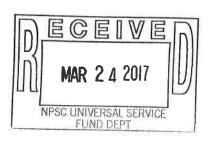
BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public)	Application Nos. NUSF-100
Service Commission, on its own motion,)	PI-193
to consider revisions to the universal)	
service fund contribution methodology.)	
)	Filed: March 24, 2017
)	N.



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PRE-FILED TESTIMONY OF CULLEN ROBBINS

1	Q:	Please state your name for the record.
2	A:	Cullen Robbins, C-U-L-L-E-N R-O-B-B-I-N-S
3	1	
4	Q:	Where are you employed and in what capacity?
5	A: I a	m the Director of the Communications Department at the Commission. Prior to
6	being	named the director of the department, I was the IT/Telecom/GIS Analyst in the
7	Comm	nunications Department.
8		6 n
9	Q:	What is the purpose of your testimony?
10	A:	To make recommendations and to discuss the Department's opinion regarding
11	Nebra	ska Universal Service Fund contribution reform in Docket No. NUSF-100.
12	Specif	fically, my testimony is to offer up some additional proposals for the Commission's
13	consid	deration in this proceeding.
14		
15	Q: I	Does the Commission staff support moving from a revenues to a connections
16	based	model contribution mechanism?
17	A: Ye	es.
18		
19	Q: C	an you describe why that is the staff's position?
20 21	A: A	s the Commission pointed out in the orders comprising this docket, continued
22	declir	nes in Nebraska Universal Service Fund (NUSF) remittances as a result of the
23	erosio	on of the assessable base has led to a need to revise the contribution mechanism for

the NUSF. This decline jeopardizes the ability of the Commission to carry out its

2 statutory requirements to ensure "that all Nebraskans, without regard to their location,

have comparable access to telecommunications services at affordable prices," and that

there should be "specific, predictable, sufficient, and competitively neutral mechanisms

5 to preserve and advance universal service." In the Order setting the hearing in this

docket, the rationale for proposing a connections-based contribution mechanism was laid

7 out; i.e. that connections are more stable and predictable than the current mechanism.

Q: Could you briefly describe the Commission's proposed connections-based model?

A: Yes. The Commission's February Order laid out a proposed connections-based model designed to equalize the surcharge on a per household basis, utilizing the estimated connections per household for both wireline (residential and business) and mobile wireless. These values are estimated at 0.7 fixed connections per household and 2.73 mobile wireless connections per household respectively. Using the proposed budget and an adjustment for households and connections, the model estimates a base connection fee per household (\$3.51), and then sets the surcharge by multiplying that cost times the connections per household. By calculating the projected revenue using these surcharges, a 60/40 fixed voice to mobile voice ratio results, which will be used throughout all subsequent approaches. The projected annual receipts for fixed voice is then used to drive the breakdown of fixed voice inputs for both residential and business, with residential fixed voice as a standalone input, and business fixed voice broken into tiers based on the monthly charges assessed to the business. This approach attempts to capture

- the diversity in the number of connections for businesses both large and small, and assess
- 2 a surcharge in an equitable fashion based on the end user retail rates charged for voice
- 3 grade business service. The end result is per connection charges (summarized at the top
- 4 of Appendix A in the Commission's Order and Order Seeking Further Comments and
- 5 Setting Hearing) that are very similar for mobile voice and residential fixed voice, and is
- 6 tiered based on the size of the business, as a function of monthly charges assessed.

7

- 8 Q: Does the Department recommend any modifications to the proposal issued by the
- 9 Commission?

10

- 11 A: Yes. They are attached as Exhibits labeled as "Alternative 1", "Alternative 2" and
- 12 "Alternative 3" to my Pre-filed Testimony.

