

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)	
mechanisms in its Universal Service Fund)	
program in light of federal and state)	
infrastructure grants.)	

**COMMENTS OF THE NEBRASKA RURAL INDEPENDENT COMPANIES
IN RESPONSE TO PROGRESSION ORDER NO. 10**

The Nebraska Rural Independent Companies (“RIC”)¹ submit these Comments in response to Progression Order No. 10 entered by the Nebraska Public Service Commission (the “Commission”) in this matter on April 28, 2026.² In the below Comments, RIC will first set forth the topic or question in response to which comments are requested in the *April 28 Order* followed by RIC’s responsive comments. RIC appreciates the opportunity to provide these Comments to the Commission.

I. Should the Commission implement a Minimum Support Base Amount to be Used in the High-Cost Distribution Mechanism to Replace the Glide Path Used in 2025 and 2026?

¹ Consolidated Telephone Company, Consolidated Telco, Inc., Consolidated Telecom, Inc., The Curtis Telephone Company, Great Plains Communications, LLC, Hamilton Telephone Company, Hartington Telecommunications Co., Inc., Hershey Cooperative Telephone Company, Inc., K & M Telephone Company, Inc., The Nebraska Central Telephone Company, Northeast Nebraska Telephone Company, Sodtown Communications, Inc., and Three River Telco.

² *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, Progression Order No. 10 (April 28, 2026) (the “April 28 Order”).*

In Comments previously filed with the Commission in this proceeding RIC stated the position that “RIC supports implementation of the ‘minimum support base amount’ proposal.”³ However, in connection with stating this position, RIC also presented a series of questions regarding certain elements of the minimum support base amount (“MSBA”) proposal.⁴ These questions have not been addressed in any NUSF-139 order entered subsequent to RIC’s filing of its July 1, 2025 Comments, and thus, RIC respectfully requests that responses be provided.

The Commission’s MSBA proposal also states that “[t]here would be no imputation of federal support” in calculating the MSBA. RIC supports uniform application of the calculation methodology used by the Commission to determine the amounts of High-Cost Program support to be distributed to Nebraska Eligible Telecommunications Carriers (“NETCs”). This position is consistent with RIC’s prior advocacy in its *July 1, 2025 Comments* that “CLECs that seek such [High-Cost Program] support should be subject to the same eligibility and operational requirements applicable to ILECs, particularly those applicable to Rate-of-Return ILECs.”⁵ Thus, if federal support is not imputed in calculating High-Cost Program support for carriers electing MSBA, then federal support should not be imputed in the calculation of High-Cost Program support for any Rate-of-Return ILECs receiving such support.

³ Comments of the Nebraska Rural Independent Companies in Response to June 20, 2025 Hearing Officer Order and April 8, 2025 Order, Application No. NUSF-139 at p. 13 (July 1, 2025) (the “*July 1, 2025 Comments*”).

⁴ Those questions were: What is the rationale for the proposed monthly support cap of \$100 per location? Was this cap established based upon an assumption that the earnings test/redistribution would be retained in 2026 and future years? Was this cap established based upon any assumed budget for High-Cost Support for 2026 and future years? *Id.*, at pp. 13-14.

⁵ *Id.*, at pp. 5-6.

With regard to paragraph 3 of the Commission's MSBA proposal, and consistent with the uniformity principle stated in the preceding paragraph, RIC supports the Commission's position that it "would run the support calculation through the earnings test/redistribution, assuming those mechanisms are retained." If the calculation shows overearnings and if the earnings test is retained for recipients of High-Cost Program support, then the MSBA recipient should be treated uniformly with other recipients of High-Cost Program support that are overearning.

Finally, and consistent with RIC's past support for appropriate periodic adjustments in High-Cost Program support based upon inflation, RIC supports inflationary adjustments to the MSBA calculation consistent with the frequency and benchmarks used for such adjustments for all rural Rate-of-Return carriers receiving High-Cost Program support.

II. Should an Alternative Proposal for Calculating NUSF Support for Small Rural Incumbent Local Exchange Carriers be made Available?

The Commission's presentation of the foregoing question for comment is based upon the circumstance that "[i]n prior hearings, some carriers have argued that the SBCM cost model does not accurately estimate their costs."⁶ RIC has not made this argument and, as such, does not believe that it is necessary for the Commission to adopt an option to allow small carriers to elect support based on actual costs.

If RIC were to support implementation of an option for small carriers to elect to receive support based on actual costs, RIC would need to be provided with the details of such a proposal including answers to the several questions posed by the Commission regarding this subject on page 3 of the *April 28 Order*. Critical among the unspecified details are (1) the definition of a "small RLEC" that would be eligible to elect the actual cost option and (2) the method by which

⁶ *April 28 Order*, p.3.

the Commission would be able to verify the accuracy of a carrier's reported actual costs. If and when details regarding an actual cost option are provided for review by interested parties, RIC respectfully submits that holding one or more workshops to discuss such details could be beneficial.

RIC reserves the right to provide additional comments and/or hearing testimony regarding any alternative proposal to the current use of SBCM cost model inputs to calculate High-Cost Program support if and when details concerning an alternative proposal become available.

