

**BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION**

In the Matter of the Nebraska Public Service Commission, on its own motion, to investigate and consider the cost model used by the Federal Communications Commission for Connect America Fund Support, and its corresponding state counterpart.

Application No. NUSF-102/PI-194

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

On March 24, 2015, the Nebraska Public Service Commission (“Commission”) opened the above referenced docket to investigate whether it should obtain an annual license to the CostQuest State Broadband Cost Model (“SBCM”). It is the Commission’s understanding that the SBCM replicates the processing logic, inputs, and reporting formats of the Federal Communications Commission’s (“FCC’s”) price cap model used for determining Connect America Fund support. The Commission cautions, however, that at this time it is not endorsing the use of either the SBCM or the Connect America Fund model for determining broadband network costs; however it believes that a deeper understanding of the models would be beneficial. Qwest Corporation d/b/a CenturyLink QC and United Telephone Company of the West d/b/a CenturyLink (collectively, “CenturyLink”) agree.

In 2004, the Commission utilized the Benchmark Cost Proxy Model (“BCPM”) to estimate the cost of providing voice service in all areas of the state of Nebraska.<sup>1</sup> The information derived from the BCPM was used to help determine the allocation of Nebraska Universal Service Fund (“NUSF”) high cost support to eligible carriers. While BCPM may have been state of the art for modeling telecommunications costs in 2004, much has changed in the intervening 11 years. The 2010 census indicates that many rural counties have lost population, impacting the cost of providing service in these

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<sup>1</sup> See In the Matter of the Nebraska Public Service Commission, on its own motion, seeking to establish a long-term universal service funding mechanism, NUSF-26, Progression Order No. 5 entered June 29, 2004, para.38.

areas.<sup>2</sup> Further, competition has escalated in all areas of the state, and incumbent providers are no longer the dominant carrier in their franchise service territories. The costs the Commission initially calculated for the distribution of NUSF support do not accurately reflect the costs of providing voice and broadband services in 2015.

The SBCM model will include the impacts of population and competition, as well as other components that impact the cost of providing service. Therefore, the SBCM model will provide better information on what the cost of providing service should be. However, the SBCM may not provide good data for areas which include locations that do not geocode well. It is also important to note that the SBCM was designed to model the cost of broadband deployment and does not work as well for modeling the costs of a voice-only network. Finally, the quality of the cost output will depend greatly on the quality of the inputs used. CenturyLink has worked extensively with the FCC on the inputs used on the federal model and is more than happy to work with the Commission on developing inputs for a Nebraska model.

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<sup>2</sup> Of Nebraska's 93 counties, 69 lost population between 2000 and 2010 while the other 24 gained population. The population losses ranged from -0.2% for Dawson County to -18.0% for Boone County. See The Nebraska State Chamber 2015 Competitiveness Redbook, Tables 54A and 54B.

Dated April 29, 2015

Respectfully submitted,

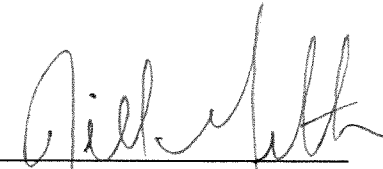
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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that on this 29<sup>th</sup> day of April, 2015, a true and correct copy of the foregoing was delivered to the following:

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