

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) Application No. NUSF-91
development of a Nebraska broadband)
telephone assistance program)

INITIAL COMMENTS

ON BEHALF OF

WINDSTREAM NEBRASKA, INC. (“WINDSTREAM”)

September 30, 2013

Windstream's Initial Comments

The Nebraska Public Service Commission (“Commission”) requested comments on its proposal to expand the scope of the Nebraska Telephone Assistance Program (“NTAP”) to provide financial support for qualifying low-income consumers to acquire broadband services in Nebraska. The Commission specifically limited the scope of its proposal to offset a portion of the recurring broadband rates charged by qualifying eligible telecommunications carriers (“ETCs”). The Commission proposes to fund and manage this expanded support through the existing NTAP. As described herein, Windstream offers support for the Commission’s proposal, so long as no reforms to NTAP negatively impact loop high cost funding or support for new broadband infrastructure.

The Commission set forth seven issues for public comment. Windstream’s comments in response to each question follow below.

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 of broadband services among low-income customers in Nebraska? Please explain.

The Commission, first and foremost, should prioritize ensuring access to communications networks. If communications services are not available, then broadband adoption concerns are irrelevant. The Commission, therefore, should ensure that no reforms to NTAP negatively impact loop high cost funding or its pilot program to support provision of new broadband infrastructure (NUSF-77). These two programs support deployment of facilities that serve all consumers in a carrier’s serving area, rather than provide a rate discount for just a segment of the community.

If funding for this broadband adoption initiative would not result in reduction of loop high cost or new broadband infrastructure deployment funding, Windstream recognizes that adding a component to the NTAP that offers support for low-income households subscribing to qualifying broadband services could be a positive and worthwhile reform. This reform could be especially important to rural Nebraskans. Although low-income households are located throughout Windstream's service areas, the addition of broadband support might be particularly of interest to low-income households in rural areas that likely do not have ready access to community centers, libraries, or other locations offering public Internet access. Broadband services also enable connections to educational, medical, businesses, and other resources that often are missing in small rural communities.

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

The Commission has statutory authority to implement a broadband component to NTAP. As recognized by the Commission when determining its funding authority in the NUSF-77 docket, Neb. Rev. Stat. §86-323 provides that it is the state policy to preserve and advance universal service by providing access to advanced telecommunications and information services in all regions of the states at just, reasonable, and affordable rates. Furthermore, the Legislature specifically included in its communications policy a reference to supporting low-income consumers:

(3) Consumers 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, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas.

(Emphasis added.)

The Commission, therefore, has ample state statutory authority in support of using the NUSF to bring broadband service to low-income consumers so long as the Commission does not compromise funding to ensure network availability.

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

a. Should the Commission set aside a certain amount in its universal services fund and dedicate such funds to the NTAP broadband program?

Windstream would not oppose setting aside a certain amount of NTAP funding for the new broadband adoption initiative if this measure would not result in a decrease in loop high cost funding or new broadband deployment support.

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

Any discount on recurring broadband rates should be similar to the discount used for the current telephone assistance program. Specifically, if the Commission decides to proceed, it should use the existing NTAP organization, structure, forms and, processes to add this new support program to the current NTAP. The same consumer qualification terms as are used in the current NTAP should be applied to any new broadband adoption support. Simply adding broadband service, as specified below, as a second element of NTAP should minimize administrative costs and speed the integration of broadband into the current program.

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?

Assuming no negative impact on loop high cost funding or new broadband infrastructure deployment support, it would be reasonable for the Commission to establish a fixed discount to fund a portion of the recurring costs of the broadband service to which the consumer subscribes. A fixed amount of discount would follow the precedent set by the Commission when it established the NTAP discount for voice service. A fixed rate also would eliminate the need to establish a unique rate based on the differing broadband service rates across the state.

In particular, barring no negative impact on network availability funding, it would be reasonable for the Commission to consider a fixed broadband service discount of \$20 per month per household as the discount and have that discount apply to broadband service capable of offering at least 3 Mbps download speeds, if available in the consumer's area. If a consumer wanted to subscribe to a higher speed service, s/he could, but the discount would remain the same. If a consumer bought a bundled service that included broadband capable of supporting 3 Mbps speeds or higher, the broadband discount, likewise, would remain the same. To further simplify matters, the Commission may want to combine the broadband discount with the voice discount and provide two options to low-income households: (1) voice-only service with the current \$12.75 discount or (2) both voice and broadband services from the same company with a \$32.75 discount.

