

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission on its ) Application No. NUSF-91  
own motion, to increase broadband )  
adoption among low-income consumers ) COMMENTS OF COX  
through the development of a Nebraska ) NEBRASKA TELCOM, LLC  
broadband telephone assistance program. )

Cox Nebraska Telcom, LLC (“Cox”) hereby files 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 entered in NUSF-91 on August 13, 2013. Cox appreciates this opportunity and thanks the Commission for seeking inquiry on this topic.

- 1. Should the Commission consider implementing a Nebraska-specific broadband lifeline program by adding a broadband component to its existing NTAP program to increase adoption among low-income consumers in Nebraska? Please explain.**

Yes, the Commission should implement a program aimed at increasing Internet subscribership among low-income consumers in Nebraska. The Commission is presently addressing the lack of broadband access for those who reside in areas of Nebraska that lack physical connectivity through the Nebraska Broadband Pilot Program (“NEBP”) in Docket NUSF-77. However, a separate but equally significant barrier to access is experienced by those Nebraskans who cannot afford to subscribe to broadband service and may not have the knowledge and training necessary to use broadband effectively. Access to the Internet is not a luxury service; rather it has evolved into an important mainstream service particularly related to students’ education and for people seeking employment. Cox encourages the Commission to proceed with the creation of a program that provides opportunities for low-income consumers to have affordable access to the

Internet. Cox would also recommend that the Commission ensure from the outset its program 1) has proper safeguards in place to deter waste, fraud, and abuse and 2) provides enough flexibility to work with a federal program once it is implemented.

**2. Does the Commission have the authority under its current statutory framework to implement a broadband component to its NTAP program? Why or why not?**

Yes, the Commission possesses the requisite authority to create a fund that assists low-income consumers in obtaining Internet access. The Commission previously determined when establishing the NEBP via NUSF-77, Progression Order No. 1 on November 3, 2010 that it has the legal authority to provide support for broadband. The Nebraska Legislature, through enactment of Neb. Rev. Stat. §86-323, provided the policy of the NUSF is to provide universal access to “advanced telecommunications and information services” across the state and that such services should be available at just, reasonable, and affordable rates. Furthermore, the Legislature delegated authority to the Commission via Neb. Rev. Stat. §86-325 to determine the standards and procedures necessary to implement and operate the NUSF. Legislation should be read in such a way that best achieves the stated legislative purpose. Since the Legislature intended both telecommunications and information services be made available at just and reasonable rates, it follows that the Legislature intended the Commission to have the authority necessary to take actions that implement the stated policy.

**3. If the Commission should adopt such a program how should it be implemented?**

Cox believes the Commission should model this new program after the Nebraska Telephone Assistance Program (“NTAP”) by using the same eligibility criteria and

offering a fixed discount, such as \$20.00 a month. Offering a fixed discount would be the easiest approach for the Commission and providers to administer, and would also provide customers with the most flexibility insofar as they could choose the provider and service package that best fit their needs. Some low-income consumers may prefer a basic Internet service that comes with slower speeds so it could be provided at little to no charge with their discount, while others may wish to pay an additional amount in order to receive higher speeds.

- a. Should the Commission set aside a certain amount from the universal service fund and dedicate such funds to the NTAP broadband program? The Commission seeks comment on whether the Commission should initially cap the NTAP broadband program at no more than \$5 million per year? Why or why not?**

Cox believes setting hard caps on low-income programs is problematic. Since benefits are tied to the needs of individual consumers, the necessary size of the program will change as the economy and consumers' financial situations change. That said, Cox supports initially setting aside \$5 million per year from the NUSF. This amount should be reviewed annually to determine whether it is adequately meeting the needs of the program. The Commission may find a lesser amount sufficient or conversely, it may find the need exceeds \$5 million. Like has been done in Docket NUSF-69, the Dedicated Wireless Fund, the amount set aside should be set annually via Commission Order.

- b. Should the Commission provide a discount on recurring broadband rates similar to the current telephone assistance program? If not, why not?**

Yes, as Cox described above in response to Question 3, a monthly discount, similar to the current NTAP should be provided. A fixed discount would be more easily

administered by the Commission and Internet providers, and it would give low-income consumers maximum flexibility to select the Internet package that best meets their needs.

**c. If so, what would be the appropriate discount?**

- i. Should the discount be a fixed amount? Would twenty dollars (\$20.00) per household per month be reasonable? Why or why not?**
- ii. In the alternative, if an NTAP discount is applied, should it be a tiered amount based upon the recurring retail broadband rate? If so, how should the tiered amounts be determined and how would this be administered by the Commission? Would the Commission need to require copies of customer invoices or rate lists from NTAP providers?**
- iii. If an NTAP discount is applied should there be a minimum recurring amount subscribers should pay for broadband service? If so, what is the appropriate amount?**

Cox believes the Commission's proposed amount of \$20.00 per month is an appropriate discount as the program is launched. That amount would enable most low-income consumers to select an Internet service package while incurring little to no cost to receive speeds above dial-up. A \$20.00 discount may not be sufficient for consumers to receive faster broadband speeds, such as the FCC-defined 4 Mbps downstream and 1 Mbps upstream free of charge. However, if a customer chooses to take advantage of a special promotion or bundle Internet service with another product, the \$20 discount may enable low-income consumers to receive these broadband speeds without extra costs on their part.

Cox recommends the Commission not create a program that uses a tiered rate for reimbursement. Not only would it be difficult for the Commission and Internet providers to administer, it would be confusing for eligible recipients. Furthermore, requiring companies or the low-income recipients to submit copies of invoices to the Commission

would be unduly burdensome. There could easily be thousands of customers enrolled in this program and it would be a hardship on the Commission to review those invoices to determine whether the appropriate discount was being applied. The difficulties associated with tiering the support amount could result in discrepancies that may only be revealed down the road as part of an audit of the program.

