

**Nebraska Universal Service Advisory Board Meeting  
Public Service Commission Hearing Room  
The Atrium, 1200 “N” Street  
Lincoln, Nebraska  
May 3, 2016**

The Nebraska Universal Service Advisory Board met May 3, 2016 at the Public Service Commission Platte Conference Room, 300 The Atrium, 1200 N Street in Lincoln, Nebraska.

David Rosenbaum, Chair of the Advisory Board, called the meeting to order at 2:00 pm. The following Board members were present:

David Rosenbaum;  
Ann Prockish;  
Loren Duerksen;  
SuAnn Witt;  
Christa Burns; and  
James Harvey

Present from the Public Service Commission were Sue Vanicek, Shana Knutson, Laurie Casados, Krystal Klicko and Amy Kavan.

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

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

New members were introduced. Christa Burns will be the representative for Libraries. James Harvey will be the representative for Rural Health Care.

The first order of business was the re-appointment of SuAnn Witt and Dwight Wininger. A motion was made by Mr. Duerksen and seconded by Ms. Prockish to re-appoint Ms. Witt and Mr. Wininger. Upon a roll call vote of all Board members present, the motion carried with all present members voting in favor of the motion.

**Vote on Chair and Vice Chair positions**

The second order of business was the election of a chair and vice-chair of the board. Ms. Witt nominated David Rosenbaum to continue as chair, Mr. Duerksen seconded the motion. Anne Prockish volunteered to be vice-chair. Upon agreement by all members the motion carried.

**Approval of Minutes from May 8, 2015**

A motion was made by Ms. Prockish and seconded by Ms. Burns to approve the minutes from the May 8, 2015 Advisory Board Meeting. Upon a roll call vote of all Board members present, the minutes were approved as presented and the motion carried.

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

Ms. Witt discussed the E-Rate funding totals and discounts received for FY2015 for schools, noting that no information is available at this time for the FY2016 funding year due to extension of the filing window. She also provided that voice services are being phased of via a 20% reduction in discount until entities have reached 0% available discount. Ms. Witt believes that we will see that number at 20% statewide in FY2016.

Ms. Witt also reported that for Category 2 FRNs, Nebraska traditionally applied for less than 20 FRNs as the awarded discount level was too high. She stated that the E-rate Modernization Order and Category 2 budgets for each school and libraries would be a significant addition to updating infrastructure and increased funding in the state. They expect to see similar Category 2 numbers in FY2016 as well.

Lastly, Ms. Witt conveyed that a new filing system is being used in the E-Rate Productivity Center but continues to be updated as the window progresses causing slight delays and applicant issues in completing needed elements. She indicated that the 471 filing window will close on May 26, 2016 for school and library applicants and July 21, 2016 for consortium applicants due to the reliance on school and library data within the applications.

## **Nebraska Telephone Assistance Program Update**

Ms. Vanicek reported on the status of the Nebraska Telephone Assistance Program. As of April 26, 2016, there were 8,270 households receiving assistance. She noted that this number is down from last year but that was due to applicants failing to respond to recertification requests by the department. Ms. Vanicek informed the Board that the Commission had contracted with GIS Workshop to develop a database system to administer the NTAP program and that the database did not meet expectations and we are considering other alternatives. She also discussed that states have now been granted access to the National Lifeline Accountability Database (NLAD).

Ms. Vanicek indicated that the FCC issued a Lifeline reform order last week. Among the most publicized changes is the ability to apply the Lifeline discount to broadband service or a package of services including voice and broadband. Changes will be made to eligibility criteria. Low-Income Home Energy Assistance Program (LIHEAP), Temporary Assistance for Needy Families (TANF), and the National School Lunch Free Lunch program will no longer be qualifying programs. Veterans Pension benefit and Survivors Pension benefit will be added to the list of qualifying programs. State specific eligibility standards will no longer be allowed.

## **Nebraska Broadband Pilot Program Report**

Ms. Vanicek reported on the results from last year's Nebraska Broadband Pilot Program. Ms. Vanicek indicated that for the 2015 calendar year, 7 companies submitted funding requests totaling \$1.2 million for 10 projects. The Commission granted support for 5 applications to fund 5 projects for a total of \$535,954.

Ms. Vanicek also noted that for the 2015 calendar year the Commission allocated funding of \$7,992,000 for broadband deployment grants. Applications were received from 23 companies for a total of 67 projects and \$21.7 million in requests. The Commission granted support for 16 applications to receive funding for 31 projects for a total of \$7.99 million.

