

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

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

**COMMENTS OF
CITIZENS TELECOMMUNICATIONS COMPANY OF NEBRASKA
D/B/A FRONTIER COMMUNICATIONS OF NEBRASKA**

In its August 13, 2013 *Order Opening Docket and Seeking Comment*, the Nebraska Public Service Commission (“Commission”) opened this docket to “investigate ways to increase broadband adoption among low-income consumers in Nebraska. Along with affordable telecommunications services, affordable broadband has become essential to obtaining employment, furthering education, and providing economic opportunities to Nebraska consumers”.

Pursuant to the Commission’s request, Citizens Telecommunications Company of Nebraska, Inc. (“Frontier”) files the following Comments.

Discussion

With the Commission, Frontier is anxious to increase broadband adoption by consumers. Efforts to support and fund the expansion of broadband availability (as the Commission has done with the NEBP) are all well and good, but that work is unfruitful unless consumers become purchasers and users of broadband services. And certainly, the economic situations of low-income customer add another hurdle to wider broadband adoption. Frontier encourages efforts from all parties to advance broadband adoption.

The Federal Communications Commission (“FCC”) has embarked on an effort very similar to that which the Commission is contemplating here; the Lifeline Broadband Pilot Program. The FCC describes this effort as follows:

“As part of the modernization of Lifeline, the Commission is using \$13.8 million in savings from Lifeline reforms, to launch a pilot program to collect data on how the Lifeline program can be structured to increase broadband adoption (Lifeline Broadband

Pilot Program) among low-income Americans. Through a competitive selection process, the Wireline Competition Bureau has selected 14 high-quality pilot projects, covering 21 states and Puerto Rico, that provide various broadband service offerings to eligible low-income consumers using wireline or wireless technology. The Lifeline Broadband Pilot Program, currently underway, began February 1, 2013. Each of the 14 projects has different service terms with respect to subsidy amount, end-user charges, access to digital literacy training, equipment type, speed ranges and data usage limits. Low-income consumers who already subscribe to broadband at home or a mobile hotspot service are not eligible to participate in the Pilot Program.”¹

Frontier is participating in this FCC program in its Ohio service territory. The FCC describes that particular program as follows:

“Frontier, in partnership with Connect Ohio (a subsidiary of Connected Nation), will test whether offering financial incentives increases the likelihood that subscribers will take digital literacy training. Frontier will permit subscribers to choose from three offers within the pilot project. The first is a \$20 monthly subsidy off a range of wireline broadband plans. The second requires participation in a digital literacy program and receives a \$30 monthly subsidy and a waiver of the \$34.99 non-recurring charge. The third choice requires participation in a digital literacy program in order to receive the \$20 monthly subsidy and a free computer. For the second and third offers, Frontier will have a test group in which subscribers are required to take training, and a control group, in which subscribers are encouraged to take training but will not receive incentives for doing so. This project is unique in testing whether a financial incentive to take digital literacy training can help in overcoming adoption hurdles (e.g., addressing relevance, privacy concerns).”²

¹ FCC website, <http://www.fcc.gov/encyclopedia/low-income-broadband-pilot-program> , accessed 9/13/13.

² FCC website, <http://www.fcc.gov/encyclopedia/ohio-broadband-pilot-program-projects>, accessed 9/13/13.

As part of the FCC's program, Frontier has six months to enroll new applicants in the low-income program. Through this program, which began in May 2013, multiple different marketing and outreach techniques and methods are being tested. The success of each of these methods takes time to evaluate. Though some outreach efforts do seem to have been more successful than others, at this point it is premature to draw conclusions based upon its results in Ohio. Frontier and the FCC will be evaluating these efforts over the coming months.

Up to this point, the results from this Ohio program have not lived up to Frontier's initial expectations. Therefore, Frontier is not confident that this particular proposal by the Commission is likely to produce the hoped for results. Nebraska would be best served by assessing the results of the various FCC pilot projects after their completion. Then, if the Commission still desires to move forward with its own project, use those lessons learned to build upon the FCC's programs.

Issues for Public Comment

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.

Response) As discussed above, Frontier does not recommend that the Commission move forward with adding a broadband component at this time.

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?

Response) It is not clear that using NTAP funds to pay for broadband services is allowable, under current statutory language. Section 86-329 of the statutes created the NTAP and it states (emphasis added):

The commission shall establish the Nebraska Telephone Assistance Program. The purpose of the Nebraska Telephone Assistance Program is to promote the provision of universal service to low-income households by local exchange carriers. ***Support provided by the program shall be specifically targeted to maintain affordable rates for residential basic local exchange services*** supported by federal and state universal service mechanisms. The commission shall establish means-tested eligibility guidelines and standards for the provision of support from the program which are consistent with the Telecommunications Act of 1996 and 47

C.F.R. 54.400 through 54.409, as such act and regulations existed on January 1, 2002.

The statute also defines the term “residential basic local exchange service” in 86-105:

Basic local exchange service means the access and transmission of two-way switched voice communications within a local exchange area.

Therefore, it appears that the statute limits the use of NTAP funds to the support of voice communications only and excluding other services, such as broadband.

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

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?

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

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?

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

e. How should bundled rates be taken into account?

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

Response) Frontier recommends the Commission not adopt this proposed program at this time but wait and re-evaluate following the FCC’s findings in its current Lifeline Broadband Pilot Program.

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?

Response) As discussed above, the FCC is currently engaged in several pilot programs across the county, addressing this very issue of broadband adoption for low-income customers. These pilot programs are still underway, and Frontier recommends that the Commission wait until the results of those programs become available and then review those results before proceeding to create a specific Nebraska program.

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?

Response) Frontier is currently offering special lower pricing to new broadband customers, in an effort to expand subscribership to those services.

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?

Response) Frontier is not aware of any similar state programs in place.

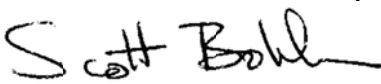
7. Are there any other suggestions or proposals the Commission should consider to increase broadband adoption?

Response) Not at this time.

September 26, 2013

Respectfully submitted,

Citizens Telecommunications Company of Nebraska, Inc. d/b/a Frontier Communications of Nebraska

By: 

Scott Bohler
Manager, Government and External Affairs
Frontier Communications
2378 Wilshire Boulevard
Mound, Minnesota 55364
(952) 491-5534 voice
(952) 491-5515 fax