

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

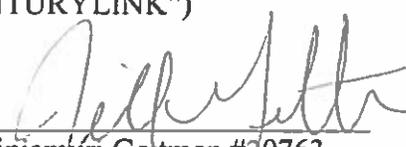
NOTICE OF SERVICE

**NOTICE OF FILING OF THE REPLY TESTIMONY
OF ALAN LUBECK ON BEHALF OF UNITED TELEPHONE COMPANY
OF THE WEST, INC d/b/a/ CENTURYLINK AND QWEST CORPORATION, INC.,
d/b/a CENTURYLINK QC (collectively "CENTURYLINK")**

COMES NOW CenturyLink and hereby gives notice of service of the filing of the Reply Testimony of Alan Lubeck in the above matters. A copy of same is attached hereto and has been served on all interested parties as indicated on the Certificate of Service.

Dated this 21st day of April, 2017.

UNITED TELEPHONE COMPANY OF THE
WEST, INC d/b/a/ CENTURYLINK AND
QWEST CORPORATION, INC., d/b/a
CENTURYLINK QC (collectively
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 21st day of April, 2017, a true and correct copy of the Notice of Filing of the Reply Testimony of Alan Lubeck for CenturyLink was provided to the following interested persons by electronic mail indicated as follows:

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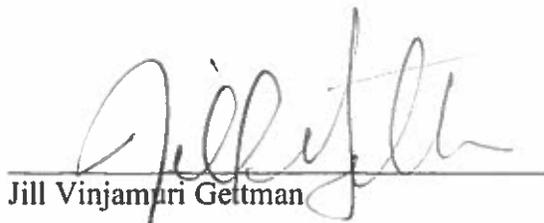
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Jill Vinjamuri Gettman

1 **BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION**

2 **REPLY TESTIMONY OF AL LUBECK**

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5 **Q. Please state your name, title, and business address.**

6 A. My name is Al Lubeck. I am employed by CenturyLink as Regulatory Operations
7 Director. My business address is 600 New Century Parkway, New Century, KS
8 66031.

9 **Q. Are you the same Al Lubeck that filed testimony in this proceeding on March**
10 **24, 2017?**

11 A. Yes, I am.

12 **Q. Have you reviewed the testimony filed by Mr. Robbins on behalf of the**
13 **Nebraska Public Service Commission staff?**

14 A. Yes, I have.

15 **Q. Do you have any concerns with Staff's three alternatives for the calculation**
16 **of the NUSF surcharges?**

17 A. Yes. Mr. Robbins' testimony raised a number of issues that must be addressed
18 before the Commission moves forward with a connections based methodology for
19 NUSF surcharges. CenturyLink continues to recommend workshops to discuss
20 and resolve these issues.

21 **Q. Please explain.**

22 A. This docket was first opened in November 2014 and has been through several
23 rounds of comments. However, with the Commission's February 22, 2017 Order,

1 it appears that Staff has established new underlying principles that parties have
2 not yet had a chance to address while at the same time ignoring other basic
3 principles that should apply to the NUSF.

4 **Q. What are the underlying principles that Staff should be addressing?**

5 A. As Staff works through a significant change in the NUSF contributions from the
6 current revenue based methodology to a connections based methodology, it
7 should ensure that the determination of the surcharge amounts be transparent and
8 that the new surcharges be easy to administer and bill. Unfortunately, the
9 proposals advanced by Staff do not achieve any of these underlying principles.

10 **Q. Why do you believe that the proposals are not transparent?**

11 A. The calculation that Staff uses to determine the NUSF surcharge for each class of
12 service is convoluted and includes a number of assumptions that may prove to be
13 incorrect, which puts the Commission at risk of not collecting all of the funding
14 needed for its various programs. This lack of transparency makes it difficult to
15 understand Staff's goals in developing the surcharges, not to mention
16 understanding the surcharge calculation itself.

