

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public Service Commission, on its Own Motion, to make adjustments to its high-cost distribution mechanisms and make revisions to its reporting requirements

Application No. NUSF-108

Progression Order No. 3

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

The Nebraska Public Service Commission ("Commission") opened the above referenced docket on December 19, 2017 to consider making changes to the use of Nebraska Universal Service Fund ("NUSF") support for the Rate of Return ("ROR") carriers. With the Federal Communications Commission's ("FCC's") completion of the Federal Universal Service Fund ("FUSF") support mechanism for ROR carriers, the Commission now feels the time is right to examine how and where NUSF support for the ROR carriers should be targeted. Qwest Corporation d/b/a CenturyLink QC and United Telephone Company of the West d/b/a CenturyLink (collectively, "CenturyLink") appreciates the Commission's attention to this matter and respectfully provide these comments.

Because CenturyLink is not directly impacted by the Commission's proposals, the comments provided here will be high level. The Commission's focus should be on the Nebraska resident and ensuring all residents in Nebraska are able to receive quality voice and broadband service at reasonable rates. It is irrelevant how that incumbent carrier that is tasked with providing that service is regulated by the FCC. CenturyLink believes that the Commission should treat all carriers receiving NUSF support equally when it comes to the calculation and allocation of support. In 2015, the Commission changed its distribution methodology for price cap companies such that those companies were required to use a specified portion of their NUSF support for broadband deployment projects in unserved and

underserved areas of the state.¹ However, ROR companies were under no such requirement and could use their NUSF support for the maintenance, provision, or upgrade of service as they saw fit. The Commission should use the same methodology for determining the amount of NUSF support for all companies, as well as the determination of how that support is to be used.

However, CenturyLink does not believe that any carrier, price cap or ROR should be required to use 80% of its NUSF distributions for broadband grant projects, as price cap carriers are required to currently. The Commission has provided no basis for its determination that 80% of distributions should be used for broadband grants. Indeed, the price cap companies had previously indicated that the cost model used by the FCC in developing the Connect America Fund II costs indicated that 71% of total costs related to ongoing operational expenses.² While CenturyLink understands and shares the Commission's desire to expand quality broadband service to all residents of Nebraska, the Commission must remain cognizant of the ongoing high costs associated with operating and maintaining the network in rural areas of the state and the consequences of not providing sufficient support for the maintenance and operating costs, including higher rates, reduced service quality, and reduced investment. The need for state support to help offset these high costs is greater than ever, now that the FCC has changed the FUSF to a broadband deployment fund.

The Commission requests comments on how to account for those ROR carries that have broadband throughout their service territories but have borrowed extensively to finance that build out. Nebraska statutes require recipient companies to use NUSF support "only for the provision,

¹ See In the Matter of the Nebraska Public Service Commission, on its Own Motion, to Administer the Universal Service Fund High-Cost Program, Application No. NUSF-99, Progression Order No. 1, issued September 1, 2015. In 2016, the Commission required price cap companies to use 50% of NUSF support for broadband grant projects. In 2017, the Commission increased the allocation to 80%.

² See Application No. NUSF-99, Reply Comments of Citizens Telecommunications Company of Nebraska d/b/a Frontier Communications of Nebraska, Qwest Corporation d/b/a CenturyLink QC, United Telephone Company of the West d/b/a CenturyLink, and Windstream Nebraska, Inc. filed July 14, 2015, page 5.

maintenance, and upgrading of facilities for which the support is intended.”³ CenturyLink believes it would be a violation of Nebraska statute to allow companies to use their NUSF distributions for repayment of that debt, as the support would then be used to finance investment that has already taken place rather than for the provision, maintenance, and upgrade of service.

CenturyLink recognizes that different carriers have built out broadband service at different levels and different speeds within their service territories. Therefore, a “one size fits all” allocation of NUSF support between broadband deployment and ongoing maintenance and operating costs is not feasible. CenturyLink recommends the Commission develop objective criteria and a methodology which takes into account the differing levels of broadband availability that it can use to determine the amount of NUSF support that must be used for broadband deployment for each carrier.

Dated this 5th day of March, 2018.

Respectfully submitted,

By: _____

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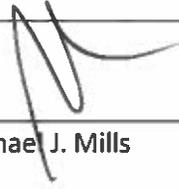
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³ NEB. REV. STAT. Sec. 86-124(1).

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 5th day of March, 2018, a true and correct copy of the foregoing was delivered to the following as indicated below:

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