

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

REPLY 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 September 27, 2016 in which it seeks comments on a number of modifications to the distribution and reporting processes of high cost Nebraska Universal Service Funds (“NUSF”) to encourage investment in broadband capable networks. Parties filed initial comments on October 27, 2016. Qwest Corporation d/b/a CenturyLink QC and United Telephone Company of the West d/b/a CenturyLink (collectively, “CenturyLink”) respectfully provide these reply comments in response to the initial comments filed.

CenturyLink notes that there is significant confusion regarding the Commission’s proposals. Frontier states that the proposals “raise a number of questions, and important aspects of the new approach suggested by the Commission are unclear.”¹ CenturyLink recommends the Commission conduct workshops where interested parties may discuss the proposals more fully with the Commission.

A number of commentors opposed the Commission’s proposal to impute revenue from competitive losses into the NUSF-EARN Form. Windstream states that the proposal “is based on the false premise that the need for ongoing support declines when lines are lost to competition.”² Windstream further states that “it is improper to fault a carrier for losing customers who choose

¹ See *In the Matter of the Nebraska Public Service Commission, on its own Motion, to make adjustments to its high-cost distribution mechanism and to make revisions to its reporting requirements*, Application No. NUSF-108, Initial Comments of Citizens Telecommunications Company of Nebraska d/b/a Frontier Communications of Nebraska (“Frontier Initial”), page 1

² Initial Comments of Windstream (“Windstream Initial”), page 4.

another telecommunications technology while requiring a carrier with carrier of last resort obligations to stand ready to provide its existing service to any customer who requests it.”³ Frontier states that “it is not appropriate to consciously ignore reality, and pretend that the telecommunications market is a monopoly, with the incumbent as the only provider. The adjustment proposed would totally divorce the NUSF-EARN Form data from the real situations under which the price cap carriers provide service.”⁴

CenturyLink agrees with Windstream and Frontier. Imputing revenue from competitive losses to the incumbent carrier is inappropriate. Incumbent carriers have carrier of last resort obligations, requiring them to stand ready to provide service to any customer requesting service within its service territory. As such, incumbent carriers must continue to maintain and upgrade the network, even as more and more customers choose to receive service from a competitor. Using imputed revenues from lines lost to competitors will result in more of the NUSF high-cost support being directed to broadband grants and away from ongoing maintenance. CenturyLink urges the Commission to not implement the proposed adjustment for competitive losses.

Several parties noted that the Federal Communications Commission (“FCC”) was taking a phased approach to implementing the 9.75 percent rate of return for rate-of-return carriers.⁵ CenturyLink agrees with these parties that it would be inappropriate to flash cut a significant change in the rate of return on the NUSF-EARN Form for price cap carriers when the FCC has chosen to take a more measured approach for the rate-of-return companies. CenturyLink encourages the Commission to phase in the change to the rate of return used on the NUSF-EARN Form consistent with the FCC’s actions.

³ Ibid, pages 4-5

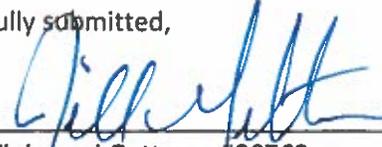
⁴ Frontier Initial, page 3

⁵ Initial Comments of the Rural Independent Companies (“RIC Initial”), page 4 and Windstream Initial, page 6.

Dated this 14th day of November, 2016.

Respectfully submitted,

By:



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CERTIFICATE OF SERVICE

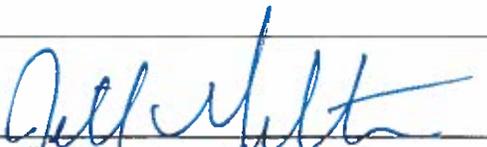
The undersigned hereby certifies that on this 14th day of November, 2016, a true and correct copy of the foregoing was delivered to the following as indicated below:

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