- 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?***

As explained in response to the prior question, the proposed discount should be a flat rate and not based on any tiered or bundled rate. Neither the Commission nor the ETCs should be forced to disaggregate tiered or bundled rates to allocate some portion of those rates to a supported broadband service. As recognized by the Commission when adopting a flat-rate discount for voice service, using a flat-rate discount avoids unnecessary complications surrounding what portion of a bundled rate should be allocated to each service.

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?

No, because capping the subsidy at \$20/month and requiring a minimum 3 Mbps downstream capability for qualifying service effectively will result in a consumer's paying for a portion of the broadband service costs. As is the case with the voice discount, the consumer would be responsible for paying the entire communications provider bill less the discount. For example, a \$20 discount likely would cover approximately half of Windstream's monthly recurring charge for its 3 Mbps broadband offering. If a consumer wants a higher speed, s/he would still get the \$20 discount, but would pay a higher portion of the monthly recurring charges.

If none of the broadband services available to a consumer is capable of supporting at least 3 Mbps downstream, the consumer should get the lower of the monthly recurring charge for the highest available download speed or the full \$20 discount.

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

If the Commission adopts a flat rate like Windstream proposes above, the Commission would not need to take tiered rates into account. As noted above, disaggregating tiered or bundled rates would be contentious and require regular reevaluation. The Commission should avoid that quagmire.

e. How should bundled rates be taken into account?

See Windstream's response to Question 3.c.i. above.

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?

The Commission should only offer broadband adoption support for broadband capable of supporting at least 3 Mbps downstream speeds so long as these speeds are available in the consumer's area. If a consumer wants a lower speed service, s/he, however, should get no discount, unless 3 Mbps service is not available in the consumer's area. Without such a provision in place, the Commission's broadband adoption program could become, in large part, tantamount to a subsidy plan for texting – an activity not warranting public resources above and beyond those dedicated to ensuring general communications network availability. A requirement specifying minimum download speeds capability of 3 Mbps for qualifying service, in contrast, would ensure that the service rendered will be able to provide a robust broadband experience that enables the use of core applications (including those employing standard definition streaming video) that are important for stimulating

economic growth by, for example, enabling online education and remote conferencing.

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?

Yes, the FCC and USAC have begun fourteen trials in multiple states to test various ways to provide broadband in a federal Lifeline offering. These trials are described on the following website: <http://www.fcc.gov/encyclopedia/low-income-broadband-pilot-program>. The intent of the trials is to gather data on the impact of using varying discounts on fixed and recurring rate elements to stimulate low-income take rates. The results will inform future FCC inquiries. None of these federal trial locations is in Nebraska, and Windstream is not participating in any of the trials. A brief description of each trial is available at <http://www.usac.org/li/about/broadband-pilot/default.aspx>. No results are available yet.

There are other programs to increase broadband deployment in unserved and underserved areas (U. S. Department of Commerce's Broadband Technology Opportunities Program, U. S. Department of Agriculture's Broadband Initiatives Program, and Nebraska's broadband pilot program) and broadband accessibility at anchor institutions (i.e., access at community centers, schools and/or libraries), but these programs generally are not targeted to low-income consumers.

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?

While fluctuations are possible, broadband prices overall are now less than what they were when broadband was not widely available. For example, the rate for Windstream's 3.0 Mbps

service is significantly less now than when it was first introduced in 2005 (\$37.99 today compared to \$54.95 in 2005), and the rate for Windstream's 6.0 Mbps service is much less today than when first introduced in 2006 (\$39.99 today compared to \$54.95 in 2006).

This decrease in prices, however, does not mean that consumers necessarily are paying less for broadband service or finding broadband service to be more "affordable." Today consumers, in fact, may be paying more on average for broadband services not because prices are rising, but because they are upgrading their service plans to accommodate greater speed demands. Accordingly, the Commission (and others) should make clear and adopt policy proposals recognizing that, even where prices are falling, overall consumer spending may rise as the quantity demanded rises, and some lower-income consumers will have difficulty affording increasingly important, robust broadband services in addition to items already accounted for in their tightly constrained household budgets.

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.

Windstream is not aware of any other state in which it operates that has implemented a broadband component of the state's lifeline program.

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

Windstream has no other suggestions/proposals at this time.

Respectfully submitted this 30th day of
September, 2013.

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