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14

- Q: Can you briefly describe the staff's proposed alternatives?
- 15 A: Subsequent review of the current business billing structures versus those used in the
- 16 tiered approach have led the staff to consider and propose alternative methods of
- 17 assessing the connection charge. Three alternatives are presented here, and heretofore
- 18 referred to as "Alternative 1, Alternative 2, and Alternative 3." Alternative 1 sets the
- mobile voice surcharge and residential fixed voice surcharges equal to one another on a
- 20 per connection basis, and uses two categories for businesses that reflect how the FCC
- 21 assesses the Federal Subscriber Line Charge (SLC) to businesses ("Single Line" and
- 22 "Multi-Line"). This approach maintains the 60/40 fixed voice to mobile voice split for
- 23 contributions to the total projected revenues. Once mobile voice and residential fixed
- voice are assessed using the equivalent \$1.29 surcharge, the business fixed voice
- 25 surcharge is used to make up the difference, with connections split at assumed

1 percentages of business connections at 60% single line / 40% multi-line. Using this 2 approach, all multi-line businesses regardless of size pay the same per connection surcharge. 3 4 Alternative 2 maintains the same equal surcharge for mobile voice and residential fixed 5 voice, but removes the distinction between single and multi-line businesses. In this 6 scenario, all businesses are assessed the same per connection surcharge regardless of size 7 or monthly charges assessed. As with all alternatives, the 60/40 fixed residential voice to mobile voice split for contributions is maintained. This alternative is more simplistic 8 9 than the other options, but it removes any consideration for the scale of business 10 offerings. 11 Alternative 3 treats business and mobile voice offerings in the same manner as 12 Alternative 1, where businesses are split into two categories that mirror how Subscriber Line Charges (SLC) are assessed to businesses (i.e. - single line and multi-line). In this 13 14 scenario, however, residential fixed voice is also treated in the same manner as a single 15 line business, where the surcharge is determined based on the number of collectible 16 connections and the SLC, with no consideration given to maintaining an approximate equivalence to the surcharge on mobile voice. In this scenario, the revenue generated by 17 18 residential fixed voice is a much larger portion of the overall revenue, and the business 19 portion is consequently smaller. Obviously, the per connection charge for residential 20 fixed voice is larger in this scenario than any of the other three previously presented.

21

22 Q: Do you have anything further to add at this time?

23

A: Not at this time.

CERTIFICATE OF SERVICE

I certify that on this 24th day of March 2017, a true and correct copy of the foregoing was sent by U.S. mail postage prepaid to the NUSF-100 Order service list with the original being filed with the Nebraska Public Service Commission. A copy of the foregoing was also sent by electronic mail to the following individuals filing comments or representing commenters of record:

