

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska)	Application No. NUSF-111/
Public Service Commission, on)	PI-211
its own motion, to determine a)	
rate design and address)	
implementation issues with a)	ORDER OPENING DOCKET AND
connections-based contribution)	SEEKING COMMENT
mechanism.)	
)	
)	Entered: December 19, 2017

BY THE COMMISSION:

O P I N I O N A N D F I N D I N G S

The Nebraska Public Service Commission (Commission) opens this proceeding on its own motion to begin the next phase of contribution reform. In this proceeding we hope to determine an appropriate rate design for a rational connections-based contribution mechanism and address implementation issues associated with changing the contribution methodology. In NUSF-100/PI-193, the Commission determined that it was necessary to immediately make changes to stabilize the Nebraska Universal Service Fund (NUSF) program by reforming the manner in which the NUSF mechanism is funded. After several rounds of comments, briefs, testimony and post-hearing comments, the Commission determined the best way to stabilize the NUSF was to move to a connections-based mechanism.

In today's order we begin the process by asking a series of questions on the issues of rate design, data sources, and implementation. Although we do not anticipate asking for any customer specific information, we do believe that the discussion of one or more of these topics will engender concerns about the confidentiality of information provided to the Commission in response to the questions posed. Accordingly, we find it appropriate to concurrently issue a Protective Order in this proceeding to govern access to confidential information filed.

Rate Design

We invite interested parties to file proposed rate design models for the Commission's consideration. We ask the parties to consider several factors in their proposals.

1. The Commission seeks comment on establishing a rate design that is consistent with the NUSF Act's statutory goals. More specifically, we seek comment on how to structure a connections-

based rate design that will result in a specific, predictable, sufficient and competitively neutral contribution mechanism.

2. Further, the Commission seeks comment on a proposed rate design that will reasonably balance the burden of the surcharge with the requirement that the NUSF provide reasonably comparable access to telecommunications and advanced communications services in rural high-cost areas.

3. We solicit comments on how to design a contribution mechanism in light of the estimated costs to deploy broadband service to the remaining areas in Nebraska and the ongoing costs to maintain areas that have already built out. On the one hand, the Commission currently uses the Benchmark Cost Proxy Model (BCPM) which was a cost model we recommended to the FCC for universal service in Docket No. C-1633. More recently, we made the State Broadband Cost Model (SBCM) available to interested parties through a licensing agreement. The SBCM estimates broadband deployment costs throughout the state. Are there other broadband deployment costs the Commission should consider? How should these costs be considered when determining a connections-based surcharge?

4. It was suggested by some commenters in NUSF-100/PI-193 that a per-line connection assessment could result in a significant impact on enterprise business customers. In the workshop held in that proceeding, some participants discussed the potential use of a cap similar to that used in the Telecommunications Relay Service (TRS) program, which is capped at the first one hundred telephone numbers or functional equivalents per subscriber. Should the Commission likewise adopt a rate design which uses a cap for business lines for NUSF remittance purposes? If so, please provide comments or recommendations related to the method by which the Commission could calculate the cap. What source data should the Commission use to determine a cap? We ask interested parties that have an interest in a surcharge cap to assess the impact such a cap would have on the overall annual remittances either by an individual carrier or as a whole relevant to the total remittance base and provide the Commission with that information for its consideration.

5. In order for the Commission to assess the comparative contribution differences among categories of service moving from a revenues basis to a connections basis, we ask commenters to provide the following aggregate data:

a. The average monthly NUSF contribution per consumer-grade service customer under the current revenues-based contribution mechanism as well as a calculation of that

current contribution on a per connection basis for both circuit-switched and interconnected VoIP customers.

b. The average monthly NUSF contribution per business and government grade service customer under the current revenue-based contribution mechanism as well as a calculation of that current contribution on a per connection basis for both circuit-switched and interconnected VoIP customers.

c. The average monthly NUSF contribution per mobile telephony service customer under the current revenues-based contribution mechanism as well as a calculation of that current contribution on a per connection basis.

Data Sources

6. In providing responses to the questions posed in questions 1-5 above, the Commission requests that the commenters explain how connections data reported to the FCC on Form 477 was used, if applicable, and if so, how the instructions for Form 477 were relied upon for definitional or other determinations.

7. If a commenter believes that a state-wide data source other than the FCC Form 477 data is appropriate, please explain how that data source meets the objectives of the Commission regarding the need for data to implement the connections-based mechanism. As part of this explanation, please explain why such a data source should be used and how compliance with Commission objectives would be achieved through its use.

Implementation

8. We seek comment on how a connections-based system should be implemented. What are the associated costs and benefits of moving to a connections-based system? How would the costs differ from any other flat rate charge currently established by the Commission such as the E911 or the TRS surcharge?

9. We ask interested parties to provide the Commission with an estimation of cost of a billing system conversion as well as the time required to complete such a conversion to implement a connections-based NUSF contributions mechanism. Please include any supporting data.

10. Please identify and quantify other costs which may be associated with implementation of a connections-based mechanism, including necessary supporting data as well as a timeline for implementation.

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Deadline for Comments

Comments on the issues discussed herein may be filed on or before **January 30, 2018**. The Commission requests that interested parties provide specifics for any proposed rate design they want the Commission to consider. Commenters should file five (5) paper copies and one (1) electronic copy of their comments with the Commission. Electronic copies should be sent to Cullen.Robbins@nebraska.gov and Brandy.Zierott@nebraska.gov.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the above-captioned docket be and it is hereby open for public comment.

IT IS FURTHER ORDERED that interested persons may file written comment on or before **January 30, 2018** in the manner prescribed above.

ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska, this 19th day of December, 2017.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

May Rader
Crystal Knodes
Ed Johnson

Tim Schram
Chairman

ATTEST:
Michael S. R.
Executive Director

//s//Frank E. Landis
//s//Tim Schram