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

COMMENTS OF COX NEBRASKA TELCOM, LLC, CABLE ONE, INC. AND TIME WARNER CABLE, INC.

Cox Nebraska Telcom, LLC, Cable One, Inc., and Time Warner Cable, Inc. hereinafter collectively referred to as 'the companies' file these comments for the Nebraska Public Service Commission's ("Commission") consideration in the above-captioned docket, NUSF-91. These comments are being filed pursuant to the Commission Order Seeking Further Comment entered in NUSF-91 on April 1, 2014. The companies thank the Commission for its ongoing examination of this important topic.[1]

RESPONSES TO COMMISSION QUESTIONS

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?

The companies support implementing a low-income broadband adoption program in Nebraska. As Cox stated previously in comments in NUSF-91, access to the Internet has evolved into a mainstream service, particularly related to educational and employment pursuits. But a lack of Internet access is a pervasive problem impacting

[1] Charter Fiberlink-Nebraska, LLC ("Charter") has authorized Cox to advise the Commission that Charter supports the Commission testing the low-income broadband adoption program on a pilot basis similar to the Nebraska Broadband Program (NEBP), and the position that a provider should not be required to obtain and hold Eligible Telecommunications Carrier status in order to participate in the low-income broadband adoption program.

Nebraska's low-income families. The current low Internet subscribership level for low-income persons is not going to resolve itself without considerable effort and assistance. Thus, the companies support allocating a portion of the Nebraska Universal Service Fund (NUSF) to establish a low-income broadband adoption program. The number of consumers who could benefit from a low-income broadband adoption program could equal or even exceed the number of consumers assisted by the NEBP. However, the companies are without sufficient information to advocate for the funding to come from the NEBP versus another program within the NUSF, such as the High-Cost Fund Program or the Nebraska Telephone Assistance Program (NTAP). Potentially, NUSF reserve revenues may be adequate to operate a low-income program without impacting the NEBP, NTAP and the High-Cost program and if so may represent the preferable alternative to funding the new program. Therefore, the companies do not advocate for a specific dollar amount or funding source, but rather encourages the development and implementation of the broadband adoption program in whatever amount the Commission believes to be feasible.

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?

a.) Is a $10.00 subsidy reasonable?

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?

c.) Are there other alternatives the Commission should consider?

Cox previously filed comments in NUSF-91 that supported the Commission's earlier proposal to offer eligible customers a fixed discount of $20.00 per month. The companies believe that amount would enable most low-income consumers to receive speeds well above dial-up while incurring little additional cost. However, as Cox pointed out previously $20.00 may be insufficient for consumers to afford higher broadband speeds, such as the benchmark defined by the Federal Communications Commission (FCC) of 4 Mbps downstream and 1 Mbps upstream for receipt of Connect America Fund support. While a $10 discount may be spread out to benefit more people than a $20 discount, the companies are concerned that $10 is so low it will not be enough to achieve affordability, particularly when taking into consideration the considerable expense incurred by a low-income person to obtain a broadband-capable device, such as a computer or tablet.

The companies believe the low-income broadband adoption program should offer a $20 per month discount. This amount will allow consumers to obtain basic broadband Internet service that would be close to free of charge. If a consumer prefers faster speeds, they would need to contribute money out of their pocket for the upgrade. However, if they cannot afford to contribute any substantial amount, a $20 discount would enable them to purchase an entry-level package that will enable them to adequately engage with websites, participate in social media, search for employment and access government services. A $10 discount may keep rates unaffordable.

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

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

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

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

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

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

The companies believe the Commission should test this program on a pilot basis like it has with the NEBP. Cox advocated in its previous comments that the program could be launched on a small manageable scale. The companies encourage the Commission to open the program to those providers who wish to pilot the program, and allow the program to progress with the general evolution of policies like it has done with the NEBP.

The NEBP began with a handful of applicants in its introductory year, and has grown in size as companies have become familiar with the program and its requirements. The same result would likely occur with a low-income Internet adoption program. Furthermore, a phased-in, pilot program would aid in addressing concerns raised by some commenters that the program would be administratively burdensome.

A reasonable amount of time must elapse before a sound analysis can be conducted of the efficacy of the program. Going back to the launch of the NEBP, it started with just five applicants in its first year, but has now grown in year three to 16 applicants utilizing an array of technologies. Therefore, the companies encourage the Commission to allow at least two years to elapse before an assessment of the program is conducted. A review should include an assessment of the number of persons enrolled in the program, the adequacy of the monthly discount, and the appropriate funding level.

It is reasonable to require participating carriers to promote the availability of the low-income broadband adoption program. However, the Commission should not be overly prescriptive regarding the content or require advance approval or authorization of the promotional material before it is distributed.

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

First, the companies encourage the Commission to continue to interface with the Nebraska Department of Health and Human Services (DHHS) as it currently does with the NTAP in order to identify the low-income persons who are eligible to take advantage of an adoption program. The DHHS is uniquely situated to target and reach potential applicants.

Second, the companies do not agree that in order to be eligible to receive reimbursement from the Commission's low-income program, a provider should be required to obtain and hold High-Cost Eligible Telecommunications Carrier ("ETC") status. In the context of the federal Lifeline program, Cox has advocated that the FCC do away with the requirement for full-fledged ETC status entirely. Given the similarity between Lifeline and a broadband adoption program, a similar case can be made where a provider only seeks to participate in a broadband adoption program. At a minimum, the Commission should recognize that in the context of broadband adoption there are unnecessary requirements flowing from federal law, such as the need for providers to conform their service areas to rural telephone company study areas. Should the Commission choose to adopt an ETC requirement, the ETC status of providers who are already certified under either the lifeline or the high-cost program should be sufficient for participation in any new broadband adoption program.

CONCLUSION

In closing, the companies encourage the Commission to create a low income broadband adoption program that offers a $20.00 per month discount to apply toward the speed of the customer's choice. The companies encourage the Commission to implement the program on a pilot basis and ensure it is flexible enough to work in conjunction with a federal adoption program, if and when one is created. Flexibility is critical so that Nebraska's program can evolve to best meet the needs of the Commission, low-income consumers and carriers. The companies take no position on the best funding source from within the NUSF.

Respectfully submitted this 13th day of May, 2014.

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An original and five copies of the foregoing Comments were hand-delivered May 13, 2014 to the Nebraska Public Service Commission, 1200 N St., Suite 300, Lincoln, NE 68508, and a copy of the same has been e-mailed to:

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