Finally, the Commission should not require subscribers to pay a contributing amount. Requiring the contribution of even a modest amount may be a sufficient deterrent that prevents some households from participating. Instead, the Commission should offer a discount that would enable consumers to select an entry-level package that could potentially be free of charge. If a consumer prefers to receive a faster speed and contribute some amount to pay for a higher-priced service, that should be their choice, not a mandate.

**d. How should broadband speed tiers be taken into account?**

Cox addressed this question above by indicating its support for a fixed discount on any package, rather than focusing on speed tiers. Companies have unique products with unique pricing. Accordingly, creating a discount that attempts to address every speed tier available would be unduly burdensome. A more straightforward and administratively simple approach would be to offer a fixed discount each month that allows low-income consumers the ability to purchase the speed that meets their needs and budget.

**e. How should bundled rates be taken into account?**

Similar to the answer provided above, the Commission should not delve into the details involved in bundling. Internet packages are bundled as part of regular service

offerings, but also as part of short-period promotions. It would be burdensome for the Commission and providers alike to constantly modify the discount to address such situations. As has been advocated throughout these comments, Cox suggests the Commission offer a fixed discount that can be applied to any speed tier and to any bundled package which includes a broadband component of the customer's choosing.

**f. Should the Commission use the FCC's definition of "broadband" to determine eligible speed tiers? Given that a number of speed tiers of service offerings may be available should there be other Commission requirements associated with an NTAP broadband discount?**

This may be one of the most important questions posed by the Commission. While the caption of this docket refers to the program as the "Broadband Telephone Assistance Program", the Commission should not limit the program to the definition of broadband as set by the FCC. The FCC has found 4 Mbps downstream and 1 Mbps upstream to be "broadband". However, speeds lower than that may meet a low-income person's needs and more importantly, their budget.

Should the Commission adopt the FCC definition of broadband, it will force eligible consumers to select from a more limited array of Internet products; products that may be faster than what customers need and beyond what they can afford. At Cox, a customer can purchase entry-level Internet service for \$29.99 per month that provides up to 1 Mbps downstream and 384 Kbps upstream. However, to reach FCC defined broadband speeds, a Cox customer would pay \$44.99 per month. If the Commission chooses to offer a fixed discount of \$20.00 a month and mandate a 4/1 speed tier, Internet access may remain unaffordable to many households, thus minimizing the success and enrollment of the program.

The Commission could refer to this program as an “Internet Access Assistance Program”, similar to the name given the Commission’s Nebraska Internet Enhancement Fund (“NIEF”) so that all speed tiers can be included. Such a program maximizes the flexibility for low-income customers to select from all available Internet packages, rather than a shortened list created by the Commission.

**4. Are there other programs which are currently being used to increase broadband adoption for low-income consumers? If so, please provide a description of these programs? Are these programs successful? Why or why not?**

Cox is a participant in the Connect 2 Compete program, a national voluntary program that focuses on providing high-speed Internet service to families eligible for the free National School Lunch Program and who do not currently subscribe to Internet service. For more than 15 years Cox has supported, and continues to support, other local programs focused on bringing high-speed Internet service to low-income families with children. In our experience successful adoption programs involve more than just low-cost service. Successful programs address computer literacy by providing training to students and their parents or guardians who may not have any experience with computers. They provide a low-cost computer option for families who may not be able to afford an Internet-capable device. And they provide low-cost Internet service with security, virus protection, and other features to ensure that the on-line experience is positive.

Establishing a “comprehensive” adoption program that provides training, a device, and low-cost service may be beyond the scope the Nebraska Commission’s mission. Making one part of such a program – low-cost service – available may spur other

organizations to engage in providing the training and devices necessary to make more Nebraska families into broadband families.

**5. As broadband services are becoming more widely available, are rates for broadband services decreasing? Are broadband services becoming more affordable? Why or why not?**

Offers and rates for broadband service are in a continuing state of evolution, as carriers are continually revising their speed offerings, driven by ever increasing demand from factors such as video consumption. Given this, pricing trends for broadband services are not easy to discern. Cox would note that as part of the FCC's Connect America Fund proceedings, the FCC has undertaken an annual survey of broadband rates. Over time, the results of those surveys should provide this Commission with information regarding trends in broadband service pricing.

**6. Are there any other states that have implemented a broadband component to their low-income program? If so, please provide details as to how these programs have been implemented?**

Cox is not aware of any similar initiatives in the other states where it operates.

**7. Are there any other suggestions or proposals the Commission should consider to increase broadband adoption?**

This is a new program that the Commission and Internet providers need to 'introduce' to low-income consumers. This may prove challenging as reaching this demographic may not be achievable through regular means, such as bill inserts or newspaper articles. Cox encourages the Commission to proceed with a promotional campaign in coordination with the industry to raise awareness of the program. Without specific, targeted efforts, the program will not reach its potential. The Commission should also work with the



industry to identify organizations, such as community-based non-profit groups that can assist eligible program participants in obtaining relevant training in use of the Internet, and potentially assist with obtaining low-cost access devices, such as refurbished computers or tablets. Without a strategy to promote the program, and enable participants to learn and obtain access to an Internet access device for use in their home, the program will not be nearly as successful. Internet access providers are not positioned or staffed to provide this type of training and assistance, which would necessarily be different depending on the target audience, be they seniors, K-12 students or those whose primary language is not English.

In closing, Cox reiterates its appreciation for the Commission opening this docket and for the opportunity to comment on the creation of this program.

Respectfully submitted this 30<sup>th</sup> day of September, 2013.

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