

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public Service Commission, on its own Motion, seeking to review and approve requests for modification of the funding calculation for the Nebraska Universal Service Fund (NUSF).

) Application No. NUSF-7
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COMMENTS OF MAINSTAY COMMUNICATIONS

I. INTRODUCTION

Henderson Cooperative Telephone Company, dba Mainstay Communications (“Mainstay”), by and through its attorneys of record, hereby respectfully submits these comments to the Nebraska Public Service Commission (“Commission”) in response to the Commission’s September 27, 2016, *Order Seeking Comments* in Application No. NUSF-7 (“Order”).

II. COMMENTS

Mainstay applied for and received three NUSF-7 waivers from the Commission, relating to capital expenditures the company made in 2001, 2002 and 2003. Those waivers amounts were slightly revised in 2004 in conjunction with 1) the Commission’s adoption of the NUSF-26 Distribution Model, and 2) the Commission’s staff’s standardization of the NUSF-7 waiver calculation methodology. A fair portion of the capital expenditures that support the three waiver amounts have been retired or fully depreciated (i.e., mostly central office and transmission assets). However, significant capital expenditures for which NUSF-7 waivers were received remain in service (i.e., buried and underground cable). Mainstay’s Commission-calculated waiver will phase down to zero over the next eight years to reflect the estimated useful life and reduction in net asset value of the approved capital

expenditures over time. Mainstay's continuing property records for its buried and underground cable as of December 31, 2015, provide sufficient evidence that the cable subject to the waiver remains in service and is of sufficient magnitude to justify continuation of the future NUSF-7 waiver amounts.

Mainstay's 2015 NUSF-Earn Form on file with the Commission indicates that the company's regulated operations generated a rate of return materially below the maximum allowed level. The Company also has outstanding debt related to regulated plant investments that requires quarterly repayment of principal and interest. Accordingly, continuing NUSF-7 waiver support is still needed to provide universal service within its service area.


Every year, Mainstay files documentation with the Commission in Docket No. NUSF-25/66 that demonstrates in the aggregate that all universal service funds (federal USF, Nebraska model USF, and Nebraska waiver USF) received by the company are used for their intended purpose.

Subject to protection of confidential data, the Mainstay is willing to provide documentation and answer inquiries relating to the above issues in the hope that the staff will conclude and the Commission will agree that continuation of Mainstay's NUSF-7 waiver is warranted.

Dated this 28th day of October 2016.

HENDERSON COOPERATIVE
TELEPHONE COMPANY, DBA
MAINSTAY COMMUNICATIONS

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that an original and five copies of the foregoing *Comments of Mainstay Communications* were filed with the Public Service Commission on October 28, 2016, and a copy was served via electronic mail on October 28, 2016, addressed as shown below, to the following:

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