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BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION MAR - 7 2019

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| In the Matter of the Nebraska Public Service Commission, on its own Motion, to make adjustments to its high-cost distribution mechanism and make revisions to its reporting requirement. |) | Application No. NUSF-108 | |
| |) | Progression Order No. 4 | Nebraska Public Service Commission |
| |) | COMMENTS | |
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The Rural Telecommunications Coalition of Nebraska (“RTCN”)¹, by and through its attorneys of record, submits these comments (“Comments”) in response to the Order Seeking Further Comment (“Order”), entered by the Public Service Commission (“Commission”) in the investigatory proceeding docketed NUSF-108 on February 5, 2019.

The Order is the Commission’s second order in the investigation docketed NUSF-108, Progression Order No. 4. In the initial Order Seeking Comment entered November 19, 2018 (“Initial Order”), the Commission announced its intention to further study areas where rate-of-return carriers have elected Alternative Connect America Model (“ACAM”) support, which has currently been capped by the Federal Communications Commission (“FCC”) at levels reportedly insufficient to fully support deployment of infrastructure capable of delivering broadband service, defined by the Commission as 25 Mbps down and 3 Mbps up (“25/3 Mbps” or “Broadband”).

In its Order, the Commission seeks comments on a number of proposals and questions. The RTCN appreciates the opportunity to respond.

As a threshold matter, the RTCN reiterates what it said in the *Comments* it submitted December 18, 2018, in response to the Initial Order. The Commission should forestall final

¹ For purposes of this proceeding, the RTCN is made up of the following carriers: Arapahoe Telephone Company d/b/a ATC Communications, Benkelman Telephone Company, Inc., Cambridge Telephone Company, Cozad Telephone Company, Diller Telephone Company, Glenwood Network Services, Inc., The Glenwood Telephone Membership Corporation, Hartman Telephone Exchanges, Inc., Hemingford Cooperative Telephone Co., Mainstay Communications, Plainview Telephone Company, Southeast Nebraska Communications, Inc., Stanton Telecom, Inc., and Wauneta Telephone Company.

determination in this investigatory proceeding until at least the time that current legacy carriers have to make an election for the second ACAM offering. The Commission should permit at least one further round of comments following release of that offering. The FCC on February 25, 2019, released its revised offers of ACAM support and revised deployment obligations, but this offering extends only to carriers that originally elected ACAM and not carriers that originally declined ACAM and continued with legacy support. Until a clearer picture of federal support is drawn, the Commission should refrain from final action in this proceeding.

The Commission first proposes to provide support to capped locations that are connected to fiber infrastructure capable of speeds of at least 25/3 Mbps.

The RTCN supports this proposal. In footnote 16, the Commission notes that the SBCM estimates costs for fiber deployment. The Commission goes on to say that it would need to revisit the support calculation if the carrier uses a technology other than fiber to provide Broadband. The RTCN supports consideration of support for alternative technologies, and agrees with the statement made in footnote 16 that, if alternative technologies are utilized, then support must be calculated differently. For example, if a carrier used a less expensive alternative than fiber, the support should be reduced accordingly.

The Commission next proposes to support capped locations if, according to the HUBB reporting database operated by the Universal Service Administrative Company, the capped location has fiber connectivity. In support of this proposal, the Commission stated that the HUBB was sufficiently accurate to ensure the service is actually being provided. The Commission also proposes to retain the ability to audit use of high-cost support by requesting documentation supporting the carrier's buildout costs.

The RTCN agrees with the Commission's statement that the HUBB calls for reporting sufficient to ensure service is actually being provided.² Further, performance testing called for by the FCC will help ensure carrier reporting is credible.³ The RTCN supports the proposal to support capped locations if, according to the Hubb, the capped location has fiber connectivity.

Once capped locations have been built out and identified in the HUBB, the Commission proposes that the remaining cost (total SBCM-modeled cost to serve less the capped amount and benchmark support) would be calculated on a per location basis for each carrier.

In its December 18, 2018 Comments, in this same proceeding, the RTCN said that support for capped locations should not jeopardize ongoing support for carriers that have been responsible stewards of past federal and state support and have built out Broadband-capable facilities in their service territories. To ensure that such ongoing support is not jeopardized, the RTCN recommends the Commission consider establishing separated funds for ongoing support of capped locations. The NUSF Act calls upon the Commission to ensure predictable and sufficient support for high-cost service.⁴ By establishing separate funds for capped locations and areas found to have Broadband service in NUSF-108,⁵ the Commission will ensure predictable and sufficient ongoing support for areas with Broadband service. No party has challenged the sufficiency of support allocated in NUSF-108, Progression Order No. 3. No party has claimed that support allocated is too high or too low. By all indications,

² *Connect America Fund*, Report and order, Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking, 31 FCC Rcd 3087 (2016), 205-215

³ *Connect America Fund*, Order, 33 FCC Rcd 6509 (2018)

⁴ See NEB. REV. STAT. § 86-323(5).

⁵ See *In the Matter of the Public Service Commission, on its own Motion, to make adjustments to its high-cost distribution mechanism and make revisions to its reporting requirements*, Application No. NUSF-108, *Order Authorizing Payments*, January 29, 2019.

the Commission's ultimate decisions in that important reform proceeding were sound. The Commission recognized the importance of providing support sufficient for carriers to service debt, and operate and maintain Broadband-capable systems they responsibly deployed. By establishing a separate fund for support to capped locations in Progression Order No. 4, the Commission will ensure that its work in Progression Order No. 3 is not undone.

The Commission proposes to subject support for capped locations to budget control mechanism. The Commission noted that it expects support levels to vary.

While the Commission provides only illustrative information about the budget control mechanisms it might adopt in this proceeding, the RTCN supports an approach consistent with the approach the Commission took in Progression Order No. 3, provided that the Commission establish a separate fund for ongoing support to capped locations.

Support for capped locations should remain subject to the Commission's earnings test, utilizing the Commission's EARN form.

Further, the Commission should consider a limitation on the time an incumbent carrier is permitted to complete deployment of Broadband-capable facilities. If deployment is not completed in such time period, the Commission should consider support for competitive alternatives to ensure deployment of Broadband facilities in unserved and underserved areas, consistent with the provisions of Neb. Rev. Stat. § 86-330.

Finally, the Commission proposes to support capped locations on a monthly basis in a manner commensurate with support levels provided to non-ACAM rate-of-return carriers that are Broadband-capable.

The RTCN supports this proposal, but reiterates what it said above about adjusting support for non-fiber alternatives based on actual cost, which the Commission acknowledges must be done in footnote 16. In that regard, the SBCM modeled cost to serve a location


illustrated in Table 1 of the Order would need to be adjusted to reflect the actual cost of serving using alternative technologies.

DATED: March 7, 2019

**RURAL TELECOMMUNICATIONS
COALITION OF NEBRASKA**

**ATC Communications, Benkelman
Telephone Company, Inc., Cambridge
Telephone Company, Cozad
Telephone Company, Diller
Telephone Company, Glenwood
Network Services, Inc., The
Glenwood Telephone Membership
Corporation, Hartman Telephone
Exchanges, Inc., Hemingford
Cooperative Telephone Co., Mainstay
Communications, Plainview
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that an original and five copies of the above *Comments* of the Rural Telecommunications Coalition of Nebraska were filed with the Public Service Commission on March 7, 2019, and a copy was served via electronic mail, to the following:

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