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Transportation and Telecommunications Committee
March 19, 2013

[LB617 CONFIRMATION]

The Committee on Transportation and Telecommunications met at 1:30 p.m. on Tuesday, March 19, 2013, in Room 1113 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on gubernatorial appointments and LB617. Senators present: Annette Dubas, Chairperson; Jim Smith, Vice Chairperson; Lydia Brasch; Galen Hadley; Beau McCoy; Scott Price; and Dan Watermeier. Senators absent: Charlie Janssen.

SENATOR DUBAS: Good afternoon and welcome to the Transportation and Telecommunications Committee hearing, the final hearing for the legislative session. Today we'll be having two confirmations for the Nebraska Information and Technology Commission, followed by LB617. So, I'll begin today by introducing my fellow committee members. To my far left, we have Senator Lydia Brasch from Bancroft; Senator Beau McCoy, Omaha; Senator Galen Hadley, Kearney. To my immediate left is Anne Hajek; she is the committee clerk. It's her job to keep the recordings and record of what transpires at the hearings here today. I'm Senator Annette Dubas from Fullerton. To my immediate right is Joselyn Luedtke; she is the committee counsel. And we have Senator Jim Smith from Papillion, the Vice Chair of the Transportation and Telecommunications Committee; Senator Scott Price from Bellevue; Senator Dan Watermeier from Syracuse; and then Senator Charlie Janssen who is...did he say he's not coming today? He may be joining us later. I know he had some other things going on. So, and again, as the hearing proceeds, if senators get up and come and go, it is just the fact that there are other committee hearings going on, and they may have bills to introduce in those committees, so please don't be offended by the comings and goings of the committee. We are fortunate in the Legislature to be served by a page program; they help us in our committee hearings as well as up on the legislative floor, and we're very appreciative of the work that they do to help us do our work. So today in our committee we have Kaitlyn Evanko-Douglas from Montrose, Colorado; she is a senior at UNL majoring in political science and global studies. And Sara (sic) (Sabrina) Buckwald who is also a senior at UNL majoring in political science. So thank you, ladies, for helping us out today. When you come to the table to testify, back on the table by the door there, there are these green sheets, if you would have those filled out and hand it to the page as you come to the table. This is, again, to help us with keeping an accurate record of the hearing. When you sit down at the table, we ask that you state and then spell your name clearly for the record. If you're here today and want to be on the record regarding the confirmations or the bill that is being presented but don't want to come up to the table and testify, again, back there on the table there is a pink sheet so you can fill out the appropriate information. That will be collected at the end of the hearing to include into the permanent record. If you have handouts for the committee, we ask that you have 12 copies. If you don't, if you can get those to the page, they'll get those copies made for you and then hand it out to the fellow committee members. As I said, state and spell your name for the record. I know it's just our human nature take hold of the mike and try

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to adjust it or do whatever you think needs to be done, but these mikes are more for transcribing than they are for amplification, and they are very sensitive, so if you're moving it around or tapping your pencil or rustling papers, it does pick that up, and that does make it a little more difficult for our transcribers, so if you could try to resist that urge to adjust the mike, we would appreciate it. I would ask at this time that you silence your cell phones or any other electric devices. Again, just out of respect for those who are testifying and to prevent the interference with the transcribing equipment. I think that is the end of our housekeeping duties. So with that we'll begin our confirmation hearings. And we'll start with...I guess we'll start with Brad Moline. I know he can't be here today. Senator Mark Christensen is here to speak to Mr. Moline's confirmation. Welcome, Mark...Senator, excuse me.

SENATOR CHRISTENSEN: Thank you, Chairman. My name is Mark Christensen, M-a-r-k C-h-r-i-s-t-e-n-s-e-n. Thank you for the privilege and honor to introduce Brad Moline, a fellow constituent from Imperial where I live, and I think you'll find him very qualified. Bradley A. Moline formed Allo Communications, LLC, a competitive local telephone company based in Imperial, Nebraska, and serves as its president and chief executive officer. Currently, Allo operates fiber networks in and between Scottsbluff, Gering, Alliance, Bridgeport, Ogallala, and North Platte. Mr. Moline and his wife, Jill, also own Imperial Super Foods and Holyoke Market Place grocery stores in Imperial, Nebraska, and Holyoke, Colorado. Moline was the senior vice president of finance and chief financial officer of Birch Telecom in Kansas City, an integrated communications provider serving 37 cities in Midwest and Southeast. During his tenure, Birch Telecom grew from a startup to an annualized revenue of \$150 million. Mr. Moline directed six acquisitions and raised over \$525 million to fund Birch Telecom's growth. From 1994 to 1997, Mr. Moline was the treasurer and chief financial officer of Covenant Transport, Inc., a transportation company in Chattanooga, Tennessee that became publicly traded during his tenure. Mr. Moline currently serves on the board of directors at Covenant Transport and serves on the audit committee. Prior to joining Covenant Transport, Mr. Moline worked for Ernst and Young in Kansas City, Missouri, [and] Grant Thornton in Lincoln, Nebraska, providing customer service in auditing and consulting areas. Mr. Moline holds a Bachelor's Administration degree in Business Administration from the University of Nebraska and is formerly a certified public accountant. Thank you.
[CONFIRMATION]

SENATOR DUBAS: Thank you very much, Senator Christensen, for that introduction. Are there any questions for Senator Christensen? We do appreciate you coming forward and representing Mr. Moline for the committee. [CONFIRMATION]

SENATOR CHRISTENSEN: Thank you. [CONFIRMATION]

SENATOR DUBAS: Thank you. Is there anyone who would like to speak in support of this confirmation for Mr. Moline? Anyone in support? Anyone in opposition? Anyone

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neutral? Seeing none, thank you again, Senator Christensen, for taking time to do that. So with that, that will close the confirmation hearing for Mr. Brad Moline, and we'll move on to Ms. Donna Hammack, hopefully I'm pronouncing that right. Welcome, Ms. Hammack. [CONFIRMATION]

DONNA HAMMACK: Thank you and good afternoon. My name is Donna Hammack, D-o-n-n-a H-a-m-m-a-c-k. I reside at 3817 Firethorn Court in Lincoln. I'm a lifelong resident of Nebraska, having graduated from UNL and UNO with bachelor's and master's degrees, and I began my career in education. But for the past 25 years I have worked in healthcare philanthropy, both at Good Samaritan in Kearney and St. Elizabeth here in Lincoln. And currently I am the chief development officer at St. Elizabeth Foundation. My connection to the NITC began in the late 1990s when I was asked to serve on the community council, one of the first councils established by the NITC. I served as the first healthcare representative, and I chaired that committee for several years. I then continued on the e-health council when it replaced the community council. Throughout the years, I've had a continuing interest in the needs of our rural population and how technology could positively impact their healthcare. When I was at Good Samaritan, I implemented and sustained the Mid-Nebraska Telemedicine Network with over \$4 million of grant support. It was the beginning of an infrastructure that would develop more fully over the years. I initially recruited 10 communities as spokesites to connect to the hub in Kearney. When I came to Lincoln, I was approached by Roger Keetle, who was then legal counsel with the Nebraska Hospital Association. He and I worked to develop testimony to present to the Nebraska Public Service Commission to urge their support of a statewide telehealth system that would allow critical access hospitals the means to access healthcare and education. To help sustain telehealth and allow our less-fortunate citizens access to healthcare, I worked as an legislative advocate assisting in the passage of LB559, The Telehealth Development Act, which provided payment for services that could be appropriately delivered to Medicaid beneficiaries. We found that the use of telehealth reduced travel time and expenses and that Medicaid beneficiaries were more compliant. Regionally, I have served on the advisory committee for the Great Plains Telehealth Assistance Center which provides guidance and advice for those wishing to engage in telehealth and, also, information about new technological advances in regulation. On the federal level, I've enjoyed board membership on the Telehealth Leadership Initiative in Washington, D.C. as we worked on the development of regulations, evaluations, and policy impacting telehealth nationally. Networking with the community has been especially important during my time in Lincoln. I was involved in the establishment of the 12-lead wireless EKG System with Bryan Health, St. Elizabeth, and Lincoln Fire and Rescue. The project has resulted in reducing door-to-balloon time for patients with myocardial infarction, in essence, saving precious heart muscle by opening clogged arteries more quickly. No longer does the EKG have to be repeated at the hospital. Instead, the information is transmitted from the patient's home and is initially read by a physician; thus the cath. lab can be ready and the cardiologist waiting when the patient arrives at the hospital. Education, which I feel

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is the key to success for many, continues to be important to me too. At St. Elizabeth I've worked to build a robust scholarship program with funds endowed by our donors. This year we will award 20 scholarships toward the recipients. Collaboration with the Department of Health and Human Services EMS division has allowed St. Elizabeth Foundation the opportunity to organize and recruit healthcare educators to provide continuing education to EMTs, many who are volunteers in Nebraska, so they may keep their skills current and provide the highest quality of care to patients. We have provided this type of education for six years on a monthly basis as our educators present from our conference room and EMTs gather at their local hospitals to interact with them. On a personal level, I'm married to a retired school superintendent. Gary and I have two sons; Andrew, an attorney, and Christopher, a senior computer engineer for Google. I'm honored to have been asked to serve as a commissioner for the NITC and would appreciate the opportunity to serve. I would be pleased to answer any questions you might have. [CONFIRMATION]

SENATOR DUBAS: Thank you very much, Ms. Hammack. Are there questions?
Senator Hadley. [CONFIRMATION]

SENATOR HADLEY: Thank you, Chairperson Dubas. Hello, Mrs. Hammack. I have to say that I...Mrs. Hammack was one of the first people I met when I moved to Kearney in 1991, so I've known her ever since. But more importantly, I worked very closely with her when I was on the Good Samaritan Health System's board of directors, and I can tell you that the telehealth system that they have out there is second to none, and it really...she was the leader in that. So I know that on this commission she will do an outstanding job. So thank you. [CONFIRMATION]

DONNA HAMMACK: Thank you. [CONFIRMATION]

SENATOR DUBAS: Other questions? I would have one or two for you. So, it's obvious you're very well qualified to be a member of this commission. Would your focus continue to be on the technology and how it's used in the healthcare field, or would you like to look at other areas of how the commission can work as far as bringing...making sure we have the technology we need in our state? [CONFIRMATION]

DONNA HAMMACK: Most definitely in other areas as well. As you know, I have...didn't focus on it too much in my testimony, but I have been involved with some governmental agencies and see the importance of that infrastructure being strong. And certainly education, you know, where I began my career actually. I didn't...I wanted to keep testimony very brief, but I have a definite interest in the educational system being sustained. [CONFIRMATION]

SENATOR DUBAS: Very good. Are there areas you feel maybe we're lagging in that you would like to see more of a focus on or do you feel with the commission, the work

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that the commission has done, as well as the other industries in our state, we're moving along at a good clip as far as making sure we have the access to the technology and we're using it? [CONFIRMATION]

DONNA HAMMACK: I think that we've done well with it. One of the things that I think is very important is our innerconnectivity. And I think we have, perhaps, some things to work on in that area. And I think of...sometimes the issues aren't necessarily technology; they might be regulation that we need to look at and make sure that we're doing it in a manner that is safe and appropriate, but not being too restrictive perhaps. [CONFIRMATION]

SENATOR DUBAS: Very good. Thank you. Senator Price. [CONFIRMATION]

SENATOR PRICE: Senator Dubas, thank you. Thank you for coming in to testify and thank you for all your service. What are your thoughts on accountability? When you spoke of the rural areas and the infrastructure, the accountability that is laid on providers to ensure that there is adequate connectivity between the medical facilities and rural Nebraska and how...and what was your experience in ensuring that everybody met their part of the bargain? [CONFIRMATION]

DONNA HAMMACK: Okay, are you talking about making sure that there was, like, adequate bandwidth so the imagining would be appropriate, is that... [CONFIRMATION]

SENATOR PRICE: Well, that's part of it, more that you just had connectivity, first connectivity, then we can talk about bandwidth, because you have different things...those are two different aspects. Of the one, you got to make sure that the other end...that both ends can connect to each other and that...if we go to a telecommunication provider and say to them they need to have this, was it there? So were they accountable for it? And then did they work with you whenever there were things to be resolved? [CONFIRMATION]

DONNA HAMMACK: In my experience, yes. I mean, I thought that they were very good in working together. You know, in telehealth there are so many considerations, I guess, when you talked about accountability, I thought perhaps you...you're talking about not the healthcare providers, you're talking about the telecommunications providers, aren't you? [CONFIRMATION]

SENATOR PRICE: Right. [CONFIRMATION]

