

**BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION**

In the Matter of the Commission, on its own motion, to )  
increase broadband adoption among low-income )  
consumers through the development of a Nebraska )  
broadband telephone assistance program. )

Application No. NUSF-91



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**COMMENTS OF THE  
RURAL TELECOMMUNICATIONS COALITION OF NEBRASKA**

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**I. INTRODUCTION**

The Rural Telecommunications Coalition of Nebraska (“RTCN”),<sup>1</sup> by and through its attorneys of record, hereby respectfully submits these comments to the Nebraska Public Service Commission (“Commission”) in response to the Commission’s April 1, 2014, Order Seeking Comments in Application No. NUSF-91.<sup>2</sup>

On August 13, 2013, the Commission opened this docket on its own motion to investigate ways to increase broadband adoption among low-income consumers in Nebraska. Several parties submitted comments and reply comments. Upon review of the comments received, the Commission now seeks further comment on a proposal to utilize a portion of the support currently allocated to the Nebraska Broadband Program to establish a low-income broadband pilot project aimed at making broadband services more affordable to low-income consumers.

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<sup>1</sup> For purposes of this docket, 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, The Glenwood Telephone Membership Corporation, Hartman Telephone Exchanges, Inc., Hemingford Cooperative Telephone Co., Mainstay Communications, Plainview Telephone Company, Southeast Nebraska Communications, Inc., Wauneta Telephone Company, and WesTel Systems f/k/a Hooper Telephone Company.

<sup>2</sup> *In the Matter of the Commission, on its own motion, to increase broadband adoption among low-income consumers through the development of a Nebraska broadband telephone assistance program*, Application No. NUSF-91, Order Seeking Further Comments (April 1, 2014) (the “Order”).

## II. COMMENTS

RTCN supports the Commission's efforts to explore alternatives to help increase broadband adoption among low-income consumers. To help ensure the creation of a program best-suited to accomplish the objective of increasing broadband adoption among low-income consumers in Nebraska, RTCN recommends that the Commission delay the implementation of such program until after the Federal Communication Commission's ("FCC") release of data collected from its Low-Income Pilot Program initiated by the FCC in its *Lifeline Reform Order*<sup>3</sup> (the "FCC Pilot Program") and after the Commission has had a chance to further analyze such data in view of a potential pilot program specific to Nebraska communities.

Commenced in 2013, the FCC Pilot Program was implemented in select locations around the country to collect and analyze data related to various factors impacting broadband adoption among low-income consumers.<sup>4</sup> The FCC Pilot Program includes fourteen (14) different projects in twenty-one (21) states and Puerto Rico.<sup>5</sup> While the proposal set forth in the Commission's Order focuses primarily on subsidizing a portion of end-user charges for internet service, there are a number of other important factors to consider in analyzing broadband adoption among low-income consumers. Each project in the FCC Pilot Program involves "different service terms with respect to subsidy amount, end-user charges, access to digital literacy training, equipment type, speed ranges and data usage limits,"<sup>6</sup> and it is anticipated that several programs will fall short of expectations while others may meet or exceed expectations. Once the FCC Pilot Program is complete, the Commission will be able to better understand

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<sup>3</sup> See *Lifeline and Link Up Reform and Modernization; Lifeline and Link Up; Federal-State Joint Board on Universal Service; Advancing Broadband Availability Through Digital Literacy Training*, WC Docket Nos. 11-42, 03-109, CC Docket No. 96-45, WC Docket No. 12-23, Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11 (rel. Feb. 6, 2012) ("Lifeline Reform Order and FNPRM").

<sup>4</sup> See *id.*

<sup>5</sup> See <http://www.fcc.gov/encyclopedia/low-income-broadband-pilot-program>.

<sup>6</sup> See *id.*

which factors impact broadband adoption and then utilize such data to help formulate a program most effective for Nebraska communities.

