

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public Service Commission, on its own motion, to consider revisions to the universal service fund contribution methodology. )

Application No. NUSF-100 PI-193



COMMENTS OF THE RURAL TELECOMMUNICATIONS COALITION OF NEBRASKA

I. INTRODUCTION

The Rural Telecommunications Coalition of Nebraska ("RTCN"),<sup>1</sup> by and through its attorneys of record, hereby respectfully submits these comments to the Nebraska Public Service Commission ("Commission") in response to the Commission's April 5, 2016, Order Seeking Further Comments in Application No. NUSF-100, PI-193.<sup>2</sup>

II. COMMENTS

The Commission opened this docket on November 13, 2014, seeking comments on various contribution reform options, including a revised revenues-based assessment, a connections-based assessment, a numbers-based assessment, and a hybrid or combination of the assessments. RTCN was among several parties that submitted comments and reply comments regarding the proposed contribution reform options.

<sup>1</sup> For purposes of this proceeding, RTCN is made up of the following carriers: Arapahoe Telephone Company d/b/a ATC Communications, Benkelman Telephone Company, Inc., Cozad Telephone Company, Diller Telephone Company, Glenwood Network Services, Inc., The Glenwood Telephone Membership Corporation, Hartman Telephone Exchanges, Inc., Hemingford Cooperative Telephone Co., Mainstay Communications, Plainview Telephone Company, Southeast Nebraska Communications, Inc., Wauneta Telephone Company, and WesTel Systems f/k/a Hooper Telephone Company.

<sup>2</sup> In the Matter of the Nebraska Public Service Commission, on its own motion, to consider revisions to the universal service fund contribution methodology, Application No. NUSF-100, PI-193, Order and Seeking Further Comments (April 5, 2016) (the "Order").

In its February 13, 2015, Comments, RTCN suggested that the Commission consider adopting a hybrid contribution approach that would utilize both a connections-based mechanism and the current revenues-based model utilizing a reduced surcharge rate. RTCN hypothesized that such a hybrid approach would continue to capture contributions from existing sources which may otherwise be lost under alternative approaches, and would also add a greater level of stability to the fund by introducing a potentially more fixed connections-based component to the contribution system. RTCN also explained that, when compared to implementing an entirely new and untested contribution mechanism, the use of a hybrid approach may reduce risk by diversifying the contribution components of the mechanism, helping to weather any unforeseen issues that may arise with any new and untested system. RTCN further suggested that a hybrid model may also have the potential to act as an interim step in a transition to a connections-based system.

The Commission now seeks further comments related to both its overall vision for where universal service should evolve and the proposed adoption and implementation of a connections-based contribution mechanism. As it relates to the Commission's proposal to adopt a connections-based contribution mechanism, the Commission set forth a number of reasons why it considers a connections-based mechanism to be the most sensible approach in the current environment. The Commission recognized that while assessable revenues have been declining for several years, the number of connections has remained stable. The Commission further found that a connections-based approach would increase stability and predictability in the NUSF and would be easier to administer in many respects in part because it will mitigate the number of complex issues the Commission currently encounters. RTCN generally agrees with the Commission's stated rationale for adopting a connections-based approach.

RTCN's primary interest in this reform proceeding is the re-establishment of a solid foundation for an adequate and stable source of universal service funding. While RTCN continues to suggest that a hybrid mechanism may, at least for an interim period, be the best option, RTCN would also support the adoption of a connections-based contribution approach to the extent that such model and the implementation thereof is fashioned in a way that addresses two key concerns that RTCN raised in its initial Comments.

First, RTCN requests that the implementation strategy for any new contribution methodology address the threat of a legal challenge and potential rejection by the courts on appeal. RTCN's concern, which was also raised by the Rural Independent Companies ("RIC") in their February 13, 2015, Comments, is that if there is a successful court challenge to the adoption of a new contribution system, there may then be no fallback contribution mechanism in place.<sup>3</sup> As proposed by RIC, one strategy for addressing this concern is to delay the implementation of the new mechanism until after the relevant appeal period.

RTCN also requests that a connection's based mechanism be structured to avoid the loss of any current sources of funding, including intrastate long distance revenues. It is unclear whether the Commission's currently proposed connections-based system would capture intrastate long distance revenues,<sup>4</sup> and thus, RTCN suggests that to the extent the Commission adopts a connections-based contribution methodology, it implement measures to capture this revenue source.

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<sup>3</sup> See Comments of the Rural Independent Companies in NUSF-100/PI-193, dated February 13, 2015, at page 20.

<sup>4</sup> It is unclear whether the Commission's footnote 7, indicating that the proposed definition of "assessable" may be consistent with Open System Interconnection (OSI) model Layer 3 or the Network Layer, would address this concern.

### III. CONCLUSION

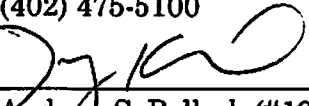
RTCN fully supports the Commission's continued efforts to find a solution to the steadily declining NUSF balance. While RTCN continues to suggest that a hybrid mechanism may, at least for an interim period, be the best option, RTCN would support the adoption of a connections-based contribution approach to the extent that such model and the implementation thereof are adjusted to address the concerns raised by RTCN in its comments above. RTCN appreciates the opportunity to contribute to this important proceeding and respectfully submits its comments above.

Dated this 6th day of June, 2016.

#### RURAL TELECOMMUNICATIONS COALITION OF NEBRASKA ("RTCN")

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Cozad Telephone Company,  
Diller Telephone Company,  
Glenwood Network Services, Inc.  
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Hartman Telephone Exchanges, Inc.,  
Hemingford Cooperative Telephone Co.,  
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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that an original and five copies of the foregoing Comments of the Rural Telecommunications Coalition of Nebraska were filed with the Public Service Commission on June 6, 2016, and a copy was served via electronic mail on June 6, 2016, addressed as shown below, to the following:

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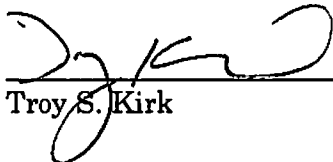
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