

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 development of a Nebraska broadband telephone assistance program.	Application No. NUSF-91
FURTHER COMMENTS OF QWEST CORPORATION d/b/a CenturyLink QC and UNITED TELEPHONE COMPANY OF THE WEST d/b/a CENTURYLINK	

On April 1, 2014, the Nebraska Public Service Commission (“Commission”) issued a request for further comments in the above referenced proceeding. In particular, the Commission seeks comment on a proposal to utilize a portion of the support currently allocated to the Nebraska Broadband Program (“NEBP”) to establish a low-income broadband pilot project with the goal of making broadband services more affordable to low-income consumers. Qwest Corporation d/b/a CenturyLink QC and United Telephone Company of the West d/b/a CenturyLink (collectively, “CenturyLink”) appreciates the Commission’s efforts to ensure broadband services are available and affordable to low-income subscribers and provides these further comments for the Commission’s consideration.

- 1. Should the Commission allocate a portion of the universal service fund support currently set aside for broadband grants to initiate a pilot program subsidizing retail broadband service for low-income subscribers?**

The Commission currently has \$9 million allocated to the broadband grant program; however applications for NEBP support in 2014 far exceeded the \$9 million that is available. Should the Commission choose to implement a pilot low-income

subscriber program and allocate a portion of the \$9 million to this pilot program, less support will be available for broadband deployment projects, which will delay the deployment of broadband service to high-cost areas of the state. In making the decision whether to allocate a portion of the \$9 million to the low-income pilot program, and how much to allocate, the Commission must balance the needs and goals of both programs.

a. Is a \$2 million allocation for calendar year 2015 reasonable?

Before the Commission can determine if a \$2 million annual allocation for the low-income broadband adoption program is reasonable, it must first determine the potential demand for the subsidy. And until the Commission determines the eligibility requirements of the program, it is difficult to determine what the potential demand may be. Therefore CenturyLink recommends the Commission first determine the goals and eligibility requirements of the low-income broadband adoption program before it attempts to determine how much funding to allocate.

b. For calendar year 2014, the Commission set aside \$9 million for the broadband grant program. An allocation of \$ 2 million in 2015 would leave \$7 million for the broadband grant program. Would this change be reasonable?

The Commission must balance the needs of both the NEBP and the low-income pilot program in determining the appropriate level of funding for these programs given the limited resources that are available. Both programs can contribute to increasing the number of customers that subscribe to broadband services in the state. As noted above, in 2014 the Commission received requests for funding from the NEBP that far outweighed the funding that was available. There continues to be a high demand for

the NEBP to help offset the high cost of deploying broadband service in rural areas of the state. With the delay and reworking in the Connect America Fund Round II plan and funding, the NEBP support is more important than ever. Alternatively, the low-income pilot program has the potential to increase subscribership for a portion of the population that may not be able to afford broadband otherwise. The Commission must decide on the appropriate level of funding needed to achieve the goals of both the NEBP and the low-income pilot program.

c. Are there other alternatives the Commission should consider to increase broadband adoption in Nebraska?

The Commission should be mindful of the fact that some Nebraskans will not subscribe to broadband service for any reason. No matter how much effort the Commission puts in, 100% broadband subscribership is not an achievable goal.

2. If the Commission does initiate a pilot program to make broadband service more affordable to low-income consumers, how much should the Commission provide in monthly support?

CenturyLink's understanding is that the purpose of the pilot is to explore how to improve broadband penetration for lower income consumers, not to explore what speed service these consumers would prefer. Therefore, support should be provided only at a level that gives the low-income consumer the incentive to purchase broadband service. In addition, conditions for eligibility should be provided in a manner similar to the existing NTAP program for low-income voice service. The Commission should administer the program, establish eligibility and provide that eligibility information to the broadband provider. The provider would apply the credit to the customer's bill and seek reimbursement for the credits from the Commission. The Commission must also

consider whether a low-income consumer who subscribes to a bundle of services that includes both voice and broadband service would be eligible for both the NTAP discount and the broadband discount.

a. Is a \$10.00 subsidy reasonable?

