

**BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION**

<b>In the Matter of the Commission, on its own motion, to increase broadband adoption among low-income consumers through the development of a Nebraska broadband telephone assistance program.</b>	<b>Application No. NUSF-91</b>
<b>COMMENTS OF QWEST CORPORATION d/b/a CenturyLink QC and UNITED TELEPHONE COMPANY OF THE WEST d/b/a CENTURYLINK</b>	

On August 13, 2013, the Nebraska Public Service Commission (“Commission”) opened the above referenced docket. The Commission seeks comments from interested parties on the feasibility of creating a program to help low-income customers offset part of the monthly recurring cost of broadband subscribership, similar to the existing Nebraska Telephone Assistance Program (“NTAP”) that offsets the monthly cost of subscribing to voice telephone service for qualified low income subscribers. Qwest Corporation d/b/a CenturyLink QC and United Telephone Company of the West d/b/a CenturyLink (collectively “CenturyLink”) respectfully provide these comments in response to the Commission’s request.

CenturyLink currently has a low-income broadband assistance program in place, Internet Basics, which offers broadband service at a monthly recurring cost of as low as \$9.95 for the first 12 months.<sup>1</sup> After the initial 12 month term, the monthly rate increases by \$5 for the next 48 months of service. New broadband customers that

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<sup>1</sup> Rate for 1.5 Mbps service. Customers may also subscribe to service from 3 Mbps to 7 Mbps at a monthly rate of \$14.95, or up to 12 Mbps at a monthly rate of \$19.95. One year term agreement required and a prorated \$200 Early Termination Fee will be applied if the customer disconnects service before the end of the term.

qualify for the Federal Communications Commission's ("FCC") Lifeline program are eligible for CenturyLink's Internet Basics. Importantly, CenturyLink's program also allows eligible subscribers to purchase a net book computer for \$150.<sup>2</sup> Providing low income customers with a discount on the monthly recurring cost for broadband service will do little good if the customer cannot obtain affordable computer equipment to necessary to access to the internet. CenturyLink has included as attachments to these comments some information on its Internet Basics program and additional information can be found at [www.centurylink.com/internetbasics](http://www.centurylink.com/internetbasics).

The Commission asked parties to address several issues, which CenturyLink addresses in these comments.

**1. SHOULD THE COMMISSION CONSIDER IMPLEMENTING A NEBRASKA-SPECIFIC BROADBAND LIFELINE PROGRAM BY ADDING A BROADBAND COMPONENT TO ITS EXISTING NTAP PROGRAM TO INCREASE ADOPTION AMONG LOW-INCOME CONSUMERS IN NEBRASKA?**

CenturyLink agrees that it is important for all households, including low-income households, to have affordable access to the internet. Access to the internet will provide economic and educational opportunities for Nebraska consumers and will benefit the state. However, CenturyLink questions whether there is a need at this time for the Commission to establish a low-income broadband program to help increase the broadband adoption rate for low-income customers. In its request for comments, the Commission cites to a Pew Research Center report which indicates that 62% of households in the lowest income bracket use the internet. If 62% of the low-income households already have access to the internet, CenturyLink questions whether the

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<sup>2</sup> Subscribers purchasing a net book for \$150 are required commit to a two-year term agreement for broadband.

Commission's proposed program would even modestly increase the number of low-income customers that subscribe to the internet, or simply provide a discount to those low-income customers that already have broadband access. CenturyLink notes that the same Pew Research Center report states, "among current non-internet users, almost half (48%) say the main reason they don't go online now is because they don't think the internet is relevant to them...About one in five (21%) mention price-related reasons, and a similar number cite usability issues (such as not knowing how to go online or being physically unable to)."<sup>3</sup> The report also cites other factors that contribute to lack of broadband access at home, including age and education.<sup>4</sup>

Another report issued by the Pew Research Center indicates that 56% of American adults own a smartphone. The report states:

At the same time, smartphones do offer a potential source of online access to individuals who might otherwise lack the ability to go online at all from within the home, even if that access is somewhat limited in comparison. And indeed, 10% of Americans indicate that they do not have a broadband connection at home but that they do own a smartphone (another way to say this is that 32% of non-broadband users own a smartphone). If we include that 10% of Americans with the 70% who have traditional broadband, that means that 80% of Americans have either a broadband connection, a smartphone, or both. Here is how the 80% breaks down:

- 46% of Americans have both a home broadband connection and a smartphone
- 24% have a home broadband connection, but not a smartphone
- 10% have a smartphone, but not a home broadband connection

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<sup>3</sup> See Pew Research Center, *Digital Differences* (April 13, 2012) available online at: <http://pewinternet.org/Reports/2012/Digital-differences.aspx> (accessed September 9, 2013).