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Norman Curtright

Ann Prockish

Bret Dublinske

Charles Hudak / Kennard Woods

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Shana Knutson / bz

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Connection Charge for Mobile Voice	of the light of th	Clien	¢ 30 353 035									
Connection Charge for Residential Fixed Voice		67.1	\$ 23,303,830									
Connection Champ for Single Line Project		5 I.29	2 2,338,898									
Connection Charge for Multi-Line Business		\$ 7.35	\$ 19,186,799									
	Total Revenues	П	\$ 70,994,000									
		発出の主義の対象を	Month	hly	CHARLES TO		Annual	· · · · · · · · · · · · · · · · · · ·				
Fixed Voice and Mobile Voice Split	a Split	Connections	Assumed: Collectible %	Adjustment (Households)	Household and Connections Adjustment	2016 Budget & 2015 Adj Connections	2005 Budget & 2015 Adj	2018 Budget & 2015 Adj	Surcharge @ 2016 Budget	Surcharge @ 2005	Surcharge @ 2018	Annual Projected
Line # Description	Source	Inputs (A)	Inputs (B)	Inputs (C)	(D)= (A) * (B) / (C) & 2.02 + 2.03		Inputs & (F) = (D) * 12	Inputs & (G) = (D) * 12	(H)= Ln2.06(E) / (C)	0	(J)= Ln2.06(G) / (C)	(K)= (J) * (A) * (B) * 12
2.01 Budget	Inputs					\$ 43,934,096	\$ 61,100,000	\$ 70,994,000				
2.02 Fixed Voice	Inputs	728,000	97.19%	0.70	1,010,817				3.11	4.32	\$ 0.5	¢ 42 620 164
2.03 Mobile Voice	Inputs	1,886,000	97.19%	2.73	.5				0.80	1.11	1.29	\$ 28.363,836
2.04 Adjusted Connections 2.05 Estimated Total Receipts	Ln2.04(D) * 12				1,683,361	20,200,331	20,200,331	20,200,331				
	20:513											\$ 70,994,000
2.06 Base Connection Fee per Household	Ln2.01 / Ln2.05					\$ 2.17	\$ 3.02	\$ 3.51				
2.07 Fixed Voice to Mobile Voice Ratio												60% / 40%
2.08 Residential Fixed Voice		355.000	97.19%	d'A	T FOITAL TOIM	SET FOUR ITO MOBILE VOICE CONNECTION CHAREE	MECTION CHAP	25	000	7	CC	000
2.09 Residential Fixed Voice Revenues									\$ 3,303,936	\$ 4,594,849	5,338,898	000000000
										-		
			Monthly	hiy			Annual					
Residential & Business Fixed Voice Split	ice Split	Connections	Assumed Collectible %	Adjustment (Dollars)	Adjusted Connections	2016 Budget & 2015 Adj Connections	2005 Budget & 2015 Adj Connections	2018 Budget & 2015 Adj Connections	Surcharge @ 2016 Budget	Surcharge @ 2005 Budget	Surcharge @ 2018 Budzet	Annual Projected Revenues
Line # Description,	Source	Inputs (A)	Inputs (8)	Assumed (C)	(D)= (A) * (B) * (C) & 3.02 + 3.03	Inputs & (E) = (D) * 12	Inputs & (F) = (D) * 12	Inputs	(H)= Ln3.05(E) / (C)	0	(J)= Ln3.05(G) / (C)	(K)= (J) * (A) * (B) * 12
3.01 Remaining Revenues to Recover	Inputs					23,077,416	32,094,210	37,291,265				
3.02 Single Line Business	Inputs	223,800	97.19%		1,413,880				\$ 4.55	\$ 6.33	SecS	19.186.799
3.03 Multi-Line Business	Inputs	149,200	97.19% \$	\$ 9.20	1,334,123					8.95	\$ 10.40	18,104,467
3.04 Adjusted Connections 3.05 Estimated Sub-Total Receipts	Ln3.04(D) * 12 Ln3.02 + Ln3.03				2,748,004	32,976,043	32,976,043	32,976,043				27 701 7E
ع 20 من المستخدم من مندوع على ق	2000											21,421,403
מימס ממספ בתוווופרנותוו ובפן לאם מימס	Ln3.01 / Ln3.04					\$ 0.70	\$ 0.97	\$ 1.13				
