

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

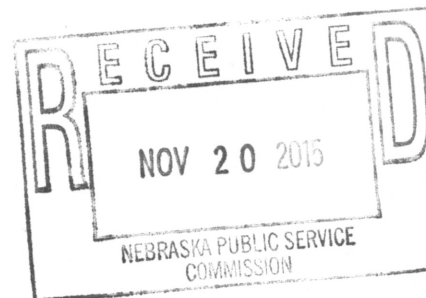
In the Matter of the Nebraska Public)	Application No. NUSF-92
Service Commission, on its Own Motion,)	Progression Order No. 5
To Administer the Nebraska Universal)	
Service Fund Broadband Program.)	

COMMENTS OF UNITED STATES CELLULAR CORPORATION

United States Cellular Corporation ("U.S. Cellular") hereby files these comments for the Nebraska Public Service Commission's ("Commission") consideration in the above-captioned docket, NUSF-92.05. These comments are being filed pursuant to the Commission Order entered in NUSF-92.05 on October 27, 2015.

U.S. Cellular has been a recipient of funds from the Nebraska Universal Service Fund ("NUSF") via the Nebraska Broadband Program ("NEBP"), as well as the former Dedicated Wireless Program in docket NUSF-69. In addition, U.S. Cellular's customers contribute to the NUSF through monthly surcharges. Accordingly, the development of sound processes and procedures regarding the future of the NEBP is important to U.S. Cellular and its customers. U.S. Cellular thanks the Commission for offering wireless providers the opportunity to participate in the NEBP and for seeking comments through this docket whether changes should be made to the program.

U.S. Cellular files these comments to advocate three main points; 1.) To convey support for the creation of a stand-alone wireless fund, 2.) To encourage the new stand-alone fund mirror the requirements of the former Dedicated Wireless Fund regarding matching funds, and 3.) To encourage the scoring criteria be modified to place greater weight on projects serving a larger number of persons.



U.S. Cellular Supports the Creation of a Stand-Alone Wireless Fund

U.S. Cellular supports the Commission's proposal to set aside money for wireless projects, similar to the former Dedicated Wireless Program in NUSF-69. While U.S. Cellular has participated in the NEBP program in NUSF-92 in recent years, it has been a much more laborious and tedious process to file NEBP applications in a program that intertwines wireline and wireless projects. Quite simply, the projects themselves and the costs incurred between the technologies are quite different and scoring that fairly compares these applications is difficult. The Commission's suggestion to allocate \$4 million towards wireless projects is an improvement and brings certainty to both the wireless and wireline companies.

U.S. Cellular Encourages the 25% Matching Requirement be Eliminated

If the Commission transitions back to a stand-alone wireless fund, U.S. Cellular asks the Commission to eliminate the 25% match which was added as a requirement when the Dedicated Wireless Program merged into NUSF-92. The 25% match had not been a requirement under NUSF-69.

A 25% match is a significant sum for wireless companies to absorb when the new towers to be constructed are economically insufficient. Furthermore, a 25% match for every new tower is most likely in excess of \$100,000, not a de minimus amount.

In addition, and of utmost importance, this amount will likely never be recovered from the revenues earned at the tower location. This problem is exacerbated by the wireless carriers' inability to recover ongoing maintenance and operating costs from the NEBP. These expenses have historically been denied by the Commission as a reimbursable item.

Therefore, the 25% match is a significant upfront financial burden that is compounded by the fact that these towers drain future resources through ongoing operating costs and maintenance expenses. Wireless carriers are unique in this dilemma, as arguably the wireline providers could receive future assistance, and recover operating and maintenance costs for broadband projects via high-cost support from the NUSF, FUSF and/or the Connect American Fund (“CAF”). It is fair and reasonable to remove the 25% matching requirement for wireless carriers, and it will increase the vitality of the program by leading to the filing of more towers for the Commission’s consideration than if the 25% matching requirement is retained. It is important to reiterate that these are towers that the wireless companies would not build but for the receipt of support, and including a 25% matching requirement greatly impacts the ability of wireless carriers to participate in the program.

U.S. Cellular Encourages the Commission to Revise the NUSF-92 Scoring Criteria

Finally, U.S. Cellular asks the Commission to utilize this opportunity to revise the scoring criteria that has been used in NUSF-92, and prior to that in NUSF-77 which began as a wireline-only program. Historically, the NEBP has included ‘rural’ as a separate and distinct scoring criterion, which is understandable given the nature and essence of the NUSF. However, significant weight is also given to the criterion of ‘service’ which values projects that are located in underserved and unserved areas. Commission Staffer Tyler Frost wrote in testimony earlier this year in NUSF-92 that the rural criterion is not excessively correlated to the service criterion and therefore it is reasonable to include both.¹ U.S. Cellular disagrees and believes the NEBP can and will

¹ Pre-Filed Testimony of Commission Economist Tyler Frost, NUSF-92, FN 6, pg. 13, filed June 16, 2015.

still benefit rural Nebraska if the Commission assigns a greater value to applications that benefit a larger number of Nebraskans.

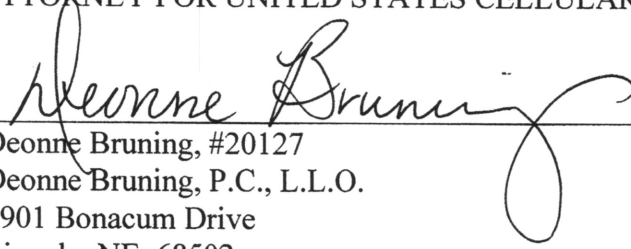
Placing an increased value on a 'bang for the buck' component when scoring applications would more efficiently use the scarce funds that are earmarked for the program. Furthermore, this modification would facilitate the filing of applications from across all of Nebraska, excluding Lincoln and Omaha, that are unserved or underserved today and will likely remain so if the criteria for funding continues to emphasize serving the least dense areas. Changing the scoring criteria to more highly value serving larger numbers would also lessen the financial strain explained in the above paragraph of these towers being in uneconomic locations that have unavoidable ongoing operation and maintenance expenses that cannot be recovered.

Should the Commission wish to keep the present scoring criteria, opportunities should be created that allow wireless NEBP recipients the ability to recover operating and maintenance costs through a reimbursement process. Unless some changes are made, the unfortunate reality may be that the funds set aside for the wireless program will go unused due to the uneconomical nature of the program.

In closing, U.S. Cellular reiterates its appreciation for the Commission's interest and commitment to allow wireless providers the opportunity to participate as recipients of the NUSF. There is no question that the program has brought improved wireless service and broadband services to Nebraska's consumers. However, the time has come for a review of the fund and the future ability of wireless carriers to participate and bring improved wireless broadband service to rural Nebraska.

Respectfully submitted this 20th day of November, 2015.

ATTORNEY FOR UNITED STATES CELLULAR CORPORATION

A handwritten signature in cursive script, reading "Deonne Bruning", is written over a horizontal line. The signature is fluid and extends slightly to the right of the line.

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