<sup>4</sup> *Id.*

The remaining 20% of Americans have neither a home broadband connection nor a smartphone.<sup>5</sup> (emphasis in original)

CenturyLink also notes that those consumers that do not subscribe to broadband at home may have access to the internet through libraries, schools, and community centers. For all of these reasons, implementing a low-income broadband program may not significantly increase the number low-income subscribers to the internet.

If the Commission is interested in increasing the broadband subscribership among low-income customers, it should consider partnering with CenturyLink and other providers that already offer a low-income program. CenturyLink's Internet Basics program provides training to potential customers, showing them how to access and navigate the internet, as well as provide information regarding the program itself. CenturyLink believes that supporting existing low-income programs will more quickly and easily attain Commission objectives for low-income broadband subscribership with a lower resource commitment.

**2. DOES THE COMMISSION HAVE THE AUTHORITY UNDER ITS CURRENT STATUTORY FRAMEWORK TO IMPLEMENT A BROADBAND COMPONENT TO ITS NTAP PROGRAM? WHY OR WHY NOT?**

Nebraska Revised Statute §86-329 expressly authorizes the Commission to establish the NTAP. It provides:

The commission shall establish the Nebraska Telephone Assistance Program. The purpose of the Nebraska Telephone Assistance Program is to promote the provision of universal service to low-income households by local exchange carriers. Support provided by the program shall be specifically targeted to maintain affordable rates for

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<sup>5</sup> See Pew Research Center, *Home Broadband 2013* (August 26, 2013) available online at <http://pewinternet.org/Reports/2013/Broadband.aspx> (accessed September 9, 2013).

residential basic local exchange services supported by federal and state universal service mechanisms.

This section states that the NTAP shall for the purpose of maintaining affordable rates for “residential basic local exchange services”, makes no provision for a broadband NTAP, and there is no similar, express statutory authorization for a broadband version of the NTAP elsewhere in the code.

On the other hand, NRS 86-323(3) appears to allow some room for the Commission to utilize NUSF funding to reduce the costs of “advanced telecommunication and information services”:

Consumers in all regions of the state, including low-income consumers and those in rural and high-cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas

It is unclear whether the language in the Section 323, which generally authorizes the Commission to manage the NUSF, is sufficient to overcome the existence of the express authorization for NTAP support of basic service combined with the absence of any express authorization for the Commission to implement an NTAP for broadband. Therefore, CenturyLink believes that the Commission should proceed with extreme caution if it decides to attempt to implement a new program.

**3. IF THE COMMISSION SHOULD ADOPT SUCH A PROGRAM HOW SHOULD IT BE IMPLEMENTED?**

- a. SHOULD THE COMMISSION SET ASIDE A CERTAIN AMOUNT FROM THE UNIVERSAL SERVICE FUND AND DEDICATE SUCH FUNDS TO THE NTAP BROADBAND PROGRAM? THE COMMISSION SEEKS COMMENT ON WHETHER THE COMMISSION SHOULD INITIALLY CAP THE NTAP BROADBAND PROGRAM AT NO MORE THAN \$5 MILLION PER YEAR? WHY OR WHY NOT?**

CenturyLink recommends the Commission review its long-term broadband deployment goals for the state before embarking on a plan to direct scarce state USF resources for the NTAP broadband program. Before the Commission decides implement an NTAP broadband program, it should ensure that funding is available to support the demands of the program for the foreseeable future. Before deciding the amount that should be dedicated to such a program, or if a cap on the amount of funding should be implemented, the Commission should undertake a study to determine the demand for a low-income broadband assistance program.

Additional questions related to adoption of a broadband telephone assistance program include whether or not the program will be technology neutral. If the program is intended to be technology neutral, the Commission should consider the dramatic expansion of the federal Lifeline voice program after wireless providers, especially wireless resellers, became eligible, growing by nearly 300% in eight years. The Commission must decide how the program could continue to be funded if similar growth occurred for the NTAP broadband program. Also, if the program is technology neutral, the Commission must decide whether eligible consumers should get multiple broadband benefits. For example, could an eligible consumer get both a wireline and a wireless benefit? Conversely, if the consumer is limited to a single benefit, how will

companies report subscribers receiving benefits? And who will monitor for duplicate benefits? Last the, the Commission should determine how consumers will be notified that only one benefit per consumer is available.