III. Should Mid-Year Adjustments to Approved High-Cost Program Support Distributions Continue to be Allowed, and if so, on what Basis?

RIC acknowledges that mid-year adjustments to High-Cost Program distributions approved by the Commission will need to continue to be made to account for NUSF EARN form filing adjustments following audits or other administrative corrections. History has shown that these adjustments have been "relatively minor in nature" and are required in accordance with the terms of *Neb. Rev. Stat. sec. 86-324*.⁷

However, on September 22, 2025 the Commission Staff posted on the Commission's website revisions to the Commission's Order entered on January 14, 2025 that approved High-Cost Program distributions for 2025.⁸ The changes in previously approved distribution amounts

⁷ *April 28 Order*, p. 4.

⁸ *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, Progression Order No. 5, p. 19 (Jan. 14, 2025).

were not “relatively minor.”⁹ These changes appear to conflict with the requirements of *Neb. Rev. Stat. sec. 86-323(5)* which provides that “[t]here should be specific, **predictable**, sufficient, and competitively neutral mechanisms to preserve and advance universal service. . . .” (emphasis added) The changes in High-Cost Program 2025 distributions caused by the September 22, 2025 posting by the Commission Staff were contrary to the statutory requirement of predictability for the NUSF High-Cost Program support mechanism.

The Commission explains in its *April 28 Order* that the changes in distribution of support in 2025 were caused by updates in the FCC’s Broadband Data Collection (“BDC”) data published December 31, 2024. The original 2025 High-Cost Program distributions were based on June 30, 2024 BDC data.¹⁰

Actions have been and are being taken by incumbent local exchange carriers and competitive local exchange carriers to extend access to broadband services to previously unserved or underserved Nebraska locations. As these newly served locations are reflected in the FCC’s BDC data, the locations will become eligible for NUSF High-Cost Program support that did not previously receive such support. This new demand for High-Cost Program support is and will be created by:

- Build out of formerly unserved or underserved locations by incumbent carriers to fulfill carriers’ obligations undertaken pursuant to the FCC’s E-ACAM Program.

⁹ The September 22, 2025 adjustments added nearly \$2.3 million of support to the Lumen entities – a 95% increase for CenturyLink and a 58% increase for Qwest. Also, Pierce Telco received an additional \$186,260 or a 32% increase in its support. On the negative side, Hamilton Telephone’s support was decreased by 19% or \$438,231 and Diller Telephone’s support was decreased 17% of \$125,989. Also, Consolidated Telecom’s support was decreased \$44,644 or 5% and Great Plains’ support was decreased \$207,504 or 2%.

¹⁰ See *April 28 Order*, pp. 4-5, fn. 6.

- Future grants by the Commission of NUSF-148 applications to transfer COLR and NUSF High-Cost support for locations that have been built out through use of federal and state grant program support.
- Build out of locations included in the 2024 Commission reverse auctions for which applications to transfer COLR and NUSF High-Cost Program support are pending or can be expected to be filed with the Commission.
- Build out of locations funded by Capital Projects and Nebraska Broadband Bridge Program grants in 2022 and 2024 to build out underserved and unserved locations.
- As BEAD-funded locations are built out over the next few years, to the extent that the carrier doing the build out receives NETC status and applies for NUSF High-Cost Program support, build out of these locations will also represent new demand for support from the High-Cost Program.

The locations identified in the foregoing bullet points have not previously been eligible for High-Cost Program support, but to the extent that locations are added to the BDC data on which the Commission relies to determine support distribution, new demands for support will be placed upon the High-Cost Program.

If these increases in demand are addressed by future mid-year adjustments in support distributions RIC believes that the predictability of support distributions approved by the Commission at the beginning of a support year will become even more uncertain. Therefore, RIC recommends (1) that the calculation of High Cost Program support distributions for a given support year be based upon the FCC's BDC data released as of June 30 of the year preceding the support year; (2) that any distribution adjustments be limited to those required by financial audits

or administrative corrections to be made by July 1 of the support year; and (3) that no other mid-year High-Cost Program distribution adjustments be allowed.

IV. Conclusion

As stated above, the Nebraska Rural Independent Companies appreciate the opportunity to provide these Comments in response to the *April 28 Order*. RIC looks forward to continuing its participation in this proceeding.

Dated: May 28, 2026.

Consolidated Telephone Company, Consolidated Telco, Inc., Consolidated Telecom, Inc., The Curtis Telephone Company, Great Plains Communications, LLC., Hamilton Telephone Company, Hartington Telecommunications Co., Inc., Hershey Cooperative Telephone Company, Inc., K & M Telephone Company, Inc., The Nebraska Central Telephone Company, Northeast Nebraska Telephone Company, Sodtown Communications, Inc. and Three River Telco (the "Rural Independent Companies")

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 28th day of May 2026, electronic copies of the foregoing pleading were delivered to the Nebraska Public Service Commission at psc.nusf@nebraska.gov and to the parties of record in this proceeding.



Paul M. Schudel