

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public) Application No. NUSF-139
Service Commission, on its own Motion, to) Progression Order No. 10
consider appropriate modifications to the)
high-cost distribution and reporting) **COMMENTS**
mechanisms in its Universal Service Fund)
program in light of federal and state)
infrastructure grants.

NEBRASKA RURAL BROADBAND ALLIANCE

The Nebraska Rural Broadband Alliance (“NRBA”),¹ through its attorneys of record, Rembolt Ludtke LLP, respectfully submits these comments in response to the *Order Seeking Comments and Setting Hearing* entered by the Public Service Commission (“Commission”) on April 28, 2026 (“Progression Order No. 10”).

A. Use of Minimum Support Amount

The NRBA strongly supports giving small telecommunications carriers options to modelled support. As evidence will demonstrate, the State Broadband Cost Model (the “SBCM” or “Model”) does not accurately reflect the costs some small carriers incur serving high-cost locations. Generally, the NRBA supports the Commission proposal to allow carriers to utilize a Minimum Base Support Amount (“MBSA”) as an option for smaller carriers that might be adversely affected by the Model because it undercalculates their actual costs.

The NRBA believes the Commission should require satisfaction of two factors for a carrier to qualify for the MBSA or the other option the NRBA will propose in response to section B of Progression Order No. 10. First, only Nebraska Eligible Telecommunications Carriers (“NETC”) offering service to no more than 2,000 high-cost broadband serviceable

¹ For purposes of this proceeding, the NRBA consists of the following carriers: Cambridge Telephone Company; Glenwood Telephone Membership Corporation; Glenwood Network Services; Glenwood Telecommunications, Inc.; Hemingford Cooperative Telephone Co.; Mainstay Communications; Midstates Data Transport, LLC dba Stealth Communications; Mobius Communications; Pinpoint Communications; Plainview Telephone Company; Stanton Telecom, Inc.; Town & Country Technologies; WesTel Systems, dba Hooper Telephone Company.

locations should be eligible for support.² Evidence will demonstrate that the Model underestimates support for some smaller companies. SBCM errors impacting small carriers seem related to insufficient sample sizes. SBCM accuracy appears to improve as the number of locations served by a carrier increase, as the number of exchanges served by a carrier increase, and as the number of square miles served by a carrier increase.

Second, eligibility should be limited to NETCS that have deployed fiber to the home (“FTTH”) infrastructure capable of providing telecommunications and broadband services compliant with all applicable laws and regulations to at least 90% of the high-cost broadband serviceable locations in their Support Area.

Any carrier eligible for one of the options to Modeled support should be able to elect a small carrier option at an initial election period for the first distribution year incorporating this change and at regularly scheduled election periods afterwards. For example, options ought not be limited to current “Glide Path” carriers. While an eligible carrier should be allowed to elect a small carrier option at any time established for such elections, once an election has been made it should be binding for two years. The NRBA appreciates the Commission’s need for administrative efficiency. It must be balanced with carriers’ needs for cost input accuracy. We believe this proposal effectively manages that balance.

The NRBA is concerned about the ambiguity of the language of section1(a) of the Commission’s MBSA proposal.³ The NRBA suggests the Commission consider the following language: “For each eligible location, support shall consist of Modeled cost to serve less \$63.69. In no event may support, calculated as such, exceed \$100.” The Commission should expressly acknowledge that the \$100 threshold is both a maximum and a minimum.

² For purposes of this threshold, an NETC should be considered in the same manner it is for other state regulatory purposes, such as EARN Form filings and remittance audits.

³ Progression Order No. 10, p. 2.

Support calculated as stated above would not exceed \$100 per location, but it also serves as the minimum when Modeled costs exceed \$163.69 per location. Other than annually adjusting the initial \$100 amount on an administrative basis to mirror inflation, to adjust the \$100 the Commission should be required to offer interested parties due process rights to comment and appear at a public hearing.⁴

B. Plant Investment-Based Minimum Support

The NRBA appreciates the Commission's consideration of other options to Modeled support for carriers meeting the same eligibility requirements recommended above, that is, it must offer service to no more than 2,000 high-cost broadband serviceable locations and must offer FTTH service to no less than 90% of the high-cost broadband serviceable locations in their Support Area. As mentioned, options to the Model are critical to ensure small carriers receive fair and sufficient support because the Model undercalculates support for some small carriers, as the evidence will demonstrate. In Progression Order No. 10, the Commission asked whether there should be an option to allow small carriers to elect support based on actual costs. The Commission goes on to ask several questions related to such option.⁵

The NRBA, which consists of some eligible telecommunications carriers that will likely accept Modeled support and others that would choose an alternative minimum level of support, urges the Commission to allow small NETCs an option to replace underestimated SBCM 2025 plant investment with an average of a carrier's actual fiber network plant investments adjusted for inflation to reflect 2025 costs and a telecommunications engineering firm's projected 2025 cost to deploy a 100% fiber to the home network.