CenturyLink believes that a monthly subsidy of \$10.00 is the maximum amount that the Commission should consider. Setting a flat subsidy amount will ensure consumers shop for the best plan that provides the speed needed at a price the consumer can afford. As technological improvements continue to be made, the price for ever increasing broadband speeds will continue to decline.

CenturyLink notes that \$2 million of annual funding, at \$10.00 per subscriber per month, will provide subsidies to nearly 17,000 low income customers. The USAC reports for 2013 indicate that there are fewer than 14,000 Lifeline recipients in Nebraska,¹ indicating that the proposed funding of \$2 million may be too high. However, the Commission does need to determine what course of action to take if the demand for the subsidies outstrips the available funding. If there are customers that meet the eligibility requirements for the low-income program, but funding has been exhausted, will those customers be denied the discount? Will the credits continue until the customer disconnects service? Will the customer be required to requalify for the discount each year? The Commission must also decide whether the subsidy should be made available for wireless broadband service. If so, the Commission should impose a limit of one

¹ The USAC Lifeline Disbursement report indicates that \$1,519,396 was distributed to Nebraska carriers in 2013. At a subsidy of \$9.25 per month, an average of 13,688 customers received support ($\$1,519,396/\$9.25/12 = 13,688$).

subsidy per household, similar to the current NTAP discount, to ensure the \$2 million extends to as many households as possible. Limiting participation within a household will prevent an explosion in subsidies, similar to what the FCC experienced when Lifeline discounts were extended to wireless phones. Finally, the Commission should consider whether the subsidy should be provided to low-income customers that currently subscribe to broadband service. If the Commission's goal is to increase broadband subscribership among these low-income consumers, the discount should not be provided to those consumers that already have broadband. CenturyLink recommends that for ease of administration for both the Commission and providers that the qualifications for consumer eligibility for the broadband pilot mirror the qualifications for Lifeline voice eligibility.

b. Would a \$10.00 discount on a monthly recurring bill result in consumers paying a reasonable share for their broadband service while addressing the Commission's affordability concerns?

As noted above, many broadband providers are providing service at rates that are very reasonable. Reducing those rates by another \$10.00 per month should address the Commission's concerns regarding the affordability of service.

c. Are there other alternatives the Commission should consider?

CenturyLink currently has a low-income broadband subscribership program in place that allows customers to purchase broadband service for as low as \$9.95 per month. Other broadband providers may have similar programs in place. CenturyLink suggests that the Commission could partner with CenturyLink to offer broadband service to low-income customers at reasonable rates through these existing programs.

- 3. If the Commission does initiate a low-income broadband pilot program:**
 - a. Should the Commission establish a test period for the pilot program and then determine the efficacy of the program?**
 - i. If so, how should the success of the pilot program be measured?**

Yes, the Commission should establish a test period for the pilot program. The FCC has funded a pilot program to gather data on how the Lifeline program can be structured to increase broadband adoption among low-income consumers. The FCC's pilot program allows for a trial lasting up to 18 months, which includes a start-up period and actual testing period of 12 months. CenturyLink believes the FCC's test period is reasonable and should be considered by this Commission as a model for its pilot program.

If the Commission chooses to implement a low-income broadband pilot program, it must determine the goals of both this program and the NEBP. Without knowing the goals of the programs, the Commission has no way of determining if the low-income broadband pilot program is a success or if there have been negative impacts to the NEBP from the reduced funding. Once these goals have been established, the Commission can then determine the metrics by which the success of the program will be measured. Those metrics may include such measures as the number of new low-income broadband subscribers or reduced churn of low-income broadband subscribers.

ii. Is there relevant data providers have collected from other broadband adoption programs that the Commission should consider?

Yes, there may be relevant data from providers that offer a broadband adoption program that would be relevant to the Commission's plans and should be considered. CenturyLink offers Internet Basics, a program that offers low-income consumers broadband service for as low as \$9.95 per month. Other providers may have similar programs. In addition, the FCC is currently conducting broadband adoption trial projects, the results of which could provide the Commission with additional data points for analysis.

b. If the Commission establishes a pilot program, how should the Commission encourage consumer awareness of the program?

