

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska)
Public Service Commission, on)
Its Own Motion, to Administer)
the Universal Service Fund)
High-Cost Program.)

Application No. NUSF-99

**Comments of AT&T Corp., Teleport Communications of America, LLC,
New Cingular Wireless, LLC d/b/a AT&T Mobility and Cricket Communications, LLC**

AT&T Corp., Teleport Communications of America, LLC, New Cingular Wireless, LLC d/b/a AT&T Mobility and Cricket Communications, LLC (“AT&T”) hereby submits its comments in response to the Nebraska Public Service Commission’s (“Commission’s”) Order Seeking Further Comments and Setting Hearing, entered June 16, 2015, in the above-entitled matter. AT&T commends the Commission for its desire to “create policies that incent carriers to make appropriate investment decisions in Nebraska and extend broadband access where it is needed.” While AT&T continues to support the comments previously filed in this matter by CTIA, AT&T respectfully suggests that, in light of the significant amounts of support the FCC is making available through the federal universal service Connect America Fund (“CAF”) support mechanisms to address broadband availability needs, and the significant progress the FCC has made toward implementing those mechanisms, the Commission should take no action in this proceeding at this time.

The Nebraska Legislature, in its universal service fund policy, declared that “access to advanced telecommunications and information services should be provided in all regions of the state.” (Neb. Rev. Stat. § 86-323(2)) AT&T supports this policy directive and believes that Nebraska should first allow the federal CAF support mechanisms to be implemented before making modifications to the current Nebraska Universal Service Fund (“NUSF”) distribution mechanism to address broadband availability. The FCC is directing significant financial

resources to carriers to address broadband availability needs in all states, including Nebraska, through the CAF high-cost universal service fund support mechanisms.

More specifically, on April 29th of this year, the FCC made an offer of CAF Phase II model-based support (“CAF II support”) to price cap carriers for eligible areas in their service territories. The CAF II support offered to Nebraska price cap carriers is \$23.2M per year; over the 6-year funding period, this would total \$139.2M; and because price cap carriers can elect to receive model-based support for an optional 7th year would total \$162.4M over 7 years. Price cap carriers must either accept or decline the offer, on a state-by-state basis, by August 27th of this year.¹

Thereafter, whether or not price cap carriers in Nebraska accept the offer of model-based CAF II support, the FCC will also be conducting a competitive bidding process for CAF II support for eligible areas within geographies served by price cap carriers.² If price cap carriers decline the offer of model-based CAF II support for a state, support for the areas that would have been addressed through the model-based CAF II support will also be auctioned. The FCC has targeted the Phase II auction for 2016;³ final rules for the auction are pending.

The locations that receive CAF II support and accordingly, the locations that still have broadband availability needs, will not be known until after these processes are complete.

¹ See Public Notice, *Wireline Competition Bureau Announces Connect America Phase II Support Amounts Offered to Price Cap Carriers to Expand Rural Broadband*, DA 15509, WC Docket No. 10-90 (FCC released April 29, 2015) (available at: <https://www.fcc.gov/document/model-based-support-offers-pn>); see also News Release, *Connect America Fund Offers Carriers Nearly \$1.7 Billion to Expand Broadband to Over 8.5 Million Rural Americans, Carriers Have Four Months to Accept or Decline Offers on State-Level Basis* (FCC April 29, 2015) (available at: https://apps.fcc.gov/edocs_public/attachmatch/DOC-333256A1.pdf).

² See *In the Matter of Connect America Fund*, WC Docket No. 10-90, *ETC Annual Reports & Certifications*, WC Docket No. 14-58, *Petition of US Telecom for Forbearance Pursuant to 47 U.S.C. § 160(c) from Obsolete ILEC Regulatory Obligations that Inhibit Deployment of Next-Generation Networks*, WC Docket No. 14-192, Report & Order, FCC 14-190, ¶¶ 71-81 (FCC released Dec. 18, 2014) (“CAF II Order”).

³ CAF II Order, ¶ 12.

If this Commission moves forward with this proceeding now, before these CAF II processes are complete, the possibility exists that the Nebraska fund would make support available for areas that otherwise could be addressed through the CAF II auction, potentially disqualifying those areas for CAF II auctioned support, and thereby potentially decreasing the amount of federal support for which Nebraska is eligible. In addition, whether model-based or auctioned support is at issue, there is a possibility that the Nebraska program will provide support that duplicates the federal support (e.g., by funding the same areas) or allows providers to double dip (e.g., receive support for the same facilities from both the federal and state mechanisms). Waiting to move forward with this proceeding until such time as the CAF II processes run their course would diminish these inefficient outcomes and would allow the Commission to evaluate what broadband availability need still exists that the federal mechanisms did not address.

