

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 Windstream Nebraska, Inc.

Windstream Nebraska, Inc. (“Windstream”) submits the comments below in response to the Nebraska Public Service Commission (“Commission”) “Order Opening Docket and Seeking Comment” entered on November 13, 2014 (“Order”). In the Order, the Commission has asked for comment on the merits of various Nebraska Universal Service Fund (“NUSF”) assessment methodologies, while noting that the Commission is not at this time considering including in the assessment base services/consumers not already contributing to the NUSF.¹

Windstream commends the Commission for reviewing the contribution methodology in light of the many changes to the communications marketplace since the current assessment methodology was implemented in 1999. Although Windstream does not submit a specific proposal for reform at this time, Windstream recommends that any reform to the contribution methodology be consistent with the following principles: (1) the funding level should be stable and predictable, (2) providers should contribute in a competitively and technology- neutral manner and provider discretion should be minimized through clear mandates, (3) consumer impacts should be equitably distributed consistent with the public interest benefits of the NUSF,

¹ Order at p. 1.

and (4) administrative efficiency should be maximized. Windstream addresses each of these points briefly below.

I. Stable Funding Level.

The Commission should ensure that the contribution mechanism it ultimately adopts yields a funding level that is both stable and predictable. While the Commission has stated that it is not inclined to change the contribution base of consumers at this time, the Commission recognizes that the current mechanism of assessment based on revenues associated with telecommunications services does not assure a stable funding level. With the introduction of new technologies and bundled services that are delivered over a common network, the lines have been blurred regarding how much revenue derived from these services is associated with telecommunications services. Whatever contribution mechanism the Commission adopts should ensure that the current decline in the assessable base is halted, which in turn will enhance budgetary certainty and diminish the need for additional reform in later years.

II. Competitive and Technological Neutrality.

The assessment methodology should be competitively and technologically neutral so that one provider does not have an unreasonable pricing advantage over another. The NUSF assessment is passed to consumers as part of the rates contributors charge consumers and, while pricing differences exist for various types of communications services, an artificial pricing advantage should not result from a NUSF assessment methodology that treats competing technologies and services in disparate ways. Further, to minimize confusion and attempts to gain advantage with respect to the contribution obligation, the Commission should limit the

amount of discretion contributors have regarding their determination of assessable intrastate telecommunications revenue.

III. Consumer Impact and the Public Interest.

The impact of the assessment methodology should be equitable among all consumers paying into NUSF, consistent with the public interest benefits of the NUSF. Just as a provider of services should not have an unreasonable advantage over another provider due to service type or technology, a consumer should not be unreasonably impacted based on the consumer's choice of service type or technology. The impacts of the NUSF assessment on consumers should be distributed fairly in order to safeguard the Commission's interest in promoting universal access to communications services.

IV. Administrative Efficiency

Any reform of the NUSF contribution system should minimize burdens on providers, consumers, and administrators alike. Clarity in the contribution methodology would reduce providers' administrative costs, which providers could then pass on to consumers in the form of lower rates. Similarly, improving the ease of administration would reduce the Commission's costs associated with collecting contributions.

V. Conclusion.

If the Commission undertakes reform to the contribution methodology, such reform should be consistent with the guiding principles Windstream identifies above.

Respectfully submitted this 13th day of
February, 2015.

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Certificate of Service

The undersigned hereby certifies that on this 13th day of February 2015, an electronic copy of the foregoing was emailed to the following:

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