

**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

**FURTHER REPLY COMMENTS OF CTIA – THE WIRELESS ASSOCIATION®
IN RESPONSE TO THE COMMISSION’S JUNE 16, 2015 ORDER**

I. INTRODUCTION

On October 15, 2014, this Commission issued its Order Opening Docket, Seeking Comment and Setting Hearing initiating a proceeding “to consider certain modifications to the high-cost funding mechanism in the universal service fund program,” and in particular, with respect to price-cap carriers. After initial and reply comments, the Commission on June 16, 2015, issued an Order Seeking Further Comment (the “Order”), and offering specific proposals for comment. CTIA – The Wireless Association® (“CTIA”) appreciates the opportunity to provide further comment on the Commission’s ongoing efforts to reform the Nebraska universal service program, and specifically to reply to comments other parties have made regarding this effort, and about the proposals offered by the Commission in its June 16 Order.

With regard to the proposals made in the Commission’s Order, CTIA believes that some of the proposals made would help modernize the Nebraska Universal Service Fund (the “NUSF”) to better account for changes in the telecommunications landscape, as laid out in CTIA’s initial comments¹. Notably, it appears that even the price cap carriers themselves do not

¹ Comments of CTIA – The Wireless Association® in Response to the Commission’s October 15, 2014 Order Opening Docket and Seeking Comment (January 13, 2015), at 2.

challenge the threshold step of freezing the NUSF support for price cap carriers, a step which CTIA supports.² The proposed freeze would allow the Commission to better determine the impact of shifting consumer preferences while minimizing any potential economic burden on consumers.

CTIA also agrees with those commenters who responded in support of the Commission's decision to disallow broadband support in areas that already have an unsubsidized carrier providing competitive broadband service.³ This element of the Commission's proposed reforms would help to promote competition and efficiently target high-cost support. Accordingly, the Commission should not allow support for middle-mile projects in areas with existing unsubsidized competition, as proposed by the price cap carriers.

CTIA does, however, share the concerns of several commenters regarding certain other provisions in the Order which are supported by the price cap carriers and which may lead to duplication of state and federal high-cost support.⁴ As CTIA explains further below, the proposal to make an allocation of support for continued maintenance of networks does not indicate that such support will account for federal high-cost funding, and the proposal to establish a "streamlined process" for broadband projects does not clarify how such support will coordinate with Connect America Fund ("CAF") support. To ensure that funding for broadband

² See June 30, 2015 Joint Comments of Citizens Telecommunications Company of Nebraska d/b/a Frontier Communications of Nebraska, Qwest Corporation d/b/a CenturyLink QC, United Telephone Company of the West d/b/a CenturyLink, and Windstream Nebraska, Inc. (collectively, the "price cap carriers") at p. 2 ("The price cap carriers support the proposal to freeze the amount of support allocated to each of the price cap carriers at the 2015 calendar year levels. . .")

³ See June 30, 2015 Comments of Sprint at p. 1; June 30, 2015 Comments of NE Colorado Cellular, INC d/b/a Viaero Wireless at p. 1, June 30, 2015 Comments of Rural Independent Companies at p. 5 ("RIC believes such a policy is likely appropriate for price cap carriers in this proceeding.")

⁴ See June 30, 2015 Comments of Sprint at p. 2; see also June 30, 2015 Comments of AT&T Corp., Teleport Communications of America, LLC, New Cingular Wireless, LLC d/b/a AT&T Mobility and Cricket Communications, LLC at p. 3 (expressing concern that "the Nebraska program will provide support that duplicates the federal support"; AT&T proposes minimizing this possibility by allowing the federal CAF II funding process to be completed before making any changes in the Nebraska program).

deployment is targeted efficiently - a stated goal of the Commission⁵ - the Commission should clarify the language in its proposals to ensure that any NUSF funding for price-cap carriers does not duplicate federal high-cost support.

I. THE COMMISSION SHOULD CLARIFY ITS PROPOSALS TO ENSURE ANY NUSF REFORMS DO NOT DUPLICATE STATE AND FEDERAL HIGH-COST SUPPORT

As stated in CTIA's Reply Comments⁶, CTIA believes any reforms to the NUSF should not allow for duplicate state and federal high-cost support. This is important in light of both the Commission's stated goal of efficient funding, and with the ongoing Federal Communications Commission ("FCC") efforts to expand broadband universal service support, as well as to ensure competitive fairness and protection for consumers who ultimately fund both programs. CTIA is concerned that some of the Commission's proposals could result in this duplication, and believes that the Commission should clarify such proposals to prevent such a possibility.