3.07 Estimated Total Receipts	Ln2.03 + Ln2.08 + Ln3.05	Ln3.05										70,994,000
Assumed Sing Assumed Mul	Assumed Single Line Business %	60.0%	No data to support these	port these	Assumed %s for illustrative	or illustrative						
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	The state of the s												
Connection Charge for Mobile Voice	/oice		1.29	\$ 28,363,836									
Connection Charge for Residential Fixed Voice	tial Fixed Voice	\$		\$ 5,338,898									
Connection Charge for Business	15	\$	8.57	\$ 37,291,265									
		Total Revenues		\$ 70,994,000									
阿里斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯	THE RESIDENCE OF THE PARTY OF T	THE RESERVE OF THE PERSON NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TWO IS NAMED IN COLUMN TW		Month	hiy			Annual				10000000000000000000000000000000000000	
Fixed Voice an	Fixed Voice and Mobile Voice Split		Connections	Assumed "	Adjustment	Household and Connections Adjustment	2016 Budget 2 & 2015 Adj Connections (2005 Budget & 2015 Adj Connections	2018 Budget 8-2015 Adj Connections	Surcharge @ 2016 Budget	Surcharge @ 2005 Budget	Surcharge @ 2018 Budget	Annual Projected Receipts
Fine										(H)= (I)= (I)= (I)= (I)= (I)= (I)= (I)= (I	(i)= Ln2.06(F) / (C)	(J)= Ln2.06(G) / (C)	(K)= (J) * (A) * (B) * 12
# Describition	NON HELECON TO THE TRANSPORT	an ince	(A)	61		1		-					
2.01 Budget		Inputs					\$ 43,934,096 \$	\$ 61,100,000	\$ 70,994,000				
2 02 Fixed Voice		Inputs	728,000	97.19%	0.70	1,010,817				3.11	4.32		\$ 42,630,164
2.03 Mobile Voice		Inputs	1,886,000	97.19%	2.73	672,544				0.80	1.11	1.29	\$ 28,363,836
2.04 Adjusted Connections		Ln2.04(D) * 12				1,683,361	20,200,331	20,200,331	20,200,331				\$ 70 994 000
2.05 Estimated Total Receipts		Ln2.02 + Ln2.03											
2.06 Base Connection Fee per Household		Ln2.01 / Ln2.05					\$ 2.17	\$ 3.02	\$ 3.51				
2.07 Fixed Voice to Mobile Voice Ratio	Voice Ratio												60% / 40%
			255 000	07 10%		T FOUNT TO MO	SET FOLIAL TO WOBILE VOICE CONNECTION CHARGE	ECTION CHARG		0.80	1.11	\$ 1.29	\$ 5,338,898
2.08 Residential Fixed Voice			PON'S ST							\$ 3,303,936	\$ 4,594,849	\$ 5,338,898	
2.09 Residential Fixed Voice Revenues	E Kevenues												
				Hadiy	THE WAS STATED			Annual		华天公司游戏学			
Residential & Bi	Residential & Business Fixed Voice Split		Connections	Assum	Adjustment (Dollars)	Adjusted	2016 Budget & 2015 Adj Connections	di di	2018 Budget & 2015 Adj Connections	Surcharge @ 2016 Budget	Surcharge @ 2005 Budget	Surcharge @ 2018 Budget	Annual Projected Revenues
Line # Description	otion	Source	Inputs (A)		Assumed (C)	(A) * (B) * (C) & Ln3.02	Inputs & (E) = (D) * 12	Inputs & ' (F) = (D) * 12	Inputs & & (G) = (D) * 12	(H)= Ln3.05(E) / (C)	(H)= (I)= (I)= (I)= (I)=	(J)= Ln3.05(G) / (C)	(I) * (A) * (B) * 12
3.01 Remaining Revenues to Recover	to Recover	Inputs					23,077,416	32,094,210	37,291,265				
2.02 Residence		Inputs	373,000	97.19%	N/A	362,533				\$ 5.30	\$ 7.38	\$ 8.57	37,291,265
		Ln3.03(D) * 12				362,533	4,350,401	4,350,401	4,350,401				37 101 75
3.04 Estimated Sub-Total Receipts	Receipts	Ln3.02											02,162,16
3.05 Base Connection Fee per \$	per \$	Ln3.01 / Ln3.03					\$ 5.30	\$ 7.38	\$ 8.57				
													000.00

