

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

<p>In the Matter of the Petition of the Nebraska Telecommunications Association for Investigation and Review of Processes and Procedures Regarding the Nebraska Universal Services Fund.</p> <p>In the Matter of the Nebraska Public Service Commission on its own motion seeking to implement policies and procedures related to providing dedicated universal service support for wireless telecommunications services.</p>	<p style="text-align: center;">Application No. NUSF-77 Progression Order No. 8</p> <p style="text-align: center;">Application No. NUSF-69</p>
<p>REPLY COMMENTS OF QWEST CORPORATION d/b/a CenturyLink QC and UNITED TELEPHONE COMPANY OF THE WEST d/b/a CENTURYLINK</p>	

On April 23, 2013, the Nebraska Public Service Commission (“Commission”) issued an Order Seeking Comments in this matter asking whether the planned combination of the Nebraska Dedicated Wireless Fund and the Nebraska Broadband Pilot Program (“NEBP”), as ordered by this Commission on January 15, 2013,¹ should be accelerated. The Commission originally set the transition to start in 2014 and take place over four years.² Progression Order No. 8 asks whether that transition should take place over a shorter time frame. Parties filed initial comments on May 24, 2013. Qwest

¹ See *In the Matter of the Petition on the Nebraska Telecommunications Association for Investigation and Review of Process and Procedures Regarding the Nebraska Universal Service Fund*, Application No. NUSF-77, Progression Order No. 8 and *In the Matter of the Nebraska Public Service Commission on its own motion seeking to implement policies and procedures related to providing dedicated universal service support for wireless telecommunications services*, Application No. NUSF-69, Order Seeking Comments issued April 23, 2013, page 2.

² See *In the Matter of the Petition of the Nebraska Telecommunications Association for Investigation and Review of Processes and Procedures Regarding the Nebraska Universal Service Fund*, Application No. NUSF-77, Progression Order No. 7, *In the Matter of the Nebraska Public Service Commission on its own motion seeking to implement policies and procedures related to providing dedicated universal service support for Wireless telecommunications services*, Application No. NUSF-69, and *In the Matter of the Nebraska Public Service Commission, on its own motion, seeking to establish a long-term universal service funding mechanism*, Application No. NUSF-26, Order issued January 15, 2013, page 12

Corporation d/b/a CenturyLink QC and United Telephone Company of the West d/b/a CenturyLink (collectively “CenturyLink”) respectfully file these comments in reply.

I. The Commission Should Accelerate the Combination of the Funds

Most parties agree that the Commission should accelerate the combination of the NEBP and the Dedicated Wireless Fund. Charter Fiberlink disagreed, stating that the, “NEBP has not yet been implemented to the extent that the Commission has empirical data or experience with the program to determine whether the NEBP’s goals are being met and how the merger of the NEBP and the dedicated wireless fund program would affect the ability to realize those programs’ objectives.”³ CenturyLink respectfully disagrees.

The Commission undertook several comment rounds regarding the potential combination of these two programs and carefully considered the comments and testimony of all parties, determining that the programs could be combined. Many of those comments correctly highlighted the similarity of the goals of the two funds and there is no need to wait longer to assess whether the NEBP’s goals are being met before combining the two funds. Charter Fiberlink has not identified any conflicting goals in the programs that would prevent the combination, and appears to rehash the arguments made during the initial docket discussing the combination. The Commission can, at any time, make changes to the combined program to ensure that the goals of the

³ See *In the Matter of the Petition on the Nebraska Telecommunications Association for Investigation and Review of Process and Procedures Regarding the Nebraska Universal Service Fund*, Application No. NUSF-77, Progression Order No. 8 and *In the Matter of the Nebraska Public Service Commission on its own motion seeking to implement policies and procedures related to providing dedicated universal service support for wireless telecommunications services*, Application No. NUSF-69, Initial Comments of Charter Fiberlink – Nebraska, LLC, page 2.

program are being met. Delaying the combination of the two funds will only result in a delay of the benefits that will accrue to the Nebraska consumer from that combination.

II. The Commission Should Not Increase the Size of the Fund

In its initial comments, N.E. Colorado Cellular, Inc. d/b/a Viaero Wireless (“Viaero”) supports the Commission’s proposal to accelerate the combination of the two funds; however Viaero also recommends that the Commission increase the funding by an additional \$10 million annually,⁴ for total funding of \$19 million annually for broadband deployment. CenturyLink does not agree. While there is a significant need for the deployment of broadband service within the state, that need should be met through the NEBP as well as support from the Federal Communications Commission’s (“FCC’s”) Connect America Fund and the Mobility Fund, which were created to help extend deployment of broadband and wireless service to unserved areas. CenturyLink believes that the current \$9 million that is allocated annually to the NEBP and the Dedicated Wireless Fund is sufficient to meet the Commission’s goals at this time while still supporting the overriding goal of providing voice service in high cost rural areas.