CenturyLink also believes the source for funding for this proposed program must be ascertained. CenturyLink is concerned that if a surplus currently exists in the NUSF, how long will that surplus last if the NTAP broadband program is implemented. Moreover, if there is a surplus and it is depleted, CenturyLink is concerned about how the proposed program would continue to be funded.

The Commission should not fund the NTAP broadband program at the expense of other NUSF programs, particularly the NUSF voice high-cost fund. As a result of changes in the FCC's universal service program, the need for state support for voice and broadband services in high cost areas of the state is greater than ever. Moreover, the NUSF surcharge is already among the highest state USF surcharges in the nation and it should not be increased to fund this proposed program.

**b. SHOULD THE COMMISSION PROVIDE A DISCOUNT ON RECURRING BROADBAND RATES SIMILAR TO THE CURRENT TELEPHONE ASSISTANCE PROGRAM? IF NOT, WHY NOT?**

The NTAP broadband program, if the Commission chooses to implement one, should be set up in a manner similar to the current low-income telephone assistance program. That would include providing a discount on recurring broadband rates. Doing so will allow the Commission to leverage the learnings and resources from the existing telephone assistance program. The benefits for the two programs should be similar, but should not be linked (in that the two programs should be separate and distinct from

each other). The Nebraska telephone assistance program is associated with the federal low-income assistance program (Lifeline). However, the FCC has not added broadband support to its Lifeline program. Thus the NTAP broadband program would need to be designed to be separate from the telephone assistance program. This will result in additional workload for the Commission, which may be difficult for the Commission to handle with existing resources. It could also diminish the existing affordable broadband programs that CenturyLink and other companies are currently offering.

CenturyLink believes that an NTAP broadband program, should the Commission choose to create one, should be similar to the current NTAP program for voice service. CenturyLink also believes that the two programs should be completely separate from each other, with separate requirements for eligibility and qualification, as well as have separate application processes. For example, CenturyLink's Internet Basics program uses Lifeline eligibility criteria (i.e., participation in low-income programs or income level) as the starting point for qualification; however there are additional criteria the customer must meet before being eligible for discounted broadband service. Also, the benefits should not be tied to each other, but should be separate program benefits. That means a customer could receive NTAP telephone assistance benefits but not the NTAP broadband benefits, and vice versa. One could choose to receive the NTAP broadband benefits but not the telephone assistance benefits.

**c. IF SO, WHAT WOULD BE THE APPROPRIATE DISCOUNT?**

- i. SHOULD THE DISCOUNT BE A FIXED AMOUNT? WOULD TWENTY DOLLARS (\$20.00) PER HOUSEHOLD PER MONTH BE REASONABLE? WHY OR WHY NOT?**

CenturyLink believes that the discount should be a fixed amount, and the amount should not vary depending on the speed of internet service to which the customer subscribes. The goal of the NTAP broadband program should be to encourage broadband subscribership for low-income customers who do not subscribe to the internet currently. These customers should be encouraged to subscribe to the speed that best meets his or her needs for basic functions, such as education, job searches, shopping, banking, etc. However, the Commission should not subsidize the monthly recurring costs of higher broadband speeds, through higher discount amounts.

Providing higher discounts for higher broadband speeds will be a waste of scarce NUSF funding. The discount amount should be set at a point that will encourage more low-income customers to subscribe to broadband service while also ensuring that sufficient funds are available to maximize the number of customers that may receive the discount.

- ii. IN THE ALTERNATIVE, IF AN NTAP DISCOUNT IS APPLIED, SHOULD IT BE A TIERED AMOUNT BASED UPON THE RECURRING RETAIL BROADBAND RATE? IF SO, HOW SHOULD THE TIERED AMOUNTS BE DETERMINED AND HOW WOULD THIS BE ADMINISTERED BY THE COMMISSION? WOULD THE COMMISSION NEED TO REQUIRE COPIES OF CUSTOMER INVOICES OR RATE LISTS FROM NTAP PROVIDERS?**

As CenturyLink noted above, the NTAP broadband discount should not be a tiered amount based upon the recurring retail broadband rate. The amount a customer may pay for broadband service will vary depending on the broadband provider and the

speed purchased. It would greatly complicate the administration of the NTAP broadband program if the Commission were to provide different discounts based on the monthly recurring rate. In addition, providing a fixed discount to all eligible low-income broadband subscribers will insure that the customer works to find the best price available for broadband service as well as the speed that works best for his or her situation.