DONNA HAMMACK: Okay. I had a very good experience when I dealt more directly with it in central Nebraska. I had experience with...we had more of an umbrella type of situation where we received one bill. We had good service providers. My experience was just very positive with them at that point. But now I have not dealt directly with them

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on that hands-on for a few years, so I can't speak to, you know, the immediacy of that, but it was very good back then. [CONFIRMATION]

SENATOR PRICE: Thank you. [CONFIRMATION]

SENATOR DUBAS: Other questions? Seeing none, thank you so much for coming forward today. We really appreciate your willingness to serve and you taking the time to come and visit with us. [CONFIRMATION]

DONNA HAMMACK: Thank you. [CONFIRMATION]

SENATOR DUBAS: Are there any proponents? Anyone that would like to speak in support of Ms. Hammack's appointment? Any opponents? Anyone in the neutral? Seeing none, that will close the confirmation hearing for Ms. Donna Hammack. And we will move on to LB617. Senator Schumacher, welcome. [CONFIRMATION]

SENATOR SCHUMACHER: (Exhibit 1) Thank you, Senator Dubas, members of the Transportation and Telecommunications Committee. My name is Paul Schumacher, P-a-u-l S-c-h-u-m-a-c-h-e-r, and I represent the 22nd Legislative District in the Legislature. You know it's going to be a fun hearing when you're walking into the committee room and somebody hands you a card with the Twenty-Third Psalm on it. (Laughter) So into the Valley of Death we go. I'd like to ask the committee's indulgence for a little time. I don't think we're going to have a whole long list of proponents today, but this is an incredibly important issue. It deals with a subsidy which over the last 15 years has amounted to three-quarters of a billion dollars. It diverts about \$50 million a year from customers, primarily in Omaha and Lincoln and some of the larger towns, into a program which certainly is in need of review by the Legislature, and certainly in need of at least a conscious decision of whether or not it should be continued, phased out, or some other mechanism derived from it. I'd like to talk a little bit about the dramatic change that has taken place in technology and telecommunications in the last 20, 30 years; a little bit about the history of how we got into the legal structure we are right now with telecommunications and then get down to the nitty-gritty of the NUSF. I just, for your information, handed out a little bit of memorabilia from 1978. I've been involved in telecommunications, computers, and the transfer of information over the electronic medium since that time. I maybe would have been Bill Gates, but he was luckier than I was. So that's why...that you got handed that little piece of memorabilia. Let's think about telecommunications in its most basic form because really, in what they call the switch network, it hasn't changed much from the very beginning. Remember the old picture of Alexander Graham Bell and spilling some acid on himself and hollering out for Watson. Well, what was happening there is there was essentially a microphone on the end of two wires and a speaker on the other end. The first telephone was born. To this day in most cities that...and certainly in the smaller communities that have not installed any kind of fiber infrastructure, it's still what it is. There is two wires going from the

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central phone office to your house, and sometimes those wires in bundles of wires, but that is what it is. And some of that copper has been in the ground for 20, 30, 40 years; some of the insulation is getting a little bad on it; some of the junction boxes are a little corroded, but nevertheless the principle is the same. Your signal goes to your house. Now some of us are old enough to remember the party line. Well, in that case you didn't have a separate piece of wire going from your house to the central office, there was two wires going out into the country and a bunch of taps onto the wire where people took a pair of wires to their house. And you had to ring once or twice or short and a long, or whatever, in order to ring the phone. And the way the communication was done, fairly simple, you wanted to talk to your neighbor across town, you contacted Mabel in the central office, and Mabel patched you in to your neighbor across town. So you had two wires going between two places, simple enough. Now you want to talk to somebody in...across the country, well that was a little trickier because the central offices had to be connected to central office to central office, hop, skip and a jump, and Mabel called the operator in the next Mabel center and thus and so until it got to the end of the line, and the person on the other line's phone rang and you could talk; a very simple principle. And then once you were done talking, everybody pulled the cords, and the connection went away. And that was an expensive process. And was generally all controlled by the Bell system, Ma Bell. Even though in some rural areas, there were government grants and a little bit of entrepreneurship that gave rise to a few...in the big picture of things, independent-kind of phone companies. And that was the switch network. Over time Mabel was replaced with a device that did the same function. Then something happened. The military began to question the stability of such a system in the event of a nuclear attack. They needed a more robust way to communicate. And the more robust way to communicate was to essentially build an information highway which was always on. And they developed a thing called Internet Protocol. Instead of sending electrical pulses down the line, what they did is figure out a way to send pluses and zeros, binary digits. And a way to translate binary digits into information. Put a series of zeros and ones together; put a license plate on the front of it, which it was also zeros and ones that designated where it was headed to, and you put that little packet, that little truck of information on the information highway. And it would go, and it would drive around, and if the Russians bombed one of the locations that it was supposed to pass through, it would just find a different route. And when it got to its location, the little packets were put in the proper order. Some would get there ahead of other ones, obviously. And the message was decoded. The very fundamental basis of the Internet. The Internet...actually Internet technology, we could conduct Internet-type technology using a string. If there was a tug, and a second one, and no tug, and second two, we would have a one and a zero. Because all this is, is a transmission of ones and zeros in an ordered fashion, Internet Protocol. Very powerful, but these ones and zeros when they're packeted into little groups of ones and zeros called packets move over some medium carrying all kinds of messages. It isn't just voice; it isn't just pictures or video; it's any kind of information that you can imagine. Now with a string it would be very slow Internet; it would take a long, long time to communicate something. And there's really

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only two ways that you can get what probably will be adequate Internet for the future. One is using a wireless technology, most likely on licensed frequencies. The cell companies have got those licensed frequencies pretty well divided up around the country. There are some unlicensed frequencies that also do a pretty decent job, but it's wireless. It's very fast and very high capacity. We will see that emerge in rural areas as a way that rural communities get most of their service because it's really very, very good. If you have an iPhone or other wireless device, and they use what is called 4G, long...LTE...what is it? Long-term evolution technology; you get very, very high speeds. I was out east, and they got 20 megabytes in Washington. Don't get quite that here, but it's very, very good stuff. More than adequate for the long term for low density population in rural areas. And in fact, as part of their marketing campaign, any cellular provider has got to say, we've got nationwide coverage. There are bars everywhere indicating the strength of the signal. So that's one way; a wireless means of delivery. The second way, really good stuff, is fiber-optic cable. The stuff is glass. Strands of glass, probably as big as a hair, and it comes in 12 in a bundle, 48...however big you want to make the bundle, and you flash light down those strands of fiber in order to communicate. You flash in ones and zeros, ones and zeros. Enormous capacity, unlimited capacity for all practical purposes. The only thing that determines the capacity is the expense of the device you put on the end. Those things you do not hang up. They are always on. They're always there, it just depends on whether or not you want to put your little truck of information on that information superhighway. It is much more like a sewer system, much more like a water system, much more like a road system than extension wires from one spot to another that are unplugged and plugged together. Personally, I think we made a strategic error back in 1997 by not authorizing our public power companies to just go to it in rural areas. They had the crews, the ability to string wire, fiber-optic cable, they...we had the overhead. It would have been nothing for them to become the vehicle. We did not make that particular choice in 1997. And I'll get back to what choice we did make in just a second. Legally, things changed also. It used to be Ma Bell, a national monopoly with few exceptions. And the long distance side was owned...the links between the various central offices and the wires that went across the country, because they didn't have fiber then, were owned by Ma Bell. She did the long distance, for the most part, did the local telephone, big black telephones you could drive a truck over, and it worked really pretty decent. Except it wasn't going to stay that way. In the early '80s, an outfit called MCI showed up and said, hey, we want to have equal opportunity to have our long-distance cables plugged in at Ma Bell's central offices, or the central offices of whatever independents that were out there. And we do not want Ma Bell to always use the Ma Bell's wires. Unfair. We want competition. Too expensive to have long-distance rates what they were. We all remember, at least I think we all almost remember, how expensive it used to be to make a long-distance call. Okay? Competition was introduced. There was a breakup of the Bell system. Long-distance services, cabling things between central offices and across the country was to be done by a breakup particle called AT&T. AT&T was the long-distance carrier from Ma Bell. And I think there were eight Baby Bells created. Again, beginning a design of

competition in telecommunications. And the Baby Bells were not supposed to be controlled by AT&T; they were supposed to be independent, and they were supposed to deliver local phone service to...as part of this new paradigm. The new paradigm was accelerated in 1996 with the introduction of the first major telecommunication reform in decades, and it was based upon competition. It was based upon the principle that, if you brought out the entrepreneurial spirit and got private investment started in individual new startups, you would accelerate the deployment of the Internet; you would accelerate the bringing of service to remote areas; you would accelerate the deployment of new technology using the computers that were then emerging. And that legislation had a provision in it. The provision was that you could not have an implicit subsidy anymore of the local phone companies. Their technology was old style, old switch technology. They had been financing themselves by the various state commissions, turning a blind eye toward overcharging on long distance, and implicitly subsidizing them. They were keeping their costs down because every time they terminated a phone call in the local...their local area, they overcharged. And in a new area of new entrepreneurship, and in an area of competitiveness, that was not...there was not to be subsidies. But the phone companies said, my gosh, you just put an end to this right away; we got big problems; we're relying on that revenue stream; help us phase it out at least. And the law provided, okay, we'll allow a subsidy, but it's got to be an explicit subsidy. We're going to make sure that people get sick of it. Because it's got to be specifically set forth on the bill if you allow such a subsidy and so the people know what they're paying towards subsidization of phone companies in particular areas. Because there shouldn't be a need for it under this new technology. There was an old act on the books called the Nebraska Universal Service Fund Act. It was dead; it had sunset. And it was resurrected. And if you read the original act, it was pretty innocuous. Not knowing any better, I would have probably voted for it. Because if you read it, it just says the big telephone companies have got to pay some money to the little telephone companies, and, you know, it doesn't even look like the ratepayers are going to get charged. Just kind of an all-in-house subsidy of each other. But that's not what it was. Read closer. That was the establishment of what, in some respects, became a tragic thing for, I think, Nebraska. The act said its function was to keep 96 percent of Nebraskans tied to their phone line. This at a time when cellular technology was emerging; the Internet and broadband was emerging; we were going to keep 96 percent of people tied to their phone line. The purpose of the act was to sustain the legacy phone company. There were about 40 of them in the state. It also made sure that the money only went, for the most part, to legacy phone companies. Because buried in the language was a reference to the Federal Telecommunications Act of 1996, and it said that...which had carried definitions of eligible telecommunications carrier. Translation, a carrier that served an existing exchange, followed the old boundaries, the old lines. Only one set of carriers fit that exception...or definition, and that was the existing phone companies. All the new little companies out there, and there were in Nebraska at that time, any number of new companies involved in Internet and trying to develop broadband with their own privately-raised capital, they were not eligible. In fact, when

those companies approached committee counsel before it went out to a hearing on the NUSF bill and asked...tried to explain, hey, you're going to kill entrepreneurs; you're going to kill private investment in telecommunications in this state because who is going to want to take their money and invest in something where you're going to have a highly subsidized competitor? And you can't get at the money. The committee counsel said, the deal has been cut, and you're not in it. For the most part that entrepreneurial activity went away; very few remnants of it remain today. The act needs reform. It needs discussion. It needs...and I realize that, you know, how long snow balls last in the warmer places of the universe, and therefore I tried to introduce into this particular piece of legislation a series of things that I think need looking at. And that series of things takes advantage of the fact that a piece of fiber-optic cable has unlimited capacity. You can have four or five providers riding on that piece of fiber-optic cable; in fact, even on just two strands of it using a technology called virtual lands. Because all you're doing is allowing somebody to put packets on the fiber. And I think I envision a place where you have a network of fiber-optic cable. It would be good if it were a circular network, that way if it is in a circle, if one part gets cut it can back feed, and you don't lose signal, connecting our rural communities, high intensity, 4G-type, long-term evolution type, cellular technology. In those areas where there is sufficient density or need, you run a piece of fiber-optic cable. It's not hard; it's not expensive. It's about \$10,000 a mile. But it lasts forever, for all practical purposes, because there is nothing to rust. Lightning can hit a piece of fiber-optic cable, and it doesn't do anything. It is just glass; it's not like it used to be when you hit a piece of copper. And to structure that kind of a basic infrastructure that would provide very, very good service and allow any number of service providers access to it. So what this particular act says is that, going forward, the Universal Service Fund is going to be used for two purposes. One, to buy fiber...or to install fiber-optic cable in points agreeable to a design created by the Public Service Commission with outside, independent design engineering. That is, the new stuff purchased is going to be available to all kinds of carriers, provided it's technologically feasible for them to tap into it without affecting the guy on it before them. It's going to be used to create tower sites. Because in order for cellular communication to work properly, you've got to have towers, and you got to have sufficient density to be able to cover the area and cover the area with enough capacity in order for everybody around to get served. The act also, as amended, envisions local communities, particularly our smaller ones, being able to string their own fiber together to connect their library, their church, their school, their industrial area, their business area, and funnel their signal into a common piece of fiber-optic cable. And you can do that kind of funneling just using switches and routers and very simple kinds of things, a lot of which you have in your own homes in the junior version. And then you go to an AT&T or a Verizon, which are called tier 1 providers. Tier 1 because they trade signal without charging each other for them on Internet signal. And you can say, AT&T, Verizon, bid on the signal that we're going to connect into this wire. And for all practical purposes, incredibly high-speed signal can be gotten that way in an very efficient way to a smaller community. This particular proposal also removes a fiction that the telecommunications providers are

