

**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

**POST HEARING REPLY COMMENTS OF QWEST CORPORATION  
d/b/a CENTURYLINK QC AND UNITED TELEPHONE COMPANY OF THE WEST  
d/b/a CENTURYLINK**

During the August 30, 2017 hearing, the Nebraska Public Service Commission (“Commission”) granted the opportunity to submit post-hearing comments and later granted the opportunity to file post-hearing comments. An Order from the Hearing Officer on September 19, 2017 allowed parties to file post hearing reply comments. Qwest Corporation d/b/a CenturyLink QC and United Telephone Company of the West d/b/a CenturyLink (collectively, “CenturyLink”) appreciates the opportunity to provide these reply comments.

In its post-hearing comments, CTIA claims that there is no reason to change the NUSF contribution mechanism now. CenturyLink believes the time for change opened more than a decade ago when the FCC opened its contributions mechanism docket and change becomes more critical the longer the current process remains. As noted in Mr. Lubeck’s March 24, 2017 testimony, the NUSF is designed to meet Nebraska’s articulated policy that the NUSF meet specific objectives. Those objectives include that all providers of telecommunications should make an equitable and nondiscriminatory contribution to the preservation and advancement of universal service, and that there should be specific, predictable, sufficient, and competitively neutral mechanisms to preserve and advance universal service.

The current mechanism is neither sustainable nor technology neutral. The current contribution mechanism is not sustainable when contributions from wireless providers have

accounted for over 50% of the decline in intrastate Nebraska revenues between 2007 and 2014<sup>1</sup> while the base number of wireless voice connections increased. That decline could have been partially related to the unbundling of the mobile device as Mr. Gillan noted<sup>2</sup>, but Mr. Gillan does not claim that the unbundling is totally responsible for the decline in revenues. Aside from this mobile device claim, Nebraska wireless intrastate revenues (and therefore contributions to the NUSF) have declined while wireless lines have increased. And as voice trends toward a smaller portion of the use on a mobile device, the wireless intrastate voice revenues will continue to decline, resulting in continued declines in contributions to the NUSF, regardless of any moderation of the mobile device impacts, making it more and more difficult to continue to achieve the other policy objectives of the NUSF.

The current mechanism is no longer technology neutral. The NUSF was designed at a time when TDM was the primary technology for voice service. Now IP technology, including its use for mobile providers, is the primary technology for voice service. Mr. Gillan made the point at the hearing that “when you try to figure out, well, how much am I going to charge per connection, understand that some of these providers are out there selling this connection for \$50 a month, using old technology, and other providers are selling it for \$5 a month, using new technology.”<sup>3</sup> Regardless of the technology used for voice service, the goal of voice service is to connect and communicate with others. To be technology neutral, contributions should be consistent for each type of connection to the communication network rather than based on the charges for the use of

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<sup>1</sup> Post-Hearing Comments by Charter Fiberlink – Nebraska, LLC and Time Warner Cable Information Services (Nebraska), LLC, page 1 line 9.

<sup>2</sup> *Id.*, page 1 line 11-14.

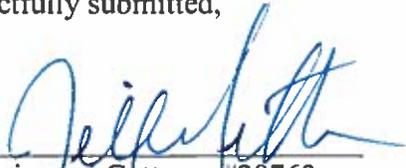
<sup>3</sup> *In the Matter of the Nebraska Public Service Commission, on Its Own Motion, to Consider Revisions to the Universal Service Fund Contribution Methodology*, Transcript: Proceedings had before the Nebraska Public Service Commission at Lincoln, Nebraska on August 30, 2017, App. Nos. NUSF-100/PI-193 at 36 (Testimony of Joseph Gillan).

that connection. Based on Mr. Gillan's example and assuming that 100% of the cost is Nebraska intrastate, the old technology would be contributing \$3.475 per month to the NUSF while the new technology would be contributing \$0.348. That difference of \$3.127 per month illustrates how unequal the contributions are for different technologies. For contributions to be technology neutral, with the passage of time and creation of new technologies, contributions to the fund should be based on that goal of communication across the network, not on how much a particular technology costs to reach the network.

CenturyLink urges the Commission to adopt a per-line contribution methodology that will bring the fund's contribution methodology back into compliance with the fund's policy objectives.

Dated September 26, 2017

Respectfully submitted,

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## CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 26<sup>th</sup> day of September, 2017, a true and correct copy of the foregoing Comments for CenturyLink was provided to the following interested persons by electronic mail indicated as follows:

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