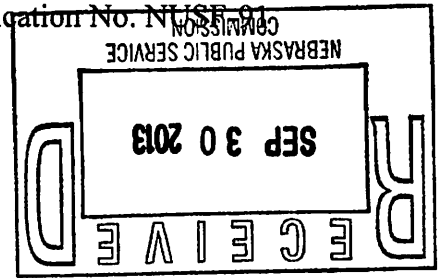


BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

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 THE
RURAL TELECOMMUNICATIONS COALITION OF NEBRASKA**

I. INTRODUCTION

The Rural Telecommunications Coalition of Nebraska (“RTCN”),¹ 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 August 13, 2013, Order Opening Docket and Seeking Comments in Application No. NUSF-91.²

II. COMMENTS

Through its Order, the Commission seeks comment on whether to expand the Nebraska Telephone Assistance Program (“NTAP”) to include a broadband subscription component. As the Commission identified in its Order, studies have shown that low-income households in the United States adopt broadband at lower rates than the average household even when access to

¹ 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., Keystone-Arthur Telephone Co., Mainstay Communications, Plainview Telephone Company, Southeast Nebraska Communications, Inc., Wauneta Telephone Company, and WesTel Systems f/k/a Hooper Telephone Company.

² *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 Opening Docket and Seeking Comment (August 13, 2013) (the “Order”).

broadband is available.³ More specifically, the Commission referred to a 2011 Pew Research survey which revealed that in the United States 62 percent of households in the lowest income bracket use the Internet compared to 90 percent of households in a higher income bracket.⁴ If these national statistics are an accurate indicator of broadband adoption rates among low-income consumers in Nebraska, then in view of state policy that quality telecommunications and information services should be available at just, reasonable, and affordable rates,⁵ then RTCN concurs that the Commission should explore potential solutions for increasing broadband adoption levels among low-income consumers in Nebraska.

In 2012, the Federal Communication Commission (“FCC”) initiated a data collection process through the creation of a Low-Income Broadband Pilot Program implemented in select locations around the country, not including Nebraska.⁶ In light of “the complexities of modernizing the low-income support mechanisms for broadband, and the need to ensure the universal service funds are used efficiently,”⁷ the FCC found that the best approach was to launch “a pilot program to test the design of any future universal service programs involving support for broadband adoption.”⁸ The FCC found that there was “broad agreement that a pilot program could allow the Commission to gather data on whether and how the Lifeline program can be structured to promote the adoption and retention of broadband services by low-income households.”⁹ While the FCC may expand its Lifeline Program to include broadband services

³ See Order at 1.

⁴ See *id.*

⁵ See NEB.REV.STAT. § 86-323(1).

⁶ 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”).

⁷ *Id.* at para. 322.

⁸ *Id.*

⁹ *Id.* at para. 323.

once its data collection process is complete, the Commission said it believes it may be appropriate to establish its own statewide initiative rather than wait on the FCC.¹⁰

The FCC's approach to addressing this issue by first collecting data and thoroughly studying the issues involved before expending very significant funding on implementing a potential solution is the right approach. Similar in concept to the FCC's approach to this issue, RTCN would support a Commission initiative whereby funding is designated to supplement data-gathering efforts already in process in Nebraska. The Commission explained that the University of Nebraska, Department of Economic Development, the Nebraska Information Technology Commission, and the AIM Institute (collectively the "Planning Partners") 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.¹¹ The Commission explained that this grant program will continue through the end of calendar year 2014.¹² RTCN suggests that the Commission consider building upon this existing initiative to determine the extent of the broadband adoption and retention issue in Nebraska specifically among low-income consumers, to study in greater depth the causes of lower broadband and retention levels among low-income consumers in Nebraska including price-point deterrence and other economic considerations, and to 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.

Once a more targeted study on the issue of lower broadband adoption among Nebraska low-income consumers is complete and available for the Commission to utilize, the Commission would then be in a better position to formulate an effective solution tailored to Nebraska

¹⁰ See Order at 2.

¹¹ See *id.* at 1.

¹² See *id.*

consumers that fits within the parameters of the NUSF system. By such time, the FCC data-collection process may also be at or near completion and may provide the Commission with additional data for understanding and addressing the issue on the state level. With a greater understanding of the extent of the issue, the potential causes thereof, and the formulation of an effective and efficient solution that minimizes potential abuse, the Commission could then begin to explore the specific funding needs required to implement a solution and identify possible sources of funding to meet those needs.

Based on the foregoing, RTCN would support an approach that involves a limited one-time commitment of resources from the NUSF to adequately supplement the current Planning Partners' Nebraska broadband adoption study with a more targeted effort toward fully understanding the extent and cause of this issue and potential solutions for further increasing broadband adoption and retention among low-income consumers in Nebraska. This short-term investment of resources on the front end would pay dividends in the long run in the form of a well-formulated plan for effectively and efficiently addressing these important concerns.