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funding the fund. They're not funding the fund. When the fund passed, they went to the Public Service Commission and said, hey, you don't expect us to pay this do you? Allow us to charge, to pass through the charge to our customers. And the Public Service Commission, in the environment of the Public Service Commission, obliged by imposing the highest such charge in the nation...highest such charge. And they tried to impose it on both interstate and intrastate telecommunications. Now when they did that, the telecommunications...the telemarketers in Omaha came unglued and the Public Service Commission backed down, said, okay, we'll just keep it on intrastate communications; we'll exempt interstate communications. The telemarketers in Omaha said, we'll just move to the east a little bit, and we'll get out from underneath this particular thing. This enormous amount of money that is flooded into the select 40 companies makes them cash rich. Rich enough that they're able to mount the most intense lobbying and wealthy, this type of political contributions, that we have in the state. And they do so by charging that fee. Well, the fee doesn't go directly to them. I mean, you know, everyone knows how you can...when you get a pot of money, you can say, well, this is going to a dedicated cause, but it frees up your other money to do other things with it. And as a result of that, they're major political players. In 2005 or 2006, I think it was, there was an effort, because we had some cities, very bright able cities, South Sioux City, Norfolk, and Lincoln Electric System that they wanted to be able to start using their city facilities to aggregate signal and to deliver Internet, now broadband. And incidentally, Internet and broadband in the future is synonymous with voice everything, video everything; there is nothing it can't do. And there was a showdown, and the showdown was an attempt to stop those communities from acting. And, in fact, they were stopped. But I think if we go back to the Accountability and Disclosure Commission reports of that time, you'll find that they spent right at half a million dollars that session; half a million dollars spent by the phone companies. Huge. So this, at least, makes some feeble effort at saying, hey, when you charge the people this extra fee, you declare it on the bill. Now they kind of joked with me a little bit, and I said, well, we'll make sure we give you a dollar so we include your name on there. But I think we need transparency because this is an abuse of that particular fund. This is a situation where the cities, the counties, the schools, the hospitals, all pay this tax to the phone companies. Why? That involves...and I haven't been able to get accurate figures, but somewhere between \$2 million and \$10 million a year that local government pays to the phone companies as part of this particular subsidy. Oh, and they'll tell you, well, jeez, without this libraries and hospitals and schools wouldn't get a signal. You know, the way this particular thing started out in the beginning with the entrepreneurs out there, they were giving that signal to libraries. They were giving that signal to schools as part of their local homegrown attempt to develop the industry. Finally, what we have is an annuity in the Universal Service Fund because there is no deadline. You can drag this thing out forever and ever getting your \$50 million a year. There's no deadline to bring broadband to all of our communities. There is no deadline to lay out a grid so that we have good cheap service for the cell companies to connect into, to feed their signal back to the tier 1 providers and the master parts of the grill. Well, if there was no deadline, and you

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were getting \$50 million a year, you would drag it out forever. And that's exactly why we don't have the level of broadband that we should. It's an annuity. Who is going to complain? Who is going to hurry it up? So what this particular proposal does is raises the issue of: should we begin a phase out of the fund? And it does; it goes to 2020, and then it phases it down to less than half of what it is now, basically, to sustain those particular providers who are in such low population areas that for some reason they can't meet overhead ever, even after you've bought them the infrastructure. You see, because this is a case where the public pays for the infrastructure, principally Omaha and Lincoln, but does not own it after it buys it. It gets to rent it back at somewhat of a profit. And I would encourage the committee to ask to see the Public Service Commission's records on the April 30 reports that has to be filed by all the recipients, all telecommunication carriers, but those of the recipients of the fund to see if they're really hurting. I think you'll...buried in those numbers you'll be able to sense the type of non-hurt there is. And so I bring this to the committee for you to begin to look at the issue. And I understand that you've been briefed with a number of questions. I'll be happy to answer them. Thank you. [LB617]

SENATOR DUBAS: Thank you very much, Senator Schumacher. Questions? Senator Price. [LB617]

SENATOR PRICE: Thank you very much, Senator Dubas. And thank you, Senator Schumacher. It's always good to rub up against technology. And I marked it up...I don't have any prepared questions. I marked it up, and I came up with a few questions. First part we'll deal on, roughly, page 8 of your green copy where you're talking about the declaratory statement on a bill of anybody, a recipient of lobbying, you know, dollars and such. And on line 7 you say, "whether directly or indirectly." And indirect would be a late-night supper; if you ever have a meal and sometimes a late-night supper is, or other meals, are provided to us by conglomeration of lobbying groups. So would they have to declare then? [LB617]

SENATOR SCHUMACHER: The...what's that getting at is a phone company, and if you work through the maze at the...of the financial reports up in the Accountability office, you'll find it amazing. Because the phone company may not directly write you a check for your campaign. A phone company may write it to this association which in turn is a member of this PAC, and that's how you trace the money through. And they know how it's getting to you. They know that if they are a member of a PAC or another organization how the money is funneled. And you can see enormous trails of money that where it starts out with the phone company, goes to an association or goes over to a PAC and where they yield just a huge amount of money. I mean it's...just very large. And I've got some of that diagramed out in my office. I didn't figure it would make a whole lot of sense to present it today. It's up there; I'll be happy to sit down and show it to you. [LB617]

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SENATOR PRICE: Might be kind of a large bill, but pressing on to page 13, where you talk about "the state, all political subdivisions, and any person receiving low-income support," so, obviously, you mean low-income support there, I've been thinking back to what Senator Chambers did for the past couple of days on grammatical...you don't want to say people receive low income, not the political subdivisions or the state? [LB617]

SENATOR SCHUMACHER: Okay, here's the deal on that. If I remember that particular session correctly, Senator Chambers wasn't a big fan of this. He wasn't a big fan of subsidizing the phone companies. But he knew that the votes were there. So Senator Chambers was able to get put into the Universal Service Fund a low-income support mechanism where poor people got a discount on their telephone service. And the difference between that discount and cost was made up out of the fund. And I think...oh, it's not a big percent, but at least a noticeable percent of the fund comes off the top to go to low-income support. So people who get low-income support, no use compounding it, giving it to them and then taxing it back, the state...and that's existing language in the existing bill...I mean in existing law. The thing that I added in and suggested was the state and all political subdivisions should not have to pay this tax to the phone companies. [LB617]

SENATOR PRICE: All right. And then finally, bear with me, on the final page and Section 12, paragraph 2 where you're talking about municipalities and public power districts who engage in the telecommunication business, actually providing broadband, that in that they would be subject to the PSC, are we going to make public power subject to the PSC then in all jurisdictions? [LB617]

SENATOR SCHUMACHER: If, after 2020, in those counties that have not met the goal, and the public power decides to exercise its option, which they would have then, to fill in the blanks in those counties. They would need to integrate into a system of regulation on that activity just like anyone else so it all worked. [LB617]

SENATOR PRICE: So, but from here it seems to say that...it said, providing broadband to the public for a fee, such municipalities or public power district shall be considered broadband companies for purposes of the act. That means that the entire company... [LB617]

SENATOR SCHUMACHER: What's the page number, Senator? [LB617]

SENATOR PRICE: Page 14. It's at the bottom of the last one. You basically seem to say...that you're saying, if they do any communications at all, then the entire power company is subject to the PSC. [LB617]

SENATOR SCHUMACHER: This is Section 12? [LB617]

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SENATOR PRICE: Section 12, paragraph 2, lines 14 through 21 in the green copy. [LB617]

SENATOR SCHUMACHER: Okay. [LB617]

SENATOR PRICE: And so that would...you know, the regulation and what the PSC does and everything, it just seems like there might be a challenge to that. [LB617]

SENATOR SCHUMACHER: It says that if they are...if the standard of 96 percent hasn't been met, then they have the option in a county of that area..."may engage in providing broadband to the public for a fee," and that is important because that is the definition of a carrier, somebody who provides for a fee, "within such counties as the case may be. Such municipalities or public power districts shall be considered broadband companies for purpose of this act." So they would be required to file as the necessary paperwork and subject to the jurisdiction of the commission on their broadband activities. [LB617]

SENATOR PRICE: Only on their broadband because. [LB617]

SENATOR SCHUMACHER: Yes, only on their broadband activities. [LB617]

SENATOR PRICE: Right here it seemed like the whole company, once they got into broadband, the whole company might be subject to the jurisdiction of the PSC, and I thought that might be problematic. [LB617]

SENATOR SCHUMACHER: Should the temperature drop below 32 in someplace, then I think we can fix up such minor issues. (Laugh) [LB617]

SENATOR PRICE: Okay, thank you. [LB617]

SENATOR DUBAS: Questions? Senator McCoy. [LB617]

SENATOR McCOY: Thank you, Senator Dubas. Thank you, Senator Schumacher. I had a couple of quick questions, and some of them you answered in the course of speaking with Senator Price. On page 4, lines 23 and 24, you introduce the phrase "urban poor" into the statute. I can't seem to find it, unless I'm missing it, a definition of what "urban poor" is and is that a distinction between rural poor, doesn't seem to be any definition of that. [LB617]

SENATOR SCHUMACHER: The...generally out in the rural areas it is considered a high-cost area because there aren't any people, and you have very few people in which to come up with the money to make something work. The urban areas is a bit of a takeoff on Senator Chambers' low-income things. And we're...I am told that, for example, that in the city of Lincoln there are areas which are way below standard in

income. And I assume that's also true in Omaha, but I don't have the (inaudible) in Omaha, but I assume it's the case. And that...there...in order for those particular areas to have good service, there may be a need for subsidy because they might not, even though I'm not sure of this, be able to afford the standard rates for the broadband service. And so this is a bit of an effort to parallel Senator Chambers' initial input into the bill regarding the low-cost service. [LB617]

SENATOR McCOY: Okay. And another question I have, on page 6, lines 17 and 18, you phrase it, "the commission shall employ competitively neutral broadband experts to develop a broadband plan," again, I don't really see a definition of what a "competitively neutral broadband expert" would be. What...what...do you mind outlining what you mean by that? [LB617]

SENATOR SCHUMACHER: Actually, I think that that phrase "competitively neutral" applies somewhere...or is found somewhere even in the old language. It is certainly found in some of the federal legislation. The "competitively neutral" means that you don't pick among private parties engaged in the business, winners and losers. Right now, winners have been picked, and they're the local incumbent telephone company. [LB617]

SENATOR McCOY: But winners have been picked...this though, I think, Senator, is speaking to developing a broadband plan. I don't think it is necessarily saying, we're going to pick winners and losers within that plan; this is who would develop the plan. So what would that term mean in reference to developing a plan? [LB617]

SENATOR SCHUMACHER: It means that the commission hires someone from the outside rather than relying upon the existent phone companies to tell them how it should be done. And if...right now the commission relies heavily, very heavily, upon the existing incumbent telephone companies for its advice. And it needs to go outside of that. And it...there are...your...basically, four classes of competitors out there that are looking at broadband. You have your existing cable companies, and they can deliver pretty good signal over the old infrastructure. One could spin that to try to give the existing cable companies...television cable companies an edge. You have your incumbent carriers that are out there who are with the old copper and trying to retrofit it in various ways. You have your wireless cellular carriers that are out there. And then you have a smattering of unlicensed carrier and remnants of the old Internet providers that are still out there. And whatever...when we design...when the commission designs this plan, it should look at the big picture of how any or all of those, or none of them, fit into the big picture. And it is just trying to say that they can employ somebody who says, look it, let's step back, let's look at Internet technology and broadband, and how would we do this if none of these characters were on the field? What is...let's not be favor in the design of this any one of those classes of players. [LB617]