17 **Q. Are the proposed surcharges easy to administer and bill?**

18 A. No. Staff's original proposed surcharges would not have been easy to administer
19 or bill. Various other parties have commented on this in their initial testimony,
20 and I will not repeat those arguments here.¹ Staff's three alternative proposals
21 address some of the problems regarding the ease in administration and billing by
22 removing the business revenue tiers. However, my concerns regarding
23 transparency in the calculation of the surcharges remain.

¹ See for example, Frontier, p.7-8, Windstream, p.10-12, Cox, p.3-4, Level 3 p.4-8, CTIA p.28-37,

1 **Q. Do you have any other comment on the ease of administration and billing?**

2 A. Yes. I recommend the Commission use the same rules for billing the
3 connections based NUSF surcharge as it uses for the TRS surcharge. The per
4 connection surcharge for TRS has worked well for years and CenturyLink sees
5 no reason to develop a different set of billing rules for the NUSF connections
6 base surcharge. Using the same set of rules will make programming the billing
7 systems for the new NUSF surcharge easier. Utah has been dealing with this
8 same issue as it works to implement a connections-based universal service fund
9 surcharge and is currently considering the option of combining USF and TRS
10 into a single per connection surcharge.

11 **Q. Have you reviewed the three different alternatives for a connections based
12 NUSF surcharge that Mr. Robbins proposes?**

13 A. Yes.

14 **Q. What is your opinion of the three alternatives presented?**

15 A. The three alternatives, as well as the original proposal, suffer from the same fatal
16 flaws, namely that Staff seeks to “equalize the surcharge on a per household
17 basis”² and that Staff does not recognize any business wireless connections.

18 Regarding the first issue, during the nearly two and one-half years since this
19 proceeding was opened, Staff has never articulated that one of its goals is to
20 create a surcharge that is fairly level across households, in effect creating a per
21 household surcharge. Further, such a goal runs counter to the concept of
22 establishing a *connections* based surcharge, which, by default, means a surcharge
23 for each connection to the public switched telecommunications network.

² Pre-filed testimony of Cullen Robbins, page 3

1 To achieve an equalized surcharge per household, Staff forces a ratio of 60%
2 fixed and 40% mobile voice connections in the surcharge calculations. This
3 forced ratio is clearly incorrect, as the Commission's 2016 Annual Report to the
4 Legislature, at page 151, indicates that wireless accounts for 66.1% of the
5 connections while wireline accounts for 33.9% of the connections. A connection
6 is a connection. Staff should not perform arithmetic acrobatics in an attempt to
7 accomplish some unknown goal. To the extent wireless connections continue to
8 grow, these gymnastics will create a divergence in the surcharge that would not
9 meet the goal of being technology neutral.

10 **Q. What about the proposed business surcharges?**

11 A. The business surcharges, under each of the alternatives proposed by Staff, fail to
12 acknowledge that a growing portion of business connections are coming from
13 mobile connections. Under Staff's original proposal, and under each of the three
14 alternatives proposed by Staff in its testimony, a mobile business connection pays
15 a substantially smaller NUSF surcharge than a wireline business connection.
16 Staff's original proposal includes a wireline business connection surcharge that is
17 at least 250% more than wireline residential connections, while the wireless
18 business connection includes the same surcharge as wireless residential
19 connections. The three alternatives that Mr. Robbins proposes continue this
20 disparate treatment of business wireless and wireline connections. The business
21 surcharges are not technology neutral. The Commission should consider this
22 drastic difference in business connection surcharges as it determines a technology
23 neutral surcharge.

1 In addition, a large business with hundreds of connections could potentially see a
2 significant increase in the NUSF surcharges assessed on a monthly basis.
3 CenturyLink recommends the Commission apply an upper limit on the number of
4 NUSF surcharges that can be assessed.

5 **Q. Do you have a recommendation regarding which proposal the Commission**
6 **should adopt?**

7 A. Not at this time. None of the proposals offered so far meet the Commission's
8 goals. The Commission must first address the concerns offered by the parties in
9 this docket before a surcharge alternative can be evaluated and recommended.
10 CenturyLink continues to recommend workshops to address the issues identified
11 in this docket.

12 **Q. Does this conclude your testimony?**

13 A. Yes.