⁴ In progression orders 5, 6, and 7 in this NUSF-139 investigation, the Commission asked parties to comment on when inflationary adjustments should be made. To its best knowledge and belief of the NRBA, however, the Commission has not decided when inflationary adjustments should be made. The NRBA believes such adjustments should be made annually in conjunction with other adjustments made in January each year. This should be true not only for carriers electing a small carrier option but also for carriers electing Model allocations. For further discussion on the issue of adjustments, please see **Section C** below.

⁵ Progression Order No. 10, p. 3.

The inflation-adjusted and engineer-based fiber network plant investment data is readily verifiable. After replacing a carrier's understated SBCM plant investment with accurate plant investment data, all subsequent calculations follow the Staff's existing SBCM methodology.

The NRBA recommends what it will refer to as the Plant Investment-based Minimum Support ("PIMS") as an option to Modeled support in addition to the MBSA. In describing the PIMS, the NRBA will address the questions the Commission asked relating to an actual cost-based option.

The Commission asked how small carriers would "trigger" this option.⁶ The NRBA recommends that the Commission by Progression Order schedule a date biennially by which carrier may make election for Modeled Support or the other options established by the same Progression Order. Thus, the Commission should establish a window biennially that would not only be the trigger period for alternative options, such as the PIMS or MBSA, but also the Model itself.

The Commission also asked about the process for considering an option such as the PIMS. The process for this option is simple and *easily verifiable* by the Commission. To be clear, the PIMS does not resemble either a traditional ratemaking or a cost-of-service study proceeding. The PIMS will require no more administrative action than adding a few adjustments to Commission Staff's current model-based spreadsheets.

PIMS Plant Investment would only include those plant investment accounts included in the SBCM, that is, telecommunications plant in service accounts per the *Uniform System of Accounts for Telecommunications Companies*,⁷ less switching, general support facilities and a portion of land and buildings.

⁶ *Id.*

⁷ 47 C.F.R., Part 32.

The process should be structured like that set forth in Attachment A, which demonstrates the simplicity and verifiability of the PIMS process compared with a traditional ratemaking or full cost-study proceeding.

C. Adjustments to High-Cost Support

The NRBA applauds the Commission for considering whether mid-year adjustments should be allowed for reasons other than changes in NUSF EARN Form filings. In September 2025, the Commission administratively made adjustments in high-cost support allocations to account for the addition of eligible locations to the updated Broadband Data Collection (“BDC”) map of the Federal Communications Commission (“FCC”).⁸ Some carriers asked the Commission to reconsider its practice of making mid-year adjustments, particularly for reasons other than changes in EARN form filings.

The NRBA takes no issue with the Commission’s decision in 2025 to make a mid-year adjustment to high-cost allocation to reflect locations added to the BDC. The NUSF Act states that:

“There should be specific, predictable, sufficient, and competitively neutral mechanisms to preserve and advance universal service. Funds for the support of high-cost service areas will be available only to the designated eligible telecommunications companies providing service to such areas. Funds for the support of low-income customers, schools, libraries, and providers of health care to rural areas will be available to any entity providing telecommunications services, maintenance, and upgrading of facilities.

⁸ Progression Order No. 10, p. 5.

The distribution of universal service funds should encourage the continued development and maintenance of telecommunications infrastructure.”⁹

The Commission asked whether mid-year adjustments make support “less predictable.”¹⁰ Making mid-year adjustments does not render support less predictable. On the contrary, adjusting mid-year should reduce the impact of annual adjustments. Adjustments will not be as significant if administered more often. The “sticker shock” would be less.

Further, predictability is only one of the factors the Commission is to consider in allocating support. As the Act states, the mechanism for determining support should be “specific, predictable, sufficient, and competitively neutral.” There is no question the support is specific. The Model and two proposed options all require specificity. For support to be “sufficient” and “competitively neutral,” all carriers must receive fair and equitable support for each high-cost location they serve. Corrections to the BDC should be accounted for regularly. Making carriers wait a year for such support for high-cost locations they are actually serving puts them at a disadvantage to other carriers that are receiving support. The longer they wait, the less competitively neutral support is – the greater the disadvantage.

The same logic applies in instances when competitive eligible telecommunications carriers are awarded transition support under NUSF-148 for high-cost locations they are serving in an incumbent carrier’s service territory.¹¹ Once the Commission has approved transition of support and the corresponding carrier of last resort (“COLR”) duties, the competitive carrier should not have to wait unduly long for an equitable share of allocated

⁹ Neb. Rev. Stat. § 86-323 (5).

¹⁰ Progression Order No. 10, p. 5.