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SENATOR McCOY: And the last question I would have is, if you go to page 12 of the green copy, line 16, existing statute talks about the commission of published notice of the hearing at least one newspaper in general circulation in the state, at least one each week, and you added in, "in each county of" the state. Wonder if you might elaborate on that. Unless I'm mistaken, I'm trying to think of the 93 counties, I would think there is a good number of counties, unless I'm mistaken, that may not have a newspaper anymore. I might be incorrect in that, but I'm pretty sure I'm not. What do you mean by that? [LB617]

SENATOR SCHUMACHER: I think they all have a legal newspaper or a paper of general circulation in the county, even though it may be printed in a neighboring county. Think about this. This is something that has raised three-quarters of a billion dollars; \$50 million, \$60 million a year. Unlike what we do when we raise taxes, man, we've got committee hearings; we've got three debates on the floor; we got cameras on us as it's happening; we've got newspapers writing editorials and everything else. And they set the highest in the nation tax, 6.95 percent, one measly notice. Nobody attends that hearing every year where they send out a notice: The Public Service Commission will conduct a hearing on how to keep 96 percent of the Nebraskans connected to their land lines and will do so...will set a rate to do that. Nobody attends that but phone companies. Why is that? Man, this thing...think of the competitive impact that this thing has for industrial development. If you're a new-age developer, a twenty-first century business relying heavily on telecommunications, what a tax to get rid of, 6.95 percent increase in telecommunications costs with very little accountability. But nevertheless, you know, an outside person looking at, that has to figure in what you figure. Not, you know, we complain about a half cent sales tax or a tad bit in income tax; this is huge. Seven percent surcharge, that's got to impact you somehow. It's got to be a negative in somebody's column. We need to review those things. [LB617]

SENATOR McCOY: Thank you. [LB617]

SENATOR DUBAS: Senator Brasch. [LB617]

SENATOR BRASCH: Thank you, Madam Chairman; and thank you, Senator Schumacher. I have just a few questions on...as I'm reading through this, I'm very curious on page 5 starting with line 23 where you talk about...it writes "encourage the creation of local area networks" between schools, libraries, government, and to my knowledge, don't they already have fiber optic in place that, if you're encouraging it...are you aware of schools that do not have it, fiber optic? Ten years ago, I was on a site visit with an education company I worked for in Humphrey, Nebraska, and they were installing fiber optics. I believe most of the institutions, whether they're governmental, schools, there's not a gap there. And please correct me if I'm wrong. [LB617]

SENATOR SCHUMACHER: First of all, Senator, don't you find it odd, because you're

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very right. Back in 2000...before the phone companies...actually before this committee, and they were saying how, you know, there's fiber-optic cable between every central office in the state already. We don't need competition from that point from the power companies. We've got it all wired. It's already there. And it was. Wasn't lit, but it was there. I wonder where the money went for those since the year 2000? But what this does, is it says, okay, let's...part of the trick in this, instead of just...a school, buying its wire through the local phone company, off through eventually Verizon or an AT&T or tier 1 provider; if you can wire everything in a town to a central hub with one wire leading out of it, you can have bargaining power when you go to the AT&T, or the Verizon to plug it in to the other end. And then you only need to rent one wire out of town from the local phone company instead of maybe six wires out of town from the local phone company. Remember, this capacity is almost unlimited. And when you start talking in terms of putting a gigabyte or a hundred megabytes even on a line, you're tremendous, well enough to serve a small community. This is unlimited capacity, so rent one wire. [LB617]

SENATOR BRASCH: And the other is, when you are talking about promoting the competition, now I do need to refresh my knowledge, but the Nebraska Information Technology Commission, they also provide and work with schools and government and delivery and...of broadband and communication services, or am I close? Or are you aware of...they have a major role in information technology with schools and a cooperative, I think they've worked with that too. [LB617]

SENATOR SCHUMACHER: I, in fact, I...the...in the little Internet business that I'm involved in, my partner Linda Aerni, who is often considered to be one of the very founders of Internet in Nebraska and rural areas, she served on that commission for a long time. It, like several other bodies that are supposed to review things, don't hold a candle in power or influence to the local telephone companies. And that's...it's there. They talk a lot; they may even research a lot, but the impact is, at least from everything I've been able to tell, fairly minimal on the way things are done and certainly minimal on this huge rush of money that this thing creates. Not to understate it, but it's...I don't think that the NITC role with the NUSF should be confused. [LB617]

SENATOR BRASCH: Because I do know...I've attended national conferences where our...the ITC, the Nebraska Information Technology, they've held leadership roles nationally, and they are working on a great exchange, I believe, currently of information. And then the other is, is it not...is it unlawful for people to engage in private broadband company...? I mean, couldn't someone...? And the reason I ask that question is, many years ago a collaborative of farmers and ranchers up in my county, including...you know, we formed our own company, bought everything, paid for everything, and temporarily until services could come be delivered. Was that unlawful? [LB617]

SENATOR SCHUMACHER: No, no, in fact, it was what was envisioned by the

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Telecommunications Act of 1996. And what, in fact, was happening. In the instance maybe you mentioned, in many other instances across, but do you know what killed it? Who is going to dig into their private pocket and come up with the money to lay a piece of fiber optics between point A or point B, or put up a...now in cellular companies, there's pretty good service in rural areas that can come off unlicensed stuff, who is going to dig in their pocket, knowing that the minute they develop the market, the minute they teach all those people out in the country who don't know how to connect to the Internet how to program their computers, how to click here and do that, but here comes a heavily subsidized competitor in the name of the local phone company to take their business away. It dried up the capital. It created monopoly force with a subsidy in hand of the state behind it. [LB617]

SENATOR BRASCH: So are you proposing taking the telephone company's business right now and putting it under the public power district? I see you are... [LB617]

SENATOR SCHUMACHER: No, no, this doesn't... [LB617]

SENATOR BRASCH: No, you're just... [LB617]

SENATOR SCHUMACHER: This leaves the phone companies; they've got such a lead in the market by having been given three-quarters of a billion dollars, they shouldn't be worried about anything. But what this says, is that any new stuff bought by the...this fund for a phone company...those roads that they construct using this money better be open to the public, the same way it is for them, provided it's technologically feasible. [LB617]

SENATOR BRASCH: Thank you, Senator. You've been very thorough. I appreciate it. [LB617]

SENATOR DUBAS: Senator Smith, do you have questions? [LB617]

SENATOR SMITH: Yes. Thank you, Senator Schumacher, for coming and presenting this. This is an interesting bill. You are a man of contradictions, I guess, as am I. You know, I come from a...I am a product of the public sector, and I believe that the private sector, perhaps, offers the best model for innovation and cost effectiveness. You on the other hand, you're a product of the private sector, entrepreneur, have your own business, and I think you're a free-market person. But yet it seems like you're wanting to expand the role of the public sector, and you're embracing the public sector. In the bill, I'm seeing, is similar in its contradiction. It starts out in the beginning and right in the very beginning you state that the purpose of the Nebraska Telecommunications Universal Service Fund Act is to authorize the commission to establish a funding mechanism which promotes private competition. And so that's where you start with. But you conclude in the back with expanding the role of the public sector. So how do you

reconcile these two? [LB617]

SENATOR SCHUMACHER: That's what they call a carrot and a stick. It is designed to stimulate and open up the private sector competition. But to the extent because there may be monopoly power already created that can't be overcome in some areas, or to the extent that anybody wants to drag their feet on deployment of broadband and deploying this fund money in an efficient way. If they don't get the job done by 2020, then maybe it's time to give somebody who has already got wires and crews in the area a chance to complete the job. And so the only thing with the public sector role is increased anywhere at all is with that threat--if you don't get this job done by 2020, well, maybe that means that the private sector can't do it in those counties. [LB617]

SENATOR SMITH: And as perhaps some of the folks that follow you can answer this as well, but are the triggers appropriate? Your triggers are available to 96 percent of the population at costs comparable to that of a county which there is a city of the metropolitan class. Is that an appropriate trigger? [LB617]

SENATOR SCHUMACHER: Well, the 96 percent I didn't dream that one up; I just took that from another paragraph in this thing where 96 percent seemed to have been a trigger for something. And at a level comparable to a metropolitan class city, I think sometimes you'll find that if you wanted to buy a certain amount of bandwidth, in a smaller community you would have to pay a lot more for it than you would if you bought it down in downtown Omaha. And so that's where that standard of comparability. Now oddly enough, the fund has created some real anomalies. I mean for three-quarters of a billion dollars should get something. And there are a few towns out there that they've made showcase towns, where they actually have fiber-optic cable going to the door, I mean, the good stuff, even though it's not connected with the big pipe out, but the local area is fiber optic to the door. Businesses in Omaha, I wonder if your business in Omaha or La Vista has got fiber-optic cable running to it or whether or not you're on just a little piece of wire. But you have these anomalies where these small towns, these showcase things, are wired to the hilt, even though, like I said, you can be wired to the hilt for a hundred megabytes locally, but if you only got a five megabyte pipe leading out of town, it isn't going to run very well. And, in fact...and I have seen, actually, some literature that indicates that is what has happened in a couple of cases. But Omaha businesses or Lincoln businesses should have higher priority for fiber-optic connection than a town that is continually decreasing in population. [LB617]

SENATOR SMITH: Well, I appreciate your work at trying to reconcile those two things for me, but typically for me where I think about increasing competition and reducing pricing, typically the solution is not to expand the government and to put more into the public sector, so, you know, I would think that in terms of trigger points here, there could be something that could be driven through the private sector rather than through the public sector. [LB617]

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SENATOR SCHUMACHER: And that might be. I mean, we can...as far as the carrot and the stick on the end, that maybe can be tweaked. But it...it was...as I was putting this thing together, it looked like a pretty good stick to me. [LB617]

SENATOR SMITH: All right. Thanks for your testimony. [LB617]

SENATOR DUBAS: Other questions for Senator Schumacher? I would have one for you, at least. Do you think that we have the needed technology, the needed infrastructure? And would the public support doing away with just the plain old telephone system? I feel like, maybe, that is kind of the direction you want to go with this, is just let's move to wireless, let's get away from the old antiquated telephone system. [LB617]

SENATOR SCHUMACHER: We don't have to worry about that question, Senator. It's happening. It's done. From the very emergence, you know, I remember back in about 1996 we were talking to the Public Service Commission, and there was a whole bunch of phone companies present, and we were talking about Internet protocol technology and how it was going to be the thing of the future. And the phone companies weren't believing this. By the time this act was on the books, they began to see the comet and the heavens and the dinosaurs were looking up at it, and we don't have to worry about it. I mean, if you see right now the amount of people that are dropping their land lines to go to just cellular only, if you've got kids, how many of your kids have got a land line phone? They're gone. Not going to be anymore. And we're also, just a quick aside, to the extent we're dumping a bunch of money into non-Internet kind of things like advanced E911 that should be looked at really, really closely. Some of this new wireless law enforcement network should be looked at really, really closely because it all can be done if you design this network properly. And you can't...who on earth would say if we're going to do this job of connecting...building this highway, that you should follow the pattern of 40 little fiefdoms and honor those borders religiously? Remember the bill last year? How somebody had to pay money to the old phone company so that the phone company across the road could bring a piece of broadband to them? That's how respected those old fiefdom borderlines are. And so, Senator, they're going away. They're not going to put any new copper in the ground. It's rotted, or the insulation is at least. They're going...it's going to be what there is. Who would want...I mean, if you got a good 4G connection coming off a nearby tower, who would want to screw with a land line? [LB617]

SENATOR DUBAS: Who...where is the infrastructure coming from, though, that supports our wireless capacity? [LB617]

SENATOR SCHUMACHER: Here's, basically, the way they do it. Now there is two...when you got a wireless tower, I mean, either whether it's a wireless tower or

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unlicensed stuff that serves some rural areas yet, and that is going to go away, just as the phone company...the local wire companies are, but let's say a good cellular company, you got two ways to get signal out of there. One way is a piece of fiber-optic cable that connects that tower back to a hub that then connects back to the main backbone of the Internet and the tier 1 provider; or, if that local piece of fiber is owned by a local phone company, that some cellular providers are finding, local phone company doesn't play nice. It knows what is in store for it once that cell tower goes up and becomes functional, and you can get it anywhere. People are going to drop their land line. So it has enormous pricing on that line. So some of them are saying, fine, we can collect our signal by not using a piece of fiber-optic cable, but a reasonably efficient, up to about a hundred megabytes at least, microwave link back to another tower. So they hop, skip and a jump through microwave links, and I know that a provider that services much of western Nebraska, in fact, does use microwave linkage in order to avoid the hassle of dealing with the local phone company. So, I mean, but this...this is what we got to design. We've got to design that grid in outstate Nebraska of cellular availability, and then we've got to have choice locations where we have high-capacity routers on a piece of fiber to take it back to the places that pier...what they call pier connect to the backbone. [LB617]

