

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public) Application No. NUSF-108
Service Commission, on its own Motion, to) Progression Order No. 5
make adjustments to its high-cost)
distribution mechanism and make) REPLY COMMENTS
revisions to its reporting requirement.)

INTRODUCTION

The Rural Telecommunications Coalition of Nebraska ("RTCN")¹, by and through its attorneys of record, submits these Reply Comments ("Reply Comments") pursuant to the Order Seeking Comments, entered by the Public Service Commission ("Commission") on December 17, 2019, and the Order Granting Extension of Time, entered January 6, 2020. These Reply Comments will primarily address the Comments of the Nebraska Rural Independent Companies ("RIC") on February 18, 2020.

COMMENTS

First, the RTCN wishes to correct a statement made in its comments based on a misunderstanding of one of the questions the Commission posited. The Commission asked whether there was any reason not to require carriers to file a separate EARN Form for each Nebraska code. The RTCN misunderstood "code" to refer to study area code. The RTCN learned after it filed its Comments that by "code" it was intended by the Commission to refer to legal entity code or identifier used by the Commission. Based on a correct understanding of the question, the RTCN believes that carriers should be required to file a separate EARN Form for each Nebraska code.

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1 For purposes of this proceeding, the RTCN is made up of the following carriers: 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.

Before commenting on the issues raised in the Order Seeking Comments, RIC continues its criticism of the Commission for decisions with regard to rate-of-return carriers' eligibility for Broadband Deployment Support.² The Commission's decisions under the Progression Order No. 3 and Progression Order No. 4 proceedings are beyond the scope of this proceeding. RIC's attempt to relitigate those matters has no place under Progression Order No. 5.

The RIC proposes four principles for implementing EARN Form changes. In its second proposed implementation principle, RIC advocates that over-earnings for capped locations should be transferred to the carrier's Broadband Deployment Support.³ The RTCN urges the Commission to reject that proposal. The RIC's proposal is contrary to the Commission's historical approach to distributing support. It would eliminate the redistribution of support, which the Commission has utilized to ensure carriers receive support for which they are eligible, but otherwise would not receive due to limited and scarce funds.

In recommending its fourth implementation principle, RIC argues that the Commission remove amounts above federally established Universal Service Fund expense caps from total company operating expenses.⁴ While generally supporting this principle, the RTCN questions how it would apply, as a practical matter, to ACAM companies. Such carriers may no longer have a responsibility to perform cost studies for high-cost support purposes. Without the benefit of a cost study, determining the amount of expenses above federal caps will be more difficult for the Commission. The RTCN urges the Commission to consider and address this dilemma. The RTCN will cooperate in seeing that is properly addressed.

² *RIC's Comments*, pp. 4-5.

³ *RIC's Comments*, p. 6; *see also* p. 8.

⁴ *RIC's Comments*, p. 6.

The RIC has recommended a revised EARN Form.⁵ On line 28 of the proposed form, “non-regulated revenues” are included. Non-regulated revenues (and expenses) should not be included in the EARN Form. The purpose of the EARN Form is to ensure that carriers receiving high-cost support do not over earn for regulated activities. It has not applicability to non-regulated activities.

The RIC advocates that the Commission determine earnings on a single-year basis.⁶ The RTCN stands by the position it made in its Comments, recommending that the Commission utilize a three-year average.⁷ Doing so will lessen year-to-year earnings volatility, which has greater impact on smaller carriers.

The RIC argues that the Commission should allow carriers to transfer high-cost support among affiliates.⁸ The RTCN opposes this proposal. Allowing affiliate transfers would unduly advantage companies with affiliates and multiple study areas. Further, it would encourage gamesmanship and lead to potential abuse. Indeed, by stating that the practical impact of this change would be limited because only two RIC members have affiliates, the RIC has essentially acknowledged the negatives of allowing affiliate transfers. The Commission should reject this proposal.

DATED: March 6, 2020

⁵ *RIC's Comments*, p. 7 and *Exhibit A*.

⁶ *RIC's Comments*, p. 9.

⁷ *RTCN Comments*, p. 2.

⁸ *RIC Comments*, p. 13.

RURAL TELECOMMUNICATIONS
COALITION OF NEBRASKA

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.,
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that an original and five copies of the above *Reply Comments* of the Rural Telecommunications Coalition of Nebraska were filed with the Public Service Commission on March 6, 2020, and a copy was served via electronic mail, to the following:

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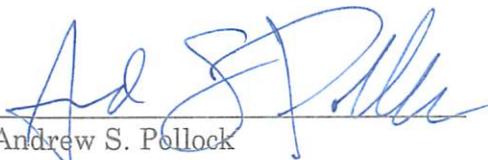
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