

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska)	Application No. NUSF-139
Public Service Commission, on its)	
own motion, to consider appropriate)	COMMENTS OF THE RURAL
modifications to the high-cost distribution)	TELECOMMUNICATIONS
and reporting mechanisms in its Universal)	COALITION OF NEBRASKA
Service Fund program in light of federal)	
and state infrastructure grants.)	

INTRODUCTION

The Rural Telecommunications Coalition of Nebraska (“RTCN”)¹, by and through its undersigned counsel of record, submits these Comments in response to the Commission’s Progression Order No. 4 entered in the above matter on November 6, 2024.

I. GENERAL COMMENTS

The RTCN generally supports the Commission Staff’s proposals set forth in the Commission’s Order dated November 6, 2024 as they relate to the proposed distribution mechanism for high cost support in 2025. Therefore, we do not comment on each individual staff proposal. The RTCN’s Comments focus on three issues: (1) a technical issue with the imputation of past federal support for certain companies; (2) the RTCN’s position that the NUSF EARN process should be discontinued in any permanent distribution model; and (3) the need for development of a base support allocation mechanism in any permanent distribution model.

We appreciate the Commission’s recognition that “more work will need to be done...through additional phases of this proceeding.” We look forward to participating in those discussions, and suggest that the additional phases of this proceeding focus on the issues highlighted herein.

¹ For purposes of this proceeding, the RTCN consists of the following carriers: Arapahoe Telephone Company d/b/a ATC Communications; Benkelman Telephone Company, Inc., Cozad Telephone Company, Hartman Telephone Exchanges, Inc., Diller Telephone Company, Southeast Nebraska Communications, Inc., Pierce Telephone Company, and Wauneta Telephone Company.

II. IMPUTATION OF PAST FEDERAL SUPPORT

The RTCN generally supports the Commission Staff's proposal to impute federal support received during the prior calendar year. However, the Commission Staff's proposed methodology does not contain an adjustment which adversely affects companies that received 2023 federal support during the 2024 calendar year.

It is common for federal support amounts to be "trued up" at the conclusion of a calendar year. Depending upon the results of this process, a company may receive (or pay) federal support attributable to one year in the following year. For purposes of the Commission's proposed distribution for 2025 support, it appears that the Commission's methodology incorrectly deducts (or adds) support for amounts received or paid in 2024 that relate to 2023 federal support "true up" payments. The Commission should disregard 2023 support amounts received or paid in 2024 because it creates a mismatching in the company's support base going forward and permits no chance in the future for the "trued up" amounts to reverse themselves.

In the future, we also suggest that the Commission develop a mechanism to ensure that this type of "mismatching" does not occur from companies that transitioned from A-CAM support to Enhanced A-CAM support. It is expected that Enhanced A-CAM support for these types of companies will fluctuate based on changes in the company's number of broadband serviceable locations.

III. DISCONTINUATION OF THE NUSF EARN FORM

The RTCN has previously stated that it does not object to the Commission's proposed utilization of the NUSF EARN Form process *for purposes of 2025 transitional support calculations*. However, we have also consistently advocated in this docket for the discontinuation of the NUSF EARN Form process going forward. As we have previously

argued, the NUSF EARN Form process accomplishes little in the way of accountability and instead has the effect of penalizing companies that made early and significant investments to bring fiber-based service to high-cost locations in their respective exchanges. The NUSF EARN form incentivizes spending to create expenses that mitigate “overearnings” losses in the support calculation and disincentivizes efficient business operations that benefit shareholders and customers alike. Completing the NUSF EARN Form process is particularly burdensome and costly for companies that have elected federal A-CAM or Enhanced A-CAM support because these companies are not required to complete jurisdictional cost studies at the federal level. The Commission’s rules for completion of the EARN Form are vague and create inconsistencies in reporting.

The RTCN continues to believe that “accountability” for purposes of the NUSF should be measured by a company’s adherence to the Commission’s expectations for the delivery of quality broadband services to high-cost locations – adequate speeds, speed testing compliance, comparable and affordable rates, and other reasonable expectations as the Commission may determine. Adequacy, reliability, comparability, and affordability of service to high-cost locations are the foundations of the NUSF Act and should rightfully be the focus of any future accountability measures developed by the Commission.

As this docket progresses, the RTCN looks forward to continued discussions with all stakeholders on this issue.

IV. COST MODEL AND OVERALL METHODOLOGY LIMITATIONS

The RTCN continues to study the inputs and results derived from the 2024 SBCM, which is utilized to determine relative costs in the Commission’s proposed transitional high-cost distribution for 2025. Ultimately, the RTCN believes that model-based cost calculations must

form the basis (but not the sole basis) of any permanent distribution methodology because of the difficulties associated with other cost calculation methods – including actual cost studies. At the same time, the Commission should recognize the inherent limitations of any cost model. The FCC offers model-based support to carriers on a voluntary basis in large part because the FCC recognizes that model-based cost calculations are not accurate for many carriers. It is probable that the 2024 SBCM likely does not accurately reflect true cost of service for many Nebraska carriers at many Nebraska high-cost broadband service locations.

The Commission has wisely incorporated a safe harbor mechanism into its proposed 2025 high-cost distribution model which will offset or mitigate the latent inaccuracies described in the preceding paragraph. Going forward, the RTCN encourages the Commission to explore the adoption of a similar mechanism on a permanent basis. As we have previously advocated in this proceeding, a mechanism that ensures a minimum or base support allocation to any ETC meeting the Commission’s requirements for broadband service would ensure that carriers are protected from deficiencies in the SBCM and other anomalies in the distribution model which do not account for the various individual circumstances that produce those deficiencies.

As the Commission considers a permanent distribution model at later stages of this docket, we look forward to working with the Commission staff and other interested parties to develop an acceptable solution to these issues.

DATED: November 25, 2024

**RURAL TELECOMMUNICATIONS
COALITION OF NEBRASKA**

**Arapahoe Telephone Company d/b/a
ATC Communications, Benkelman
Telephone Company, Inc., Cozad
Telephone Company, Diller Telephone
Company, Hartman Telephone
Exchanges, Inc., Southeast Nebraska
Communications, Inc., Pierce Telephone
Company, Wauneta Telephone Company**

/s/ Russell A. Westerhold
BY: Russell A. Westerhold #22498
NOWKA & EDWARDS
1233 Lincoln Mall, Suite 201
Lincoln NE 68508
(402) 476-1440
rwesterhold@nowkaedwards.com