

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska) Application No. NUSF-108
Public Service Commission, on) Progression Order No. 4
its Own Motion, to make)
adjustments to its high-cost) ORDER SEEKING COMMENT
distribution mechanism and)
make revisions to its)
reporting requirements.) Entered: November 19, 2018

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

The Commission initiates the above-captioned Progression Order to seek comment on a rate-of-return (ROR) carrier universal service fund (NUSF) mechanism for targeting broadband support to certain Federal Communications Commission (FCC) funded locations that will not otherwise be served with broadband even with the use of federal support. The Commission finds that further study is necessary to determine a support allocation and reimbursement mechanism which meets the Commission's accountability goals and does not duplicate federal support.

In their Rate-of-Return Reform Order, the FCC adopted a voluntary path for certain ROR carriers which allowed them to elect Alternative Connect America Cost Model (A-CAM) support for a 10-year term, in exchange for extending broadband service to a pre-determined number of eligible locations.¹ The FCC identified carrier-specific support amounts and deployment obligations based upon a monthly funding cap per location of \$200.² Subsequently, the FCC determined that model-based support and transition payments to all the carriers that accepted the A-CAM offer would exceed the overall budget.³ For the ROR carriers whose original offer of model-based support was more than their legacy support, the FCC directed its staff to reduce the offers of support to fit within the available budget, while preserving as much of the original offer as possible for those that had the lowest broadband

¹ See *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order, Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking, 31 FCC Rcd 3087, 3094-3117, paras. 17-79 (2016) (2016 Rate-of-Return Reform Order).

² See *In the Matter of Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order, Third Order on Reconsideration and Notice of Proposed Rulemaking, FCC 18-29, para. 62 (rel. March 23, 2018) (2018 Rate-of-Return Reform Order).

³ See 2018 Rate-of-Return Reform Order, para. 62.

deployment.⁴ To implement the Commission's decision, the FCC Wireline Competition Bureau (WCB) first reduced the funding cap to \$146.10 per location, the maximum amount of support per location that CAF Phase II provided to price cap carriers accepting offers of model-based support.⁵ Because the revised amounts still exceeded the budget, the WCB further reduced support offers and associated deployment obligations by varying percentages based on the percentage of locations lacking 10/1 Mbps.⁶ Most carriers accepted the revised offer, and, on January 24, 2017, the WCB authorized 182 additional companies that elected 217 revised offers of A-CAM support.⁷ The FCC is currently considering whether to increase the funding cap to \$200.⁸

In Progression Order No. 3, the Commission found that further study should be given to account for areas where a ROR carrier has elected Alternative Connect America Model (A-CAM) support and where support is capped at a level not sufficient to deploy broadband to 25/3 Mbps ("capped locations").⁹ The FCC provides a mechanism whereby carriers that receive A-CAM support report locations that have been served with broadband in the High Cost Universal Broadband (HUBB) portal. Accordingly, herein, the Commission solicits further comment on a proposal to provide ongoing support to capped locations where broadband has been deployed and reported in the HUBB. Allocations for ongoing support would be determined based on the amount of modeled cost remaining above the capped amount already received in support, and controlled for overall support available for high cost. The Commission seeks comments on the following questions:

⁴ See 2018 Rate-of-Return Reform Order, para. 63.

⁵ See 2018 Rate-of-Return Reform Order, para. 64.

⁶ See *id.*

⁷ See *id.*

⁸ See 2018 Rate-of-Return Reform Order, para. 142.

⁹ See *In the Matter of the Nebraska Public Service Commission, On Its Own Motion, To Make Adjustments To Its High-Cost Distribution Mechanism And Make Revisions To Its Reporting Requirements*, NUSF-108, Progression Order No. 3, Findings and Conclusions at 46 (November 19, 2018).

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1. How should the Commission determine the amount of funding that should be made available for the identified capped locations?
2. Should the Commission limit the number of locations that would be able to receive support?
3. Are additional measures necessary to ensure that support is not duplicative?
4. What limits if any should be placed on the allocation of support?
5. Should the Commission wait and see how the FCC resolves the requests for additional support?
6. Should the Commission account for federal support received for locations that were not built to?
7. Should the Commission provide support to locations at levels that are commensurate with support provided to non-A-CAM areas statewide?

The Commission believes that the methods in place federally ensure that the locations reported to the HUBB accurately reflect where broadband has been deployed, and proposes to rely on the data reported to the FCC/USAC via the HUBB. The Commission believes that additional support in these locations is necessary to incentivize broadband buildout that exceeds the minimum requirements put in place by the FCC, and meets the definition of broadband as defined by this Commission.

The Commission hopes to move expeditiously through this proceeding. The Commission's goal would be to have these issues determined by mid-year 2019. By that point, the Commission believes it will have a better idea of how contribution reform will impact the size of the high-cost program. The Commission also anticipates that the FCC will have made a determination in its open proceeding relative to the support provided to the capped locations and to legacy carrier support mechanism. The Commission seeks comment on this proposal.

Comments responsive to the issues identified above may be filed on or before 5:00 p.m. central time, Tuesday, **December 18, 2018**. 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.

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The Commission will determine whether a workshop or a further hearing should be held once comments have been submitted.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that interested parties may file comments on the issues raised in this matter on or before **December 18, 2018**, in the manner prescribed above.

ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska this 19th day of November, 2018.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Cystal Swades Chair *Mary Ridder*

Reel Jameson

ATTEST:

Tim Schram *Michael H. H. H.*
Executive Director

//s//Frank E. Landis
//s//Mary Ridder