SENATOR DUBAS: The 96 percent has been raised through your testimony and other questions, and I think that is one of the foundational principles of the Universal Service Fund is to make sure that everyone has access in some way, shape, or form to telephone service. So what do we do about that other 4 percent? Do we just tell them... [LB617]

SENATOR SCHUMACHER: The other 4 percent, I mean, this is a minimum, and the thing Senator Smith pointed out, the trigger at 96 percent, we do something else if this doesn't work by that particular point. They're going to have service. I've been told, and it will be interesting, I don't know if they're here or not, and they probably aren't, but if they are, they're probably hiding, but I've been told that, if this particular provider had five years worth of Universal Service Funding, I guess that would be about a quarter of a billion dollars, they would have the state covered. And in fact, if we dedicated that much money, we would likely have two providers of cellular service at 4G in 90 percent of the state. It's going to happen. Because in order for an AT&T or a Verizon or a U.S. Cellular, those folks to advertise, we've got nationwide coverage no holes available, they got to do it. And they will. Particularly if we use this money to help them put up a tower and a fiber wire leading to that tower in those "pockety" areas. [LB617]

SENATOR DUBAS: Thank you, Senator Schumacher. Are there other questions? Seeing none, thank you so much. [LB617]

SENATOR SCHUMACHER: Thank you very much. [LB617]

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SENATOR DUBAS: We'll move on to proponents. Are there any proponents for LB617? Any proponents? All right, any opponents? Can I just have a show of hands of people that are considering to testify today? Okay, very good, thank you. We'll have our first opponent step forward please. Welcome. [LB617]

PAUL SCHUDEL: (Exhibit 2) Thank you. Good afternoon, Chairperson Dubas and members of the Transportation and Telecommunications Committee. My name is Paul Schudel, P-a-u-l S-c-h-u-d-e-l. I am appearing today in opposition to LB617 as a registered lobbyist for the Nebraska Rural Independent Companies, comprised of 19 rural local exchange carriers providing telecommunications and broadband services to rural Nebraska. The purpose of the Nebraska Telecommunications Universal Service Fund Act, enacted in 1997, is to establish a funding mechanism that supplements federal universal service support mechanisms to ensure that all Nebraskans, without regard to their location, have comparable access to telecommunications services at affordable prices. This statement of purpose confirms that the public policy of Nebraska is to provide all of its citizens with access to voice telecommunications services at affordable rates. LB617's proposed abandonment of universal voice service accessibility for Nebraska consumers would be bad public policy. Sections 151 and 254 of the federal telecommunications act continue to require universal availability of voice telecommunications service. In January of this year, the Nebraska commission reaffirmed that establishment of reasonably comparable access to quality telecommunications services, the primary goal of universal service and should be prioritized as such. LB617's attempt to eliminate NUSF support for universal availability of voice telecommunications service at affordable rates will harm Nebraska consumers and should be rejected by the committee. LB617's repurposing of NUSF support to promote broadband competition is also bad public policy and should be rejected. Following passage of the 1996 federal Telecommunications Act, the FCC implemented the so-called "identical support rule" that provided competitive carriers with the same per-line amount of high-cost federal universal service support as incumbent carriers. However, in the FCC's November 2011 landmark Transformation Order, the FCC declined to continue a universal service structure that provided universal service support to multiple entities in a given area and stated: "We conclude that this prior policy of supporting multiple networks may not be the most effective way of achieving our universal service goals. In this case, we choose not to subsidize competition through universal service in areas that are challenging for even one provider to serve." LB617's declared purpose to promote competitive broadband offerings amounts to a "been there, done that" approach that has been proven at the federal level to be inefficient, wasteful, and incapable of establishing ubiquitous broadband availability. The federal experience amply demonstrates the inadvisability of the proposal in LB617 to use universal service support to artificially create broadband competition that the marketplace will not otherwise support. The current Nebraska Universal Service Fund, as administered by the Nebraska commission, has helped to establish and to maintain a voice telephone service penetration rate of nearly 98 percent in Nebraska and to create

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broadband accessibility for approximately 90 percent of Nebraskans. "Information services" and "advanced telecommunications services", as those terms are now used in the NUSF Act, have been confirmed by the Nebraska commission to include broadband service. The Nebraska commission prioritizes Nebraska Broadband Program and Dedicated Wireless Fund Program grants to those areas of Nebraska that are unserved or underserved with broadband. Further, the commission's definition of broadband, based upon speeds of 4/1 megabytes per second, mirrors the FCC's current speed definition of broadband. It is also important to note that the commission will reexamine the appropriateness of its existing broadband speed definition on a triennial basis to assure that this speed standard is reflective of consumer expectations. This is a far preferable approach to establishing a speed definition by statute as is proposed in LB617. In conclusion, on many levels, some of which I have mentioned and some of which will be identified by other opponents of the bill who will address the committee, LB617 is a bill that not only represents inadvisable changes in our state's telecommunications policies, but further is a bill whose adoption is unnecessary for Nebraska to reach its goal of ubiquitous availability of broadband services to the citizens of this state. As such, it should not be advanced by the committee for further consideration by the Legislature. Thank you. [LB617]

SENATOR DUBAS: Thank you, Mr. Schudel. Are there questions? I would have a couple for you. Do you feel that the fund, as it exists right now, allows for the use and the development of the newest technology, especially out in the more rural areas of the state? [LB617]

PAUL SCHUDEL: Yes, ma'am, I do. In fact, dating back to 2004, the Nebraska commission and its orders specify that the use of the funds would be for the deployment of network that had broadband support capabilities. In other words, that the infrastructure that was supported by the high-costs fund would be broadband capable. Since that time, the commission has, in its administration of the fund, emphasized the need for having facilities put in place that are capable of supporting broadband at high-speed Internet that is necessary for the development of Nebraska. And indeed, in 2012 implemented, as I'm sure the commission witness will describe to you, the Nebraska Broadband Pilot Program which provides grant funding for, if you will, filling in the white spaces where broadband is not currently available. [LB617]

SENATOR DUBAS: Okay. Why, in your opinion, do you feel it's so important for those who use the Universal Service Fund to meet that criteria for eligible carrier status? Why not open it up? Wouldn't that create a more competitive environment? [LB617]

PAUL SCHUDEL: Two responses: first of all, the Nebraska Broadband Program, that pilot program that began last year, is not conditioned on having ETC, or eligible telecommunications carrier status, and that is a federal concept that's also adopted here in Nebraska. So that...that part of the fund is today, and starting last year, was open for

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participation by anyone who wished to apply who met the commission's established criteria. Beyond that, I guess I would again reiterate that the fund is being used to support the deployment of an infrastructure, not only utilized by the local exchange carriers, but by interexchange carriers and wireless carriers to provide state-of-the-art services to consumers in this state. [LB617]

SENATOR DUBAS: Okay. One more question, a definition question for you. Does the definition of telecommunications include broadband? [LB617]

PAUL SCHUDEL: It does not. And interestingly that is an area of longstanding and continuing debate at the federal communications level. We have a dichotomy there. Telecommunications is generally associated with voice. Information services, on the other hand, which is a term used in the NUSF Act is associated with data transmission. And it's ironic in LB617 that in the title of the act, as proposed in the bill, the word "telecommunications" is retained. Yet the definition of "telecommunications" is stricken in LB617. So there is a sort of...there is sort of a paranoia within the bill as to what exactly we're speaking to. But suffice to say that there is a division that goes back almost 20 years in FCC law between information services that is data transmission and telecommunications which is primarily voice. [LB617]

SENATOR DUBAS: So they probably do deserve separate definitions, would you say that? [LB617]

PAUL SCHUDEL: Yes, I would recommend that they do, because while the technology, the broadband technology, or if you will, Internet protocol technology, is capable of transmitting, as was stated by the senator, data as well as voice, from a regulatory standpoint, there is a dichotomy that is extremely important. And it also very much relates to where the federal government has preempted the states from regulating in the area of Internet and broadband, that's been preempted by the federal government. [LB617]

SENATOR DUBAS: Good, thank you. Questions? Other questions? [LB617]

PAUL SCHUDEL: Thank you for your time. [LB617]

SENATOR DUBAS: Thank you very much for your testimony. Welcome. [LB617]

JACK SHULTZ: (Exhibit 3) Thank you. Good afternoon, Senator Dubas, members of the Transportation and Telecommunications Committee. My name is Jack Shultz, J-a-c-k S-h-u-l-t-z, and I'm an attorney who represents the Nebraska Telecommunications Association which I will refer to as the NTA. I'm appearing in opposition to LB617. First let me state that the NTA concurs with Mr. Schudel's testimony regarding the policy issues raised by LB617. A historical perspective of the Universal Service Fund may be

beneficial to the committee. The enactment of the Nebraska Universal Service Fund Act was a reasoned, rationale approach to addressing a revenue deficiency issue created by the federal Telecommunications Act of 1996 which required all implicit subsidies be made explicit. During fiscal year 2011-12, the NUSF distributed a total of \$46.1 million to telecommunications providers in Nebraska. Those funds were used to upgrade and expand voice and broadband services, other telecommunications services like distance learning, telepath, telehealth, and to help offset high-cost service across Nebraska. The NUSFA was previously been challenged in court as an unconstitutional delegation of taxing authority. Nebraska Supreme Court found in that case that the NUSFA was a mechanism for rebalancing of revenue as was intended by the FCC in the establishment of the federal USF, and therefore not unconstitutional, nor was it found to be a tax. In fact, the Nebraska Supreme Court found precisely the contrary: it was not a tax. The NUSF was a good policy when enacted and remains a good policy today. Another section of LB617 also has a litigation history. Specifically, Section 12(2) on page 14, contemplates the entry of municipalities and public power districts into broadband competitive market by 2020. In 2004, public entry in telecommunications was an issue in Nebraska. The Lincoln Electric System sought authority from the Nebraska Public Service Commission to become a contract carrier to operate as a switchless facilities based provider over its fiber-optic network. The commission dismissed the application finding that LES did not have the requisite authority to operate as a for-hire carrier. During the pendency of that litigation, the Legislature adopted LB827 which prohibited public entry into the telecommunications market. The matter eventually came before the Nebraska Supreme Court. The NTA argued the issued was moot by virtue of the Legislature having enacted LB827. LES argued the new legislation was preempted by 47 U.S.C. Section 253(a) of the Telecommunications Act of 1996 and was therefore unconstitutional. The same issue of public entry was being addressed in a number of other states including Texas, Iowa, Virginia, and Missouri. The judicial decisions were inconsistent. The Nebraska Supreme Court ultimately ruled that the federal act preempted LB827. The same issue of federal preemption raised by LES in Nebraska was raised by the Missouri Municipal League before the Eighth Circuit Court of Appeals and ultimately in the U.S. Supreme Court. The U.S. Supreme Court found that Section 253(a) of the Telecommunications Act of 1996 did not apply to state political subdivisions, but only private entities, and therefore the language at issue in the federal act did not preempt the Missouri statute. Therefore, for a second time, in 2005, the Nebraska Legislature enacted a prohibition against public entry by the passage of LB645. The Legislature has long recognized the potential dangers of public entities competing with private sector telecommunications providers. There would be substantial competitive advantages for public entities due to the tax exemptions under which they operate. Political subdivisions could focus on the most profitable customers, cherry-pick those customers, and saddle the current providers with the obligation to serve the remaining less profitable, higher cost customers. The net effect would be those remaining on the private provider system would pay higher rates. There has been much commentary about whether public entities would have the ability or desire to continually

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upgrade public systems due to the substantial cost and the frequency with which the technology upgrades are required. For these reasons, public entry into the telecommunications market is not a good idea. In conclusion, it should be apparent a great deal of thought was devoted to creation and implementation of the NUSFA. The statute creating the fund has stood the test of time and legal challenges. Even as technology has changed, the NUSFA purpose of rebalancing and restructuring rates has served Nebraskans well. LB617 would not. I suggest you indefinitely postpone this proposal. Thank you. [LB617]

SENATOR DUBAS: Thank you, Mr. Shultz. Are there questions? I would have one for you. What, you're representing the NTA, is that correct? [LB617]

JACK SHULTZ: That's correct. [LB617]

SENATOR DUBAS: Yes. So what do you feel sets your telecom companies and the services that you provide apart from wireless providers, especially statewide? What's the difference here? [LB617]