For the 2016 Calendar Year the Commission allocated funding of \$500,000 for broadband adoption grants. The Commission received 2 applications for 2 projects totaling \$216,218.

Ms. Vanicek conveyed to the board that the Commission also allocated funding of \$4 million for wireless broadband infrastructure. She stated that the Commission created distinctions to separately consider wireless and wireline services. The Commission received applications from 3 wireless service providers with a total of 20 projects to construct 22 towers. The total amount of funding requested was approximately \$9.6 million.

### **NUSF-102 State Broadband Cost Model**

Ms. Vanicek reported that the Commission has authorized the use of funds from the NUSF to obtain a license for two years to use the State Broadband Cost Model (SBCM), which is the state version of the cost model used by the FCC to determine the cost of providing broadband service.

### **NUSF-99 Consideration of Revisions to the High Cost Distribution Mechanism**

Ms. Vanicek informed the Board that the Commission requested comment on how it should modify high-cost support as it relates to price cap carriers to ensure that these carriers can coordinate the use of state high-cost support with their CAF Phase I frozen high-cost support and CAF Phase II funding. She reported that the Commission froze price cap carrier support at 2015 levels and reduced it by a percentage to account for the reduction in NUSF remittances. The Commission indicated that half of the support shall be allocated for ongoing operating expenses and the other half shall be allocated as a broadband grant fund. She stated that carriers would use a streamlined process to apply to the Commission to construct broadband projects with funds earmarked in their grant fund.

### **Discussion of Current State of Federal Contribution Reform**

Ms. Vanicek updated the Board on this issue, noting that the FCC has referred it to the Federal-State Joint Board on Universal Service and that the FCC is waiting on the Board's recommendation on how it should modify the universal service contribution methodology before they act. She noted that the recommended decision was requested by April 7, 2015 but no recommendation has been made as of yet. Discussion ensued by the Board on the challenges of states moving forward on changes to the contribution methodology prior to the FCC acting on the issue.

### **NUSF-100 Consideration of Revisions to the NUSF Contribution Methodology**

Ms. Vanicek reported to the Board that the Commission also requested comments on the method of assessment for the NUSF. Options on which comment were sought include revenues, connections, numbers, or some hybrid of these methods. She noted that recommendations were varied. Of the commenters recommending an assessment method, most suggested a connections or numbers-based assessment. One party recommended a hybrid assessment mechanism. Some commenters urged the Commission to wait to reform the state contribution mechanism until the FCC had reformed its mechanism. Another suggestion was that the revenues contribution base be expanded to include broadband services.

Ms. Vanicek expressed that the Commission seeks comment for the following:

- Requests a second round of comments due June 6, 2016 and reply comments due June 21, 2016

- Various issues related to a connections-based assessment.
- How to implement a connections-based contribution mechanism.
- Length of a transition period it would need to provide carriers to implement the connections-based collection mechanism.

Ms. Vanicek voiced that the Commission intends to review the goals, support needed for all NUSF programs, how they can be improved and reevaluate the funding resources needed to meet those objectives. She also stated the SBCM will be useful to determine the appropriate amount of funding for the high cost program for which a complete record will be developed in a later comment cycle but parties can begin analysis on this issue.

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

Ms. Vanicek provided information to the Board on the uncommitted balance as of December 31, 2015 was approximately \$14 million. Ms. Vanicek stated that the remittances for FY2014/2015 were approximately \$48.9 million and the Commission continues to see a decline at a rate of about 2% per year. She also discussed the fact that the NUSF is dispersing about as much as it is taking in on a monthly basis and what may need to happen to current programs if remittances continue to decline.

The Board had a lengthy discussion about the NUSF remittances, the programs supported by the universal service fund, the current surcharge level and various options for the Board's recommendation.

A motion was made by Mr. Duerksen and seconded by Ms. Prockish recommending that the NUSF surcharge be retained at its current rate of 6.95 percent. The Board recognizes the overall level of the fund has fallen and will continue to fall over time. The Board knows this funding is used to support essential telecommunications services. While the Board endorses keeping the current surcharge rate at 6.95 percent, the Board is amenable to a change in the surcharge if the Commission believes it is warranted. Upon a roll call vote of all Board members present, the motion carried unanimously.

#### **Adjourn**

A motion was made by Ms. Witt and seconded by Ms. Prockish to adjourn. Upon agreement of all Board members the meeting adjourned at 3:02 p.m.