

Nebraska Universal Service Advisory Board Meeting
Public Service Commission Hearing Room
The Atrium, 1200 “N” Street
Lincoln, Nebraska
April 22, 2011

The Nebraska Universal Service Advisory Board met April 22, 2011 at the Public Service Commission Hearing Room, 300 The Atrium, 1200 N Street in Lincoln, Nebraska.

Mr. Glover, Chair of the Advisory Board, called the meeting to order at 10:02 am. The following board members were present:

Dave Glover;
Rodney Thiemann;
Rob Logsdon;
David Rosenbaum;
Steve Meradith; and
Jeffrey Zindel

Present from the Public Service Commission were Sue Vanicek, Shana Knutson, Laurie Casados and Tyler Frost.

A roll call was taken to establish Quorum status.

Terms of Board Members and Re-appointments

Ms. Vanicek informed the Board that there is still an open public representative position on the Board and there is now also an opening for the representative for schools with Mr. Rastovski's recent retirement. She urged Board members to inform any qualified individuals to apply.

A motion was made by Mr. Logsdon and seconded by Mr. Thiemann to re-appoint Mr. Meradith to another term on the Board. Upon agreement of all board members present, the motion carried. Discussion ensued regarding Mr. Meradith's term on the board and the possibility that he may have been term limited and not able to serve another term on the Board. Ms. Knutson stated that she would check on his status. *(It was later discovered that Mr. Meradith's term on the Board had expired).*

Approval of Minutes from April 21, 2010

A motion was made by Mr. Logsdon and seconded by Mr. Meradith to approve the minutes from the April 21, 2010 Advisory Board Meeting. Upon agreement of all board members present, the minutes were approved as presented and the motion carried.

Discussion of the FCC's NPRM on USF/ICC Reform

Ms. Vanicek reported to the board that the NPSC has filed comments on the FCC's NPRM on USF and ICC Reform. One of the highlights that the NPSC commented on in regards to USF reform was the fact that the FCC should recognize that some states have setup a state USF to

share in the responsibility of preserving and advancing universal service. The NPSC advocated that the Commission adopt a funding approach that would recognize states which have created explicit funding mechanisms, reformed access rates, and/or rebalanced local rates and implement a reduction in high cost support for those states that have not taken any action. Ms. Vanicek noted that the NPSC also again voiced its support in the use of a cost model for determining high cost support for the long term and again voiced its concern of reverse auctions or competitive bidding being used for recurring high cost support. In regards to ICC reform the key NPSC recommendations were that the FCC include VOIP in the contribution base and take action to eliminate phantom traffic.

Ms. Vanicek noted that there was no request for comments on whether broadband should be part of the contribution base.

Mr. Meradith inquired as to what the next steps in the process will be. Ms. Vanicek replied that there would be a round of reply comments and some additional workshops with a possible order in November, as the FCC has stated that they would like to distribute support to deploy broadband in unserved and underserved areas in 2012.

Discussion of the FCC's NPRM on Lifeline Reform

Ms. Vanicek informed the Board that the NPSC has filed comments on the FCC's NPRM on Lifeline Reform. In the NPRM the FCC was seeking comments on changes to the Federal Lifeline and Link up programs. Most notably they sought comments in regards to changes in the certification process. Currently some states have customers self certify that they meet the program participation requirements, however the FCC has recommended that all states perform some type of verification to certify that customers are eligible to participate in the program and has suggested that all states adopt the federal program criteria. The NPSC has filed comments that each state should be allowed to establish its own eligibility criteria and should not be required to utilize the program criteria currently utilized by federal default states. Currently Nebraska does have a certification program in which verification of eligibility is performed, but the staff utilizes income verification confirmed by participation in other low-income programs, which saves time and resources while still accomplishing the goal of verification of eligibility.

