

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public Service)
Commission, on its own motion, to determine a) Application No. NUSF- 111
rate design and address implementation issues)
with a connections-based contribution mechanism.)

**REPLY COMMENTS OF
CITIZENS TELECOMMUNICATIONS COMPANY OF NEBRASKA
D/B/A FRONTIER COMMUNICATIONS OF NEBRASKA**

On December 19, 2017, the Nebraska Public Service Commission (the "Commission") issued its *Order Opening Docket and Seeking Comment* ("December 19 Order"), opening the above-captioned proceeding to determine an appropriate rate design for a rational connections-based contribution mechanism and address implementation issues associated with changing the contribution methodology. In the December 19 Order, the Commission invited parties to comment on several aspects of this matter. In response, several parties including Citizens Telecommunications Company of Nebraska, Inc. d/b/a Frontier Communications of Nebraska ("Frontier") filed comments. On February 23, 2018, the Commission invited parties to file reply comments. Frontier files the following Reply Comments.

Initial focus should be on design and implementation of per-connection framework

While the December 19 notice raised questions pertaining both to the design and implementation of a per-connection mechanism, as well as questions related to the overall size and goals for the NUSF, Frontier suggests that these two sets of issues be addressed separately. In their Comments, other parties suggest a similar approach.¹ At this stage of this docket, the Commission should focus on designing and implementing a per-connection mechanism that stabilizes the funds collected for the NUSF. Thus, the Commission’s first goal should be to determine a framework and per-connection surcharge that will approximate the current level of

¹ Comments of Charter Fiberlink-Nebraska , LLC and Time Warner Cable Information Services(Nebraska), LLC, page 3; Comments of CTIA, page 5; Comments of Windstream, page 5;

NUSF funding. Upon completion of that phase, the Commission can then turn its attention to the policy issues of exactly what goals the NUSF should be pursuing and the necessary total funding levels needed to achieve those goals. The initial per-connection surcharge implemented could then be adjusted to generate the ultimate NUSF size the Commission determines.

Conflating those two efforts (creating the per-connection framework and determining the appropriate total NUSF funding level) introduces complications and interactions that will be difficult to disentangle. By settling the matter of the per-connection framework first, the impacts of that change on particular customer groups and individual customers can be identified, reviewed, and rectified, if necessary. After that effort is completed, the Commission can then proceed with a review of the appropriate overall size of the NUSF. The impacts of that fund sizing effort on customer groups and individual customers will then be able to be clearly identified and reviewed.

Structure of per-connection framework

The use of a “hybrid” assessment framework has been proposed by some parties². As presented, such a framework would include a per-connection surcharge in addition to maintaining a revenue assessment on certain intrastate revenues. Frontier does not believe such an approach would be desirable. Besides being more complicated than a straight-forward per-connection approach, this approach would introduce additional factual and policy questions which the Commission does not currently have the information to assess. To create this type of “hybrid” system, the Commission would need to identify what types of revenue should be assessed, determine the current level of those “to-be-assessed” revenues, and then determine what percentage of the overall NUSF funding should be borne by the per-connection surcharge and what percentage should be borne by the revenue-assessment component. The data gathering effort and policy discussions for these topics would likely be time-consuming, and require significant process time for the Commission to evaluate.

² Comments of The Rural Independent Companies, page 3.

In its initial Comments, Frontier noted that, while business pricing has traditionally been higher than residential pricing, the Commission should be careful not to design a per-connection framework that is perceived to be burdensome to businesses. Thus, it is important that the relationship between the residential and business per-connection surcharges be reasonable. Some parties have proposed an approach where the per-connection surcharge is uniform across both technology (i.e., wireline, wireless, and VoIP) as well as customer class (residential and business)³. This approach could be appealing as it would bring stability to the fund since as customers switch between wireline, wireless, and VoIP technologies, the per-connection contributions into the fund would remain the same. Frontier would support that approach.

March 21, 2018

Respectfully submitted,

Citizens Telecommunications Company of Nebraska, Inc.
d/b/a Frontier Communications of Nebraska

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³ Comments of Windstream, page 5; Comments of Qwest Corporation dba CenturyLink QC, United Telephone Company of the West dba CenturyLink, and Level 3 Communications, LLC, page 2.