

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	)	<b>COMMENTS OF THE RURAL</b>
modifications to the high-cost distribution	)	<b>TELECOMMUNICATIONS</b>
and reporting mechanisms in its Universal	)	<b>COALITION OF NEBRASKA</b>
Service Fund program in light of federal	)	<b>(PROGRESSION ORDER NO. 7)</b>
and state infrastructure grants.	)	

**INTRODUCTION**

The Rural Telecommunications Coalition of Nebraska (“RTCN”)<sup>1</sup>, by and through its undersigned counsel of record, submits these Comments in response to the Commission’s Progression Order No. 7 entered in the above matter on June 20, 2025.

The Commission’s previous Progression Order in this docket (Progression Order No. 6 dated April 8, 2025) also sought comments related to the issues of minimum support distributions and the continuation of the NUSF EARN form. Because the current Progression Order seeks to focus on other issues, the RTCN will reserve its comments on minimum support and the NUSF EARN form at this time.

**I. FRAMEWORK FOR TRANSITIONING SUPPORT AND OBLIGATIONS TO COMPETITIVE CARRIERS**

The RTCN is generally supportive of the proposed framework and procedures set forth in the Commission’s Progression Order No. 7 for transitioning support and obligations to competitive carriers. In earlier submitted comments, the RTCN took the position that, at a minimum, the following requirements should be imposed on competitive carriers seeking NUSF support:

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<sup>1</sup> 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.

- Nebraska eligible telecommunications carrier (“NETC”) designation and a commitment to offering voice and the NUSF supported services;
- Assumption of carrier of last resort (“COLR”) obligations;
- Provision of broadband service to all supported locations at the required speeds
- Verification of speed requirements through the Commission’s current speed testing protocol
- Participation in existing affordability programs or an equivalent commitment to providing affordable service offerings.<sup>2</sup>

The Commission’s proposed framework appears to contain the above requirements; therefore, the RTCN is supportive of the Commission’s proposal. With respect to the Commission’s proposed procedures for transitioning support, we believe the Commission’s proposal is reasonable. While we believe this to be the intent of the Commission’s proposal, we suggest that the Commission clarify that the obligations assumed by a competitive carrier where support is transitioned become effective on January 1<sup>st</sup> of the first year in which support is received for a location (rather than the date on the preceding calendar year on which an application may be approved).

## **II. COST MODEL UPDATES**

### **A. SBCM / Carrier Agnostic Model Issues**

During the recent Technical Conference in this docket, distinctions between the CASA and SBCM models were clarified. The SBCM cost model is derived by modeling the cost to construct a network within incumbent local exchange carrier boundaries. The SBCM’s assumed network architecture would typically include one central office, longer loops, and more middle

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<sup>2</sup> *Comments of the Rural Telecommunications Coalition of Nebraska* dated December 22, 2023, Docket No. NUSF-139.

mile cost to serve the larger geographic areas within existing ILEC boundaries. The CASA cost model *disregards* existing ILEC boundaries. Rather, the CASA cost model hypothesizes different (and generally smaller) serving areas based upon assumptions about how networks *could* be efficiently constructed by any ISP, not just an ILEC. Because the CASA model serving areas are smaller and not confined to ILEC boundaries, the presumed network architecture includes more central offices, shorter loops, and less middle mile cost.

Absent an opportunity to view CASA cost model results side by side with SBCM cost model results, we can only base the comments below upon available information. Based upon that available information, and for the reasons set forth below, the RTCN suggests that the Commission implement a composite or hybrid model system for the purpose of determining relative costs for high-cost support distribution in 2026. In areas served by rate of return carriers, the RTCN suggests that the Commission retain the SBCM model for cost determination. In other areas, the RTCN believes use of the carrier agnostic support areas (CASA) model would be appropriate.

During the course of this docket, various parties have asserted that no cost model is “perfect” – i.e. no cost model will precisely determine the actual cost of service for any carrier. The RTCN agrees with this assertion. Notwithstanding, we believe the Commission should implement reasonable measures to ensure that cost modeling is as approximate as possible. In Nebraska, the substantial majority of customers located within the traditional boundaries of rate of return carriers either already receive broadband service or are subject to enforceable commitments for the provision of service in the near future. In other words, Nebraska’s rate of return carriers have *already* constructed (or are constructing) networks with architecture based on their traditional boundaries – one central office, longer loops, and more middle mile cost. In

these areas, utilizing the SBCM to model costs appears to be the best option if approximating actual cost to serve is a goal (as it should be).

In areas outside traditional rate of return ILEC boundaries, we agree that use of the CASA cost model may be worthwhile. In areas where network buildout has lagged, the construction of new networks may not fall along defined ILEC boundaries and therefore the CASA model may produce better approximations of actual costs to serve.

**B. Frequency of Model Updates**

The Commission seeks input on whether the following cost model inputs should be updated: Plant Mix, Labor Rates, Optical Network Terminal, and Weighted Average Cost of Capital. The RTCN believes that such inputs should be updated with a goal of establishing an accurate baseline for these inputs as the Commission finalizes the new NUSF methodology through the conclusion of this docket.

The Commission also seeks comment on how often the model should otherwise be updated to account for a variety of factors. As a norm, the RTCN does not believe that annual cost model updates would be required. Rather, cost model updates occurring on a two year (or three year) cycle should suffice. We would suggest that the Commission retain the flexibility to seek more frequent or interim cost model updates if unforeseen economic changes (significant interest rate movement, labor market developments, or material procurement issues) would produce cost estimates that are not reflective of the current market.

DATED: July 1, 2025

**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**

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