

**Nebraska Universal Service Advisory Board Meeting**  
**Public Service Commission Hearing Room**  
**The Atrium, 1200 “N” Street**  
**Lincoln, Nebraska**  
**April 15, 2014**

The Nebraska Universal Service Advisory Board met April 15, 2014 at the Public Service Commission Hearing Room, 300 The Atrium, 1200 N Street in Lincoln, Nebraska.

David Rosenbaum, Chair of the Advisory Board, called the meeting to order at 1:37 pm. The following Board members were present:

David Rosenbaum;  
Patrick Haggerty;  
Dennis McIntyre;  
SueAnn Witt;  
John Felton;  
Loren Duerksen; and  
Dale Gibbs

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

The Board went through member roll call with seven Board members announcing their presence. Quorum status was established.

**Terms of Board Members and Re-appointments**

The first order of business was the re-appointment of Jeffrey Zindel, a public member on the Board. A Motion was made by Loren Duerksen to re-appoint Jeffrey Zindel to the Board. The motion was seconded by Dennis McIntyre. Upon roll a call vote of all Board members present, the motion carried with all present members voting in favor of the motion.

**Approval of Minutes from April 17, 2013**

A motion was made by Mr. Haggerty and seconded by Mr. Felton to approve the minutes from the April 17, 2013 Advisory Board Meeting. Upon roll call vote of all Board members present, the minutes were approved as presented and the motion carried.

**Discussion of the FCC’s NPRM on Contribution Reform**

Ms. Vanicek provided an update to the Board on the FCC’s NPRM on Contribution Reform. She explained how the FCC is exploring changes to the current contribution system, which is based on end user revenues. Ms. Vanicek described how this issue has been pending for some time without action which in turn is causing a strain on universal service programs. Ms. Vanicek informed the Board that the Public Service Commission previously submitted comments on this matter, showing support for a hybrid approach.

## **Schools, Libraries, and Health Care Activities Report**

Ms. Witt discussed the e-rate application process and status for FY2013-2014 for schools and libraries, noting the numbers of applications submitted and discounts received for the funding year. She pointed out that Priority 1 schools received just under \$10 million in e-rate funding. Ms. Witt informed the Board about the FCC seeking comment on e-rate modernization, which is focused on modernizing the program and adopting clear, forward-looking goals at ensuring high-capacity connections to schools and libraries nationwide. Ms. Witt also informed the Board that Chairman Wheeler has announced that the Connect America Fund; Universal Service Reform-Mobility Fund is a tentative agenda item for the next open meeting scheduled for April 23, 2014 and that it is expected there will be a push to increase Priority 2 funding for high-capacity broadband.

Mr. Felton reported on library activities, noting that for funding year 2013 108 libraries were funded for telephone assistance but that only 65 were funded for internet access and in funding year 2014 there have only been 106 funded for telecommunications and 63 for internet access. Mr. Felton feels that this is a low number for internet access, and part of the reason for such a low number could be the fact that libraries have to censor the internet to children less than 17 years of age and some libraries do not want to do that. Mr. Felton discussed the Broadband Technology Opportunities Program that helped the Library Commission fund grants to upgrade broadband connectivity, it has been successful with upgrading 129 public libraries but the concern is now how these libraries will sustain the improvement with the cost increase. Mr. Felton also reported that there was a Digital Inclusion Survey in 2013, in which almost 100 Nebraska Public Libraries participated, that examined the role of libraries in inclusive communities and the results should be available this summer.

Mr. Gibbs reported on Telehealth activities. He discussed the possible change to the Nebraska Statewide Telehealth Network (NSTN) structure which may give NSTN some advantages over the current set up as a consortium. Mr. Gibbs also described the current discussions with the Rural Nebraska Healthcare Network in the panhandle of Nebraska. Further, Mr. Gibbs gave the Board an update on where the NSTN is with updating and replacing network bridges, reporting that all but one has been replaced or updated. The NSTN is also in the process of putting together a redundant backbone system so that there are fiber redundancy lines throughout. In addition, Mr. Gibbs reported on the status of Legislative Bill 1076.

## **Nebraska Telephone Assistance Program Update**

Ms. Vanicek reported on the status of the Nebraska Telephone Assistance Program. As of March 31, 2014, there were 12,389 households receiving assistance. She discussed some of the issues caused by prepaid wireless carriers and the recent action taken against Telrite. She also discussed the new National Lifeline Accountability Database.

## **Dedicated Wireless Program Report**

Ms. Vanicek reported on the results of the final year of the Dedicated Wireless Program. For calendar year 2013, the Commission awarded \$2.3 million to Pinpoint Wireless for 10 sites, \$2.3

million to Viaero Wireless for 5 sites, and \$0.4 million to US Cellular for one site. She also discussed the Commission's decision to eliminate this program and move the Wireless Program support to the Nebraska Broadband Program.

### **Nebraska Broadband Pilot Program Report**

Ms. Vanicek reported on the results from last year's Nebraska Broadband Pilot Program. For the 2013 calendar year, 16 companies submitted funding requests totaling \$15.76 million for 60 projects. Funding requests for two of the 60 projects were subsequently withdrawn. The Commission approved applications for 30 projects submitted by 11 companies for a total of \$3.4 million. The amount of support allocated and for which funding recommendations were made was \$4 million; however, two of the projects recommended for funding by staff were not approved. The Commission found that other carriers were currently providing broadband service in the majority of the proposed project area. Ms. Vanicek indicated that for the 2014 calendar year, 16 companies submitted funding requests totaling \$20.38 million for 96 projects. She indicated that the staff will issue a recommendation on the projects to be funded and that a schedule will be established for testimony and a hearing.

### **NUSF-4: Discussion Regarding NUSF Surcharge**

Ms. Vanicek provided information to the Board on the balance of the universal service fund. She stated that the fund currently has a balance of \$34million with an uncommitted balance of about \$10.3 Million. Ms. Vanicek discussed this balance is slightly less than the three month reserve the NTIPS Department likes to have in the fund. Ms. Vanicek stated that the remittances are currently declining at a rate of about 2% per year which seems to be consistent with what has been reported on the national level as well. She also discussed the status of the programs and what may happen if remittances stay the same or continue to decline.

The Board had a lengthy discussion about the NUSF remittances, the various programs supported by the universal service fund and the current surcharge level. The Board also discussed the assessable telecommunications revenue for wireless versus wireline services and how the surcharge is calculated.

A motion was made by Mr. Felton and seconded by Ms. Witt to recommend leaving the surcharge at 6.95% for the upcoming fiscal year. Upon a roll call vote of all Board members present, the motion carried unanimously.

### **Other Business**

None

### **Adjourn**

A motion was made by Mr. Gibbs and seconded by Mr. McIntyre to adjourn. Upon agreement of all Board members the meeting adjourned at 3:02 pm.