BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

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Nebraska Public Service Commission

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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. 5<br><br>**COMMENTS** |

## INTRODUCTION

The Rural Telecommunications Coalition of Nebraska ("RTCN")[1], by and through its attorneys of record, submits these *Comments* ("Comments") in response to an *Order Seeking Comments* entered by the Public Service Commission ("Commission") on December 17, 2019. The Commission raised a number of specific issues that fall under a few general categories. The following Comments will identify the categories, restate the questions, then supply the RTCN's responses.

## COMMENTS

### Carrier Elections

**Should the Commission establish a uniform basis for reporting earnings, such as a requirement that the EARN Form data be based on total company earnings?**

Yes. Having uniform rules for all carriers would ensure fairness and consistency.

**Should the Commission continue to allow carriers to choose between reporting on a total company, jurisdictional or supported service basis?**

The Commission should require carriers to report on a total company basis. Reporting on a total company basis will lead to the most administratively efficient process and will best ensure that state support properly complements federal support.

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[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.

**Should the Commission require all carriers to move from a three-year average to a single-year basis or vice versa?**

The Commission should require carriers to utilize a three-year average, which will lessen year-to-year earnings volatility caused by major construction projects or unexpected material non-recurring revenue or expense entries. Smaller carriers, especially those operating a single exchange, have few options to avoid overearnings for significant non-recurring financial events. Utilizing a three-year average will allow the Commission to better evaluate an individual carrier's longer-term financial trends and broadband deployment progress.

**Should the Commission continue to allow carriers to consolidate affiliate entities into one for EARN Form filing purposes?**

No. Allowing consolidation of affiliate entities makes it too difficult for the Commission to ensure that carriers are not manipulating earnings and cost information.

**Should the EARN Form filing be based on the assigned Nebraska code or legal tax entity?**

Each legal entity should be required to file a separate EARN form.

**Is there a reason not to require carriers to file EARN Forms separately for each Nebraska code? Explain.**

Filing NUSF EARN Forms on a study area code basis would correspond to how FUSF support is received and should be required.

**Permitted Expenses**

**Should the Commission mirror FCC rules (from 2018 order), particularly as they relate to FCC expense limitations?**

Yes.

**Prescribed Rate of Return**

**Should the Commission set a transitional rate of return at 10.25%? Explain.**

Yes.

**Should the Commission mirror the FCC's transition to 9.75% and administratively direct staff to made adjustments as the FCC's prescribed rate changes?**

Yes.

**<u>FUSF Distinctions</u>**

**Should the Commission utilize two distinct EARN Forms depending on whether the carrier is Legacy or ACAM?**

No. Doing so would allow carriers to attempt to utilize the EARN Form to inappropriately angle for increased high-cost support at the expense of other carriers that would receive less. Fairness and equity require use of one form.

**Should carriers electing incentive regulation under the FCC's Broadband Data Services ("BDS") Order be treated differently?**

No.

**Has any Nebraska rate of return carrier elected BDS incentive regulation?**

Presumably, most ACAM carriers have elected BDS or will do so by March 1, 2020.

**Should the Commission require carriers to keep separations-based accounts for the purpose of receiving ongoing NUSF support? Explain.**

If all carriers are required to report earnings on a total company basis there will be no need to keep separations-based accounts.

**<u>Other Issues</u>**

**Should the Commission consider other modifications to EARN Form reporting requirements?**

The RTCN has no other recommendations at this time.

## <u>CONCLUSION</u>

The RTCN looks forward to continuing to work with the Commission and other stakeholders in this proceeding.

DATED: February 18, 2020

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 Telephone Company, Southeast Nebraska Communications, Inc., Stanton Telecom Inc., Wauneta Telephone Company,**

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## CERTIFICATE OF SERVICE

The undersigned hereby certifies that an original and five copies of the above ***Post-Hearing Comments*** of the Rural Telecommunications Coalition of Nebraska were filed with the Public Service Commission on February 18, 2020, and a copy was served via electronic mail, to the following:

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