JACK SHULTZ: Well, both, I think, are innovating the most recent technologies and utilizing those available. Obviously, they have a long history in providing wire line traditional service. And a good number of customers, although clearly the trend, I agree with Senator Schumacher, particularly with younger consumers, is away from the land line. A lot of consumers have no intention to ever leave their land line service and are not captivated by the concept of a mobile device. So I think offering a...the most current technology available on a variety of basis, give the customer...consumer options which they now have is meeting the needs of those customers. And, I think, you've got two different concepts at play there. But both using the most recent technology available. [LB617]

SENATOR DUBAS: So there's choice. [LB617]

JACK SHULTZ: Choice. [LB617]

SENATOR DUBAS: Other questions? Seeing none, thank you so much for coming forward today. [LB617]

JACK SHULTZ: Thank you. [LB617]

SENATOR DUBAS: Welcome. [LB617]

TODD FOJE: Thank you, Chairperson Dubas, and members of the committee. My name is Todd Foje, that's T-o-d-d F-o-j-e. I'm the CEO of Great Plains Communications headquartered in Blair, Nebraska. I'm also the vice chairman of the Nebraska

Telecommunications Association, also known as the NTA. I'm here to testify today in opposition to LB617. Great Plains Communications is the largest independent telecommunications company in the state and is devoted to serving rural Nebraska consumers. Our company provides broadband services to more than 13,000 customers and voice services to 23,000 customers across 14,000 square miles, an area the size of New Jersey, Rhode Island, and Connecticut combined. Great Plains has about 200 employees living across the state, and we've been doing business in Nebraska as a telecommunications company for more than 100 years. Our company currently has over \$200 million invested in our Nebraska network. This investment includes 3,300 miles of fiber-optic cable used in our local and interexchange networks serving our customers, many of whom are located in very rural, remote areas that are costly to serve due to the low population density. The Nebraska Universal Service Fund has provided financial support to supplement payments we receive from customers, thereby enabling broadband service in a high percentage of these high-cost areas, while also supporting universal availability of voice services to Nebraska consumers as required by law. As written, LB617 proposes major changes to the law that created the Nebraska Universal Service Fund for the purposes of ensuring comparable availability of affordable services in the urban and rural areas of the state. Further, LB617 would dismantle more than 15 years of effective telecommunications public policy established by this Legislature. We would like this committee to know the following: LB617 assumes that companies currently providing voice and broadband services to residents and businesses of rural Nebraska will continue to exist without continuing NUSF support and would have the ability to serve the state's most remotely located customers. In fact, absent NUSF support, many of these companies would not be able to continue to provide service, even if rates doubled or even tripled. Moreover, the bill fails to recognize the significant long-term investments that have been made in rural networks that are the backbone supporting all other technologies and services including voice, broadband, and wireless cellular communications. Second, many successful private and public partnerships across the state exist in great part because of NUSF support making modern services available to government, schools, and libraries, and telehealth networks. It is important that effective partnerships like these can continue. Third, the FCC reports that 90 percent of Nebraskans have access to broadband. The work that must continue under NUSF is for the remaining 10 percent to be reached and to ensure that the networks in place can be properly maintained and upgraded to satisfy the insatiable appetite for bandwidth. LB617 would divert NUSF resources to artificially create and support competition for the 90 percent served, while allowing those who are the remaining 10 percent and living in some of the most rural and high-cost areas to forever be ignored as have-nots. Finally, companies that qualify for NUSF high-cost support must meet high standards for ongoing investment, financial accountability, and service quality. LB617 fails to recognize the rigorous standards required of NUSF recipients. In conclusion, we believe that Nebraska's Universal Service Fund has been very successful in bringing affordable and reliable telecommunication services to Nebraskans, and it is widely recognized as a model across the country. This Legislature

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showed great leadership and foresight when authorizing the Nebraska Universal Service Fund and this state's Public Service Commission has very capably administered the fund and carried out the Legislature's stated public policy goals. LB617 will disrupt, and most likely end what the NUSF has accomplished for Nebraska's consumers. I urge the committee members to oppose this bill. [LB617]

SENATOR DUBAS: Thank you, Mr. Foje. Are there questions? I would have one for you. Are there things...discussions happening at the federal level that could impact your ability dealing with telephone and broadband expansion in the state...at the state level? [LB617]

TODD FOJE: The FCC issued an order about...almost a year and a half ago now that changes, you know, what is going on, in part, at the federal system. Some of those changes are cycling through, if you will, between now and the end of 2014. And the Public Service Commission, as you know, are keenly aware of those changes and is monitoring and watching the impact that might have on companies in the state. [LB617]

SENATOR DUBAS: So there is still some uncertainty about what is really going to happen? [LB617]

TODD FOJE: Correct. [LB617]

SENATOR DUBAS: Very good. Thank you. Other questions? Seeing none, thank you for testifying. [LB617]

TODD FOJE: Thank you, Chairman. [LB617]

PATRICK HAGGERTY: Good afternoon, Chairperson Dubas, and members of the Transportation and Telecommunications Committee. My name is Patrick Haggerty, P-a-t-r-i-c-k H-a-g-g-e-r-t-y. I am testifying as a registered lobbyist in opposition to LB617 on behalf of CenturyLink. CenturyLink provides communications services to over 100 communities and over 800 schools, libraries, and medical centers in Nebraska. Our service territory in Nebraska exceeds 17,000 square miles. And Nebraska CenturyLink maintains a base of approximately 1,000 employees. The Nebraska Universal Service Fund Act ensures that all Nebraskans, without regard to their location, have comparable accessibility to communication services at affordable prices. LB617 proposes extensive changes to the existing act. My consideration of such a significant transformation began by reviewing the proposed purpose of LB617. I began with the purpose because purpose should proceed action. Purpose is the reason for which something is done. LB617 proposes to change the purpose of the fund from a funding mechanism which supplements federal universal service support to a funding mechanism which promotes private competition and the development of broadband services over fiber optic or wireless facilities. To determine the validity of the stated purpose, I reviewed the

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Nebraska Public Service Commission's 2012 annual report to the Legislature. Through extensive research, the Nebraska Public Service Commission identified 124 companies currently providing broadband services in Nebraska. The total included data providers as well as resellers of Internet services. In addition, I conducted a search of providers and services by municipality at the Nebraska broadband map Web site. Of the 92 CenturyLink communities available in the database, all the communities reflected access to multiple providers offering competitive broadband service. Through capital investment and public and private partnerships, CenturyLink is committed to the continued deployment of broadband services in Nebraska. At the end of 2011, broadband services were available to 91 percent of the living units within our service territory. CenturyLink participates in the Nebraska Broadband Pilot Program and is actively involved with the progression of the FCC's Connect America Fund. In closing, CenturyLink contends competition is evident and development is ongoing. The proposed purpose of LB617 is already being fulfilled. Purpose proceeds action. If action were taken on the stated purpose of LB617, it would be duplicative and disruptive. For these reasons, CenturyLink opposes the advancement of LB617. [LB617]

SENATOR DUBAS: Thank you, Mr. Haggerty. Are there questions? Seeing none, thank you very much for your testimony. [LB617]

AMY PRENDA: Good afternoon, Chairman Dubas, and members of the Transportation Committee. My name is Amy Prenda, it's A-m-y P-r-e-n-d-a, and I'm testifying on behalf of the Nebraska Cable Communications Association in opposition to LB617 and specifically to the public entry provision found in Section 12 of the bill. Our member companies: Cable ONE, Charter, Cox, Great Plains, and Time Warner Cable have invested hundreds of millions of dollars in Nebraska when you consider the number of employees, state and local taxes paid, franchise fees, and investment in updating equipment and in technology. They also offer a full array of services including high-speed Internet, telephone, and, of course, cable television, and are always on the cutting edge of providing new technology and services in an effort to meet the immediate expectations of our customers. Wanting to provide broadband to underserved and unserved areas of the state is a laudable goal. And as an industry, we know there is a significant public interest in ensuring all Nebraskans benefit from broadband. Unfortunately, allowing municipalities or public power districts to build broadband networks has proven not to be the best solution and has struggled and failed in almost every instance for a number of reasons. First, government-owned networks use taxpayer dollars to build the networks, and taxpayers, even if those taxpayers don't have the service, will end up subsidizing the networks, especially if they fail. Municipalities and public power districts were statutorily created to make sure that public funds are used to pay for critical public services like law enforcement, education, and the like, and not services and products currently being offered by private industries. Government-owned networks lack sustainable business plans and are unable to quickly

react to necessary upgrades when technology evolves. Technology is constantly changing and, therefore, so must the business plans. Government entities, because of their inherent bureaucratic operating constraints just weren't created to quickly react to changing market conditions. Government-owned networks have an unfair advantage which will forestall market entry and decrease competition. This means that the local consumers lose the benefit of choice, and the community also may lose out on the tax revenue from a private network that is within their communities. The solution? We're a market-based economy and encouraging partnerships between government and the cable industry will go further towards realizing the ultimate goal of providing services to everyone than introducing legislation similar to LB617. Such partnerships require policymakers to seriously look at the barriers to private firms entering the market, barriers like regulations, high franchise fees, and other fees and taxes. It is interesting that local government strongly support the concept of universal broadband, yet at the same time often relentlessly tax telecommunications and cable services. We also shouldn't lose sight of the partnership I think currently exists with the Federal Communications Commission and also the Public Service Commission. As both continue to evaluate and reevaluate a number of programs meant to support broadband deployment. While the Public Service Commission's Nebraska's Broadband Pilot Program is a very new program and still evolving, the incentives are available to help build broadband networks in underserved and unserved areas of the state. The PSC has been diligent in the last year critically clarifying and modifying the goals of the program for the 2013 funding year, and in an effort to, and I quote: ensure that high cost wireless and NEBP Pilot Program support are properly focused on the deployment of and maintenance where appropriate of quality high-speed services to consumers in all regions of the state of Nebraska. Thank you for your consideration of our position and the Nebraska Cable Communications Association respectfully asks that you IPP LB617, and I'd be happy to try and answer any questions you might have. [LB617]

SENATOR DUBAS: Thank you, Ms. Prenda. Are there questions? Seeing none, thank you for your testimony. Welcome. [LB617]

CURT BROMM: (Exhibit 4) Good afternoon, Senator Dubas. My name is Curt Bromm, C-u-r-t B-r-o-m-m, and I'm here as a registered lobbyist for Verizon Communications. And I will not give my entire testimony since much of it has been covered, I think, but I would like to highlight some items, I believe, for the committee. Verizon does respectfully express opposition to LB617. We appreciate the thought and the, I guess, thought-provoking objectives that Senator Schumacher has brought forth in his bill. Certainly never hurts to talk about these kinds of things. However, the bill would essentially transform the traditional Telecommunications Universal Service Fund into a more or less a state broadband fund. And while you can...you can provide some merit to that effort, I think the timing is wrong, and we would soon find that it's a waste of public money. There is significant private sector investments well underway already building Nebraska's broadband infrastructure. In addition, the industry participants and

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policymakers are working through historic changes in the national Universal Service Fund Program, along with three-fourths of the Inter-carrier Compensation Program. The massively privately funded investment fostering broadband deployment and the federal policy changes still being implemented render this policy change premature and possibly unnecessary. The federal regulatory transformation is triggered through a report issued November 18, 2011, by the FCC which embodies the most comprehensive overhaul of the federal Universal Service Fund and the ICC system since their inception. The report recognizes that the existing universal service and intercarrier compensation systems were based on old assumptions that fail to reflect today's networks and the evolving nature of communications service and the current competitive landscape. I think the reforms and the modernizations are going to come about and be generated through the...what's been started on the federal level are going to have a significant impact in time. And I won't go into a great deal more detail on that, but I think in summary we think doing what this bill proposes, first of all, would be premature and probably would be a waste of money. But secondly, the idea that we could solve this problem best through involving public funds and the public sector as opposed to private sector. I think it's contrary to the progress that has been made in this state, and I think we have great, for the most part, we have great telecommunication services and with the technology changes they do have to improve, but I think that's well underway. And I think we'd be best served by continuing the course by allowing the Public Service Commission in its experience and wisdom to help guide us in the right direction using the funds that are available. Private companies will be disincentivized to continue to invest if we head down the direction, I think, of LB617. Verizon has just nearly completed upgrading its 3G wireless network to its 4G Long Term Evolution network, an investment that exceeds \$250 million in just the last few years. The customers that are increasing in the smaller Nebraska towns are enjoying high speeds, 10 times faster than the 3G data network. And so we think that things are happening as rapidly as they can. And we believe that this bill could be more of an impediment to this progress than it would be a help. So with that I will conclude my testimony. And I've left a written copy with you of a little bit more detail. [LB617]

SENATOR DUBAS: Thank you, Mr. Bromm. Are there questions? I would ask, maybe, for a clarification. You said that there are parts of this bill that may be premature. So would that mean that you think that there are parts of this bill that possibly have some merit, but the time just hasn't arrived yet for them? [LB617]

