

BEFORE THE PUBLIC SERVICE COMMISSION OF NEBRASKA

In the Matter of the Nebraska Public Service) Application No. NUSF-100
Commission, on its own motion, to consider) PI-193
revisions to the universal service fund)
contribution methodology.)

REPLY TESTIMONY OF STACEY BRIGHAM

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APR 21 2017

Nebraska
Public Service Commission

1 **Introduction**

2 **Q. Please state your name and business address.**

3 A. My name is Stacey Brigham. My business address is: 526 Chapel Hills Drive, Colorado
4 Springs, CO 80920.

5

6 **Q. By whom are you employed and in what capacity?**

7 A. I am a Senior Regulatory Consultant at TCA, Inc. – Telcom Consulting Associates
8 (“TCA”), a telecommunications consulting firm. TCA provides financial, regulatory,
9 marketing and management consulting services to small and midsize carriers throughout
10 the United States.

11

12 **Q. Please summarize your educational background and relevant professional
13 experience.**

14 A. I received a Bachelor of Science degree in business management from Colorado Christian
15 University in 2010. I have been employed with TCA since 2007, but began my role as a
16 regulatory consultant in 2010. In this role I have participated in many proceedings, both
17 at the Federal Communications Commission (“FCC”) and the Nebraska Public Service
18 Commission (“Commission”).

19

20 **Q. On whose behalf are you presenting testimony?**

21 A. I am testifying on behalf of the Rural Telecommunications Coalition of Nebraska
22 (“RTCN”), which consists entirely of incumbent local exchange carriers (“LEC”)
23 providing basic local exchange and other telecommunications and advanced services to

1 rural Nebraskans.¹ All of the members of the RTCN have been designated Nebraska
2 Eligible Telecommunications Carriers (“NETC”), a status that provides access to support
3 from the Nebraska Universal Service Fund (“NUSF”).
4

5 **Q. What is the purpose of your reply testimony?**

6 A. The purpose of my Reply Testimony is to address alternative connections-based proposals,
7 and witness responses to the Commission’s proposal to increase distributions from the
8 NUSF.
9

10 **Connections-based Methodology**
11

12 **Q. Which alternative proposals presented in the Record will you address in your reply**
13 **testimony?**

14 A. I will address the Alternative 1 Proposal submitted by Cullen Robbins for the Commission
15 Staff and the proposal submitted by Mr. Ken Pfister for the Rural Independent Carriers
16 (“RIC”).
17

18 **Q. Please summarize the Alternative 1 proposal submitted by Mr. Cullen Robbins.**

¹ For purposes of this proceeding, RTCN is made up of the following carriers: Arapahoe Telephone Company d/b/a ATC Communications, Benkelman Telephone Company, Inc., Cozad Telephone Company, Diller Telephone Company, Glenwood Network Services, Inc., The Glenwood Telephone Membership Corporation, Hartman Telephone Exchanges, Inc., Hemingford Cooperative Telephone Co., Mainstay Communications, Pierce Telephone Company, Plainview Telephone Company, Southeast Nebraska Communications, Inc., and Wauneta Telephone Company.

1 A. Mr. Robbins' Alternative 1 proposal sets all fixed residential and wireless surcharges at the
2 same rate and then assesses business connections as either single line business or multiline
3 business.² His analysis estimates that, to meet its budget goal for 2018, these surcharges
4 will be approximately \$1.29, \$7.35 and \$10.40 per connection, respectively.
5

6 **Q. Do you support Mr. Robbins' Alternative 1 proposal?**

7 A. Yes. As stated in my direct testimony, RTCN's primary concern in this proceeding is the
8 stability of the NUSF while ensuring equitable treatment for all providers and customers
9 of intrastate services.³ Therefore, while RTCN supported the Commission's proposed
10 tiered business surcharge approach, I also find Mr. Robbins' Alternative 1 proposal
11 acceptable as it meets those criteria. Also, this approach would address concerns raised in
12 direct testimony that a tiered business approach may be difficult for some providers to
13 implement in a timely manner.
14

15 **Q. Briefly Summarize the alternative proposal submitted by Mr. Pfister**

16 A. Mr. Pfister proposes to establish a \$2.50 surcharge per fixed residential connection, \$5.00
17 per business connection, and \$1.57 per wireless connection.⁴
18

19 **Q. Do you support Mr. Pfister's proposal?**

² Direct Testimony of Cullen Robbins. at p. 4.