A. The Commission Should Clarify the Proposed Allocation of Frozen Support to Continued Maintenance of Existing Voice and Broadband Networks to Ensure it Does Not Allow Duplication of Federal Support.

Commission proposal 2 calls for "an allocation of ongoing support to price cap carriers for continued maintenance of existing voice and broadband networks." While this proposal appropriately contains an auditing provision for such funding (specifically, proposal 2d), this provision does not indicate how the Commission will ensure that state funds are not duplicative of federal high-cost support. Phase II of the FCC's Connect America Fund is explicitly designated for "ongoing support to deploy and maintain fixed-location broadband and voice

⁵ Order Opening Docket and Seeking Comment (October 15, 2014), at 2 (in which the Commission states a desire "to ensure that broadband deployment is targeted efficiently with CAF broadband centric support").

⁶ Reply Comments of CTIA – The Wireless Association® in Response to the Commission's October 15, 2014 Order Opening Docket and Seeking Comment (February 6, 2015), at 2.

services in high-cost areas.”⁷ Further, a number of locations in Nebraska are already eligible for such support under the FCC’s model.⁸ Duplication of funding could lead to inefficiency by allowing carriers to “double-dip” for high-cost support from both the NUSF and CAF without a mechanism to ensure that a carrier truly needs support from both programs to provide service.

CTIA believes that this potential problem can be addressed by clarifying the auditing process the Commission has already contemplated. As part of the required auditing process, CTIA urges the Commission to clarify that carriers cannot receive ongoing support from the NUSF for the maintenance of areas which are being supported by federal high-cost funding. The Commission should also confirm that the absence of such duplication will be part of the audit process.

B. The Proposed Streamlined Process Should be Clarified to Ensure that Coordination Between the Nebraska and Federal Programs Does Not Permit the Duplication of Funding and Establishes Appropriate Oversight

Commission proposal 3, which would establish a “streamlined process” to fund broadband projects from the NUSF, similarly does not indicate how the Commission will ensure that state funds are not duplicative of federal high-cost support. Proposal 3b would “permit price cap carriers to coordinate the use of state high-cost support” with CAF support, but does not define how this coordination will take place. The Commission should clarify that any coordination of state high-cost support and CAF support for broadband projects does not permit duplication of such funding.

The Commission should also reject the efforts of the price cap carriers to use the proposed “streamlined” process to make funding automatic, or to deny input from other

⁷ See <http://www.usac.org/hc/caf/about/phaseII.aspx> (last accessed July 11, 2015)

⁸ See <https://www.fcc.gov/maps/fcc-connect-america-fund-phase-ii-initial-eligible-areas-map> (last accessed July 11, 2015)

interested parties. The price cap carriers' proposal, at pp. 2-3 of its June 30, 2015 Comments, would create a "deemed approved" project on a short timeline, and would not allow for any objections or concerns regarding such funding to be raised. While CTIA has no objection to a streamlined process, any process should include the appropriate opportunity for comment by those parties and consumers who pay into the NUSF. Such opportunity for comment by other potentially interested parties will assist the Commission in ensuring that duplication of funding does not exist, and that NUSF support does not flow to locations where an unsubsidized carrier is already providing competitive broadband service. This window for review and response should not add unreasonable delay to the funding process, and will provide an important oversight and accountability mechanism for limited NUSF funding.

By taking these steps to clarify its proposals, the Commission will help to ensure the most efficient use of limited NUSF funding for broadband deployment, which will in turn limit any potential economic burden on Nebraska's wireless consumers.

III. CONCLUSION

CTIA believes that the Commission's process in this docket has resulted in some sound principles for reform, and CTIA supports a number of the proposals made by the Commission. CTIA joins commenters in this proceeding in encouraging the Commission to further clarify its proposals to make sure that NUSF funds are targeted efficiently, are not spent to support networks where unsubsidized carriers already offer service, and do not duplicate support available from federal programs.

Respectfully submitted this 13th day of July, 2015.



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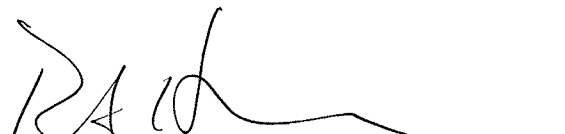
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 13th day of July, 2015, an original, one copy and an electronic copy of the Further Reply Comments of CTIA – The Wireless Association® in Response to the Commission’s June 16, 2015 Order in NUSF-99 were delivered to:

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