CURT BROMM: No, that isn't what I intended to infer. I think...I think that the changes Senator Schumacher thinks are necessary to get more coverage of the state with higher speed broadband are coming about through the federal action and state action with the pilot project that they're undertaking. And I think we should wait and see how successful those efforts are rather than assume now that we must go forward with this kind of bill. That's what I meant, Senator, and thank you for that question. [LB617]

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SENATOR DUBAS: I appreciate that. I just wanted to clarify, sometimes when we say premature, that means, well, its just not the time. [LB617]

CURT BROMM: It might be ready next year. No. Okay. [LB617]

SENATOR DUBAS: Questions? Senator Smith. [LB617]

SENATOR SMITH: Thank you, Madam Chair. Senator Bromm, thanks for your testimony, appreciate it. And kind of piggybacking on that, I think what you're...in your testimony, you're embracing the purpose that was laid out up-front to promote private competition. [LB617]

CURT BROMM: We support that. [LB617]

SENATOR SMITH: You support that. And in your testimony I'm hearing you say, you just do not believe that the right way to do that is to expand the public sector and to provide public entry. You believe in improving the regulatory environment in which these private companies have to perform. Can you elaborate on that a bit? [LB617]

CURT BROMM: Well, I think, if I understand the question, I think that the idea that we're going to use resources like the Federal Universal Service Fund and the Nebraska Universal Service Fund to incentivize and create an environment where we encourage the private sector to take somewhat of a leap in some cases to improve their technology and expend a good deal of money. But provide some backing for them taking that leap of faith is a good way to approach this, much as we do any other economic development incentives that we have in many other areas. And back to...I think when I heard your questions, Senator, it reminds me so much of the positions and the arguments that were articulated in a task force report that was issued to this body 2006 or...don't hold me to the year, but it's around 2006. It was about a year and a half study that looked at how much more...how much better off would we be if we would include more of the public sector and trying to encourage these kinds of projects versus trying to, simply, encourage the private sector. And there was a lot of study and a lot of people that were involved in that task force. And I think the report is still, probably, a pretty good report, although technology is changing every day. [LB617]

SENATOR SMITH: All right. And so kind of loop back around to the premature comment, I think, from what I'm hearing is there is still many opportunities to get to where we need to be and competition through and providing incentives in the private sector before we need to involve the expansion of the public sector. [LB617]

CURT BROMM: I think we would consider involving the public sector as a last resort, and we don't think we're there yet. We think that we're going to get there through the programs that are being developed and encouraged to be developed by both the state

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and the federal FCC. [LB617]

SENATOR SMITH: All right, thank you. [LB617]

SENATOR DUBAS: Any other questions? Seeing none, thank you for your testimony. [LB617]

CURT BROMM: Thank you, Senator. [LB617]

SENATOR DUBAS: (Exhibit 5) Further opponents to the LB617? Neutral? Oh, I do have, thanks for the reminder, I do have one opponent to read into the record for LB617 from Windstream, Bill Garcia, that is as an opponent. Welcome, Commissioner Boyle. [LB617]

ANNE BOYLE: (Exhibit 6) Thank you, Senator. Madam Chair and members of the committee, thank you for the opportunity to visit with you today. My name is Anne Boyle, Anne, A-n-n-e, Boyle, B-o-y-l-e, and I am the current chair of the Nebraska Public Service Commission and I am one of three state commissioners appointed to serve on the Federal-State Joint Board on Universal Service. The board interacts with members of the Federal Communications Commission to provide the state the perspective on policy changes as they would create problems or would be in the best interests of the states. I'm probably going to skip some of my testimony because you have heard a lot of that, and I don't want to take up more of your time than necessary. I'm sure when you have time, you're really going to want to read it, off the record. But I'm here this afternoon, oh, by the way, I've also served on the Universal Service Administrative Company which is called USAC; it is a board of directors which administers the Federal Universal Service Fund. But today I'm here on behalf of the Nebraska commission to testify in a neutral capacity, LB617. Also with me is Commissioner Rod Johnson who serves, I guess, middle Nebraska; and our executive director, Steve Meradith; and our general counsel, Shani Knutson. LB617 makes several modifications to the purposes and goals of the fund, the Nebraska Universal Service Fund. In my testimony today, I provide you with an overview of our current programs. The monthly assessment fee for these programs is 6.95 percent, as Senator Schumacher told you several times and is on the intrastate portion of retail phone service. Each year our commission holds a public hearing on the level of the surcharge necessary to carry out the goals of the act. The commission also receives input from an advisory board as to what that fee should be. The surcharge was established at 6.95 percent in 1998. And since that time it has never increased, it is still at the same point where we were 15 years ago. The surcharge on wireless phones is 4.37 percent. Not as high as those located in Nebraska, and the reason for that is that the FCC is determined that a portion of their services is interstate, and we are only allowed to access...or to assess intrastate costs. So they contribute, but they are also beneficiaries. It should be noted that the USF fund has been considered a role model. It has been said before, and it truly is. I've been at the

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commission since 1997; I was elected in 1996 when the act was passed in Congress, and then came here to Lincoln to work with my fellow commissioners and with the Legislature as you put together the act that we are now liable for because of what was passed by the Legislature. We did not create or make up any of what we do today, not on the state level, nor on the federal level. And we are required to be...keep our fund in sync with the federal level. That is federal law. That was passed by Congress. So the commission does not have the ability to just go off carte blanche and do whatever we want to do. It should be understood that Nebraska does have one of the best in the country, however, all states do not comply with ours. And the understanding is that Congress did not say that anybody must...any state must do this, but Congress passed this act, I think...I believe...I think he was chair of...he was previously chair of the this committee, and then Doug Kristensen became Speaker of the Legislature. He was the one who drove the vehicle to create the act. And I...well, now former Senator and Chairman Doug Kristensen who is now at the Kearney College, in high regard, I think his ethics are beyond reproach, and I believe that speaks for the committee at the Legislature. And I regretted to hear some of the comments were made about campaign contributions because I think one comment was made about \$500,000 was spent at one time when this act was being produced. That was not only an indictment of our commission, but it was an indictment of the Legislature and the people who serve this committee and those people who ultimately voted for the act. And I regret that, and I am very sorry to hear that. That's an extemporaneous comment; however, it is easy to make accusations with no evidence, and it is easy to say things with...and then decide what the motive was for what people did, again with no evidence. And I find that...because I grew up in politics, this day and age of being able to throw out dirt about people with no evidence is very harmful to our entire society and our whole government, and I regret that those comments were made about our commission, my commissioners, and me, and all of you, and previous members of the Legislature who helped us as we did what we've done. I would like to point out some of the discrepancies around the states, and the reason Congress did not say all states must do this is because all states are not alike. And so in my testimony, I looked up census information yesterday and decided the state of Maryland would be a good example to all of you about what the differences are. Maryland has 9,774 square miles with a population of 5,828,289 people, and it's 13.9 percent rural. In comparison, Nebraska has 77,421 square miles with a population of 1,826,341 people, and it is 30 percent rural. We are about eight times Maryland's land mass, and we have about one-third of their population. And yet we have more than twice the rural population of Maryland. And land mass is important, an important equation because cost of providing services are higher the further away customers live from the central offices. And the USF, the Nebraska act, was modeled after the federal Telecommunications Act, but you have to remember that when you are in a state that is sparsely populated, and this is also not my testimony, but yesterday again I looked up the census data about the population of counties in Nebraska, more than half of the counties in Nebraska, 47 of them, have fewer than 10 people per square mile. And that is rural, and that is a lot of vacant land,

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and that is high cost to provide the services that those people need in order to...so that they can live in today's world. And it isn't perfect yet, but it will be over time, but we can't do things flash cut, as you well know...the enactment of laws take time. And the Telecommunications Act was passed in 1996. Sixty-two years before then is when the first telecommunications act was passed. It took 62 years for Congress to come to terms in 1996 to change things. And so we are not going to flash cut anything. And since the act was passed in 1996, it never mentioned wireless. It did in vague terms; it was called commercial mobile radio services, Ham operators. That's how wireless was construed in the '96 act. Never did it say wireless services. And so therefore, even Congress at the time, when they passed that act, they were behind the times, and they have been trying to update that act ever since then, and they have yet to do it. They cannot yet get enough information to make it worthwhile to take very, very complicated issues and try to make it work again in a very short period of time compared to what it took for them to get from 1934. The technology changes have been a...have changed dramatically. I tell people all the time, when I came to the commission, hardly anybody used their cell phones. They were about as big as a shoe box and very clumsy. Hardly anybody used e-mail; it was just coming on to the public. And we changed our e-mail systems at the commission several times just trying to keep updated. And then, to my knowledge, nobody heard of texting which is now becoming the new way of talking to everybody in this country. That's all taken place in only 17 years. Compare that to the 62 years that it took to change the policies that were taking place. So we are in sync with the federal board, the Federal Universal Service Fund. We are doing what Congress wanted all...everybody to do. But like I said, all states are not the same, and some states don't fit. Some of them are so populated that they don't even have hardly any rural population. So there would be no reason for them to start asking for funding for anything like we do, but when you get into the Midwest like North Dakota, South Dakota, Nebraska, Kansas, Oklahoma, and keep going west, Montana, and all those places out there, we are big states geographically; we are small states population wise; and we do have a real need in the Midwest. And we had to push that hard and fast into Congress and to the FCC so they would not try one-size-fits-all legislation and that we would be bound by...and we would be inbound by it, but would not protect the assets of the people of our...where we live. And I live in Omaha, and I grew up in...I'm a fourth generation "Omahan." But most of my job regarding telecommunications is about providing services to the rural areas so all of us are treated the same and that all of us can have the benefits of today's technology. And that will happen. And, as I mentioned before, some people have cut their land line; many people in Nebraska have cut their land line. But in those populated areas, our least populated areas, they have not yet done that. And I will say this, older people...and I will tell you right now I'm one of them, I'm 70 years old, so I can speak for us...but I've cut my land line. But many of us don't like change. But my land line was much more reliable and consistent for service than any wireless phone that I've ever owned. And that is a problem when we get out to the very unpopulated parts of our state. Since 1998, when we established...since 1998, the NUSF was established, the commission has continually modernized its universal

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service policies to reflect changes in technology and service. As previously mentioned, the NUSF program has been perceived nationally as an example of states to follow. Currently, we allocate USF support among five very important programs: the broadband program, the telehealth program, the dedicated wireless fund program, the telephone assistance program, and the high-cost program. The Nebraska Broadband Pilot Program, last year we awarded \$4 million for 19 capital improvement broadband projects located throughout Nebraska. Roughly, 8,000 Nebraska customers will soon be able to subscribe to these new broadband services as a result of these awards. This year, the commission will consider applications from 16 broadband providers totalling over 60 broadband projects and covering more than 145,000 possible broadband subscribers. Of course, we will not have enough money to provide to...serve all of them; however, we have already made the determination to transition more support to the broadband program in the upcoming years. In addition, the commission has committed to review broadband speeds every two years to keep pace, not only with national standards, but local consumer expectations. Under this program, any provider of broadband service is eligible to receive support. Grant awards are prioritized based on the number of underserved and unserved areas, speed, rate, cost, and the potential number of households benefitting from the broadband service. The commission's Broadband Pilot Program targets needed infrastructure support to consumers without access to broadband connections and is designed to ensure that rates for broadband access remain affordable. The statewide Telehealth Network, which Senator Hadley you mentioned Donna Hammack, when you met her in Kearney, knew her in Kearney, she was the one person who led the way for the commission in bringing our attention to this very network, and we implemented it. And since 2004, the commission has supported a statewide telehealth network which connects 68 rural and critical access hospitals across the state to help hospitals located in Grand Island, Kearney, Scottsbluff, Norfolk, North Platte, Lincoln, and Omaha. The continued universal services support reduces the ongoing network costs which is critical in keeping this network viable. Last year, as estimated by the Nebraska Statewide Telehealth Network the availability of the telehealth network saved patients over \$1 million in travel costs. And the telehealth network also saved over \$6 million in time and travel expenses for participating organizations. Most importantly, it allows patients access to local medical facilities in case of emergencies. And next is the wireless fund. The wireless fund is the dedicated fund for programs established in 2008. It targets universal service support to wireless carriers for the construction of cell towers or the placement of cellular equipment on existing infrastructure in out-of-town and sparsely populated areas that would not otherwise have wireless service. Over \$20 million has been awarded and over 60 towers have been approved for funding. The commission will award an additional \$5 million this year for this program. To qualify, wireless carriers must demonstrate that they are capable of and do provide wireless broadband service with the support awarded for the approved tower sites. They are also obligated to provide collocation so that other carriers can use their towers and also for public safety entities upon reasonable request. Next, the low-income assistance program, which is not...we