³ Direct Testimony of Stacey Brigham. at p. 4.

⁴ Direct Testimony of Ken Pfister. at p. 16.

1 A. Not without modification. Generally, this is an acceptable proposal for fixed connections,
2 but I disagree with his treatment of wireless connections due to his unnecessary application
3 of the FCC wireless safe harbor.
4

5 **Q. Isn't it necessary for the Commission to apply the inverse of the FCC interstate safe**
6 **harbor percentage to wireless intrastate contributions to avoid burdens on the federal**
7 **USF?**

8 A. No. Utilizing the safe harbor percentage would not be appropriate in a connections-based
9 contributions framework.
10

11 **Q. Please elaborate.**

12 A. The federal USF contribution framework is revenues-based and the wireless safe harbor
13 was developed to assist wireless carriers with determining the percentage of revenues that
14 should be allocated to the interstate jurisdiction.⁵ This was done because wireless providers
15 offer telecommunications services that are not distance sensitive, making it difficult to
16 determine the jurisdiction of the revenues attributable to these services. Therefore, after
17 studying this issue, the FCC created a safe harbor percentage to determine how much of
18 the carrier's revenues should be assigned to the interstate jurisdiction for purposes of
19 contribution to the federal USF if the provider is unable to determine the jurisdiction of its
20 actual revenues. However, the Commission contemplates a flat rate connections-based

⁵ Universal Service Contribution Methodology et al., WC Docket No. 06-122 et al., Report and Order and Notice of Proposed Rulemaking, 21 FCC Rcd 7518 (2006). at para. 28.

1 methodology, not revenues-based. A connections-based framework does not have the
2 same problem of discerning jurisdiction. The Commission has proposed to define an
3 assessable connection as: “A wired line or wireless channel used to provide end users with
4 access to any assessable service.” Therefore, if a connection is capable of providing
5 intrastate services, it is assessable. This definition can apply to both fixed wireline and
6 mobile connections and does not require the application of percentages to determine how
7 much of the connection is used for each jurisdiction.

8
9 **Q. Does RTCN favor one of these proposals?**

10 A. Yes. Mr. Robbins Alternative 1 proposal appears relatively simple to administer, provides
11 fairness by setting wireless and residential connections at the same rate and separately
12 assessing single and multiline businesses. Therefore, out of the proposals that have been
13 submitted to date, it would be RTCN’s preferred framework for assessing contributions on
14 intrastate connections.

15
16 **Right-Sizing the NUSF**

17 **Q. Do you agree with the Commission’s proposal to increase the budget for Fixed**
18 **Broadband Fund?**

19 A. Absolutely. As I stated in my direct testimony, this is an excellent step toward stabilizing
20 the fund and returning it to its former levels. Since 2005 the Fixed Broadband Fund has
21 incurred a 48% reduction in remittances, and projects additional reductions through 2018
22 if the Commission does not take action. Increasing the budget for the Fixed Broadband

1 Fund will allow RLECs to continue improving access to broadband and meet consumer's
2 future demand for improved speeds.

3

4 **Q. What are the consequences for not sufficiently supporting the Fixed Broadband**
5 **Fund?**

6 A. Ms. Edit Kranner's direct testimony filed on behalf of RIC succinctly demonstrates that
7 Nebraska customers will be left behind or face unaffordable services without sufficient
8 NUSF.⁶ Ms. Kranner demonstrates that an estimated \$152 million in Fixed Broadband
9 support would be necessary to meet the Commission's goal of ubiquitous fiber deployment.
10 She then provides an analysis of the impact of budget shortfalls and the direct impact this
11 has to the availability of broadband for Nebraskan consumers.

12

13 **Q. Does this conclude your reply testimony?**

14 A. Yes, it does.

⁶ Direct Testimony of Edit Kranner. at pp. 6-8.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that true and correct copies of the Reply Testimony of Stacey Brigham on behalf of the Rural Telecommunications Coalition of Nebraska was served by electronic mail and hand delivered on April 21, 2017, addressed as shown below, to the following:

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