To the extent the Commission determines that it should create a program to increase broadband adoption and retention among low-income consumers using universal service funds, the Nebraska Telephone Assistance Program ("NTAP") would seem to be the most logical program from which a broadband adoption plan for low-income consumers should be organized. The NTAP is a well-established and successful program that has been effectively administered by the Commission to provide affordable telecommunications services to low-income households in Nebraska.

However, while the NTAP appears to be the best-suited program for implementing an initiative for increasing broadband adoption and retention among low-income consumers, the Commission may not currently have the requisite authority to utilize NTAP for this purpose.

General policy support for funding broadband adoption among low-income consumers is captured in the policy declarations of the Nebraska Telecommunications Universal Service Fund Act (the “Act”), which provide in part that quality telecommunications and information services should be available at just, reasonable, and affordable rates,¹³ and that “[c]onsumers in all regions of the state, including low-income consumers and those in rural and high-cost areas, should have access to telecommunications and information services”¹⁴ However, even though the general universal service policy sections of the Act tend to support and permit the use of universal service funding for broadband services to low-income consumers, the NTAP section of the Act does not.

The specific statutory section authorizing the creation of the NTAP and codifying the authorized use of universal service funding to support the NTAP does not permit such funding to be used for broadband services or efforts to increase adoption and retention thereof by low-income consumers. More specifically, the statute provides that “[s]upport 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.”¹⁵ Thus, while the general policy sections under the Act are consistent with the creation of a program to support efforts to increase broadband adoption among low-income consumers, the specific statutory section dealing with NTAP does not currently permit NTAP to be used for that purpose.

¹³ See NEB.REV.STAT. § 86-323(1).

¹⁴ NEB.REV.STAT. § 86-323(3).

¹⁵ NEB.REV.STAT. § 86-329(1).

To the extent the Commission proceeds toward funding a program (whether through NTAP or otherwise) to support broadband services to low-income consumers using existing NUSF funding, the program should start as a pilot program with limited but strategically directed funding on an initially small scale covering various market areas of the state, so that the Commission can monitor the effectiveness of the program over a period of years and make any necessary changes thereto along the way before committing greater resources to a statewide approach then proven to be effective. To the extent funding is set aside for this type of pilot program, the source of such funding should not be existing programs mandated (rather than permitted) under the Act. While the Act *permits* the Commission to support broadband services in general, the Act *mandates* that the Commission sufficiently support telecommunications services: “The fund shall provide the assistance necessary to make universal access to telecommunications services available to all persons in the state consistent with the policies set forth in the Nebraska Telecommunications Universal Service Fund Act.”¹⁶ Thus, it is important that the Commission examine the sufficiency of funding designated to mandatory programs prior to redirecting funds from such programs to those that are not required under the Act.

III. CONCLUSION

In conclusion, to the extent that studies show that broadband adoption among low-income consumers in Nebraska is similar to national trends, RTCN supports a Commission initiative to explore potential solutions using Nebraska universal service funding. As more fully set forth above, RTCN advocates that prior to re-directing significant funding toward implementing a solution to this issue, the Commission should first invest limited funds into further studying and understanding the issue in Nebraska markets, its causes, and potential solutions using Nebraska

¹⁶ NEB.REV.STAT. § 86-324(1).

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

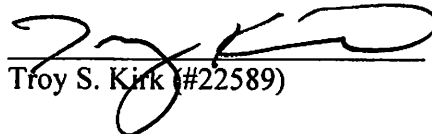
Dated this 30th day of September, 2013.

RURAL TELECOMMUNICATIONS COALITION
OF NEBRASKA ("RTCN")

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.,
Keystone-Arthur Telephone Co.,
Mainstay Communications,
Plainview Telephone Company,
Southeast Nebraska Communications, Inc.,
Wauneta Telephone Company, and
WesTel Systems.

By: REMBOLT LUDTKE LLP
1201 Lincoln Mall, Suite 102
Lincoln, NE 68508
(402) 475-5100

By:

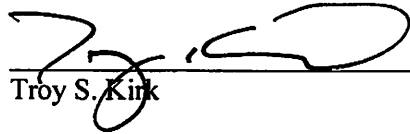

Troy S. Kirk (#22589)

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 September 30, 2013, and a copy was served via electronic mail on September 30, 2013, addressed as shown below, to the following:

Brandy Zierott
Brandy.Zierott@nebraska.gov

Sue Vanicek
Sue.Vanicek@nebraska.gov



Troy S. Kirk

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