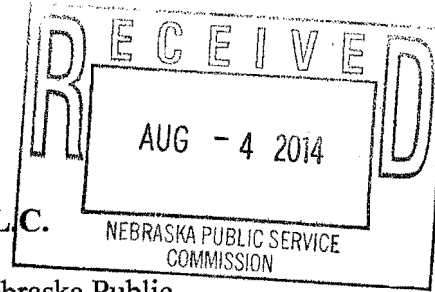


BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska) Application No. NUSF-92
Public Service Commission, on its) PROGRESSION ORDER NO. 1
Own Motion to Administer the)
Nebraska Universal Service Fund)
Broadband Program.)



COMMENTS FROM COX NEBRASKA TELCOM, L.L.C.

Cox Nebraska Telcom, LLC (“Cox”) hereby files these comments for the Nebraska Public Service Commission’s (“Commission”) consideration in the above-captioned docket, Application NUSF-92, Progression Order No. 1. These comments are being filed pursuant to the Commission Order entered herein on July 22, 2014. Cox previously filed comments related to the creation of a broadband adoption program for low-income consumers in Application NUSF-91, and Cox appreciates the Commission’s continuing investigation of this important subject as a part of Application NUSF-92. While the Progression Order contained numerous questions seeking comment, Cox focuses its comments on the questions set forth below.

1.) THE COMMISSION SEEKS COMMENT ON WHAT FACTORS OTHER THAN INFRASTRUCTURE AVAILABILITY PREVENT “ACCESS TO ADVANCED TELECOMMUNICATIONS AND INFORMATION SERVICES FROM BEING PROVIDED IN ALL REGIONS OF THE STATE?”

Infrastructure that delivers broadband may be available; however, low-income persons may not be able to afford to purchase the service. While a discount on broadband service may be helpful in making it more affordable, the reality is the cost of the personal equipment is also a significant underlying reason many economically disadvantaged consumers are unable to subscribe to even the most inexpensive level of broadband service.

In addition, separate but equally significant barriers to access include the facts that 1) low-income consumers may not have the knowledge and training necessary to use broadband and 2)

they may not find it relevant in their lives. According to a Pew Internet Project Tracking Survey, 32% of non-internet users sense the internet is not very easy to use.¹ These non-users say it is difficult or frustrating to go online, they are physically unable to do so, or they are worried about other issues such as spam, spyware, and hackers.² The survey also found 34% of non-internet users think the internet is not relevant to them, saying they have no need for it.³

Internet subscribership is affected by age, education, as well as household income. Therefore, in Cox's experience, successful adoption programs involve more than just low-cost service.

Successful programs must also address computer literacy by providing training to students and their parents or guardians who may not have any experience with computers to overcome these other barriers. Access to ongoing support to resolve issues or technical challenges may also be needed to keep Internet access and use working properly and to deal with issues that may arise, such as hardware problems or computer viruses. Without proper training and support, new users may become frustrated and drop Internet access as not meeting their needs, regardless of the discounts offered from the prevailing retail rates.

2.) THE COMMISSION ALSO SPECIFICALLY SOLICITS COMMENTS ON WHETHER TO INCLUDE A FINANCIAL ASPECT INTO ITS DEFINITION OF 'UNSERVED' AND 'UNDERSERVED' AREAS.

Economic factors affect broadband subscribership in both rural and urban areas of the state. Therefore, it would be difficult to place an outline of a geographic area, as within every community throughout Nebraska there exists a low-income population. The Commission needs to look no further than its own Lifeline subscribership and the current Annual Income Federal

¹ Pew Research Center's Internet and American Life Project, Spring Tracking Survey, April 17-May 19, 2013. <http://www.pewinternet.org/2013/09/25/whos-not-online-and-why/>

² Id.

³ Id.

Poverty Guideline to see that low-income consumers reside across Nebraska. The 2013 Pew Institute Internet Project estimates that broadband adoption nationally for households with an income of \$75,000+ is 91%, while broadband adoption rates for low-income households earning less than \$30,000 per year is estimated to be 52%. Furthermore, a low broadband adoption rate does not mean the area is "unserved". Broadband service may be available, but customers aren't buying it for myriad reasons, including price and the other barriers mentioned above.

If the Commission wishes to define areas where broadband adoption is low, in the absence of actual adoption data, it could target areas using other indicia of low income, such as National School Lunch Program eligibility, SNAP (Food Stamps) eligibility, Medicaid eligibility, etc. As an aside, being a cable operator, Cox is prohibited from denying service "to any group of potential residential cable subscribers because of the income of the residents of the local area in which such group resides". (47 U.S.C. 541(a)(3)). This applies specifically to cable (video) service provided by Cox Omaha, an affiliate of Cox Nebraska Telcom, LLC, but Cox adheres to the prohibition in the provision of all its services.

