service Commission, on its own Motion,
to Administer the Nebraska Universal
Fund High Cost Program**

Application No. NUSF-108

REPLY COMMENTS OF WINDSTREAM

Windstream Nebraska, Inc. (“Windstream”) hereby respectfully files its reply comments in this docket and states as follows:

On October 27, 2016, several interested parties filed comments in response to the Order Opening Docket and Seeking Comment (the “Order”) issued by the Nebraska Public Service Commission (“Commission”) regarding its proposal to modify the high-cost funding mechanism for price cap carriers participating in the universal service program. Although there is some confusion among the commenting parties regarding aspects of the Commission’s proposal, there is general agreement that: (a) the proposal to impute revenue attributable to competitive losses into the NUSF-EARN data ignores reality¹ and compounds the negative effects of competitive losses;² (b) if the Commission adopts a lower rate of return, it should be phased-in;³ and (c) the different purposes underlying federal high-cost funds and CAF II funds complicate the inclusion

¹ See Frontier Comments, pp. 3-4.

² See Windstream Comments, pp.4-5; and CenturyLink Comments, pp. 4-5.

³ See Frontier Comments, p. 4 (stating the proposed rate of return is not necessarily appropriate for price cap carriers Nebraska); CenturyLink Comments, p. 5 (recommending a phase-in); and Windstream Comments, p. 6, and Nebraska Rural Independent Companies Comments, p. 4 (recommending adherence to the FCC’s rate of return phase-in schedule).

of CAF II funds in the SAM model.⁴ These issues are well-developed in the initial comments and therefore Windstream will not address them further here.

Instead, Windstream offers its perspective on a new issue raised by the Nebraska Rural Independent Companies (“RIC”) in its comments. RIC recommends that the Commission reevaluate its definition of “broadband” for purposes of the Order in light of the fact that the Commission’s definition is based on 4/1 Mbps and the FCC requirement is 10/1 Mbps.⁵

Windstream supports increasing the broadband speed requirement for grant-based support to 10/1 Mbps to advance the Nebraska policy goal of ensuring that consumers in rural and high-cost areas have access to advanced telecommunications and information services that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged in urban areas.⁶ High-speed broadband access is now critical to the way we work, learn, and entertain ourselves. Demand for Internet bandwidth has exploded. People are running businesses, taking classes, streaming movies, and participating in multi-player games, among other uses.⁷ Broadband with speeds of at least 10 Mbps downstream offers more functionality to consumers than 4 Mbps downstream, particularly when multiple users are relying upon the broadband connection. According

⁴ See Windstream Comments, p. 7; CenturyLink Comments, p. 6; and Frontier Comments, p. 4.

⁵ RIC Comments, p. 5.

⁶ See Neb. Rev. Stat. § 86-323(3) (2016). Similarly, the FCC increased its CAF broadband speed requirement to implement the reasonable comparability language in 47 U.S.C. § 254(b)(3). See *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order, FCC 14-190, ¶¶ 15-17 (2014).

⁷ Average household broadband usage was predicted to increase at a cumulative annual growth rate of 31% from 2014 to 2018, largely driven by streaming video applications. See ACG Research, “Forecast of Residential Fixed Broadband and Subscription Video Requirements” (Dec. 2014).

to a recent company survey, Windstream customers on average have nine devices that are connected to the internet which are used at least once a week. In this broadband-hungry environment, deployment of 10/1 Mbps-capable broadband is a better use of NUSF funds than 4/1 Mbps-capable broadband.

Windstream respectfully requests that the Commission reconsider its proposals in accordance with these comments.

Respectfully submitted,



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