The completion of the FCC's data collecting efforts is scheduled for August of 2014, and while RTCN commends the Commission for placing a high priority on addressing this very important issue and for its willingness to be a pacesetter with what would likely be the first state-based program, RTCN recommends that the best approach to developing an effective program in Nebraska is to wait and utilize the benefits of the FCC's data collection efforts before initiating its own pilot program.

In addition to benefiting from the data collected from the FCC Pilot Program, by waiting until the FCC creates a federal program, the Commission would also reap the benefit of utilizing the FCC's efforts in creating a system for implementing a program targeted at increasing broadband adoption by low-income consumers. As more fully explained in the initial comments of the Nebraska Rural Independent Companies ("RIC"), the administrative burdens and additional staffing needs associated with the Commission creating and implementing its own unique program may prove to be significant.<sup>7</sup> By stepping out in front of the FCC, the Commission would need to, among other things, independently design and develop program criteria, adopt rules and regulations and implement appropriate measures to safeguard against the high potential for waste, fraud and abuse that was characteristic of the Lifeline program.<sup>8</sup>

In addition to waiting on the completion of the FCC Pilot Program, RTCN also recommends that the Commission consider engaging one or more experts in issues related to low-income individuals and communities in Nebraska to provide feedback and guidance on the best approach to addressing the issue of broadband adoption and use by low-income Nebraskans.

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<sup>7</sup> See RIC Comments, September 30, 213, at 2.

<sup>8</sup> See *id.* at 3.

According to the National Telecommunications and Information Administration (“NTIA”) Broadband Adoption Toolkit released in 2013, there are four key steps to starting a broadband adoption program, which include: (1) understanding community needs and opportunities, (2) identifying and engaging the stakeholders, (3) creating an implementation plan, and (4) continually improving the program.<sup>9</sup> Consistent with the NTIA’s recommended process, RTCN encourages the Commission to continue building on its knowledge regarding these issues in part by engaging one or more experts to more fully understand the complexities of the underlying issues in this particular state, and to use this Nebraska-specific expertise, along with data from the FCC Pilot Program, to then formulate a plan designed to most effectively meet the objective of increasing broadband adoption among low-income consumers in Nebraska.

For all of the foregoing reasons and in light of the considerable benefits and efficiencies to be gained, RTCN recommends that the Commission delay creation of a Nebraska pilot program until after further data and implementation plans are released following the conclusion of the FCC Pilot Program and after the Commission has had a chance to consult with Nebraska-specific experts to better understand the implications of a potential pilot program in this state.

### **III. ISSUES FOR PUBLIC COMMENT**

**1. Should the Commission allocate a portion of the universal service fund support currently set aside for broadband grants to initiate a pilot program subsidizing retail broadband service for low-income subscribers? Why or why not?**

As more fully set forth in RTCN’s general comments above, RTCN recommends that the Commission delay the creation of a Nebraska pilot program until after further data and implementation plans are released by the FCC Pilot Program and after the Commission has had a chance to more fully consider Nebraska-specific implications of a pilot program. To the extent the Commission proceeds with the creation of a pilot program, RTCN is hesitant to recommend

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<sup>9</sup> See NTIA Broadband Adoption Toolkit, pages 7-12 (May 2013).

setting aside funds from the existing broadband grant program. The broadband grant program has proven successful with high-speed internet access being made available to many Nebraskans that would otherwise not have access without the program, and based on 2014 NUSF-92 applications, demand for funding for broadband projects through the grant program far exceeds available funding. Thus, RTCN recommends that the Commission first explore contribution reform, namely broadening the NUSF contribution base, before diverting broadband grant program funds to a low-income broadband adoption pilot program.