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know all the time that it is not served adequately; however, it is difficult for us as a commission to get the information out. We have tried to work with Health and Human Services, but it seems that they don't often provide the information to the people who are applicants and who would then qualify for low-income assistance. Consumers must be enrolled in one of the federally-determined qualifying programs, or must have an income at or below 135 percent of the poverty level in order to qualify for assistance. And so you know, the assistance is, when they do qualify the federal program, and so I'm curious about Senator Schumacher's earlier that Senator Chambers is the one who got this into the act when it was being created for the Nebraska side because there is a federal program, and we are modeled after the federal program. But they supply \$9.25 a month, and it is...and then we provide another \$3.50 per month. And that is a credit on phone bills; that is not a direct contribution to the customers. Every year, we double-check to make sure that the people who are using that program are still qualified. And we are considered again one of the best monitored programs in the country. And so you know we have had some...there are some...and when I was on the USAC board we discovered that paper...the prepaid wireless service providers, one of them tried to come to Nebraska, but they would not follow the state law that required us to be able to certify before we could provide them the service. But it was millions...I was...I was taken aback when we...there is what is called the contribution factor on your phone bills, that...went up...from about 10 percent to 10, to 12, to 15, up at some point to almost 18 percent that we were contributing because of this program, and it was because it was corrupted by some carriers. And now the FCC is...has been auditing, and they have been now cutting way back on that, but it's not enough. But Nebraska, because of our policies that were given to us by this Legislature, and we check and recheck with Health and Human Services to make sure that they are on one of the qualifying programs, until that happens, nobody gets a service. Our high-cost mechanism also...I just skipped it, so next is the high-cost program which is the one that has been discussed most frequently today. It is designed to ensure that consistent with state and federal law, qualify access to telecommunications and advanced services is offered at reasonably comparable and affordable rates no matter where the Nebraska customer lives. The commission's high-cost support is based on sophisticated cost modeling processes which estimate relative costs of providing service in high-cost areas and then targets support to these areas. The cost of providing service for customers in sparsely populated areas greatly exceeds a reasonable charge for consumers. Thus, I gave you the comparison with Maryland, highly condensed state, bigger population, but we have territory where it is much more expensive to serve than it is there. This program keeps telecommunications and information service rates affordable in rural areas. The commission's high-cost mechanism also provides an incentive to carriers to invest in new technologies so that the services provided is reasonably comparable to those provided in more densely populated communities. This year, roughly \$40 million has been allocated to 31 telecommunications carriers. The commission's disbursement mechanism is updated on an annual basis. As an aside, funding does not support within a city or a town since they are located close to the carrier central office which is similar

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to the costs in urban areas. However, the costs outside of town are funded since customers are located miles from town. As an example, customers...and this is an extreme, but customers in Cherry County may live more than 60 miles away from the central office. Through the administration of these programs, the commission believes it has appropriately and continually been working to achieve the legislative goals of the NUSF Act while maintaining a consistency with the federal USF program requirements and objectives. The Nebraska USF Act was enacted with the flexibility to permit the commission to modernize its programs with the evolving level of telecommunication and information services. The committee, you should be aware that significant modifications to the federal Universal Services Fund are currently being made as the FCC is slowly transitioning federal universal service support to support broadband services through its Connect America Fund. Our commission has been an active commenter and participant in these discussions. However, the FCC is still working on specific details, and their decision is being challenged in federal court by multiple parties. The argument in the case will not be heard until November 19, in the Tenth District Court of Appeals in Denver. Thus, until that is even heard, and then we will have to wait for a judge to render decisions. We are not in a state of limbo, but we certainly are in a state of uncertainty as to what is going to happen. My expectations, if the...when the order comes out, if there are people who are still unhappy with it, it may be appealed again to the...finally to the United States Supreme Court. So we have no idea when this is really going to come to an end. But you need to know that, so you understand some of the reasons we are hamstrung by what we do. And we are also...if you want to change the Nebraska act, it will still have to be in sync with what the federal act ultimately does. And so it's difficult to forecast that, but we have, like I said, we have continued to work hard to develop new programs because we were allowed to do that by you and so that we are doing broadband...we are doing wireless carriers; we are providing towers; we are doing a lot that we in 1996 never thought we would be doing. So with that, I welcome the opportunity to provide you greater detail at any time on the state or federal programs. But...and I will now take questions that you may have. [LB617]

SENATOR DUBAS: Thank you very much, Commissioner Boyle. Are there questions? I would have one for you, Commissioner. It's been referenced that you, as the commission, seek information to support the US...the service fund from the very people who are getting the benefits of the Universal Service Fund. And so it's not a neutral type of...or an objective-type of information. What would your response be to that? [LB617]

ANNE BOYLE: Well, that would be a comment that was conjecture. We work hand in glove with the FCC. They are not a private company as we know. Gene Hand, who was our director of communications at the commission, has been with us for over 30 years. I...and I've said this publicly, I've said it privately, I've said it to him, and it embarrasses him. He is highly intelligent, highly ethical, and he has been chosen to be the head of the staff subcommittee for telecommunications at the National Association of Regulatory Utility Commissions. That is...they are the body and their staffs, and we depend on our

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staff like everybody else does, because we also have six other programs that we administer; gas is one of them; manufactured housing is one of them; transportation services is one of them, and there are several others. So we don't spend all of our time every day on this particular issue, and that's why we have good department directors. But Gene, I will have to tell you, he knows more probably about telecommunications than almost anybody else does. And he is called upon by national figures to participate and provide information for them so that they can help...he can help them understand the nuances of all of what that very complicated world is. He is our director. Nebraska is privileged to have people like him, and we...I have to tell you, all of the directors that we have are equally ethical in principle and work very, very hard. I say it all the time: they are the best working group of people I've ever worked with in my life. And people in Nebraska have no idea how hard state workers work and at what they could be making somewhere else. [LB617]

SENATOR DUBAS: Thank you, Commissioner. Are there other questions? Seeing none, thank you for your testimony today. [LB617]

ANNE BOYLE: Thank you, Senator. [LB617]

SENATOR DUBAS: Further neutral testimony? Seeing none, Senator Schumacher, would you like to close? [LB617]

SENATOR SCHUMACHER: I would. Senator Dubas, members of the committee, interesting testimony, interesting. Wish it had been consistent. First testifier tells us that there is abundant voice service. Our cup overfloweth with it; 98 percent higher than the standard of voice service already achieved; it's available. Why, pray tell then, are we spending \$50 million a year? Because we're not supposed to be spending on broadband according to another testifier. Free markets, boy, they're teeming over. But wait a minute, the FCC says that we shouldn't have anything but monopolies supposedly. We shouldn't subsidize competition for gosh sake. We want monopolies. Doesn't sound like free market working to me. A subsidized monopolist, oh, but we got great standards, folks. We've got a standard of four megabytes down and one megabyte up. That will just knock the socks off of you when you compare it to South Korea with 15, Japan with 10, Hong Kong with 9, the Netherlands with 8, Latvia with 8.8, and Czechoslovakia with 7; we're right up there on broadband aren't we? Next testifier, you know, we did such a terrific job with our lobbying fund back there in 2005, even though the people of the Lincoln Electric Service area have paid for fiber-optic connections, and even though that will further the economy and growth and all that in the Lincoln area, and the people of Norfolk had laid out fiber optics in much of their area in order to connect to a good service provider, and the people in South Sioux City had done the same, and a piece of fiber-optic cable was working, shocking the pants off me because it carried voice, between the school up in Sioux City and Wayne State College that was NPPD-laid because they had extra strands of wire, we stopped them, by gosh,

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private competitor. It was kind of interesting testimony from Great Plains, I was waiting to hear that concluded there. Two hundred million dollars invested. That's good. How much from Universal Service Fund? We didn't hear that number. Be an interesting number to hear. You know what, if...let's just say for the heck of it, that number is \$40 million, \$40 million. Now if Great Plains were to merge with somebody tomorrow, be acquired by another telephone communications company, that \$40 million worth of assets purchased with NUSF money, if that's the correct figure, where does that \$40 million go? It goes into somebody's pocket right then and there. There's no requirement that you recapture any excess profit you make as...on the sale of your phone company as a result of contributions by the Nebraska Universal Service Fund. What a slick way to convert public contributions into private profit. Now let's talk a little about Great Plains. You know, there's a piece of fiber-optic cable running between Norfolk and Columbus; it has 48 strands in it. It's owned by NPPD. Most of those strands are laying dark by command of this Legislature. If they weren't laying dark, they could transmit and introduce competition into the Columbus market. But they got to lay dark because they're owned by a public power company. Okay? So what was our happening this last summer? It would be interesting to trace the money trail as to how it twisted and turned from the NUSF and what funds the NUSF freed up, down Highway 81 headed north from Columbus toward Norfolk, a piece of fiber-optic cable lay parallel with the NPPD one. Smart? Apparently somebody thinks it is smart. Another interesting comment, you know, if this NUSF went away, some of these private companies just pack up their tents and go home. In spite of the fact that they've got the copper already laid, all the boxes are in line, they would pack up and go home because private sector just can't do it; needs subsidies, incentives, stimulus for voice service, mind you, old voice service. We also heard that in the CenturyLink area, 91 percent of the people have access. Some of that access might be provided by those local wireless "hanger-ons," some might be provided by a local cable company. But let's talk about that. You have the central office and a little town around them. It's easy as pie to bring broadband to that town. You throw a box called a DSLAM, cost you a few thousand dollars onto the...where the wires come in at the central office. Not hard to do. You throw that box on there; you connect that box to an Internet connection to the outside world, and voila, the town and for about a radius out of two to three miles is served. That's most of the population. Okay? The guys beyond that two or three miles range, they're out of luck unless you try a very expensive way to bring it out there if you're going to do it as a phone company. Pretty easy to do if you're going to do it in a wireless mechanism. But, yeah, you can get 91 percent, but that's pretty easy over the old copper wire, and that's why you're only limited to the four megabytes compared to 15 in South Korea. The idea of introducing public sector competition, my, my, what a red herring. The bill only speaks to public sector competition in those areas in 2020 in which 96 percent...by a county, 96 percent of the people don't have access to broadband. In 2020, it's not going to happen. If there is one county, it would be a miracle, and it wouldn't be one that Time Warner or Cox of any of those guys are worried about. Not going to happen, but they need the incentive to get that...to get it done in those areas. Then Verizon, that was really interesting.

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Broadband aid is unnecessary. Premature, it's all working just great without it. And you know what, Verizon might be right. And if so, what are we spending \$50 million for? We don't need it for voice because 98 percent of the people are all served just fine there. And we may not need it for broadband, may be premature. Why don't we just freeze until the prematurity wears off? Let our people keep 6.95 percent. Again, Verizon says the public sector should be a last resort. Well, by gosh, that is what the bill has as a last resort. One of the comments that Commissioner Boyle made that people don't like change. They don't want to cut away from their land lines. I think what they don't want to do...cut away from is their old phone number. They could care less how the signal gets into the house, whether it's over a piece of wire or a piece of wireless. And most of them don't realize that there is a thing called portability. You don't have to give up your old phone number; you can transfer it to your cellular number, and then you don't have to pay for a local land line; you can just use your cellular phone. In fact, there's a cute little device that you can saddle your cellular phone in, and it will light up your wiring inside your house, just like if you had dial tone from an old land line. The federal government is thinking about transitioning to the federal USF to broadband, but there is people fighting it. Guess who those people are? It isn't the futuristic providers. We've heard about good things for hospital connections from Commissioner Boyle. But I seem to recall last year we had a deal where a local hospital was in talking about this identification and common records thing, and they were complaining that they couldn't get connected to the Internet with this sufficient size connection, and they were only a mile away from the central phone office because putting in miles where the fiber end was so expensive. They didn't know when that was going to be accomplished. Putting a mile in of fibers is a piece of cake. A lot of that stuff isn't getting done because there is no whip. Why would you want to shut off a gravy train of \$50 million a year? You can make this take as long as possible. Drag it out. I still challenge the committee to ask Public Service Commission for the April 30 reports of the companies receiving Nebraska Universal Service Fund. And that's all my comments are. Thank you. [LB617]

SENATOR DUBAS: Thank you, Senator Schumacher. Questions? Seeing none, I thank you for making the last hearing of the Transportation and Telecommunications Committee an interesting one. Thank you so much. [LB617]

SENATOR SCHUMACHER: Thank you. [LB617]