There are a number of ways that the Commission can establish awareness of the program and encourage consumer participation. Information on the pilot program can be provided to schools and libraries as well as to state agencies that routinely work with low-income citizens.

c. Should there be a requirement for providers to advertise the availability of the discount program? Should this requirement be different from the requirement Lifeline providers have today?

The burden of advertising the low-income pilot program should not be placed on the broadband providers if they are required to participate. The Commission should instead consider financing advertising from the funds it proposes to allocate to the program. The Commission should be the catalyst for broadband awareness and the pilot program. Alternatively the Commission can consider having carriers include

information on the low-income broadband program with the information that is provided to subscribers as part of the NTAP program.

4. Are there any other suggestions or proposals the Commission should consider at this time?

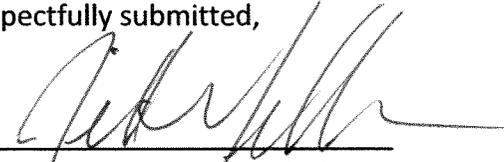
CenturyLink notes that, no matter how much support is allocated to the pilot program, education will be needed to help potential subscribers learn about the program, the benefits of broadband service, and often how to access and use the internet. In addition, making discounted broadband service available does no good if consumers do not have a way to access the internet, so the Commission should consider how to get computers or tablets into the hands of low income consumers who would not otherwise be able to purchase these devices.

The Commission must also determine the parameters of the program and who will be eligible for subsidies. Will the subsidies apply only to low-income consumers subscribing to broadband for the first time, or will existing low-income subscribers be eligible as well? Will the customer be able to utilize the broadband subsidy along with the NTAP subsidy?

The Commission may also consider partnering with CenturyLink and other companies that have implemented internet adoption programs to extend the reach of the pilot program.

Dated May 13, 2014

Respectfully submitted,

By: 

Jill Vinjamuri Gettman #20763

Michael J. Mills #19571

GETTMAN & MILLS LLP

10250 Regency Circle Suite 105

Omaha, NE 68114

(402) 320-6000

(402) 391-6500 (fax)

jgettman@gettmanmills.com

Norman G. Curtright

CENTURYLINK

20 E. Thomas Road

Phoenix, AZ 85012

(602) 620 2187

norm.curtright@centurylink.com

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 13th day of May, 2014, a true and correct copy of the Further Comments of Qwest Corporation d/b/a CenturyLink QC and United Telephone Company of the West d/b/a CenturyLink were provided to the following interested persons as follows:

Via hand-delivery to:

Steve Meradith, Executive Director
Nebraska Public Service Commission
300 Atrium Building
1200 N Street
Lincoln, NE 68508

Electronically mail to the following:

Brandy Zierott : Brandy.Zierott@nebraska.gov
Sue Vanicek: sue.vanicek@nebraska.gov
Shana Knutson: Shana.knutson@nebraska.gov

Katherine Vogel
Brooks, Pansing Brooks, PC, LLO
1248 O Street, Suite 984
Lincoln, NE 68508
KVogel@brookspanlaw.com

Scott Bohler
Manager, Government and External Affairs
Frontier Communications
2378 Wilshire Boulevard
Mound, MN 55364
Scott.Bohler@FTR.com

Jeffrey Kirkpatrick
The City of Lincoln
555 South 10th Street, Suite 300
Lincoln, NE 68508
jkirkpatrick@lincoln.ne.gov

Deonne Bruning PC LLO
2901 Bonacum Drive
Lincoln, NE 68502

Paul M. Schudel
Woods & Aitken LLP
301 South 13th Street, Suite 500
Lincoln, Nebraska 68508
PSchudel@woodsaitken.com

Troy Kirk
Rembolt Ludtke Law Firm
1201 Lincoln Mall - Ste 102
Lincoln NE 68508
TKirk@remboltlawfirm.com

William Hunt
dishNET Wireline
9601 S Meridian Blvd.
Englewood, CO 80112
Williamp.hunt@dish.com

Steve Seglin
Crosby Guenzel, LLP
134 South 13th Street #400
Lincoln, NE 68508
SGS@cosbylawfirm.com

Matthew Feil
Senior Counsel, Windstream
1201 West Peachtree Street, Suite 610
Atlanta, GA 30309
Matthew.feil@windstream.com



Jill Vinjamuri Gettman