BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public Service	)	
Commission, on its Own Motion, to Administer	)	Application No. NUSF-99
the Universal Service Fund High-Cost Program	)	

REPLY COMMENTS OF SPRINT

Sprint Communications Company L.P., Sprint Spectrum L.P., Nextel West Corp., Nextel Boost West Corp., and NPCR, Inc. (collectively, "Sprint") respectfully submit the following reply comments in response to the initial comments filed by several other parties in the above-referenced docket.

Sprint generally agrees with and supports the positions set forth in the Comments of Charter Fiberlink ("Charter"), in particular Charter's position that the NUSF should not be prematurely transformed into a fund used to support broadband deployment.[1] Likewise, Sprint agrees with Charter that there should be no presumption that some high-cost areas will not be adequately served under the federal programs.[2] Notwithstanding these positions, to the extent the Commission determines or has already determined to repurpose the NUSF to support broadband deployment, Sprint believes the Commission's primary goal should be to ensure the NUSF high-cost support mechanism is administered consistently with federal programs and does not thwart the policy objectives and directives ordered by the FCC. To that end, any NUSF high-cost support mechanism must be consistent and coordinated with the CAF.

All three price cap carriers filing initial comments in this proceeding (CenturyLink, Windstream, and Citizens/Frontier) essentially advocated that the Commission should do nothing

[1] Comments of Charter at pp. 8-12.
[2] Id. at p. 10.

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and maintain the status quo for those carriers; i.e. continue to provide funding to those carriers at current levels.[3] As explained below, continuing to provide NUSF funding at current levels to price cap carriers would directly contradict the policy objectives and the reforms taking place at the federal level.

If price cap carriers continue to receive current levels of NUSF funding, while at the same time receiving CAF II funding for eligible areas, these carriers would be "double-dipping" by receiving funds from both the federal and state programs. Nearly all commenting parties agree that NUSF funding should not be available in areas eligible for CAF II support; even Windstream admits that NUSF funding should be targeted to "gap" areas that are ineligible for CAF II support.[4] In the absence of any audit or other reporting requirements obligating ILECs to account for their use of NUSF funds, there is no way to ensure that double-dipping does not occur if price cap carriers are allowed to simply continue receiving NUSF funding at current levels. Double-dipping by price cap carriers would impose an unfair burden on Nebraska consumers who would continue to fund the NUSF, ostensibly to support the same areas for which the price cap carriers receive federal funding.

In addition, contrary to Frontier's assertion, maintaining the NUSF's focus on voice service does not complement the federal CAF program;[5] in fact, it directly contradicts it. One of the main outcomes of the FCC's reforms is to expressly transition the federal high-cost fund from supporting voice to supporting broadband. A carrier's provision of broadband service generally enables the provision of voice applications over the carrier's broadband network; accordingly, to the extent federal or state funding supports the deployment of broadband service,

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[3] Comments of Windstream at p. 7 (calling for fixed price cap support for a 6-7 year period); Comments of Frontier at p. 2 and Comments of CenturyLink at p. 2 (the manner in which support is allocated to price cap carriers should not be changed).
[4] Comments of Windstream at p.1, p.7.
[5] Comments of Frontier at p.3

it also supports the provision of voice service. Maintaining the NUSF's focus on voice service would be both duplicative of other support mechanisms for broadband deployment and contrary to the stated policy objectives of the federal programs.

Sprint takes no position on whether there should be a separate fund for price cap carriers. However, Sprint disagrees with the commenters who argue that the Commission is precluded from changing the support mechanism as it applies to price cap carriers because such reforms would discriminate against those carriers' customers.[6] This argument presumes a direct correlation between the price cap carriers' receipt of NUSF funding and the carriers' ability to provide comparable, affordable service to all their customers. This presumption is false. Price cap carriers have a plethora of opportunities to recover their costs from their own customers instead of relying on subsidies borne by their competitors' customers, including revenue from services enabled by the supported networks, such as broadband service. In addition, to the extent the price cap carriers are concerned about discrimination against Nebraska consumers, they should support meaningful ways to reduce the overall size of the NUSF and the current 6.95% surcharge borne by Nebraska consumers to fund it. Reducing the marketplace distortions caused by forcing competitive carriers' customers to subsidize ILECs ultimately benefits Nebraska consumers by encouraging competition and innovation.

In addition, the directive for carriers to provide comparable, affordable service to all Nebraska consumers regardless of their location does not translate into a requirement that the state support mechanism may never be changed or reformed. The FCC has undertaken significant steps to reform the federal fund to reflect changes in the telecommunications marketplace and evolving public policy, while identifying as express goals, among other things, the need to "preserve and advance universal availability of voice service," and notably, the need

[6] Comments of CenturyLink at p. 2; Comments of Frontier at p.1.

to "minimize the universal service contribution burden on consumers and businesses."[7] Just like the FCC has done, the Commission can implement needed reforms to the NUSF while maintaining its commitment to ensuring comparable, affordable service to all Nebraska consumers.

Finally, nothing in the price cap carriers' comments should convince the Commission to delay certain reforms to the NUSF that would be relatively quick and easy to implement and that would align with federal reforms. For example, as several parties commented, the Commission can and should disallow any NUSF support in areas that are eligible for CAF II support, and in areas where there is at least one unsubsidized competitor. In addition, Sprint supports the suggestion by several commenting parties that the Commission should implement audit requirements, consistent with CAF, requiring explicit documentation showing that funds are being used for their intended purposes, including proof that NUSF funds have not been used in areas eligible for CAF II support.

In conclusion, Sprint reiterates its support for meaningful NUSF reforms to conform and coordinate it with the federal CAF. The Commission can and should act as quickly as possible to ensure the NUSF is consistent with the stated policy objectives and goals of the FCC.

Respectfully submitted this 9th day of February, 2015.

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[7] FCC USF/ICC Transformation Order, para. 17.

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 9th day of February, 2015, an original, five copies and an electronic copy of the Reply Comments of Sprint in NUSF-99 were delivered to:

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