In addition, consistent with prior comments, RTCN reiterates that the source of funding for a pilot program should not be the high-cost fund, which is a program mandated under the Nebraska Telecommunications Universal Service Act.<sup>10</sup>

**a. Is a \$2 million allocation for calendar year 2015 reasonable? Please explain.**

The answer to this question depends in large part on whether the Commission implements a pilot program that includes a subsidy-based approach, the amount of such subsidy, the scope of the program (i.e., statewide or select communities), and whether there are other aspects of the pilot program that will require funding. If the Commission proceeds with a pilot program that involves a subsidy to eligible consumers and funding is used exclusively to provide a \$10.00 discount on broadband service bills of qualified consumers, then approximately 16,667 consumers could receive a \$10.00 discount over a twelve month period. It is difficult to predict the number of eligible consumers who will apply, and RTCN therefore recommends that, to the extent the Commission allocates \$2 million for a subsidy-based program, the Commission should establish a cap on the total amount allocated based on a first to apply basis in order to protect against over-committing available NUSF funds.

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<sup>10</sup> See NEB.REV.STAT. § 86-324(1).

- b. For calendar year 2014, the Commission set aside \$9 million for the broadband grant program. An allocation of \$2 million in 2015 would leave \$7 million for the broadband grant program. Would this change be reasonable? Why or why not?**

See comments in Section 1 and Section 1a above.

- c. Are there other alternatives the Commission should consider to increase broadband adoption in Nebraska? Please explain.**

See comments in Section 4 below.

- 2. If the Commission does initiate a pilot program to make broadband service more affordable to low-income consumers, how much should the Commission provide in monthly support?**

As more fully set forth in RTCN's general comments above, RTCN recommends that the Commission suspend creation of a Nebraska pilot program until after further data and implementation plans are released following the completion of the FCC Pilot Program. A strong likelihood exists that the results of the fourteen (14) programs currently being tested around the country as part of the FCC Pilot Program will provide helpful information that can be used to most effectively answer this question posed by the Commission for comment.

- a. Is a \$10.00 subsidy reasonable?**

It is difficult to determine at this time whether a \$10.00 subsidy is reasonable without additional information, including among other things, a compilation of current broadband service rates in Nebraska, whether a subsidy would apply only to 4/1 mbps service, whether the FCC will also provide a subsidy and how much that subsidy will be, the results of Nebraska-based study or the FCC Pilot Program helping to determine the threshold cost at which low-income consumers will adopt broadband, and whether a subsidy would be used in conjunction with other strategic broadband adoption efforts. If the Commission implements a subsidy in its proposed pilot program, RTCN suggests that the Commission be cautious about providing a higher subsidy

for broadband services than it provides for voice services through NTAP, particularly given the statutory obligations to support voice service in Nebraska. In light of the uncertainty regarding the most effective utilization and amount of a subsidy, RTCN again encourages the Commission to delay creation of a Nebraska pilot program until after further data and implementation plans are released following the conclusion of the FCC Pilot Program and after the Commission has had a chance to consult with Nebraska-specific experts to better understand the implications of a potential pilot program in this state.

- b. Would a \$10.00 discount on a monthly recurring bill result in consumers paying a reasonable share for their broadband service while addressing the Commission's affordability concerns? Why or why not?**

See comments in Section 2a above.

- c. Are there other alternatives the Commission should consider?**

See comments in Section 4 below.

**3. If the Commission does initiate a low-income broadband program:**

- a. Should the Commission establish a test period for the pilot program and then determine the efficacy of the program?**

While RTCN agrees that it is important to be able to examine the success of a pilot program after an initial test period, RTCN recommends that, to the extent possible, the Commission should take all reasonable measures, including waiting upon results of the FCC Pilot Program and engaging experts in this field, to avoid implementing a subsidy-based pilot program that may be eliminated or significantly altered following such an initial test period. The effect on low-income consumers could be very counterproductive if a subsidy is introduced which results in broadband adoption only to be taken away or greatly reduced following an initial test period.