Increasing the allocation of funding for broadband deployment by necessity will require a reduction in support for voice service in high cost areas. As CenturyLink explained in its initial comments in this proceeding, there remains a significant need for

⁴ See *In the Matter of the Petition on the Nebraska Telecommunications Association for Investigation and Review of Process and Procedures Regarding the Nebraska Universal Service Fund*, Application No. NUSF-77, Progression Order No. 8 and *In the Matter of the Nebraska Public Service Commission on its own motion seeking to implement policies and procedures related to providing dedicated universal service support for wireless telecommunications services*, Application No. NUSF-69, Initial Comments of N.E. Colorado Cellular, Inc. d/b/a Viaero Wireless, page 2.

support of voice services in the high cost areas of Nebraska. Indeed, the need for supporting voice service in high cost areas to ensure its availability at affordable rates has actually increased in light of the FCC's creation of the Connect America Fund. As the FCC reduces and eliminates support for voice service in high cost areas, the Commission must step in to ensure that sufficient support is made available to preserve its availability.

III. The Commission Should Not Change the Criteria and Methodology for Awarding Funding at this Time

Viaero also advocates for "criteria and a methodology for evaluating proposed projects which promote the delivery and availability of broadband services in the most efficient and cost effective manner."⁵ CenturyLink agrees that the Commission should choose broadband projects that are efficient and cost effective. After all, the citizens of Nebraska have provided the support for the projects, and the Commission has a fiduciary duty to ensure that the funding is used in the most effective manner. However, Viaero believes that cost effectiveness should be the overriding consideration when considering proposed projects, stating, "Any artificial or non-economic allocation methodology which does not heavily weight costs of deployment on a per-subscriber basis will not satisfy the Commission's funding responsibility to prudently marshal the scarce public resources managed by the Commission in the two funds."⁶ While the cost effectiveness of a project is important, it should not be the sole or determining factor in the Commission's decision making.

⁵ Viaero initial comments page 4.

⁶ *Ibid.*

The Rural Independent Companies (“RIC”) also suggest a change in the criteria the Commission uses to evaluate the applications for NEBP support. RIC observes that urban consumers likely have access to broadband service in excess of the 4 Mbps download and 1 Mbps upload standard that the Commission has set. In order to maintain comparability between urban and rural areas, RIC recommends that the Commission give more weight to those projects that will provide service at speeds higher than the 4/1 standard.⁷ CenturyLink disagrees. The Commission has already established the speed standard for which projects will be eligible for funding. Giving higher priority to projects with higher speeds may result in some viable projects, with lower speeds but also lower costs, from being given the appropriate level of consideration.

Commission Staff has developed a set of six scoring criteria to help it evaluate each project:

1. **Service.** The Service criterion is determined based on the percentage of unserved and underserved area, as determined by the NE Broadband Map.
2. **Value.** The Value criterion is determined based on the retail end-user rate and the speed of the service to be provided at said rate.
3. **Scale.** The Scale criterion is based on the total adjusted grant request amount, not including match amounts, the speed of the respective service, and the total number of households.
4. **Cost.** The Cost criterion is based on the total adjusted grant request amount, not including match amounts, and the total number of households.
5. **Rural.** The Rural criterion is based on the total number of households and the area, in square miles.

⁷ See *In the Matter of the Petition on the Nebraska Telecommunications Association for Investigation and Review of Process and Procedures Regarding the Nebraska Universal Service Fund*, Application No. NUSF-77, Progression Order No. 8 and *In the Matter of the Nebraska Public Service Commission on its own motion seeking to implement policies and procedures related to providing dedicated universal service support for wireless telecommunications services*, Application No. NUSF-69, Initial Comments of the Rural Independent Companies, page 7.

6. **Scope.** The Scope criterion is based on the total number of households.⁸

In addition, the Commission Staff assigned weights to each of the criterion as follows:

NEBP Program

<u>Criterion</u>	<u>Weight</u>
Service	25.0%
Value	15.0%
Scale	5.0%
Cost	25.0%
Rural	5.0%
Scope	<u>25.0%</u>
Total	100.0% ⁹

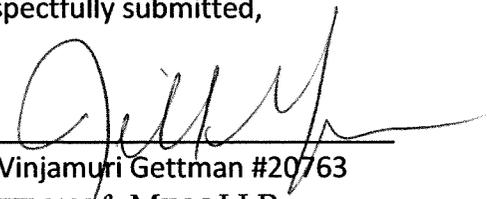
The Commission Staff developed these criteria and weighting after a thorough review of the Commission’s goals for the NEBP. The criteria take into account the cost of the project and the number of households that will benefit from the project, as well as a number of other variables. There is no need to modify the selection criteria to a cost per subscriber basis or to give priority to projects with higher speeds. Commission Staff has already determined the factors should be included in the decision criteria and Viaero and RIC have not provided any compelling reason why those criteria should now be changed.

⁸ See *In the Matter of the Petition of the Nebraska Telecommunications Association for Investigation and Review of the Processes and Procedures Regarding the Nebraska Universal Service Fund*, Application No. NUSF-77, Recommendation of the Commission Staff, April 20, 2012, pages 8-9.

⁹ *Id.*, page 11.

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Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 7th day of June, 2013, a true and correct copy of the foregoing Reply Comments were sent via email to :

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