BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public Service Commission, on its own motion, to make adjustments to the universal service fund mechanism established in NUSF-26	**Application No. NUSF-69** **Progression Order No. 1**
QWEST CORPORATION'S REPLY COMMENTS	

Qwest Corporation ("Qwest") submits its reply comments in this Docket, as follows:

Qwest largely stands on its original comments, and reminds interested parties and the Commission that Qwest's initial and reply comments in this *Progression Order No.1* should also be treated as its initial comments in *Progression Order No. 2* in this docket. Qwest focuses its reply comments on certain comments made by Viaero Wireless dba Colorado Cellular ("Viaero"). Viaero proposes that the Commission simply award wireless carriers an indeterminate amount of support, per subscriber, as an incentive for investing in rural Nebraska. This proposal is well outside what the Commission ordered in Docket No. NUSF-48, and outside the scope of the questions proposed in this docket. Even so, the proposal is not nearly as simple as Viaero claims, nor would it be effective.

First, Viaero's proposal offers no rules, regulations, or reporting mechanisms to ensure that any such subsidies would be spent for the purposes intended. In the wireless context, jurisdictional concerns make imposing such schemes legally

complicated. In addition, mechanisms to ensure that widely-distributed subsidies (1) are being distributed accurately, and (2) are being spent for the purposes intended, would require a significant amount of resources and regulatory entanglements for both the Commission and affected carriers.

Second, Viaero's proposal would not be effective. The reason towers have not been built in currently unserved areas is that the market has "failed" (though the extent and impact of this "failure" is questionable, because without NUSF subsidies, there are now more wireless handsets than wireline access lines in Nebraska). Current market conditions also include federal support to wireless carriers in a broad-based subsidy similar to that proposed by Viaero. Viaero provides no assurances that widely distributing a few million dollars of additional subsidies across all carriers and customers under these methodologies would result in wireless service to presently unserved areas. It appears that under current conditions, no one carrier can economically justify the expenditures. Viaero's proposal would set the stage for an ever-increasing set of subsidies spread across all wireless carriers and subscribers in Nebraska, at the expense of subsidies to guarantee universal wireline service. For the Commission to get the most "bang for the buck" with the proposed diversion of $5,000,000 in NUSF funds to wireless infrastructure, the Commission must focus on wireless infrastructure in unserved areas – not subsidies to carriers or another bureaucracy that duplicates the existing policies that have yet to provide service in certain remote areas of Nebraska.

In this regard, Qwest agrees with the comments of the Rural Companies, which note the tens of millions of dollars in federal subsidies already being distributed to wireless carriers in Nebraska. In order to meet its statutory mandates, and to provide

the support the Commission has already determined is needed for wireline services across the state, the Commission must carefully target limited resources towards building towers the current market has not supported, and avoid compensating carriers for connectivity costs.

Dated September 14, 2007

Respectfully submitted,

QWEST CORPORATION

By: _____

Jill Vinjamuri-Gettman #20763
GETTMAN & MILLS LLP
10250 Regency Circle Suite 200
Omaha, NE 68114
(402) 320-6000
(402) 391-6500 (fax)
jgettman@gettmanmills.com

Timothy J. Goodwin
QWEST SERVICES CORPORATION
1801 California, Ste. 1000
Denver, CO 80202
303-383-6612
303-296-3132 (fax)
tim.goodwin@qwest.com

ATTORNEYS FOR QWEST CORPORATION

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of Qwest Corporation's Reply Comments were sent by electronic mail and by regular U.S. mail on this 14th day of September, 2007, addressed as shown below, to the following:

Loel P. Brooks, Esq.
Brooks, Pansing & Brooks, PC, LLO
1248 "O" Street
Suite 984
Lincoln, NE 68508-1424
lbrooks@brookspanlaw.com

Paul M. Schudel, Esq.
James A. Overcash, Esq.
Woods & Aitken, LLP
301 South 13th Street
Suite 500
Lincoln, NE 68508
pschudel@woodsaitken.com
jovercash@woodsaitken.com

Jack L. Shultz, Esq.
Harding & Shultz, P.C., LLP
800 Lincoln Square
121 S. 13th Street
P.O. Box 82028
Lincoln, NE 68501-2028
jshultz@hslegalfirm.com

By: _____
Jill Gettman