In the meantime, available data from the National Broadband Map indicates that broadband is being deployed in Nebraska, even in the absence of a Nebraska broadband funding mechanism, at a pace that compares favorably with the rest of the nation. According to aggregated National Broadband Map statistical data, reflecting all technologies available in Nebraska, some form of broadband is available to Nebraskans at the following speeds. Nationwide data is provided for purposes of comparison:⁴

	≥3 mbps downstream	≥ 6 mbps downstream	≥10 mbps downstream	≥ 3 mbps down and	≥ 6 mbps down and
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⁴ Source: National Broadband Map, Broadband Statistics Report, Broadband Availability in Urban vs. Rural Areas – Urban vs. Rural - Speed Data by State (data as of 6/2014 (reported 3/2015) (most recent available) available at http://www2.ntia.doc.gov/files/broadband-data/Broadband_Availability_in_Rural_vs_Urban_Areas_June2014.pdf). The National Broadband Map Broadband Statistics report also identifies broadband availability at other speeds besides those listed here; and also identifies wireline vs. wireless broadband availability.

				≥ 768 kbps up	≥ 1.5 mbps up
NE rural population	99.6%	99.4%	99.0%	99.6%	99.1%
Nationwide rural population	98.7%	97.0%	96.0%	98.7%	95.8%
NE urban population	100%	100%	100.0%	100%	100%
Nationwide urban population	100%	99.9%	99.9%	100.0%	99.9%

So holding off for now, until the CAF II mechanisms have run their course, does not harm Nebraskans, it will ensure that NUSF dollars are used as efficiently as possible.

If, however, policy makers nonetheless wish to establish a funding mechanism to address broadband needs in Nebraska before the CAF II activities above have run their course, AT&T recommends that they focus state resources on promoting broadband adoption among consumers who do not use broadband Internet access services at home. Programs designed to increase broadband adoption among non-users neither hinder nor are dependent upon the CAF, and in fact complement the FCC's efforts to address broadband availability through the CAF.

In many states, despite the widespread availability of consumer broadband services, many households do not subscribe to broadband Internet access services. Available FCC data indicates that Nebraska is no exception:⁵

⁵ Source: FCC Industry Analysis & Technology Division, Wireline Competition Bureau, Internet Access Services: Status as of December 31, 2013, October 2014 (most recent available), Table 13, Residential Fixed Connections at Least 3 Mbps Downstream/768 kbps Upstream and Households by State as of December 31, 2013; Table 14, Residential Fixed Connections and Households by State as of December 31, 2013 http://transition.fcc.gov/Daily_Releases/Daily_Business/2014/db1016/DOC-329973A1.pdf

	Connections at least 3 Mbps down/768 kpbs up (thousands)	Households (thousands)	Subscribership Ratio
NE	432K	734K	0.59
National	72,476K	121,061	0.60
	Connections at least 200 kbps in at least 1 direction (thousands)	Households (thousands)	Subscribership Ratio
NE	520K	734K	0.71
National	87,599	121,061	0.72

Closing this broadband adoption gap is an important policy objective. The full benefits of universal broadband deployment – such as improved educational and job opportunities, improved health care, and economic growth - will not be realized unless we also achieve universal broadband adoption.⁶ Solutions to solve the broadband adoption gap must address all the barriers to broadband adoption, especially the most prominent barriers of relevance and digital literacy.

CONCLUSION

Because any broadband funding mechanism the Commission may establish through the NUSF represents limited public dollars, ultimately borne by the people of Nebraska, the Commission has a duty to ensure that NUSF dollars are used as efficiently as possible. As a

⁶ According to a September 2013 Pew Research Center report “Who’s not online and why?” there are a variety of reasons why someone does not subscribe to broadband:

- 34% of non-internet users think the internet is just not relevant to them, saying they are not interested, do not want to use it, or have no need for it.
- 32% of non-internet users cite reasons tied to their sense that the internet is not very easy to use. These non-users say it is difficult or frustrating to go online, they are physically unable, or they are worried about other issues such as spam, spyware and hackers.
- 19% of non-internet users cite the expense of owning a computer or paying for an internet connection.
- 7% of non-users cited a physical lack of availability or access to the internet.

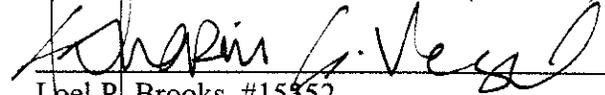
<http://www.pewinternet.org/2013/09/25/how-americans-go-online/>

result, AT&T recommends the Commission allow the CAF support mechanism to be fully implemented before making modifications to the NUSF to address broadband availability issues. If the Commission desires to address broadband needs in Nebraska it should look to promoting programs designed to increase broadband adoption among consumers.

Respectfully submitted this 30th day of June, 2015.

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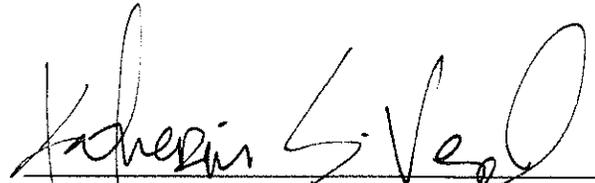
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The undersigned hereby certifies that on this 30th day of June, 2015, an original, one copy and an electronic copy of the Comments of AT&T in NUSF-99 were delivered to:

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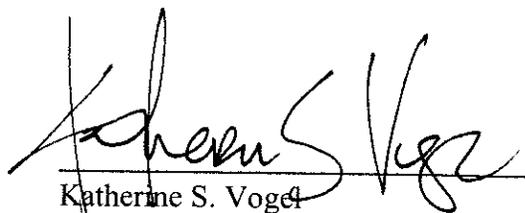
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