3.) SHOULD THE COMMISSION BE CONCERNED ABOUT LOW TAKE RATES IN LOW-INCOME AREAS OR COMMUNITIES?

Yes. While the Commission has taken significant steps to fund broadband projects in Nebraska through Application NUSF-77 and Application NUSF-92, such funding has focused on geographic areas that are unserved and underserved due to the lack of physical connections. These laudable efforts have not addressed the barriers preventing improvement in broadband adoption rates for low-income consumers. As Cox has indicated previously in Application NUSF-91, access to the Internet has evolved into a basic necessity for many, essential to education and employment and the Commission should continue to proceed with establishing a

low-income program aimed at improving broadband subscribership for low-income persons as a part of the Nebraska Universal Service Fund ("NUSF").

4.) THE COMMISSION SOLICITS COMMENT ON WHETHER IT SHOULD DESIGNATE \$500,000 FROM THE NEBP IN 2015 TO GO TOWARDS BROADBAND ADOPTION PROJECTS. IF SO, WHAT TYPES OF PROJECTS SHOULD BE CONSIDERED FOR FUNDING AND WHY?

Cox commends the Commission for considering making \$500,000 available for broadband adoption and supports the Commission doing so. This effort could establish a useful guidepost, if not a roadmap for the Federal Communications Commission to follow in their consideration of federally supported broadband adoption programs. Some companies already have programs in place that discount equipment and broadband service to low-income individuals, such as the cable industries' Connect2 Compete program⁴. Using support from the NUSF to improve the outreach of these existing programs would be advantageous, as well as highly efficient. Conversely, the Commission may achieve high success by creating a low-income program that allows carriers to partner with organizations that already work with low-income citizens, such as schools, libraries and non-profit groups. Such partnerships should be eligible for grant funding provided the application is received by a broadband provider and contains sufficient information detailing how the funds will be used.

⁴ Connect2Compte is a program to increase broadband adoption among low-income families with school-age children through the use of service discounts, training and support for basic broadband Internet access. Information about the program can be found here: <http://connect2compete.org/cox/>. Comcast's similar program is known as "Internet Essentials."

5.) SHOULD THE COMMISSION IMPOSE A CAP ON SUPPORT RECEIVED AS A PERCENTAGE OF THE PROPOSED \$500,000 AVAILABLE? SHOULD THE COMMISSION CAP BROADBAND ADOPTION SUPPORT BY PROJECT OR BY COMPANY?

Cox believes it is reasonable to cap support at 10% of the funding available, to any one participating company. This amount would allow numerous carriers to receive funding, but yet be sufficient to allow carriers to meaningfully partner with schools, libraries or other community groups. Cox urges the Commission to allow the submission of multi-year projects, up to three years, as has been proposed for comment herein related to the broadband construction projects. Multi-year projects would provide greater funding certainty and hence improve chances for success.

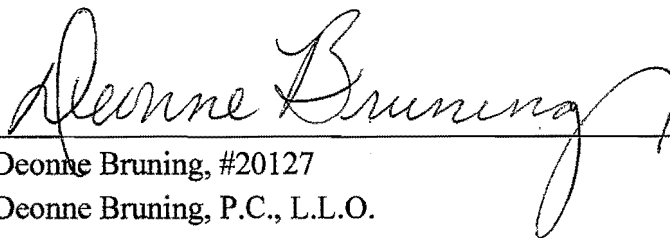
6.) SHOULD THE COMMISSION WAIVE THE STANDARD MATCH REQUIREMENT FOR THESE TYPES OF PROJECTS?

Cox believes requiring a carrier-match is reasonable, and suggests that carriers be asked to contribute at least 10% towards the total cost of the project.

In closing, Cox suggests that like the NEBP applications, proposed projects should include the projected number of customers impacted. Such information would allow the Commission to assess the level of impact that funding each project will have. Further, if a carrier is proposing to partner with a school, library, or community-based organization, those that would be involved in the partnership should be identified, along with a detailed explanation of the equipment and/or services to be provided. Again, Cox reiterates its appreciation for the opportunity to comment in support of the creation of a low-income broadband program as part of the NUSF.

Respectfully submitted this 4th day of August 2014.

ATTORNEY FOR COX NEBRASKA TELCOM, LLC

A handwritten signature in cursive script that reads "Deonne Bruning". The signature is written in black ink and is positioned above a horizontal line.

Deonne Bruning, #20127

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