

**Nebraska Universal Service Advisory Board Meeting  
Public Service Commission Hearing Room  
The Atrium, 1200 “N” Street  
Lincoln, Nebraska  
May 2, 2012**

The Nebraska Universal Service Advisory Board met May 2, 2012 at the Public Service Commission Hearing Room, 300 The Atrium, 1200 N Street in Lincoln, Nebraska.

Mr. Glover, Chair of the Advisory Board, called the meeting to order at 2:07 pm. The following board members were present:

Dave Glover;  
Rob Logsdon;  
David Rosenbaum;  
Jeffrey Zindel;  
Loren Duerksen; and  
Patrick Haggerty

Present from the Public Service Commission were Sue Vanicek, Shana Knutson, Laurie Casados and Tyler Frost.

A roll call was taken to establish Quorum status.

**Terms of Board Members and Re-appointments**

Ms. Vanicek introduced two new members of the Board; Loren Duerksen and Patrick Haggerty, both as representatives from telecommunication carriers.

Discussion ensued on the term limits of current Board members and it was determined that no current members were at their term limit. It was also determined that David Glover will remain as Chair of the Board for the upcoming calendar year.

**Approval of Minutes from April 22, 2011**

A motion was made by Mr. Logsdon and seconded by Mr. Rosenbaum to approve the minutes from the April 22, 2011 Advisory Board Meeting. Upon agreement of all board members present, the minutes were approved as presented and the motion carried.

**Discussion of the FCC’s order on USF/ICC Reform**

Ms. Knutson provided information to the Board on some key components of the FCC’s order on USF/ICC Reform. She noted that the FCC’s order proposes to extend broadband service to the 18 million Americans living in rural areas with no current broadband available, with the creation of the Connect America Fund (CAF). The order establishes separate funding components and levels as follows: Price Cap carriers- \$1.8 billion annually for five years, ROR carriers – approx. \$2 billion annually through 2017, Mobility Fund – up to \$300 million in ongoing annual support in phase I and \$500 million in ongoing annual support (which includes up to \$100 million in

support to Tribal areas) in phase II, and the Remote Areas component with at least \$100 million annually to the most remote areas. Ms. Knutson reported that Phase I of the order freezes all high cost support at 2011 levels, at no more than \$4.5 billion annually over the next six years. Phase II of the order will determine support for Price Cap territories using a cost model and if the incumbent carriers elect to not take support then support would be awarded through a competitive bidding process. Rate of Return carriers will have a gradual 3 year phase down of per line support to a cap of \$250 per month and the notice seeks further comment on long term broadband support for Rate of Return carriers and on reducing the current 11.25% ROR. Phase II will also establish support eligibility for the Mobility Fund through a competitive bidding process, with the estimated date being in September 2012.

The order also aims to phase out what is considered an outdated access billing system and move to a bill and keep arrangement, with the ability for incumbents to implement an access recovery charge as a transitional mechanism to recover a certain level of lost access revenues.

Mr. Logsdon inquired about the expected impact of the changes on Nebraska and Ms. Knutson replied that the impact is uncertain at this time. Ms. Vanicek informed the board about the FCC exploring changes to the USF contribution mechanism and that the department would be watching that matter closely.

### **Discussion of the FCC's order on Lifeline Reform**

Ms. Vanicek provided the board a status update on the FCC's Lifeline reform order. She noted that right now we use six programs as a basis for eligibility for the program and starting with June 1, 2012 two additional requirements will need to be added; TANF and an income requirement of 135% or less of the poverty level. Ms. Vanicek discussed the amount of changes that had to be made to the Nebraska application to satisfy the necessary statements and information required by the FCC. She also discussed the changes that would need to be made to the department's recertification process and the fact that the entire Nebraska database will have to go through a recertification effort starting in June 2012. Ms. Vanicek noted that the required changes would increase the department's workload and that a third full time NTAP position would start in July 2012. She also noted that the FCC is decreasing the federal discount from \$10 to \$9.25 tentatively to start in August 2012 and is also exploring the possibility of a centralized database to prevent duplicate discounts provided. Mr. Duerksen responded that the changes and possible national database can have the potential to place a great deal of responsibility on the carriers.

### **Schools, Libraries, and Health Care Activities Report**

No report on schools and libraries.

Mr. Glover updated the Board on Health Care activities. He discussed how the UNMC network has begun using mobile devices such as smartphones and iPads for physicians to connect to the NSTN, which will provide an ease of use and further increase usage of the network. He also discussed a series of educational webinars organized by Lieutenant Governor Rick Sheehy and Chief Medical Office Dr. Joann Schaefer, aimed at promoting the incorporation of telehealth into patient care with physicians and other healthcare providers. Mr. Glover noted that the NSTN had recently connected to its first skilled nursing home which will be used particularly to increase mental health services in nursing homes. He also noted that the NSTN is working with

jailing facilities in Nebraska to help decrease the need of transporting inmates for medical appointments. Mr. Glover also discussed an August OAT grant that is hoped to help increase and improve mobile communications with ambulances for Nebraska hospitals.

Ms. Vanicek noted that there is still an open position for both the school and library representative on the board.

### **Nebraska Telephone Assistance Program Update**

Ms. Vanicek informed the Board that there are currently approximately 14,800 enrollees in the NTAP program. She noted that enrollment has continued to go down from last years enrollment numbers of 17,000 but is mostly attributable to the department's continued efforts of recertification. Mr. Logsdon inquired about what the total eligible pool of applicants in Nebraska is to which Ms. Vanicek responded that because we go off of programs handled mostly through HHS we don't have that information but estimates from HHS appear to be close to 60,000, which would be about a 10-20% participation rate for NTAP.

### **Dedicated Wireless Program Report**

Ms. Vanicek discussed the 2011 NUSF-69 applications noting there were three carriers that applied for funding – Long Lines Wireless, US Cellular and Viaero Wireless and that funding was awarded to two carriers; Viaero for \$3.3 million for construction of 9 cell towers and US Cellular for \$1.7 million for construction of 4 cell towers. She informed the board that the Commission has set the available funding at \$5 million for the 2012 application period as well.

Ms. Vanicek also noted that the NPSC had recently required the cell sites receiving funding under this program to be broadband capable. She informed the board that 52 cell towers had been built with funds from this program since its inception.

### **NUSF-77: NTA Petition for Review of NUSF Processes and Procedures**

Ms. Vanicek informed the board that applications for this broadband pilot program were due in January 2012, with \$4 million available for funding and a minimum of a 25% match requirement from applicants. She noted that seven carriers applied for funding and the staff recommendation would mean that all carriers would receive funding this year. She also noted that the application and approval process will be re-examined for subsequent funding years.

### **NUSF-4: Discussion Regarding NUSF Surcharge**

Ms. Vanicek notified the board that the fund currently has a balance of \$25.5 million with about \$7 million of that already earmarked for dedicated wireless support approved but not yet paid and \$4 million of that earmarked for the broadband pilot program but not yet paid. She also advised that the changes to the NTAP program previously discussed would cause costs for that program to increase but it is not yet known how substantially.

Ms. Vanicek stated that the fund is paying out approximately \$3.5 million monthly for all programs so the fund balance, minus commitments, is roughly a 4 month reserve.

A motion was made by Mr. Logsdon and seconded by Mr. Duerksen to recommend leaving the surcharge at 6.95% for the upcoming fiscal year. Upon agreement of all board members present, the motion carried.

### **Other Business**

### **Adjourn**

A motion was made by Mr. Rosenbaum and seconded by Mr. Haggerty to adjourn. Upon agreement of all board members the meeting adjourned at 2:50 pm.