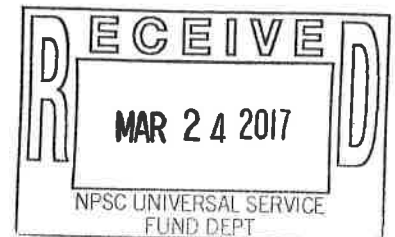


BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public
Service Commission, on its own motion,
to consider revisions to the universal
service fund contribution methodology.

) Application Nos. NUSF-100
) PI-193
)
) Filed: March 24, 2017
)
)



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

4 **Q: Where are you employed and in what capacity?**

5 A: I am 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 Communications Department.

8

9 **Q: What is the purpose of your testimony?**

10 A: To make recommendations and to discuss the Department's opinion regarding
11 Nebraska Universal Service Fund contribution reform in Docket No. NUSF-100.
12 Specifically, my testimony is to offer up some additional proposals for the Commission's
13 consideration in this proceeding.

14

15 **Q: Does the Commission staff support moving from a revenues to a connections
16 based model contribution mechanism?**

17 A: Yes.

18

19 **Q: Can you describe why that is the staff's position?**

20

21 A: As the Commission pointed out in the orders comprising this docket, continued
22 declines in Nebraska Universal Service Fund (NUSF) remittances as a result of the
23 erosion of the assessable base has led to a need to revise the contribution mechanism for

1 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,
3 have comparable access to telecommunications services at affordable prices,” and that
4 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
6 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.

8

9 **Q: Could you briefly describe the Commission’s proposed connections-based**
10 **model?**

11

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

1 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.

13

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
19 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
24 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
3 surcharge.

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
8 mobile voice split for contributions is maintained. This alternative is more simplistic
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
13 Line Charges (SLC) are assessed to businesses (i.e. - single line and multi-line). In this
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
17 equivalence to the surcharge on mobile voice. In this scenario, the revenue generated by
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

24 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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