

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public)	Application 911-073 / PI-232
Service Commission, on its own motion,)	
to consider recommendations of the)	
Service System Advisory Committee)	
for creation of a new funding system)	
for Next Generation 911.)	

COMMENTS OF UNITED STATES CELLULAR CORPORATION

United States Cellular Corporation ("U.S. Cellular") hereby files these Comments for the Nebraska Public Service Commission's ("Commission") consideration in the above-captioned docket, 911-073 / PI-232. These comments are being filed pursuant to the Order entered in said docket on May 5, 2020. While numerous questions were posed, U.S. Cellular files the following comments in response to Question 5 which asked:

5. Is it appropriate for the Commission to continue to allocate a portion of wireless surcharge remittances to wireless service providers? Should it make a difference if the wireless service provider is already imposing a regulatory charge or similar fee on its customers? If a continued allocation to wireless service providers is appropriate, what should be the eligible uses of such funds? Finally, how should wireless service providers' use of such funding allocations be audited?

Effective July 1, 2001, a \$.50 surcharge was collected by wireless carriers from each subscriber of a wireless phone with a billing address in Nebraska. Wireless carriers have remitted that surcharge to the Commission since that time. On January 1, 2013, the surcharge was lowered to \$.45, and remains at that rate today.

On February 23, 2010 in Docket 911-019 / PI-118, the Commission adopted a permanent funding mechanism for the purpose of distributing funds from the Enhanced Wireless Fund to Wireless Service Providers ("WSPs") and Public Service Answering

Points (“PSAPs”) pursuant to the Enhanced Wireless 911 Services Act, codified at Neb. Rev. Stat. §§86-442 to 86-471.¹ WSP funding was recognized as a vital component in the delivery of quality 911 services for Nebraskans, and funding has been provided to WSPs annually.

Per the Commission’s Annual Report to the Legislature on the Status of the Nebraska Telecommunications Industry, the 911 fund collected more than \$8.5 million dollars in Fiscal Year 2018-2019.² And according to testimony provided at the most recent wireless surcharge hearing held November 5, 2019, a similar amount is forecasted to be collected in Fiscal Year 2019-2020.³

Funding was recently awarded to WSPs and PSAPs via the Commission’s annual 911 Funding Order.⁴ With respect to respect to Fiscal Year 2020-21, the Commission determined the funding allocated to the PSAPs and WSPs should be maintained at the same level as provided during the 2019 funding year.⁵ As such, the Order awarded the WSPs just over \$1 million dollars, and the PSAPs just over \$4.85 million dollars⁶, virtually identical to the amounts allocated in 2019⁷. While the PSAPs (and local exchange carriers) receive the vast majority of funding, the WSP portion of funding is nonetheless significant and integral to the maintaining a robust, dependable 911 network

¹ *In the Matter of the Public Service Commission, on its own motion, to implement provisions of LB 1222 (2006) and to establish a permanent funding mechanism for a wireless enhanced 911 service*, Application 911-019/PI-118, Order entered Feb. 23, 2010.

² Annual Report to the Legislature on the Status of the Nebraska Telecommunications Industry, Nebraska Public Service Commission, Sept. 30, 2019, pg. 45

³ *In the Matter of the Commission on its own motion, seeking to determine the surcharge for the Enhanced Wireless 911 Fund*, Application 911-002, Testimony of 911 Dir. Dave Sankey, Order entered Nov. 13, 2019.

⁴ *In the Matter of the Public Service Commission on its own motion, to implement provisions of LB 1222 (2006) and to establish a permanent funding mechanism for enhanced 911 services*, Application 911-019 / PI-118, Order entered May 5, 2020.

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*, Order entered May 7, 2019.

in Nebraska.

U.S. Cellular previously filed comments with the Commission on this subject in July 2018 and encouraged the continuation of funding for WSPs.⁸ U.S. Cellular appreciates and values the support that has been given to the WSPs for the delivery of 911 services and submits these comments to again advocate that such practice be continued going forward.

While it is true that not all wireless carriers file for reimbursement, there are unique and varying reasons behind each company's decision whether or not to come forward and partner with the Commission for 911 recovery. For the companies that do seek reimbursement, such as U.S. Cellular, the WSP funding is an incredibly important component of ensuring the delivery of high-quality 911 services in Nebraska.

U.S. Cellular is a smaller wireless carrier with a rural focus. Eliminating WSP recovery would cause U.S. Cellular to either increase its customer rates or incur additional company expense, thereby putting the company at a competitive disadvantage to the much larger carriers that have an urban focus, serving much more densely concentrated population centers.