**i. If so, how should the success of the pilot program be measured?**

It will be difficult to track whether any change in broadband adoption among low-income consumers is a result of a pilot program implemented by the Commission. The most effective way to measure the success of this type of program would be to require applicants to answer a brief survey designed to determine whether the pilot program had an effect on whether the applicants purchase broadband services. Beyond gathering this type of information directly from participants in the program, it is unlikely that the Commission will be able to accurately measure the success of the program with any degree of certainty.

**ii. Is there relevant data providers have collected from other broadband adoption programs that the Commission should consider?**

The FCC Pilot Program will provide relevant data from multiple broadband adoption pilot programs. In addition, the Commission should utilize the Nebraska statewide study of broadband adoption that is being conducted by the University of Nebraska, the Department of Economic Development, the Nebraska Information Technology Commission, and the AIM Institute, which the Commission cited in its August 13, 2013, Order Opening Docket and Seeking Comments in this proceeding. Lastly, RTCN recommends the Commission also utilize the NTIA Broadband Adoption Toolkit released in 2013 for further direction regarding broadband adoption programs in general.

**b. If the Commission establishes a pilot program, how should the Commission encourage consumer awareness of the program?**

RTCN recommends using the Lifeline program as a model for encouraging consumer awareness.



- c. **Should there be a requirement for providers to advertise the availability of the discount program and should this requirement be different from the requirement Lifeline providers have today?**

RTCN recommends using the Lifeline program as a model for establishing any requirements that providers advertise the availability of a discount program.

4. **Are there any other suggestions or proposals the Commission should consider at this time?**

In addition to RTCN's recommendation throughout these comments that the Commission delay the creation of a Nebraska pilot program until after further data and implementation plans are released by the FCC Pilot Program and after the Commission has had a chance to more fully consider Nebraska-specific implications of such a program, RTCN would also support an approach similar to the proposal set forth in RTCN's September 30, 2013 Comments in this proceeding.

More specifically, RTCN would support a Commission initiative whereby one-time funding is designated to supplement data-gathering efforts already in process in Nebraska as referenced in Section 3a ii above. The University of Nebraska, Department of Economic Development, the Nebraska Information Technology Commission, and the AIM Institute have used a portion of federal grant funding to study broadband adoption statewide and have focused efforts on increasing broadband adoption through awareness, technical training and digital literacy programs. In its August 13, 2013, Order in this proceeding, the Commission explained that this grant program will continue through the end of calendar year 2014. As an alternative to implementing a pilot program in 2015, the Commission should consider building upon this existing statewide initiative to better understand broadband adoption and retention issues specifically among low-income consumers in Nebraska, study in greater depth the causes of lower broadband and retention levels among low-income consumers in Nebraska, and explore

and provide recommendations for solutions that efficiently and effectively use universal service funding to address this issue in a way that minimizes potential abuse.

### III. CONCLUSION

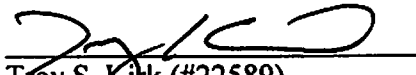
RTCN appreciates the opportunity to contribute to this important proceeding and respectfully submits its comments above.

Dated this 13th day of May, 2014.

RURAL TELECOMMUNICATIONS COALITION  
OF NEBRASKA ("RTCN")

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Benkelman Telephone Company, Inc.,  
Cozad Telephone Company,  
Diller Telephone Company,  
The Glenwood Telephone Membership Corporation,  
Hartman Telephone Exchanges, Inc.,  
Hemingford Cooperative Telephone Co.,  
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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that an original and five copies of the foregoing Comments of the Rural Telecommunications Coalition of Nebraska were filed with the Public Service Commission on May 13, 2014, and a copy was served via electronic mail on May 13, 2014, addressed as shown below, to the following:

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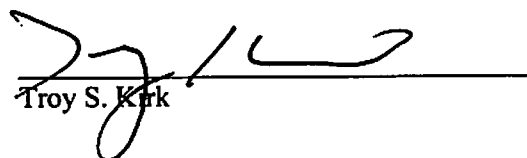
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