**iii. IF AN NTAP DISCOUNT IS APPLIED SHOULD THERE BE A MINIMUM RECURRING AMOUNT SUBSCRIBERS SHOULD PAY FOR BROADBAND SERVICE? IF SO WHAT IS THE APPROPRIATE AMOUNT?**

CenturyLink believes that the discount for the proposed NTAP broadband program should not completely offset the monthly recurring cost for broadband service, even at the lowest speed tiers. Any discount should be set the discount at such a point to ensure that the customer still pays something for the service, but it is not necessary to create a “minimum” recurring amount that the customer should pay. Doing so will accomplish two objectives. First, it will ensure that the customer values the service and the program is not abused. Second, it will reduce complexity in administering the program. Because there are several different speed tiers that the customer may choose, and there is no consistency among service providers regarding the rates that are charged for service at each of those speed tiers, setting a “minimum” amount subscribers should pay for service (or offsetting the monthly recurring amount completely) would require the Commission, and carriers, to maintain a number of different discount amounts. To keep the program as simple as possible, the Commission

should set a flat discount amount that applies to all eligible low-income customers in all situations.

**d. HOW SHOULD BROADBAND SPEED TIERS BE TAKEN INTO ACCOUNT?**

There is no need to take into account the different broadband speed tiers. As CenturyLink stated previously, the Commission should provide a flat amount as a discount to broadband services, regardless of the speed to which the customer subscribes.

**e. HOW SHOULD BUNDLED RATES BE TAKEN INTO ACCOUNT?**

As with the speed tiers, there is no reason to consider bundled rates in the administration of the NTAP broadband program.

**f. SHOULD THE COMMISSION USE THE FCC'S DEFINITION OF "BROADBAND" TO DETERMINE ELIGIBLE SPEED TIERS? GIVEN THAT A NUMBER OF SPEED TIERS OR SERVICE OFFERINGS MAY BE AVAILABLE SHOULD THERE BE OTHER COMMISSION REQUIREMENTS ASSOCIATED WITH AN NTAP BROADBAND DISCOUNT?**

Should the Commission choose to implement an NTAP broadband program, CenturyLink does not believe the Commission should use the FCC's definition of "broadband" to determine eligible speed tiers. The FCC's definition of broadband is service at 4 Mbps download and 1 Mbps upload. Although great gains have been made in this respect, many areas of Nebraska do not have broadband service available at those speeds (though those areas are becoming fewer in part due to the Commission's NEBP program and the FCC's CAF support). If the Commission were to adopt the FCC's definition of broadband, many potential subscribers that would otherwise be eligible for the discount would be deemed ineligible, defeating the Commission's purpose for establishing the program.

**4. ARE THERE OTHER PROGRAMS WHICH ARE CURRENTLY BEING USED TO INCREASE BROADBAND ADOPTION FOR LOW-INCOME CONSUMERS? IF SO, PLEASE PROVIDE A DESCRIPTION OF THESE PROGRAMS? ARE THESE PROGRAMS SUCCESSFUL? WHY OR WHY NOT?**

As CenturyLink noted earlier, it currently has a program in place to increase broadband adoption for low-income consumers. As of August 2013, CenturyLink has 147 Nebraska customers enrolled in this program. CenturyLink understands that other internet providers provide a similar program to encourage broadband subscribership for low-income customers.

**5. AS BROADBAND SERVICES ARE BECOMING MORE WIDELY AVAILABLE ARE RATES FOR BROADBAND SERVICES DECREASING? ARE BROADBAND SERVICES BECOMING MORE AFFORDABLE? WHY OR WHY NOT?**

The broadband marketplace is highly competitive. Cable, wireless, and telephony based broadband services are increasing every day. Consumers have a wide variety of broadband pricing and speed options. Generally speaking, the cost per megabyte is decreasing over time. CenturyLink notes that the FCC is currently conducting an urban study of the pricing of broadband services.

**6. ARE THERE ANY OTHER STATES THAT HAVE IMPLEMENTED A BROADBAND COMPONENT TO THEIR LOW-INCOME PROGRAM? IF SO, PLEASE PROVIDE DETAILED AS TO HOW THESE PROGRAMS HAVE BEEN IMPLEMENTED?**

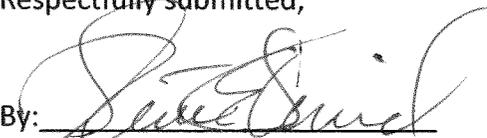
At this time CenturyLink is not aware of many states implementing this type of program. A handful of other states are contemplating the implementation of a low-income broadband program through the FCC's grant program mentioned in the Commission's request for comments. Of these programs, California seems to be the furthest along.