U.S. Cellular does charge a regulatory recovery fee; however, such is not used to support the maintenance or operations of its 911 network. Accordingly, the existence of this fee should not be considered duplicative or enabling double-recovery when combined with the WSP reimbursement.

Carrier recovery from the 911 Fund provides important financial support to companies that do not enjoy the efficiencies of scale like that of the largest wireless

⁸ *In the Matter of the Nebraska Public Service Commission, on its own motion, seeking to implement provisions of LB 993(2018) and establish a funding mechanism for next generation 911 service pursuant to the 911 Service System Act*, Application 911-068/PI-215, Comments filed July 13, 2018.

providers. U.S. Cellular has approximately 5 million subscribers, while AT&T and Verizon each have over 150 million subscribers. Scale is so important in this industry that T-Mobile was compelled to acquire Sprint so that they would have a critical mass of subscribers just as AT&T and Verizon, but no other wireless carriers, possess. Some of the large carriers have a different business model and choose not to claim carrier cost recovery from the Commission; however, it is an important and significant sum to companies like U.S. Cellular.

Some of the larger wireless carriers have wireline operations that offer 911 services which thereby provides them with a source of revenue to help offset their 911 expenses. Furthermore, those same wireless carriers experience pricing advantages by using their affiliated wireline network. Conversely, stand-alone wireless carriers, such as U.S. Cellular must contract with a third-party vendor for the provision of 911 operational services. As such, the delivery of reliable, high-quality 911 service is a significant cost incurred by the small, independent wireless carriers like U.S. Cellular.

911 costs are substantial and are only growing, as Next Generation 911 imposes additional requirements and costs on carriers. In fact, if adjustments are considered as it relates to WSP funding, an increase in allocated support should also be explored. However, U.S. Cellular is cognizant that increased costs will be experienced by not just the wireless carriers, but also by the PSAPs. Therefore, U.S. Cellular recommends the continuation of WSP funding at the present level and maintaining reimbursement for currently approved expenditures until it can be determined whether an increase in WSP funding is feasible. Similarly, U.S. Cellular recommends the current audit process be continued going forward.

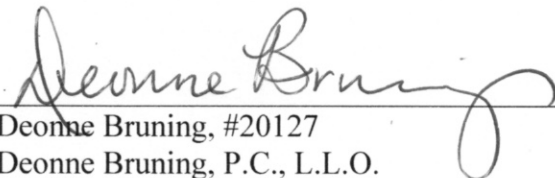
Finally, U.S. Cellular wishes to comment on the process employed by the 911 Service System Advisory Committee Funding Working Group that led to the issuance of its recommendations. U.S. Cellular participated at one meeting of the Funding Working Group to provide its perspective about the importance of continuing WSP funding and appreciated the opportunity. However, attendance at all other Funding Working Group meetings was not allowed and the meetings were closed to the public, even for the limited purpose of observation. Openness and transparency are cornerstones of governmental integrity, and U.S. Cellular disagrees with the decision that the Funding Working Group meetings did not warrant or deserve monitoring from the public. Millions of dollars are collected annually from subscribers, and the discussion by the Funding Working Group and Mission Critical Partners how those dollars should be spent should have been transparent. U.S. Cellular asks that going forward such meetings be public, and that agendas and minutes be publicly available. In addition, the Public Service Commission has proven its capability and proficiency in holding hearings and meetings virtually in light of Covid-19 restrictions. Attendance at future subgroup meetings, from people in the panhandle to those out-of-state, could be facilitated by permitting attendance through online and/or telephonic measures.

In closing, U.S. Cellular thanks the Commission for seeking input on this subject, and for allowing the wireless carriers the opportunity to explain the need for continued WSP support. With only some wireless companies seeking reimbursement, there may be a mistaken impression that WSP funding is not needed and can be eliminated. In fact, it is a critical time to continue the WSP allocation. The PSAPs and the wireless companies share a responsibility in providing 911 services, and both play a fundamental, essential

role in the implementation of Next Generation 911. Continued funding for the WSPs will lead to a more successful execution.

Respectfully submitted this 4th day of June, 2020

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Certificate of Service

An original of the foregoing Comments of United States Cellular Corporation in Docket 911-073, PI-232 were sent by U.S. Mail on June 4, 2020 to the Nebraska Public Service Commission, 1200 N St., Suite 300, Lincoln, NE 68508 and a copy of the same was e-mailed to:

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