BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public Service Commission, on its own motion, to Administer the Universal Service Fund High-Cost Program.	)))	Application No. NUSF-99 Progression Order No. 2

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

In its June 30, 2020 *Order Seeking Further Comment and Setting Hearing* in this docket ("June 30 Order"), the Nebraska Public Service Commission ("Commission") proposed to make several changes to the existing NUSF-99 framework with respect to broadband deployment, seeking further comment on those proposals. In addition, the Commission identified several other related matters, and sought further comment on those questions.

Citizens Telecommunications Company of Nebraska, Inc. ("Frontier") files the following Comments in response to the June 30 Order.

CHANGES PROPOSED IN THE JUNE 30 ORDER

Speed requirement)

The Commission proposed to adopt 25/3 Mbps as the minimum speed threshold for broadband deployment obligations tied to NUSF support. Frontier does not disagree with the proposal.

Windows for application for funding and completion of projects)

The Commission proposed to adopt a one-year timeframe for carriers to file requests for support for projects in a given funding year, and a two-year timeframe for project completion. Frontier would understand that proposal to mean that funding support that the Commission orders for Year X would be available for a carrier to request until the end of Year X+1. In other words, carriers would be able to file a proposal to use the amount of funding that the Commission may eventually order for calendar year 2021 any time before December 31, 2022. If that understanding is correct, Frontier does not disagree with the proposal. As parties have noted, and the Commission recognized, circumstances may impact and delay the completion of projects. Frontier does not disagree with the proposal to implement a two-year standard timeframe for project completion, along with the opportunity to seek a waiver or extension of time for good cause shown.

Allocation mechanism)

In its June 30 Order, the Commission introduces an entirely new proposal regarding the determination of funding amounts to support broadband deployment as well as a new method for allocating that funding. This proposal is short on specifics and leaves a number of questions unanswered. Frontier urges the Commission to revisit this proposal. Given the lack of information and explanation provided, more time and investigation are necessary before the Commission can prudently implement the proposed mechanism.

The proposal indicates that the Commission will release a list of the exchanges that each carrier covers, and assign a maximum reimbursable amount based on SBCM-modeled costs of eligible census blocks. As yet, that information has not been released by the Commission. There is no information available to review regarding what the SBCM-modeled costs may be either in total or by company, nor how those costs compare to the funding amounts currently available through the NUSF programs. The proposal offers no avenue for investigation on whether the SBCM model results are realistic for a particular carrier or area. The proposal makes no provision for situations where the SBCM-modeled costs exceed the amount of available NUSF funds.

The description of this new proposal does not explicitly indicate so, but it appears that the Commission will be releasing the SBCM-modeled costs and associated available funding for each exchange across the whole of a carrier's service territory all at the same time. It appears that the proposal would then allow a carrier one year to decide to accept or decline that funding, and then (based on the prior discussion regarding time allowed to complete projects) the carrier would have two years to complete construction in all those exchanges. This approach would have the effect of expecting carriers to fully deploy broadband throughout their service territory within three years. This is an extraordinarily difficult exercise, and it is not clear such an effort can be successfully completed.

Currently, the Commission allocates a portion of a carrier's full NUSF funding to support on-going costs of operation and the remaining portion to reimburse broadband deployment project costs. The proposal makes no mention of this approach, and it is not clear if that current two category approach is to be retained, or modified in some way. Clearly, on-going NUSF support for maintenance and operation of the existing network is crucial and must be continued.

This new proposal is a dramatic change from past practice, and seems to leave many aspects of its implementation unanswered. Again, Frontier urges the Commission to revisit this proposal to allow ample time for parties to fully understand what is being proposed and to evaluate the impacts. Further explanation by the Commission of its intentions, and opportunities for carriers to comment and discuss the proposal would be appropriate.

Finally, the proposal would withdraw any unused broadband funding that a carrier had not already slated for use under a specific broadband deployment project. This abrupt change would adversely impact broadband deployment for carriers with unexpended funds, and limit their broadband deployment to their customers. Further, the proposal does not explain the processes or procedures the Commission would use to withdraw that funding. Nebraska statutes allow the Commission to withdraw NUSF funding from a carrier, but only pursuant to rules and regulations established by the Commission, and then only after the provision of notice to the carrier and the right of a carrier to a hearing.

ISSUES FOR FURTHER COMMENT

Prioritization of deployment)

The June 30 Order raises the question of whether the Commission should prioritize areas for broadband deployment, and if so, how it should identify areas to be prioritized. It is not clear how this idea of prioritizing areas will be harmonized with the new proposal of funding based on SBCM-modeled costs and then allocated to exchanges across a carrier's service territory. As Frontier has noted in prior comments in this docket, Frontier does not believe that a prescriptive approach by the Commission in terms of potential areas for broadband deployment projects would be beneficial. Carriers did not design their existing networks with an eye to census block arrangements, but rather in a way to best serve customer locations. Carriers have knowledge of the extent and capacities of their existing network, and can best design and implement network enhancements for their networks. If the Commission does desire to provide NUSF funding for broadband deployment on an exchange basis, as described in the new allocation mechanism proposal, and then prioritize certain exchanges over the rest, it would be useful to solicit input from the impacted carriers regarding which exchanges might most appropriately be prioritized from their perspective. For example, it may be more cost-effective to deploy broadband in certain exchanges than others. Prioritizing "bigger bang for the buck" exchanges may be more reasonable and efficient than prioritizing based on number of customer complaints.

The June 30 Order questions whether the Commission should retain the EARN Form filings for price cap carriers, particularly in connection with the on-going support for costs of existing network. The connection between the amount of on-going support provided and the new proposal for determining support for broadband deployment is not clearly stated in the June 30 Order. As noted above, the continuation of the on-going support funding is crucial to the maintenance of service in high cost areas. For price cap carriers, total NUSF funding has essentially been based on frozen historical amounts that were originally derived from EARN Form data. Currently, on-going support is determined as a set percentage of that total NUSF funding. It is not clear if the Commission intends to continue that process for determining on-going support or employ some other process. Unless the on-going support amount is ultimately derived from a currently filed EARN Form (as opposed to historical frozen figures), there does not seem to be a need for filing new EARN Forms annually.

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Respectfully submitted,

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