

**BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION**

In the Matter of the Nebraska )  
Public Service Commission, on its ) Application No. NUSF-92.16  
own motion, seeking to )  
Administer the Nebraska )  
Universal Service Fund's )  
Broadband Program: Application )  
to the Nebraska Broadband )  
Program received from Windstream )  
Communications of Nebraska. )

**DIRECT TESTIMONY OF BRAD HEDRICK**

**ON BEHALF OF**

**WINDSTREAM NEBRASKA, INC. ("WINDSTREAM")**

**May 9, 2014**

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**DIRECT TESTIMONY OF  
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1                   **I.     BACKGROUND AND QUALIFICATIONS**

2   **Q.     PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3   A.     My name is Brad Hedrick. My business address is 1440 M Street, Lincoln, NE  
4           68508.

5   **Q.     BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6   A.     I am employed by Windstream as its Division Vice President, Field  
7           Operations, for a fifteen-state region that includes the State of Nebraska.

8   **Q.     ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS**  
9           **PROCEEDING?**

10  A.     I am testifying on behalf of Windstream.

11  **Q.     PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL**  
12           **BACKGROUND AND PROFESSIONAL EXPERIENCE.**

13  A.     I received a Bachelor of Science degree in Electrical Engineering from the  
14           University of Nebraska-Lincoln in 1979 and a Masters of Business  
15           Administration from the University of Nebraska-Lincoln in 1984. I have  
16           worked in the telecommunications industry for 33 years, all with Windstream  
17           and its predecessor companies (Alltel, Aliant, and Lincoln Telecom). Over the  
18           years, my management responsibilities have encompassed both the wireline  
19           and wireless sides of the communications business and, at various times,  
20           included authority in the areas of transport engineering, planning, marketing,  
21           business development, business sales management, general business unit  
22           management, and field operations management. As part of my management

1 positions, I have made presentations on telecommunications issues before trade  
2 associations, such as the Nebraska Telecommunications Association and  
3 Minnesota Telecommunications Association, I have made presentations on  
4 telecommunications topics at trade shows, including the Mid-America  
5 Telecom Showcase & Seminar, I have appeared before local government  
6 officials to address issues affecting the industry, and I have testified before a  
7 committee of the Nebraska Legislature regarding the merits of a legislative  
8 proposal.

9  
10 **Q. HAVE YOU TESTIFIED IN ANY PRIOR COMMISSION**  
11 **PROCEEDINGS?**

12 A. Yes, I have testified before the Nebraska PSC on numerous occasions  
13 over the last seventeen years. The first such instance was in 1997, when I was  
14 the primary sponsoring witness on Aliant's CLEC application and testified as  
15 to the company's technical and financial ability. I have testified as the primary  
16 sponsoring witness on other CLEC applications as well, and have testified on a  
17 variety of other issues before the Commission in years prior. I was also the  
18 Windstream witness testifying in support of its application for broadband grant  
19 funds last year, in Application No. NUSF-77.19.

20

21 **II. PURPOSE OF TESTIMONY**

22 **Q. PLEASE DISCUSS THE PURPOSE OF YOUR TESTIMONY.**

23 A. The purpose of my testimony is to support and describe Windstream's  
24 application for grants from the Nebraska Universal Service Broadband Fund;

1 to confirm Windstream's commitment to build any of its projects that are  
2 approved by the Commission; and to reiterate that Windstream will contribute  
3 25% matching funds for each of its projects that are approved by the  
4 Commission. Windstream appreciates the Commission Staff's review of  
5 Windstream's application and accepts the recommendation to fund  
6 Windstream's proposed DuBois broadband project.

7  
8 **Q. WHAT EXHIBITS ARE YOU SPONSORING?**

9 A. I am sponsoring, and Windstream asks the Commission admit as an exhibit,  
10 the application that Windstream filed on January 28, 2014, as later  
11 supplemented on March 5, 2014, in response to staff's requests for  
12 clarification. I have not included a copy of the Application or supplement as  
13 exhibits attached to this testimony, as both are already on file with the  
14 Commission and neither contains any confidential information. I am  
15 sponsoring no other exhibits at this time.

