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February 6, 2015

VIA OVERNIGHT DELIVERY

Mr. Steve Meradith
Nebraska Public Service Commission
1200 N Street, Suite 300
Lincoln, Nebraska 68508

Re: Application No. NUSF-99

Dear Mr. Meradith:

Enclosed are the original and one (1) copy of the Reply Comments of Charter Fiberlink – Nebraska, LLC in connection with the above-referenced proceeding. Please file the Reply Comments in your usual fashion and return one (1) file-stamped copy to us in the enclosed self-addressed envelope.

If you have any questions regarding the foregoing, please contact the undersigned.

Sincerely,



Kennard B. Woods
Counsel for Charter Fiberlink – Nebraska, LLC

KBW/nh

Enc.

cc: Charter Fiberlink – Nebraska, LLC
Charles A. Hudak, Esq.

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public)	Application No. NUSF-99
Service Commission, on its Own Motion,)	
to Administer the Universal)	REPLY COMMENTS OF CHARTER
Service Fund High-Cost Program)	FIBERLINK - NEBRASKA, LLC

Charter Fiberlink - Nebraska, LLC (“Charter”) submits these Reply Comments to the Nebraska Public Service Commission’s (the “Commission”) for its consideration in the above-captioned proceeding.

Several ILECs submitting initial comments urge restraint in revising the Nebraska Universal Service Fund (the “NUSF”). The Rural Independent Companies advise that the Commission await further analysis of the Federal Communications Commission’s (the “FCC”) policies before undertaking to revise the NUSF to be complementary to Connect America Fund (“CAF”) Phase II funding.¹ CenturyLink, while supporting a complementary state funding mechanism, advises that revising the NUSF at this time would be premature.² Frontier advises against any changes to the NUSF while the FCC is “rolling out” its Phase II program.³ While Charter fundamentally disagrees with the assertion that *no* changes to the NUSF are necessary at this time, there appears to be broad recognition among commenters that the Phase II program is in the early stages of implementation.

However, despite recognizing that “key elements” of Phase II funding, including state funding levels and the competitive auction process, will not be known or implemented for months,⁴ some ILECs profess certainty on the issue of the sufficiency of federal broadband funding. CenturyLink contends that Phase II funding will be insufficient to deploy broadband in all price cap

¹ Comments of the Rural Independent Companies, pp. 5-6.

² Comments of Qwest Corporation d/b/a CenturyLink QC and United Telephone Company of the West d/b/a CenturyLink (“CenturyLink”), pp. 4-6.

³ Comments of Citizens Telecommunications Company of Nebraska d/b/a Frontier Communications of Nebraska, pp. 2-5.

⁴ CenturyLink, p. 5.

service areas at 10 Mbps downstream and 1 Mbps upstream (“10 Mbps/1 Mbps”) and will provide no funding in extremely high-cost areas as identified by the CAF cost model.⁵ While recognizing that it is unknown at present whether “Nebraska price cap carriers may accept, or bid for, CAF Phase II funds,”⁶ Windstream nevertheless advocates that the Commission “step directly into the funding gap” that Windstream is certain will exist.⁷ Like CenturyLink, Windstream contends that Phase II funding will be unavailable to locations in Nebraska above the extremely high-cost threshold. Windstream also maintains that multiple locations lacking speeds of 10 Mbps/1 Mbps will not be funded in Phase II.⁸

To be clear, however, areas ineligible for Phase II model support (*i.e.*, the initial offer of support to be made to price cap ILECs) are not “unfunded,” in the respect that they are or may become subject to Phase II competitive bidding or, as extremely high-cost areas, will be subject to the Remote Areas Fund. As discussed in Charter’s initial comments, high-cost areas that are excluded from the initial offer of support because they are served by a subsidized facilities-based terrestrial competitor offering fixed residential voice and broadband services meeting or exceeding 4 Mbps/1 Mbps, are nevertheless subject to the competitive bidding process. In addition, areas for which price cap ILECs are eligible for but decline Phase II model support are also subject to the competitive bidding process. Moreover, while the FCC’s *Transformation Order* separately established a “Remote Areas Fund” of at least \$100 million to provide support for extremely high-cost areas,⁹ the *Transformation Order* allows price cap ILECs participating in the Phase II program

⁵ *Id.*, p. 3.

⁶ Comments of Windstream Nebraska, Inc. (“Windstream”), p. 5. (Emphasis added; paragraphs omitted.)

⁷ Windstream, p. 6.

⁸ *Id.*, p. 4.

⁹ *Connect America Fund et al., WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking*, 26 FCC Rcd 17663 (2011), ¶¶ 533-38, *aff’d sub nom, In re FCC 11-161*, ___ F.3d ___, 2014 WL 2142106 (10th Cir. May 23, 2014).

to serve locations in those areas in order to satisfy their build out obligations.¹⁰ The FCC also has concluded that extremely high-cost areas will be eligible for the Phase II competitive bidding process.¹¹ In addition, the FCC will adjust the cost threshold that determines which blocks are extremely high-cost after conclusion of the FCC's evaluation of challenges to areas eligible for Phase II support.¹² In short, CAF Phase II implementation, beginning this year and, through the competitive bidding process, extending into next year, will go a long way towards identifying those areas in greatest need and determining any needed state support.

Respectfully submitted this 6th day of February, 2015.

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¹⁰ *Transformation Order*, ¶ 171, n. 279.

¹¹ *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order et al., 29 FCC Rcd 7051 (rel. June 10, 2014), ¶¶ 30, 32.

¹² *In the Matter of Connect America Fund, ETC Annual Reports and Certifications, Petition of US Telecom for Forbearance Pursuant to 47 U.S.C. § 160(c) from Obsolete ILEC Regulatory Obligations that Inhibit Deployment of Next-Generation Networks*, WC Docket No. 10-90, WC Docket No. 14-58, WC Docket No. 14-192, Report and Order, FCC 14-190 (rel. December 18, 2014), ¶ 76, n. 173.

CERTIFICATE OF SERVICE

The original and one copy of the foregoing Reply Comments of Charter Fiberlink-Nebraska, LLC are being delivered on February 9, 2015 to the Nebraska Public Service Commission, 1200 N Street, Suite 300, Lincoln, Nebraska 68508, and a copy of the same is being e-mailed on the same date to:

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