

SECRETARY’S RECORD, PUBLIC SERVICE COMMISSION

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BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public	)	Application No. NUSF-139
Service Commission, on its own Motion,	)	Progression Order No. 10
to consider appropriate modifications to	)	
the high-cost distribution and reporting	)	ORDER SEEKING COMMENTS
mechanisms in its Universal Service	)	AND SETTING HEARING
Fund program in light of federal and	)	
state infrastructure grants.	)	Entered: April 28, 2026

BY THE COMMISSION:

**Background**

The Nebraska Public Service Commission (“Commission”) initiated this proceeding, on its own motion, on August 29, 2023 (“August 29<sup>th</sup> Order”), to consider appropriate modifications to the Nebraska Universal Service Fund (“NUSF”) high-cost distribution mechanism and associated reporting requirements.<sup>1</sup> The Commission’s August 29<sup>th</sup> Order identified certain issues to be addressed relative to the distribution of high-cost support in light of federal and state infrastructure grants.

A hearing was held in Lincoln, Nebraska on September 30, 2025. The Commission previously sought comments on a framework to transition NUSF high-cost support and Carrier of Last Resort (“COLR”) obligations as outlined in its July 26, 2025 Order. On November 4, 2025, in Progression Order No. 9, the Commission entered findings adopting the initial framework for transitioning of or porting of NUSF support to competitive eligible telecommunications carriers.

The Commission enters this Order to seek comment on certain issues that remain unresolved at the present time, namely whether to adopt a minimum support amount or alternative pathway for distributing support to small rural incumbent local exchange carriers (“RLECs”), and as well as the limitation or timing of any mid-

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<sup>1</sup> *In the Matter of the Nebraska Public Service Commission, on its own Motion, to consider appropriate modifications to the high-cost distribution and reporting mechanisms in its Universal Service Fund program in light of federal and state infrastructure grants, Application No. NUSF-139, ORDER OPENING DOCKET SEEKING COMMENT AND SETTING HEARING (August 29, 2023)(“August 29<sup>th</sup> Order”).*

year adjustment due to changes in eligible locations reflected in broadband data collection updates.<sup>2</sup>

**A. Use of a Minimum Support Amount**

The Commission seeks to refresh the record by soliciting comments on the implementation of a minimum support base amount to be used in the high-cost distribution mechanism as a replacement to the glide path used in 2025 and again in 2026. The Commission previously sought comment on the following proposal:

1. Include a minimum base support amount (“MBSA”) in the support base of the model where:
  - a. For each eligible location, the Commission would take the modeled cost to serve less \$63.69 and up to \$100, annualized;
  - b. There would be no imputation of federal support;
  - c. The Commission would sum the support at a company level as the MBSA;
2. The Commission would use either the regular support base or MBSA, whichever is greater; and
3. The Commission would run the support calculation through the earnings test/redistribution, assuming those mechanisms are retained.

We invite interested parties to refresh the record through updating their comments in response to this proposal. We note, the effect of the MBSA proposal described above would, in large part, maintain the current minimum support levels the Commission distributed in 2025 and 2026 utilizing the “glide path” mechanism. Interested parties are invited to recommend adjustments to the proposal set forth above. We ask that interested parties be specific with respect to the justification for changes they recommend.

We further seek comment on whether carriers receiving support through the MBSA calculation should experience reductions in high-cost support where the NUSF EARN calculation shows that they are overearning. If not, we ask parties to explain the reasoning for treating MBSA recipients differently than carriers receiving

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<sup>2</sup> The Commission notes, that it is not seeking comment on whether to continue to make mid-year adjustments made to high-cost distributions due to audited NUSF earnings corrections. These adjustments are generally made once per year after eligible carrier earnings are audited and compliant corrected NUSF EARN Form information is filed with the Commission.

model-based support. Additionally, if the MBSA framework is adopted, we seek comments on the frequency of adjustments to the MBSA calculation including any inflationary adjustments. We ask parties to be specific in their recommendations with respect to the timing and benchmarks for such adjustments.

**B. *Other proposals for calculating NUSF support for small rural incumbent local exchange carriers.***

The Commission also seeks comment on other proposals to be considered for calculating minimum NUSF high-cost support where it is claimed the SBCM does not accurately estimate carrier costs. In prior hearings, some carriers have argued that the SBCM cost model does not accurately estimate their costs. While we are not seeking comment on changes to the SBCM cost model inputs at this time, we invite small rural incumbent local exchange carriers ("RLECs") to suggest an alternative pathway to cost-based support. Should there be an option to allow small carriers to elect support based on actual costs? If so, what should the qualifying considerations be? Should the threshold be carriers having a single exchange? If not, what should the "small RLEC" threshold be?

The Commission seeks comment on the framework that could be established. How do small ILECs trigger this review? Should they be required to justify why they should receive support outside of the model-based support? What should the process be once this option is triggered. How would the small RLEC's actual costs be demonstrated to the Commission? What methods should the Commission employ to verify the accuracy of the reported actual costs? How frequently should small RLECs be required to update cost data? Should this pathway resemble a traditional ratemaking, or cost of service study type of proceeding? Should there be a demonstration of need? If so, what costs should be included? Please describe how actual costs should be accounted for. How frequently should a review be triggered? Should the Commission factor in adjustments, including inflationary adjustments? If so, how often?

Interested parties are free to offer proposals for Commission consideration with their comments.

