

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. 3
its own Motion, to make)
adjustments to its high-cost)
distribution mechanism and make) ORDER SEEKING COMMENT
revisions to its reporting)
requirements.)
)
) 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) issues this Progression Order to seek comment on proposed changes to the high-cost distribution mechanism and to consider revisions to our reporting requirements relative to rate of return (ROR) carriers. In 2015 in Docket No. NUSF-99, the Commission began the process of reforming high-cost distributions in coordination with changes to the federal high cost support mechanism which is now referred to as the Connect America Fund (CAF). At the time, the federal universal service support areas for price cap carriers was relatively clear and the Commission could pursue targeting state universal service fund dollars for specific broadband investment and ongoing support amounts where gaps would foreseeably remain.

Subsequently, the Federal Communications Commission (FCC) finalized the support mechanism for ROR carriers. Some carriers had the ability to elect model-based support while other carriers remained on a revised legacy-based support mechanism. Now that federal universal service fund support for ROR carriers has become more defined, the Commission finds it appropriate to consider changes to how and where state support should be targeted. The Commission seeks comment on the following issues:

1. Should the Commission reform the distribution mechanism for ROR carriers by making specific allocations for broadband buildout in ROR areas?
2. If so, how should the Commission consider ongoing operations expenses? Should the revised mechanism default to mirror the mechanism in place for price cap carriers which includes specific percentages of support

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allocated for broadband plant and ongoing operating expenses? Please explain.

3. How can the Commission establish a responsible but administratively efficient process for ROR carriers to annually present a list of the projects for which broadband funding is desired and have the Commission review, and approve or deny the projects?
4. How should the Commission coordinate the use of state high-cost support with federal support particularly for those ROR carriers that have elected to take model support? How should the Commission treat ROR carriers where the carrier will remain on a legacy-based support mechanism?
5. Similar to the price cap territories, the Commission proposes to disallow broadband buildout support in areas that already have an unsubsidized carrier providing comparable broadband service. Please comment.
6. How can the Commission fairly treat rate-of-return carriers who have already deployed broadband throughout their footprint? For ROR carriers that have built out fiber to the premises, is the NUSF EARN Form an appropriate way to determine or limit the allocation of support?
7. How do we account for ROR carriers that have built out to 100 percent of their subscribers and have extensively borrowed for plant investment? Should the Commission focus on the amount of debt taken on by a carrier for plant investment? Should the Commission look at existing loan terms and payment requirements? If so, what type of information should be filed? How could the Commission account for this in an administratively efficient manner? How should the Commission consider in-town versus out-of-town investment when looking at structuring support aimed at ongoing operational expenses and debt?
8. How should the Commission account for the ROR carriers that have built out broadband to a majority of subscribers but not to those that are the furthest out? Should the Commission focus NUSF support on the last

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mile customers? Are there some subscribers that are too expensive to serve? Should the Commission encourage the use of alternative technologies to reach the last mile subscribers above a certain cost threshold? If so, what should that threshold be?

Deadline for Comments

Comments on the issues discussed herein may be filed on or before February 16, 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 issues identified herein be and they are hereby open for public comment.

IT IS FURTHER ORDERED that interested persons may file written comment on or before **February 16, 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:

Mary Redden
Crystal Snodgrass
Joel Johnson

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

Tim Schram
Chairman

ATTEST:

Michael S. G. R.
Executive Director