

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public Service Commission, on its own motion, to establish reverse auction procedures and requirements

Application No. NUSF-131
Progression Order No. 1

ORDER SEEKING COMMENT

Entered: March 14, 2023

REPLY COMMENTS OF LUMEN TECHNOLOGIES INC.

Lumen Technologies Inc. (“Lumen”) submits these reply comments to the Nebraska Public Service Commission (the “Commission”) on behalf of its operating entities, including Qwest Corporation dba CenturyLink QC and United Telephone of the West d/b/a CenturyLink (collectively “CenturyLink”). These reply comments are submitted in response to Comments of the Nebraska Rural Independents (“RIC”) filed on April 14, 2023 (“RIC Comments”) and the Commission’s Order Seeking Comment, Progression Order No. 1, dated March 14, 2023 (“Progression Order No. 1”). These reply comments will address several issues raised in Progression Order No. 1 and respond to positions taken by RIC.

1. Minimum Bidding Units (MBUs)

RIC recommends that the Commission reduce MBUs to areas smaller than a census block group, that the new MBUs be maintained in geographically contiguous areas and if not, middle mile costs should be included in the costs associated with the reserve price.¹ While Lumen believes that decreasing the MBU size could create a more challenging auction process for the Commission to manage, Lumen is amenable to a reduction in the MBU definition.

¹ RIC Comments, 2-3.

2. Reserve Price of MBUs

Lumen agrees with the RIC Comments and suggestions in Progression Order No. 1 that the lack of bidders for the last round of reverse auctions demonstrates that the pricing needs to be raised significantly. Lumen respectfully recommends that the price cap reserve amounts per wire center also need to be increased significantly. Like other providers, Lumen has experienced a large increase in its costs since Covid-19 began in 2020. CenturyLink appreciates the Commission making funds available to help address the high costs to build a broadband network in rural Nebraska and would like to continue to participate in the NUSF broadband grant process. However, without significant increases in these wire center reserve amounts, CenturyLink will be unlikely to fully participate in future NUSF grant opportunities.

Lumen also agrees with the RIC Comments that calculating the cost increases associated with the reserve price requires judgment. That judgment needs to be dynamic as costs change due to availability of labor and materials and as our dynamic economy reacts to a wide variety of factors. Lumen agrees that general inflation, inflation associated with specific labor and material used for broadband deployment and the addition of middle mile facilities where necessary to the model are all appropriate adjustments that should be accounted for in the model. Lumen agrees with RIC that a factor of at least 1.6 be added to the reserve prices.² Lumen respectfully recommends that whatever the Commission uses to increase the reserve prices also be used to increase the price cap model for wire center reserve pricing. Actual data on costs and market changes could be used to adjust the model in coming years.

If the Commission agrees with RIC's approach to add funding for noncontiguous MBUs, price cap carriers should receive similar funding for middle mile infrastructure to assist the effort to provide broadband in noncontiguous rural areas.

² RIC Comments, 5.

3. Participation by Providers Who Returned Support

CenturyLink agrees with RIC³ that the price cap carriers should be allowed to participate in the reverse auction process after it returns support unless the ETC's conduct is found to be inconsistent with the public interest.

4. Participation by Fixed Wireless Carriers

Lumen has no comments on this issue.

5. Ongoing Support

Currently, price cap carriers receive 10% of original ongoing support to provide at least some voice network support but receive no funds to maintain broadband networks. To the extent the Commission decides to provide ongoing support for broadband networks, the price cap carriers should receive that support as well.

If the Commission determines that ongoing support should be reallocated to the grant winner, the support transferred should be the same amount of ongoing support that the incumbent (the "ILEC") current receives in the area. Otherwise, the Commission will be re-allocating ongoing support from other geographical areas of Nebraska into areas no longer served by the incumbent.

6. Carrier of Last Resort

Lumen agrees with RIC Comments in that funding should only be provided to the carrier of last resort ("COLR") and that there should only be a single COLR in any given geographic area. Subsidizing a carrier to build a broadband network and potentially removing support from the ILEC for the area and providing it to the broadband provider is being discussed in this docket, but to do this and then still require the ILEC to be the COLR should not be the

³ RIC Comments, 6-7.

Commission's policy. COLR requirements should always follow the funding for the network and the transfer of such requirements should coincide with the grant award.

The Commission should ensure that the discontinuance of existing service and the availability of broadband service occur at the same time. The Commission should find that, as long as the carrier performs the notification requirements contained in Nebraska Revised Statute Section 86-134(b), the award of funding to another provider demonstrates the prerequisites associated with Section 86-134(a).

CONCLUSION

Lumen appreciates the opportunity to provide these comments and looks forward to participating in the hearing in this proceeding.

Respectfully submitted,

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