

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission,) Application No. NUSF-4
on its own motion, seeking to)
determine the level of the fund)
necessary to carry out the) ORDER SETTING SURCHARGE
Nebraska Telecommunications)
Universal Service Fund Act)
effective fiscal year beginning)
July 1, 2019.) Entered: June 4, 2019

APPEARANCES:

For the Rural Independent Companies:

Paul Schudel
Woods & Aitken, LLP
301 S. 13th Street
Suite 500
Lincoln, Nebraska 68508

For NE Colorado Cellular Inc. d/b/a Viaero Wireless and for
CTIA-The Wireless Association:

Loel Brooks
Brooks, Pansing Brooks PC PLLC
1248 O Street
Suite 984
Lincoln, Nebraska 68508

For Cox Nebraska Telcom, LLC:
Deonne L. Bruning, P.C. L.L.O.
Deonne Bruning
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For the Commission:

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BY THE COMMISSION:

On April 15, 1999, the Commission, on its own motion, opened this docket to determine the level of the fund necessary to carry out the Nebraska Telecommunication Universal Service Fund Act. Neb. Rev. Stat. § 86-328 (2008) states, in pertinent part, that "Annually, the Commission shall hold a public hearing

to determine the level of the fund necessary to carry out the Nebraska Universal Service Fund Act." Notice of this hearing appeared in the Lincoln Journal Star, Lincoln, Nebraska, and the Omaha World Herald, Omaha, Nebraska on May 6 and May 13, 2019, and in The Daily Record, on May 6 and May 21, 2019 pursuant to § 86-328. A public hearing on this matter was held in the Commission Hearing Room, Lincoln, Nebraska, on May 22, 2019. Appearances were entered as indicated above.

On April 29, 2019, the NUSF Advisory Board met to discuss the NUSF surcharge. After deliberation, the NUSF Advisory Board voted to recommend to the Commission that the surcharge level be maintained at \$1.75 per residential connection and 6.95 percent on business revenues.

Mr. Cullen Robbins, Director of the Nebraska Universal Service Fund (NUSF) Department as well as the Communications Department, testified for the staff. He provided the Commission with an overview of the status of the fund, potential options regarding the NUSF surcharge, and a recommendation with respect to the surcharge for the 2019/2020 fiscal year. Mr. Robbins testified the balance of the fund was approximately \$61 million, and that balance includes funds that have been awarded through grant programs but not expended because the Commission only disburses those funds once the investment has been made and documentation has been provided to account for those expenditures. The uncommitted balance was approximately \$15 million as of the date of the hearing. Mr. Robbins testified that because the Commission has transitioned much of the support to reimbursement for deployment of facilities, he expects the fund balance to continue to grow as carrier work on projects that will eventually be reimbursed.

Mr. Robbins further testified that as of the April data period this year, the new hybrid contribution methodology has been implemented. Residential services are now collected on a per connection basis and business services remained on a revenues basis. The surcharges determined through the NUSF-100 and NUSF-111 processes were initially set at \$1.75 per connection for residential services and 6.95 percent of revenues for business services. The new methodology also coincided with a new website that was developed to handle the changes. While the staff is still assisting some carriers with the filing of remittances, he believes the staff will have a better idea within a few months about the overall remittance levels under the new methodology.

As such, Mr. Robbins recommended that the Commission maintain the current surcharge level at \$1.75/connection for residential services, and 6.95 percent of revenues for business services for the next fiscal year. Mr. Robbins stated he believes it is too early to determine the impacts of the new methodology. He stated it would be prudent for the Commission to maintain the surcharges at their current levels. Mr. Robbins further testified that this recommendation is in line with the recommendation of the NUSF Advisory Board which met on April 29, 2019. The NUSF Advisory Board has recommended maintaining the surcharges at their current levels, and requested an update on the remittances within six months so that they might further deliberate on the sufficiency of the surcharges at that time.

Mr. Dan Davis, Director of Policy and Analysis with Consortia Consulting, testified for the Rural Independent Companies (RIC). Mr. Davis stated that in light of the fact that the Commission's contribution reform mechanism was just implemented as of April 1st this year, RIC agrees with Mr. Robbins' recommendation against any change in the surcharge for the fiscal year beginning July 1st. Mr. Davis further recommended that the Commission re-examine the appropriate levels of NUSF authorized disbursements from the high-cost fund for the upcoming fiscal year.

F I N D I N G S A N D C O N C L U S I O N S

The Commission has considered the testimony and recommendations provided in this proceeding. We find, based upon information provided by the Department, the NUSF Advisory Board, and the hearing testimony, that the surcharge be maintained at the current level of \$1.75 per connection for residential services and 6.95 percent of revenues for business services. The Commission agrees that it is too early to determine the impact of the new methodology, and as such, it is prudent to maintain the current surcharges. Accordingly, we find the NUSF surcharge should continue to be set at \$1.75 per connection for residential services and 6.95 percent of revenues for business services for the fiscal year of operations beginning July 1, 2019. With respect to the level of NUSF surcharge distributions, the Commission will consider adjustments through its NUSF-108 proceeding after it has more data on the level of remittances coming in to the fund.

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O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the surcharges be maintained at \$1.75 per connection for residential services and 6.95 percent of revenues for business services to fund the Nebraska Universal Service Fund beginning July 1, 2019, and extended to June 30, 2020, unless otherwise ordered by the Commission.

IT IS FURTHER ORDERED that all affected telecommunications companies are hereby required to collect said surcharge and remit it to the Commission as set forth herein and in Commission Universal Service Rules and Regulations and Commission orders.

ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska, this 4th day of June, 2019.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Crystal Kruader

Mary Ruder
Chair

Paul Jones

ATTEST:

Don Williams

Phil H. [Signature]
Executive Director

Tim Schram