

September 25, 2017

VIA FEDERAL EXPRESS OVERNIGHT -
No. 7703 3577 8781

Nebraska Public Service Commission
1200 N Street, Suite 300
Lincoln, NE 68508

Re: Brief in Reply to RIC Post-Hearing Comments

To Whom It May Concern:

Enclosed are an original and five copies of the Association of Teleservices International, Inc.'s Reply to the Post-Hearing Comments of the Rural Independent Companies. These comments apply to the Commission's review of whether to change to a "connections" contribution methodology, as a witness has claimed that reliable data to implement such a methodology is available from the FCC's Form 477 reports. The Association offers that, at least in the case of high capacity facilities, such a claim is contradicted by the record in this proceeding.

Thank you for your attention to this matter.

Sincerely,



Matthew Ottemann

Enclosures

MTO:pm

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public Service) Application No. NUSF-100/PI-193
Commission, on its own motion, to consider)
revisions to the universal service fund)
contribution methodology.)

**ASSOCIATION OF TELESERVICES INTERNATIONAL, INC.
REPLY TO RIC POST-HEARING COMMENTS**

THE ASSOCIATION OF TELESERVICES INTERNATIONAL, INC. (ATSI), by its attorneys, respectfully submits its reply to the Closing Comments of the Rural Independent Companies (RIC) in the captioned proceeding, dated September 15, 2017, and respectfully states:

RIC advocates for change to a “connections” contribution methodology, and, as part of its supporting argument, claims in relevant part that the necessary “reliable data” to implement such a methodology is “available from FCC Form 477 Reports”. (RIC Closing Comments at p. 8). However, at least in the case of high capacity facilities, such as PRIs, DS-1/3 and similar IP facilities utilized by ATSI members, RIC’s claim is contradicted by the record in this proceeding.

As Witness Gillan pointed out in his pre-filed testimony, high capacity facilities are not reported on Form 477 as such, but instead are reported as Voice Grade Equivalents (VCEs). (Gillan Initial Testimony, p. 10, lines 13-15) (March 24, 2017).¹ As evidenced by the specimen contribution assessments proffered by the Commission’s staff and RIC in this proceeding, applying contribution assessments on a VCE basis on high capacity facilities would mean, as character-

¹ Hearing Exhibit 7.

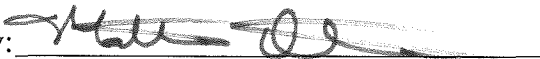
ized by Witness Bohlen, that “business customers with many lines would be bearing an unreasonable burden”. (Bohler Reply Testimony, p. 5, lines 95-97) (April 21, 2017).²

Witness Hollick also underscored this essential fact in her testimony at the hearing, pointing out that in an IP world, the cost per call path for high capacity facilities is so low that applying surcharges on that basis could easily result in the situation where the NUSF “surcharge is equal to the cost of the call path”. (Hearing Tr. 44, lines 14-15) (*See also id.* at 43, line 9 through 47, line 8).

Contrary to RIC’s claim, Form 477 does not provide the necessary data to adequately identify high capacity facilities for purposes of a properly structured “connections” NUSF contribution methodology. Accordingly, the record in this proceeding demonstrates, at a minimum, that this important issue remains to be resolved if the Commission wishes to adopt a “connections” contribution methodology.

Respectfully submitted this 25th day of September, 2017.

ATTORNEY FOR THE ASSOCIATION OF
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² Hearing Exhibit 22.

Certificate of Service

The undersigned hereby certifies that on this 25th day of September, 2017 an original and five copies of the Reply to the Closing Comments of the Rural Independent Companies for the Association of Teleservices International, Inc. in Application NUSF-100, PI-193 were sent via FedEx Overnight delivery No. 7703 3577 8781 to the Nebraska Public Service Commission, and a copy of the same was e-mailed to the following:

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A handwritten signature in black ink, appearing to read "Matt Ottemann", written over a horizontal line.

Matthew R. Ottemann