Summary of Pronosad Connection Charges	Charges	Charac	C) identica									
Connection Charge for Mobile Voice	0	\$ 1.29	\$									
Connection Charge for Residential		\$ 4.63	-									
Connection Charge for Single Line Business		\$ 4.63	-									
Connection Charge for Multi-Line Business		l,										
	Total Revenues		\$ 70,994,000									
		Contract Contract	NATURAL DESCRIPTION OF THE PERSON OF THE PER	PRINTERS COLOR	NATIONAL PROPERTY.	TOTAL STREET	ZHIJO STORY	CHANGE STREET AND WITH A	NAMES OF STREET	TO THE PROPERTY OF THE PARTY OF	A STATE OF THE PARTY OF THE PAR	AV ANALOS POROS
			DIAME TO STATE OF THE PARTY OF				Annuai					
Fixed Voice and Mobile Voice Split	Split		Assumed	Admenat	Household and	2016 Budget	2005 Budget	2018 Budget	Surcharge @	Surcharge @	Surcharge @	Annual
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e		Inputs	Inputs	17	(D)= (A) * (B) / (C)		Inputs	Inputs &	=(H)	=(;)	=([)	(K)= (J) * (A) * (B)
# Description	Source	(A)	(B)	(0)	& 2.02 + 2.03	(E) = (D) * 12	(F) = (D) * 12	(G) = (D) * 12	_	Ln2.06(E) / (C) Ln2.06(F) / (C)	Ln2.0	* 12
2.01 Budget	Inputs					\$ 43,934,096	\$ 61,100,000	\$ 70,994,000				
2.02 Fixed Voice	Inputs	728.000	97 19%	07.0	1 010 817				0		d	47 620 40 4
2.03 Mobile Voice	Inputs	1,886,000							0.80	111	5 5.02	\$ 42,030,164
2.04 Adjusted Connections	Ln2.04(D) * 12		7		1,	20,200,331	20,200,331	20,200,331	3			000000000
2.05 Estimated Total Receipts	Ln2.02 + Ln2.03											\$ 70,994,000
2.06 Base Connection Fee per Household	Ln2.01 / Ln2.05					\$ 2.17	\$ 3.02	\$ 3.51				
2.07 Fixed Voice to Mobile Voice Ratio												700/
												50% / 40%
	THE CONTRACTOR OF THE PERSON O	Charles Control of the Control of th	100			· · · · · · · · · · · · · · · · · · ·		A PACIFIC PARTY OF THE PACIFIC	Control of the Contro	and the second second	And the second second	The second second second
Residential & Business Fixed Voice Split	ce Split					2016 Budget	2005 Budget	distance	Surcharge @	Surcharge @	Surcharge @	Annual
		Connections	Assumed Gollectible %	Adjustment (Dollars)	Adjusted Gonnections	& 2015 Adj Connections	& 2015 Adj Connections	& 2015 Adj Connections	2016 Budget	2005 Budget	2018 Budget	- Projected Revenues
Line *		Inputs	Inputs	Assumed	(D)= (A) * (B) * (C)	Inputs &	Inputs &	Inputs &		=(1)	=(r)	(K)= (J) * (A) * (B)
	ao moc	(A)	(8)	ĵ,	3.02+.03+.04	(E) = (D) * 12	(F) = (D) * 12	(G) = (D) * 12	Ln3.05(E) / (C)	Ln3.05(F) / (C)	Ln3.05(G) / (C)	* 12
3.01 Remaining Revenues to Recover	Inputs					26,381,352	36,689,058	42,630,164				
3.02 Residential	Inputs	355,000	97.19%	\$ 6.50	2,242,751				\$ 2.86	\$ 3.98	\$ 463	19 157 189
3.03 Single Line Business	Inputs	223,800	97.19%	\$ 6.50	1,413,880							12.077.124
3.04 Multi-Line Business	Inputs	149,200	97.19%	\$ 9.20	1,334,123				\$ 4.05			11,395,850
3.05 Adjusted Connections 3.06 Estimated Sub-Total Receipts	Ln3.05(D) * 12 Ln3.02 + Ln3.03 + Ln3.04	Ln3.04			4,990,754	59,889,049	59,889,049	59,889,049				204000
												47,630,164
3.07 Base Connection Fee per \$	Ln3.01 / Ln3.05					\$ 0.44	\$ 0.61	\$ 0.71				
3.08 Estimated Total Receipts	Ln2.03 + Ln3.06											70,994,000
Assumed Single Line Business %		90.09	No data to support these	pport these	Assumed %s i	Assumed %s for illustrative						
Assumed Multi-Line Business %		40.0%	allocations.	tions.	purposes.	oses.						