

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)
its own Motion, to make)
adjustments to its high-cost)
distribution mechanism and make) ORDER ON RECONSIDERATION
revisions to its reporting)
requirements.)
)
) Entered: February 6, 2018

BY THE COMMISSION:

On December 8, 2017, the Nebraska Rural Independent Companies ("RIC"), filed a Motion for Rehearing, Reconsideration and Clarification of the Commission's November 28, 2017, Order Authorizing Payments entered in the above-captioned proceeding. In its Motion, RIC requested an Oral Argument. That request was granted. The Commission heard oral arguments on January 17, 2018. Mr. Paul Schudel entered an appearance for RIC.

RIC requested the Commission reconsider the amount of universal service support available for distribution in the 2018 calendar year. The Commission's November 28, 2017, Order authorized distributions in the amount of \$28,300,000. RIC requested the Commission increase the amount available for distribution by \$3.2 million. In addition, at the oral argument, RIC argued that the amount added to this prior authorization be allocated to the rate-of-return carriers only and not to the price cap carriers.

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

In consideration of the foregoing, the Commission is willing to reconsider its decision, in part. An increase in the high-cost distribution to the extent requested would leave the Commission with an estimated one-month reserve. Traditionally, the Commission has maintained a preference for a two to three month reserve. Given the present decline in remittances and the uncertainty of when reform can be implemented, the Commission continues to believe it prudent to maintain a two-month reserve. On the other hand, the Commission is sympathetic to the arguments made by RIC and hopes to address the stability and overall budget level issues through the additional ongoing proceedings. The Commission is willing to increase the amount of overall support cap for 2018, by \$1 million to a total of

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\$29,300,000. In addition, the Commission will continue to closely monitor the remittance balance as well as the committed but unused balances to determine whether any adjustments should be made. The increased support should be distributed to eligible price cap and rate-of-return carriers through the cost model process.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the Motion filed by the Nebraska Rural Independent Companies shall be and it is hereby, granted in part to the extent described above.

ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska this 6th day of February, 2018.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:



Chair



//s//Rod Johnson

//s//Frank E. Landis

ATTEST:



Executive Director

Commissioners Dissenting:

//s//Crystal Rhoades



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Commissioner Crystal Rhoades dissenting:

There are a number of reasons why I cannot support this decision, I therefore dissent. Adding an additional million dollars to the 2018 high-cost distribution amount will reduce the reserve of the fund to less than two months. In the recent past, the actual NUSF remittances collected has dipped below projected levels. Keeping a reserve of less than two months will make it difficult for the Commission to take remedial action in the event that remittances fall below forecasted levels. A minimum of two months' notice would be necessary for making adjustments to the surcharge and providing carriers enough time to make the change in their billing systems. Maintaining an adequate reserve is simply necessary to make sure we are able to meet our ongoing obligations.

In addition, the Nebraska Telephone Association and many of its members have expressed a willingness to support a legislative measure that would permit \$357,000 per biennium to be diverted from the NUSF. If they are amicable to the diversion of funds at that level, they seemingly do not need additional money to be added to their distributions. They cannot persuade me to support adding additional support to the high-cost program while they are poised to give substantial portions of the NUSF support away.

Since 1999, more than three billion dollars has been distributed to Nebraska telephone carriers through USF and NUSF. Most of this in high-cost support. This support is supposed to be targeted where population density is less than three people per square mile. After all of that investment rural Nebraska is still woefully unserved or underserved. Until such time the carriers can account for the money being given and prove it's been used as intended, I cannot in good conscience give them additional taxpayer monies.



Crystal Rhoades