16  
17 **III. WINDSTREAM'S APPLICATION FOR FUNDING**

18 **Q. PLEASE DESCRIBE WINDSTREAM'S APPLICATION**

19 A. Pursuant to the Commission's order entered on December 10, 2013,  
20 Windstream submitted an application on January 28, 2014, for six grants to  
21 fund construction of fiber interoffice facilities between Windstream Central  
22 Offices that currently utilize only copper interoffice facilities. (In response to

1 some questions from staff, a supplement to the application was filed on March  
2 5, 2014.)

3

4 **Q. WHAT IMPACT WILL EACH OR ANY OF THE APPLICATION**  
5 **PROJECTS HAVE FOR WINDSTREAM CUSTOMERS?**

6 A. Today, customers in each of the exchanges in the application share a handful  
7 of DS-1 circuits to gain Internet access. Each DS-1 circuit has capacity for 1.5  
8 Mbps downstream. The current capacity from each central office varies  
9 depending on consumer demand and the availability of copper. The change  
10 from copper to fiber interoffice facilities would permit Windstream to expand  
11 its backbone broadband capacity typically in increments of 100 Mbps as  
12 necessary to meet customer needs. Windstream customers will be able to  
13 select access speeds ranging from 12 Mbps downstream within one loop route  
14 mile of the CO to 6 Mbps downstream at two loop route miles. Significantly  
15 higher download speeds may be possible depending on the condition of the  
16 local loop.

17

18 **Q. WHAT WILL HAPPEN TO THE EXISTING COPPER FACILITIES**  
19 **SUPPLEMENTED BY FIBER FACILITIES?**

20 A. Copper cables are rarely removed. Typically, copper facilities will remain in  
21 place to support existing services. For the projects under review in this case, it  
22 is very likely the existing interoffice and local copper facilities will be re-  
23 tasked to serve as intra-exchange distribution facilities.

24

1           **IV.    WINDSTREAM’S RESPONSE TO STAFF’S ANALYSIS**

2

3   **Q.    HAVE YOU REVIEWED THE COMMISSION STAFF’S ANALYSIS**  
4   **OF WINDSTREAM’S APPLICATION?**

5   A.    Yes, I have read the Staff Recommendation dated April 22, 2104.

6   **Q.    WHAT WERE YOUR OBSERVATIONS?**

7   A.    It appears the Commission Staff reviewed the parties’ 16 applications and 96  
8   individual projects in a professional, thorough manner. The Staff seemed to  
9   follow the same basic processes it followed last year for reviewing the  
10   Broadband Pilot Program grant requests. (The Broadband Pilot Program and  
11   the Dedicated Wireless Program were merged last year to form the present  
12   Universal Service Fund Broadband Program.) Windstream is very  
13   appreciative that Staff recommends approval of the grant for the DuBois  
14   Windstream project and is somewhat disappointed for its customers in the  
15   other service areas where Windstream’s requests were not successful. Since  
16   Windstream’s other projects did not score well enough for an affirmative  
17   recommendation, Windstream will examine its broadband priorities, analyze  
18   the best options for the company and its customers and perhaps re-evaluate its  
19   approach for submitting any broadband funding requests to the Commission in  
20   future application cycles.

21

22   **Q.    WHAT ARE WINDSTREAM’S OBLIGATIONS IF THE COMPANY**  
23   **RECEIVES REQUESTED STATE BROADBAND FUNDING?**

1 A. Windstream will contribute at least 25% matching funds for the grant received,  
2 and the company will construct the broadband deployment projects as soon as  
3 weather and scheduling permit.

4

5 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

6 A. Yes. On behalf of Windstream, I respectfully request that the Commission  
7 approve funding the DuBois Windstream project grant as Staff recommended.

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