In the Matter of the Nebraska Public Service Commission, on its own Motion, seeking to implement policies and procedures related to providing dedicated universal service support for wireless telecommunications services: Petition received June 27, 2013 from Pinpoint Wireless d/b/a BLAZE Wireless.	)	Application No. NUSF-69.13
	)	Filed: September 13, 2013

TESTIMONY OF TYLER FROST, ECONOMIST
NEBRASKA PUBLIC SERVICE COMMISSION

Q: PLEASE STATE YOUR NAME AND SPELL IT FOR THE RECORD.

A: Tyler Frost. T-Y-L-E-R F-R-O-S-T.

Q: IN WHAT CAPACITY ARE YOU EMPLOYED BY THE COMMISSION?

A: I am the Commission's Economist. I perform various econometric modeling and economic analysis for the Nebraska Public Service Commission ("Commission"), including the Telecommunications Infrastructure and Public Safety, Communications, and Natural Gas Departments.

Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A: The purpose of my testimony is to explain for the Commission the steps taken by Staff to analyze the petition for wireless fund support filed by Pinpoint Wireless, Inc., d/b/a Blaze Wireless (Pinpoint) and to present to the Commission the results from Staff's analysis.

Q: CAN YOU PLEASE EXPLAIN THE CRITERIA USED TO REVIEW THIS APPLICATION AND THE RESULTS FROM YOUR ANALYSIS?

A: In Application No. NUSF-69, the Commission has historically found that dedicated wireless program support should be targeted to serve high-cost unserved and underserved areas.[1] The high-cost areas that are least

[1] *See Application No. NUSF-69 Progression Order No. 3, In the Matter of the Nebraska Public Service Commission, on its own motion, seeking to implement policies and procedures related to providing dedicated universal service support for wireless telecommunications services,* Order at 1 (February 26, 2008).

likely to provide sufficient operating revenues to support tower construction or the placement of a cell site without support were identified as those that serve out-of-town support areas that have less than 4.5 households per square mile. These areas were identified to be the highest-cost areas in which to provide service in the Commission's permanent high-cost support mechanism.[2]

Staff employed the same methodology, utilized in implementing the Commission's previous NUSF-69 findings, to determine 2013 NUSF-69 support amounts. Additionally, as directed by the Commission in Application No. NUSF-69, Progression Order No. 7, during its analysis, Staff considered the applicant's commitment to provide broadband service, but did not adopt any specific technical broadband standards for receipt of funding support.[3] In its petition, Pinpoint indicated each of its proposed towers will be equipped to provide broadband service with criteria meeting or exceeding those established by the Commission in the Broadband Order.[4]

Based on location, out-of-town household density, households per square mile, was determined for all proposed locations. Those towers located in defined areas with less than 4.5 households per square mile were identified as serving high-cost areas and eligible for dedicated wireless program support. Of the 21 proposed towers submitted for funding, 21 are identified as serving said high-cost areas and are therefore eligible for dedicated wireless program support under Staff's methodology.

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[2] *See* Application No. NUSF-26, *In the Matter of the Nebraska Public Service Commission, on its own motion, seeking to establish a Long-Term Funding Mechanism*, Progression Order No. 5 (June 29, 2004) at Appendix A, p. 5.

[3] *See Application No. NUSF-69, In the Matter of the Nebraska Public Service Commission, on its own motion, seeking to implement policies and procedures related to providing dedicated universal service support for wireless telecommunications services*, Progression Order No. 7 (May 24, 2011) at p. 3 ("Broadband Order").

[4] *See* Application No. NUSF-69.13, *In the Matter of the Nebraska Public Service Communication, on its own motion, seeking to implement policies and procedures related to providing dedicated universal service support for wireless telecommunications services: Petition received June 27, 2013 from Pinpoint Wireless, Inc., d/b/a BLAZE Wireless* at 3 ("*Pinpoint Petition*").

In order to provide benefits to the greatest number of households in high-cost areas, Staff assigned rankings, high to low, to all eligible towers serving the greatest number of out-of-town households to those serving the least number of out-of-town households. Further, Staff assigned additional proximity rankings, high to low, to all eligible towers from those furthest from existing tower locations in the state to those closest. Together, the two rankings then determine the proposed tower's funding priority. Those towers receiving higher funding priority are funded first.

Q: WHAT WERE THE RESULTS OF YOUR ANALYSIS?

A: As a result, of the 21 proposed towers, 9 are identified as eligible for funding amounts in full, as listed in Attachment A. Support amounts remaining were allocated to two sites, tied for the next highest funding priority, based on amounts requested as adjusted by the Department. The additional two sites are identified as eligible for partial funding amounts, as listed in Attachment A. Remaining locations receive no funding, as the Commission's allocation of $5.0 million for dedicated wireless NUSF program support for the 2013 calendar year is exhausted.

Results indicate, even with an increase in provider interest, approximately 44% of the proposed towers are identified to receive dedicated wireless NUSF program support, with nearly 65% of all proposed out-of-town area households receiving benefit; again validating Staff's independent methodology as accomplishing the Commission's goal of targeting dedicated wireless NUSF program support to high-cost unserved and underserved areas of Nebraska.

I have attached to my testimony the results for each company designated to receive support as per the results of my analysis. Attachment "A" represents the Staff recommendation for allocation of wireless fund support and tower locations for the 2013 funding year.

Q: DO YOU HAVE ANYTHING FURTHER TO ADD?

A: No, that concludes my testimony. Thank you. I am available for questions.

ATTACHMENT A

Carrier	Location	Proposed Support
Pinpoint	Arapahoe South*	$255,164
Pinpoint	Culbertson	$137,997
Pinpoint	Enders	$347,997
Pinpoint	Harry Strunk Lake	$122,997
Pinpoint	Hugh Butler Lake	$347,997
Pinpoint	Max	$137,997
Pinpoint	Orafino	$347,997
Pinpoint	Perry Grain	$137,997
Pinpoint	Stratton	$347,997
Pinpoint	Trenton (PinPoint)	$137,997
Pinpoint		$2,322,140
USCC	DeWitt	$398,859
Viaero	Ainsworth South	$398,146
Viaero	Atkinson South	$396,540
Viaero	Brewster North	$402,020
Viaero	Minatare	$394,999
Viaero	Taylor*	$290,757
Viaero	Valentine SW	$396,540
Viaero		$2,279,001
Total 2013 NUSF Support		$5,000,000

*Recommended funding in part. Remaining funds available allocated based on request amounts, as adjusted by the Department.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that an original of the foregoing Direct Testimony of Tyler Frost was filed with the Commission on this 22nd day of October 2013, and that a copy of the Direct Testimony was sent via e-mail to the following:

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