Another topic discussed in the NPRM was pre-paid wireless carriers offering free service to get lifeline support, due to the fact that this causes problems in tracking the customers to determine continued eligibility the FCC proposed to have the customer pay a minimal amount of \$1 to be able to track eligibility. The NPSC's comments were supportive of the customer being responsible for a minimum amount but suggested it should be slightly higher to cover costs of billing. The NPRM also brought up whether broadband could become an eligible service to receive lifeline funding, however, the NPSC did not take a position in comments filed.

Schools, Libraries, and Health Care Activities Report

No report on schools and libraries.

Mr. Glover updated the Board on Health Care activities. He noted that the network is still awaiting a decision on grandfathering of sites from the FCC. Certain counties in Nebraska are set to lose funding with the rural definition change unless the FCC provides grandfathering for

sites that have qualified for funding prior to the definition change. They hope to hear something prior to June 30, 2011. Mr. Glover informed the Board that there are now 100 entities on the network and they are in the process of exploring the formation of a legal entity, looking at a possible model for doing so and what benefits and ramifications it may cause. He also informed the Board that the Governing Committee for the network has expanded to include more rural hospitals in hopes of ensuring rural sites have more participation in network discussions. Mr. Glover discussed how the network is looking at using telehealth to provide more mental health services, which are currently provided over the network extensively but can be expanded to benefit behavioral health further. He also stated that the network is working on moving telehealth into physician offices, noting that physicians use of the network increases if they have the access in their office.

Nebraska Telephone Assistance Program Update

Ms. Vanicek informed the Board that there are currently approximately 17,000 enrollees in the NTAP program. She noted that enrollment has gone down from last years enrollment numbers of 21,000 but this does not necessarily mean the overall participation rate is down but is more attributable to the department's continued efforts of recertification and increased communication with the carriers through expanded reporting.

Ms. Vanicek noted that for national lifeline awareness week Commissioner Boyle has talked to Douglas/Sarpy County about sending out notices on the availability of this program. The department will also carry out similar efforts this year as in years past to promote lifeline awareness.

Dedicated Wireless Program Report

Ms. Vanicek discussed the map showing all cell sites that have been supported via the dedicated wireless program during the 2008, 2009 and 2010 application years. She noted that in 2008 there were two carriers that applied for and received funding – Long Lines Wireless and Viaero Wireless; in 2009 there was only one carrier – Viaero Wireless; and in 2010 there were three carriers – Long Lines Wireless, Viaero Wireless and US Cellular. Ms. Vanicek noted that most of the sites in southeast Nebraska are US Cellular cell sites.

Ms. Vanicek also noted that the NPSC had recently requested comments about requiring the cell sites receiving funding under this program to be broadband capable.

NUSF-77: NTA Petition for Review of NUSF Processes and Procedures

Ms. Vanicek provided the board with a status of a petition filed by the NTA to review the processes and procedures of the NUSF and determine if there is a need for any changes to the fund and the possibility of the NUSF funding broadband. She informed the board that the NPSC sought comment on a pilot program for broadband funding during December 2010 and January 2011. She noted that once those comments are reviewed, the next step in the process would be the department issuing a proposal for comment by late summer or early fall.

NUSF-4: Discussion Regarding NU SF Surcharge

Ms. Vanicek informed the board that the fund currently has a balance of \$19.2 million with about \$4 million of that already earmarked for dedicated wireless support approved but not yet paid. She noted that the fund will pay out \$40.8 million in high cost funding for the current calendar year, which is down from \$47 million in the previous calendar year. Ms. Vanicek noted that the pilot program for broadband will also have monies earmarked and best case scenario that funding would begin in 2012, following a formal hearing on the matter. Mr. Thiemann inquired how much money would be earmarked for that program and Ms. Vanicek replied that the amount had not yet been finalized.

A motion was made by Mr. Logsdon and seconded by Mr. Thiemann to recommend leaving the surcharge at 6.95% for the upcoming fiscal year. Upon agreement of all board members present, the motion carried.

Other Business

Adjourn

A motion was made by Mr. Thiemann and seconded by Mr. Logsdon to adjourn. Upon agreement of all board members the meeting adjourned at 11:15 am.