¹¹ In that vein, the same logic applies to Boundary Changes, too.

support necessary to serve high-cost locations. This is especially true given that some competitive carriers, including those presently seeking NUSF-148 transition support, have been serving hundreds of locations for multiple years.¹² For years, before the enactment of Sen. Bostelman’s LB1031 in 2024, incumbent local exchange carriers (“ILECs”) continued to receive support from the NUSF for locations they were not offering broadband compliant with statutory speed standards or reliable telecommunications. In many instances, a competitive carrier was providing at least 100/20 speeds and state-of-the-art telecommunications services to locations for which the ILEC was receiving support. Meanwhile, the competitive carrier that actually has been providing these services is not receiving support. A mid-year adjustment will be necessary to ensure sufficient and competitively neutral support for the competitive carriers. The same would be true of Boundary Changes too.

In progression orders 5, 6, and 7 entered by the Commission in this NUSF-139 investigation, the Commission sought comment on the timing of adjustments. Upon its best information and belief, the NRBA is not aware of a Commission decision on the question. The NRBA respectfully recommends that the Commission adjust high-cost allocations twice annually in January and July. Adjustments should be made to accommodate changes made by a certain date established by the Commission. This would follow the same cadence as BDC updates.

For 2026, a mid-year adjustment is necessary to meet the competitive neutrality and sufficiency requirements of the NUSF Act. The NRBA respectfully recommends the adjustments be made no later than October 1, 2026. The mid-year adjustment should be made to reflect NUSF-148 transitions and boundary changes.

¹² See NUSF-148.01 – 148.09.

The 2026 mid-year adjustments should apply to NUSF-148 transitions and boundary changes approved by the Commission before August 1 to give the Commission Staff sufficient time to process the adjustments.

The Commission raised questions about the current practices of Staff to administratively make high-cost support adjustments (year-end and mid-year).¹³ Questions were raised about notice, timing of notices, and related issues. The NRBA has no fundamental concerns about the current process and is confident Staff is capable of making practical adjustments in processes that serve the public interest without unduly burdening the industry.

Conclusion

The NRBA will provide additional comments, as well as evidence, and looks forward to responding to the Commission’s questions at the upcoming hearing.

DATED: May 28, 2026

NEBRASKA RURAL BROADBAND
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Glenwood Telecommunications, Inc.;
Hemingford Cooperative Telephone Co.;
Mainstay Communications; Midstates
Data Transport, LLC dba Stealth
Communications; Mobius
Communications; Pinpoint
Communications; Plainview Telephone
Company; Stanton Telecom, Inc.; Town &
Country Technologies; WesTel Systems,
dba Hooper Telephone Company.

¹³ Progression Order No. 10, p. 5.

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CERTIFICATE OF SERVICE

The undersigned certifies that an original of the above *Comments* of the Nebraska Rural Broadband Association were filed with the Public Service Commission on May 28, 2026, and a copy was served via electronic mail, on the following:

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Attachment A

The NRBA recommends the following process for determining the PIMS:

1. The carrier would submit the following to the Commission with its PIMS election:
 - a. Copies of its Continuing Property Records (“CPRs”) sorted by account by vintage year, a CPR summary page, a spreadsheet with annual inflation factors by year, and a summary spreadsheet applying inflation factors to plant investments by year. This will derive a total-company inflated adjusted plant investment figure in 2025 current dollars.
 - b. Calculations of plant investment performed by a telecommunications engineer showing the current 2025 cost to build a 100% fiber to the home network.
 - c. A spreadsheet listing each of the carrier’s locations and the data associated with each location taken from the SBCM “model output” tab plus a total line at the bottom of the spreadsheet.¹⁴
2. Staff would review the carrier’s Step 1 submissions and seek clarifications, if needed.
3. An average of the two numbers (Step 1a and 1b) would be derived. (This and the following steps would be performed by the carrier and can be easily verified by the Commission Staff.)
4. The total company cost per the SBCM would be divided by the total company plant investment per the SBCM to derive a composite SBCM cost to serve as a percentage of plant factor.
5. The composite SBCM cost to serve as a percentage of plant factor (Step 4) is multiplied by the average plant investment derived under Step 3 to calculate the corrected total monthly cost (“CTMC) to serve.

¹⁴ Consideration should be given to the proper treatment of confidential information.

6. The CTMC is divided by the SBCM total monthly cost to obtain a Gross-Up factor, which in turn would be applied to each serviceable location's SBCM monthly total cost to obtain a CTMC for each location.
7. The CTMC per location would be reduced by \$63.69, reduced by federal USF support and potentially reduced due to competitor status, insufficient speed, enforceable commitment status, or high-cost status to derive a corrected Monthly Eligible Cost. These reduction formulas/conditions are already embedded in the Staff's spreadsheet. Under PIMS, the reduction formulas/conditions will be retained but applied to the CTMC value rather than the SBCM's understated total monthly cost value.
8. The corrected Annual Eligible Cost (monthly cost times 12) would be plugged into Staff's NUSF distribution worksheet and treated just like the support base of Model-electing carriers to arrive at the carrier's annual NUSF distribution amount.