**C. *Adjustments to NUSF High-Cost Support***

The Commission has performed mid-year revisions to the high-cost distribution mechanism routinely for roughly two decades. Those revisions have

generally included adjustments due to revised NUSF EARN Form filings after an audit has been performed and other administrative corrections. The Commission believes these adjustments prior to 2025 have been relatively minor in nature, and were necessary to comport with the statutory directive that funding be calculated based on audited financial information.<sup>3</sup> Accordingly, as long as we continue to consider high-cost distributions, in part, based on carriers' financial earnings, we are not seeking comment on whether to continue to make mid-year adjustments to account for NUSF EARN Form updates.

The Commission's NUSF-139 January 27, 2026 Order authorizing high-cost support, similar to past annual Commission orders authorizing funding, set a cap for the calendar year high-cost support distributions to flow through the model adopted by the Commission as well as additional requirements for eligibility of support. The staff has been authorized to run the high-cost model and analyze compliance in accordance with the Commission's policy decisions.<sup>4</sup> As the allocations are a function of Commission decisions and cost model calculations, historically, the Commission has not made findings on the specific allocations, nor has the Commission sought comment on the high-cost distribution allocations.<sup>5</sup>

In making changes consistent with the Commission's findings in NUSF-139, some carriers experienced a significant change in their high-cost distribution allocation in 2025. Some carriers benefited from the addition of eligible locations added to the updated FCC Broadband Data Collection ("BDC") data.<sup>6</sup> Some carriers,

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<sup>3</sup> See Neb. Rev. Stat. § 86-324.

<sup>4</sup> We note that this includes Commission decisions related to the use of the SBCM Cost Model, adopted service and speed requirements, covered equipment compliance, NUSF-25/66 reporting, and NUSF-EARN Form calculations. The Commission does not make findings adopting the specific distribution allocations, rather the allocations are made as a result of the output of the framework adopted by the Commission delegated to the staff for review and calculation.

<sup>5</sup> Likewise, a similar process is utilized in the Telehealth, E-Rate Special Connection, and NTAP contexts. The Commission established a framework for determining eligibility, policies for calculating support, and the support caps. The Commission staff disburses NUSF support consistent with those decisions.

<sup>6</sup> Notably, the Commission, in its NUSF-139 Order indicated that such adjustments would be made. See Application No. NUSF-139, ORDER AUTHORIZING PAYMENTS (January 27, 2026) at pages 2-3. The Commission does not approve the exact amount of the distribution adjustments as we expect the Commission staff will make the adjustments as authorized and consistent with our Orders. The FCC BDC data upon which the staff's January support allocations were calculated was data dating to June

particularly those who were receiving overearnings redistribution support (“OER”) allocations experienced a reduction based on the reallocation of support for the newly eligible locations.

As such, the Commission has been asked to consider whether making mid-year adjustments to reflect the updates to eligible locations should be a practice that is continued. We seek comment on whether making mid-year adjustments due to updated eligible location data makes support less predictable. While the Commission staff does release an updated distribution when it completes its review, should that release come with more advanced notice?<sup>7</sup> If so, how much notice is needed? Should any adjustments be limited to specific circumstances such as correction for errors and revised NUSF EARN Form filings?

Should the Commission include a notice in its January order advising which carriers may be impacted by mid-year adjustments and redistributions that reallocate funds to companies that are below their earnings cap? In such a scenario, carriers that benefit from re-distributions would be on notice that they should consider those amounts tentative and subject to mid-year revision. In the alternative, should the Commission withhold redistributions altogether until the revision is completed, and complete the full distributions once all revisions have been incorporated? In this scenario, the withheld redistributions would be used as a “safety net” to cover any changes that carriers would have otherwise experienced during the mid-year adjustment. ?

With respect to the timing of mid-year adjustments, should a date be established by which the adjustments are released? If so, what should that date be?

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2024. The updated BDC data reflecting 2025 eligible locations was released by the FCC on December 31, 2024.

<sup>7</sup> Mid-year revisions become inputs into the model, and much like the distributions released at the beginning of the year, are informed by objective data. Therefore, while there is no clear rationale behind making that information subject to comment by outside parties, we seek comment on the best way to inform carriers regarding the adjustments that are made.

**Comment Deadline**

Interested parties may file comments responsive to the issues/proposals described above on or before **May 28, 2026, at 5:00 p.m.**, Central Time. Commenting parties should electronically submit their comments to [psc.nusf@nebraska.gov](mailto:psc.nusf@nebraska.gov). Parties should also electronically serve a copy of their comments on those parties that have previously filed comments and/or testimony in Docket NUSF-139.

**Hearing**

A hearing in this matter will be set for **Tuesday, June 16, 2026, at 1:00 p.m., Central Time**, in the Commission Hearing Room, 300 The Atrium Building, 1200 N Street, Lincoln, Nebraska 68508 and via videoconference link. If auxiliary aids or reasonable accommodations are needed for attendance at the meeting, please call the Commission at (402) 471-3101. For people with hearing/speech impairments, please call the Nebraska Relay System at (800) 833-7352 (TDD) or (800) 833-0920 (Voice). Advance notice of at least seven days is needed when requesting an interpreter.

**ORDER**

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that interested parties are invited to file comments with the Commission on the foregoing issues on or before **May 28, 2026**, in the manner prescribed herein.

IT IS FURTHER ORDERED that a hearing will be held on **Tuesday, June 16, 2026, at 1:00 p.m., Central Time**, in the Commission Hearing Room, 300 The Atrium Building, 1200 N Street, Lincoln, Nebraska 68508 and via videoconference link.

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ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska this 28th day of April, 2026.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

*Eric M. Hamler*

*[Signature]*

*[Signature]*

*[Signature]*

*Kevin Stocker*

Vice Chair

ATTEST:

*[Signature]*

Executive Director