

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska)
Public Service Commission, on its) Application No. NUSF-92.39
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")

June 16, 2015

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**DIRECT TESTIMONY OF
BRAD HEDRICK**

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 seven-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 35 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.

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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 eighteen years. The first instance was in 1997, when I was the
14 primary sponsoring witness on Aliant's CLEC application and testified as to
15 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
17 before the Commission on a variety of other issues. Most recently, I have
18 testified in support of Windstream applications for broadband grant funds in
19 the last two years and in the Commission dockets involving the broadband
20 adoption program this year.

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II. PURPOSE OF TESTIMONY

Q. PLEASE DISCUSS THE PURPOSE OF YOUR TESTIMONY.

A. The purpose of my testimony is to support and describe Windstream’s application for grants from the Nebraska Universal Service Broadband Fund; to confirm Windstream’s commitment to build any projects that are approved by the Commission; and to reiterate that Windstream will contribute 25% matching funds for the projects that are approved by the Commission. Windstream appreciates the Commission Staff’s review of Windstream’s application and the staff’s recommendation to approve Windstream’s proposed Crab Orchard broadband project.

Q. WHAT EXHIBITS ARE YOU SPONSORING?

A. I am sponsoring, and Windstream asks the Commission to admit as an exhibit, the application that Windstream filed on November 24, 2014, as amended on March 2, 2015, to reflect withdrawal of the Plymouth to Beatrice project from consideration, and as later supplemented on March 25, 2015, to respond to various staff requests for clarification. I have not attached/included a copy of the amended application and supplement as exhibits to this testimony, as all are already on file with the Commission and none contain any confidential information. I am sponsoring no other exhibits at this time.

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III. WINDSTREAM'S APPLICATION FOR FUNDING

Q. PLEASE DESCRIBE WINDSTREAM'S APPLICATION

A. Pursuant to the Commission's order entered on September 3, 2014, Windstream submitted an application on November 24, 2014, for five grant projects to fund construction of fiber interoffice facilities between Windstream Central Offices that currently utilize only copper interoffice facilities. (As noted, Windstream withdrew the Plymouth to Beatrice project via an amendment filing on March 2, 2015, and supplemented information on the four remaining projects via a filing made November 25, 2015.)

Q. WHAT IMPACT WOULD EACH OR ANY OF THE APPLICATION PROJECTS HAVE FOR WINDSTREAM CUSTOMERS?

A. Today, customers in each of the exchanges in the application share a handful of DS-1 circuits to gain Internet access. Each DS-1 circuit has capacity for 1.5 Mbps downstream. The current capacity from each central office varies depending on consumer demand and the availability of copper. The change from copper to fiber interoffice facilities would permit Windstream to expand its backbone broadband capacity typically in increments of 100 Mbps as necessary to meet customer needs. Initially, Windstream customers will be able to select access speeds ranging from 12 Mbps downstream within one loop-route mile of the Central Office to 6 Mbps downstream at two loop-route miles. Significantly higher download speeds will be available including 100 Mbps downstream on short distance loops in early 2016.

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

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

IV. WINDSTREAM'S RESPONSE TO STAFF'S ANALYSIS

Q. HAVE YOU REVIEWED THE COMMISSION STAFF'S ANALYSIS OF WINDSTREAM'S APPLICATION?

A. Yes, I have read the Staff Recommendation dated May 12, 2015.

Q. WHAT WERE YOUR OBSERVATIONS?

A. It appears that Commission Staff reviewed the parties' 20 applications and 67 individual projects and seemed to follow the same basic processes it followed in prior years for reviewing the Broadband Pilot Program grant requests. (The Broadband Pilot Program and the Dedicated Wireless Program were merged two years ago to form the present Universal Service Fund Broadband Program.) While Windstream appreciates Staff's recommendation that the Commission approve the Crab Orchard project, Windstream is disappointed for its customers in the other service areas where Windstream's requests were not successful. Windstream may provide additional comment on other aspects of the staff recommendation in the reply round of testimony in this proceeding.

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2 **Q. WHAT ARE WINDSTREAM'S OBLIGATIONS IF THE COMPANY**
3 **RECEIVES REQUESTED STATE BROADBAND FUNDING?**

4 A. For the Crab Orchard project staff recommends, Windstream will agree to the
5 grant terms consistent with its application and lawful Commission
6 requirements and Windstream will contribute at least 25% matching funds for
7 the grant received. The company will construct the broadband deployment
8 projects as soon as weather and scheduling permit.

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

11 A. Yes. On behalf of Windstream, I respectfully request that the Commission
12 approve funding the Crab Orchard Windstream project grant as Staff
13 recommends.

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