

**BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION**

In the matter of the Nebraska )  
Public Service commission, on its )  
Own Motion, to Administer the ) Application No. NUSF-92  
Nebraska Universal service Fund ) Progression Order No. 1  
Broadband Program )

**Comments of Windstream Nebraska, Inc.**

Windstream Nebraska, Inc. (“Windstream”) provides the comments below in response to the Progression Order No. 1 entered on July 22, 2014, by the Nebraska Public Service Commission (“Commission”) in connection with the above-captioned proceeding regarding the administration of the Nebraska Universal Service Fund Broadband Program (“NEBP”).

The NEBP has been successful in increasing broadband availability throughout the State of Nebraska and Windstream commends the Commission for the current initiative to further improve the NEBP. Progression Order No. 1 asks a large number of complex questions and, while Windstream appreciates the Commission’s desire to move quickly, Windstream urges the Commission to approach any significant program changes with an emphasis on making well-considered decisions, even if that means deferring some questions for additional comment and analysis.

**Mobile v Fixed Broadband.**

The Commission seeks comment on developing a definitional standard for “fixed” and “mobile” broadband access. Windstream is open to considering workable approaches to this subject but maintains that, in grant scoring and dispute administration in previous grant cases, the Commission has addressed applicant proposals, whether fixed or mobile, in a reasonable manner, consistent with program goals. If the Commission makes no change to the existing approach for

addressing these services in the scoring model and that contributes to a staff recommendation that interested parties find objectionable, those parties can, as before, dispute the staff recommendation and present evidence in support of their claims at a Commission hearing.

**Multi-year Projects.**

Windstream maintains that making multi-year projects eligible for NEBP funds raises concerns with regard to scoring and fund integrity and therefore requires further analysis. To illustrate some of these concerns, let us assume that the Commission treats multi-year project submissions the same as one-year project submissions and rolls all requests into the current scoring model in the year of submission, with no changes to how the data is input, no change to the comparative scoring methodology, and no conditions or caps. If a request were granted under the current grant evaluation process, the Commission would be committing funds for use in later years notwithstanding how circumstances may change during the multi-year construction period or whether more meritorious projects are submitted in subsequent years. Without changes to the scoring system or other conditions, it is easy to see how multi-year projects could tie up the fund for some time to come, and how a limited number of providers could garner too much funding, how meritorious projects could be boxed out of fund access and, ultimately, how the benefits and mission of the fund may come into question.

Windstream believes that multi-year projects will require the Commission to add additional layers of administrative complexity to the program. Keeping projects to the current one-year format enables the Commission and providers to assess evolving broadband gaps on a timely basis and submit projects accordingly. The current structure for assessing project eligibility has yielded steady and successful results. Windstream therefore does not propose to expand eligibility to multi-year projects at this time. Before multi-year projects might be made

eligible, parties and the Commission need to thoroughly vet the details of how the system needs to change to accommodate eligibility and whether the potential benefits of expanded eligibility outweigh the costs.

### **Project Caps.**

In prior comments Windstream submitted,<sup>1</sup> Windstream opposed per provider, per project and per household caps. Windstream generally opposes caps on infrastructure grants, but takes no position in these comments on whether a per project cap at the \$450,000 level under the current eligibility and scoring system would be reasonable. In addition, without knowing how multi-year project eligibility will work, Windstream does not state a position regarding a per project cap in a multi-year project setting.

### **Broadband Adoption.**

Windstream supports a modest set-aside within the NEBP to address broadband adoption proposals and believes that a set-aside of \$500,000 for such proposals is reasonable. Windstream believes, however, that increasing broadband availability and increasing broadband adoption each presents unique challenges that require distinct eligibility criteria.

With regard to broadband grants, the Commission's existing scoring methodology for infrastructure projects is well established, has yielded stable results, and sufficiently accounts for the key economic factors on the provider side, i.e., project cost and retail broadband price, in the Value, Cost and Scale criteria. That methodology should not change to somehow address one or more adoption issues.

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<sup>1</sup> See Windstream comments filed October 11, 2013, in response to Progression Order No. 9 in Application No. NUSF-77.

A grant scoring methodology for a broadband adoption proposal, on the other hand, would need to look entirely different. As Windstream noted in prior comments filed with the Commission,<sup>2</sup> the broadband adoption equation can be a complex one, and barriers to adoption include more than just the expense of broadband services. The Pew Research Center Internet Project of 2013 indicated, for example, that 34% of adults who do not use broadband think the Internet is not relevant to them.<sup>3</sup> In light of the complexities involved in assessing broadband adoption, Windstream submits that a proposal to address broadband adoption would need to be evaluated using an entirely different approach. Accordingly, rather than address a scoring methodology at this early stage, Windstream suggests that if the Commission believes it should consider proposals for adoption programs now, it could evaluate them on an ad hoc basis and later consider a proceeding to evaluate an appropriate methodology for assessing applications for broadband adoption projects

If the Commission chooses to entertain broadband adoption proposals in the upcoming application window, we recommend that the Commission be guided by the framework adopted by the FCC in its selection of broadband adoption pilot programs. The FCC approved pilot projects that were designed as field experiments to test whether broadband adoption was

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<sup>2</sup> See Windstream May 13, 2014, Comments in response to the Commission's April 1, 2014, Order in Application No. NUSF-91.

<sup>3</sup> <http://www.pewinternet.org/2013/09/25/whos-not-online-and-why/> For an adoption analysis with greater focus on rural areas, see NTCA's April 2012 "Conquering the Challenges of Broadband Adoption" at the following link: [http://www.ntca.org/images/stories/Documents/Advocacy/CCBA\\_Whitepaper.pdf](http://www.ntca.org/images/stories/Documents/Advocacy/CCBA_Whitepaper.pdf). The results of the project also indicated that 32% of adults believe broadband is too difficult to use, they do not know how to use it, or are otherwise unable to use it; and price (including computer or device costs) was a barrier to just 19% of non-user respondents. While some demographic information, such as lower average household income can be mapped where data are available, the reasons broadband is not adopted, as the Pew Research data illustrates, is not a function of income.

impacted by such factors as discount amount, duration of discount, speeds, usage limits, digital literacy training, and equipment.<sup>4</sup> The FCC's goal was to select projects that would provide the most useful data about how best to use future program funds to increase broadband adoption. The Commission should similarly specify data gathering requirements in its application process so that it will be better positioned in future years to select the most effective broadband adoption proposals.

Respectfully submitted this 4<sup>th</sup> day of  
August, 2014.

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<sup>4</sup> See *Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, Wireline Comp Bureau Order, 27 FCC Rcd 15842 (2012)