**7. ARE THERE ANY OTHER SUGGESTIONS OR PROPOSALS THE COMMISSION SHOULD CONSIDER TO INCREASE BROADBAND ADOPTION?**

CenturyLink believes that the Commission can increase overall broadband subscribership in Nebraska by continuing to promote broadband deployment in unserved areas coupled with increased education on the benefits of broadband adoption. CenturyLink has successfully partnered with educational institutions, social service agencies, economic development groups and others to promote the benefits of its low-cost Internet Basics program. As CenturyLink stated earlier, the Commission should consider partnering with broadband service providers that already have low-income assistance programs in place to help expand broadband subscribership among low-income consumers. These existing programs not only extend discounts to help offset the monthly cost of broadband subscribership, but also provide education and training on the benefits and use of the internet. In addition, many of these programs also provide the consumer with low cost computer equipment. For many low-income consumers, the cost of the equipment necessary to access the internet is beyond their means. Without providing the low-income consumer a method to obtaining the necessary computer equipment to access the internet, the Commission may find that there is little demand for any program to provide a discount on the monthly recurring cost of broadband service.

Dated September 30, 2013

Respectfully submitted,

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# CenturyLink Internet Basics



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- ▶ Access to free basic Internet training

### Internet access helps you with:

- ▶ Homework
- ▶ Video and music downloads
- ▶ Paying bills
- ▶ Job searches
- ▶ Getting news and information



\*Residential customers only. Listed High-Speed Internet rate of \$9.95/mo. applies for first 12 months of service (after which the rate reverts to \$14.95/mo. for the next 48 months of service), and requires a 12-month term agreement or 24-month term agreement (if purchasing Netbook). Listed rate applies to up to 1.5 Mbps High-Speed Internet service. Customer must either lease a modem/router from CenturyLink for an additional monthly charge or purchase a modem/router from CenturyLink for a one-time charge, and a one-time High-Speed Internet activation fee applies. A one-time professional installation charge (if selected by customer) and a one-time shipping and handling fee applies to customer's modem/router. **General** – Services and offers not available everywhere. CenturyLink may change or cancel services or substitute similar services at its sole discretion without notice. Offer, plans, and stated rates are subject to change and may vary by service area. Requires credit approval and deposit may be required. Additional restrictions apply. **Terms and Conditions** – All products and services listed are governed by tariffs, terms of service, or terms and conditions posted at [www.centurylink.com](http://www.centurylink.com). **Taxes, Fees, and Surcharges** – Applicable taxes, fees, and surcharges include a carrier Universal Service charge, carrier cost recovery surcharges, state and local fees that vary by area and certain in-state surcharges. Cost recovery fees are not taxes or government-required charges for use. Taxes, fees, and surcharges apply based on standard monthly, not promotional, rates. **CenturyLink Internet Basics Program** – Available to individuals who qualify based on meeting income level eligibility requirements, and requires remaining eligible for the entire offer period. The first bill will include charges for the first full month of service billed in advance, prorated charges for service from the date of installation to bill date, and one-time charges and fees described above. Qualifying customers may keep the Internet Basics Program for a maximum of 60 months after service activation provided customer still qualifies during that time. **\*\*Netbook Offer** – Limited-time offer. One offer per qualifying Internet Basics Program customer. Customer must agree to a 24-month term agreement for residential High-Speed Internet services to be eligible for Netbook. Netbook purchase must be paid in full to CenturyLink prior to shipment. Shipping and handling fees, and applicable taxes will apply. If customer purchases Netbook as part of the Internet Basics Program, all warranty and support for the Netbook and accompanying equipment will be covered by the manufacturer or other identified third party, not CenturyLink. CenturyLink is not responsible for lost or stolen Netbooks. No software applications or wireless service are included with the Netbook. Additional restrictions may apply. **High-Speed Internet** – An early termination fee will apply based on the applicable monthly recurring service fee multiplied by the number of months remaining in the minimum service period, up to \$200. Connection speeds are based on sync rates. Download speeds will be up to 15% lower due to network requirements and may vary for reasons such as customer location, websites accessed, Internet congestion and customer equipment. © 2011 CenturyLink, Inc. All Rights Reserved. All other marks are trademarks of their respective owners. ODD.022.INFOQWEN.1011

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## Eligibility Requirements

To participate in CenturyLink Internet Basics, your household must meet the following criteria:

- Is located where CenturyLink offers Internet service
- Has not subscribed to CenturyLink Internet service within the last 90 days or is a current CenturyLink Internet customer
- Does not have an overdue CenturyLink bill or unreturned equipment
- Follows current guidelines for Lifeline/TAP phone service programs

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For more information, visit [centurylink.com/internetbasics](http://centurylink.com/internetbasics).

