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Transportation and Telecommunications Committee  
October 28, 2013

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[LR343]

The Committee on Transportation and Telecommunications met at 1:30 p.m. on Monday, October 28, 2013, in Aurora, Nebraska, for the purpose of conducting a public hearing on LR343. Senators present: Annette Dubas, Chairperson; Jim Smith, Vice Chairperson; Charlie Janssen; and Beau McCoy. Senators absent: Lydia Brasch; Galen Hadley; Scott Price; and Dan Watermeier.

SENATOR DUBAS: Good afternoon. I think we'll get this hearing underway. I know a lot of people have other things going on today so I want to be respectful of your time. Welcome to the interim hearing conducted by the Transportation and Telecommunications Committee. We're looking at the Universal Service Fund this afternoon. So I wanted to thank all of you for taking the time to come and join us today. My name is Senator Annette Dubas. I am the Chair of the Transportation and Telecommunications Committee. I don't have all of my committee members with me today. This is the second of three committee hearings. We had one last week out in Scottsbluff, Nebraska. Today, we're in Aurora. And tomorrow we'll conclude in Lincoln. So senators are...who serve on multiple committees sometimes can't always make it to everything. And so I'll say I have the heart of the committee with me today. But I'd say that no matter who was here so...(laugh). So joining us today is Senator Beau McCoy to my far right. Vice Chair of the Transportation and Telecommunications Committee is Senator Jim Smith. To my immediate left is Anne Hajek. She is the committee clerk. She's the one who's responsible for keeping track of everything that's said and reported to us here today. And she keeps very accurate records. So when you come up to testify, for her help and benefit if you would state and then spell your name, that would be very helpful for her in keeping her record accurate. And then to my far left is Joselyn Luedtke. She is the committee counsel. Let's see. Sign-in sheets are back on the table. The green sheets, if you want to come forward and testify, if you'd fill out a green sheet and then hand it to Joselyn here at the end of the table. If you want it in the record that you were here today and, you know, whether you support or oppose this resolution, you

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can sign in on the pink sheet. The interim hearings are a lot less formal than our regular hearings that we have during the session. These are just opportunities for the committee to gather information. So we don't necessarily have testimony that is in support or opposition to anything in particular. So that's not how we'll have you come forward. It's just kind of a first come, first serve basis for those who want to come forward and just share their information with the committee. I won't have the lights on today or timing. You know, typically we ask you to keep your comments to about five minutes or so. And then the committee will usually have questions for you. So if there's something that you feel maybe you didn't get to go into deep enough, the committee will usually follow up with questions. Ask that you not touch the microphone. It's very sensitive. And so anything that makes any additional noise on that microphone makes it hard for the committee clerk to...with transcribing. And also ask that you silence your cell phones or any other electronic devices because again, we run into interference with the recording equipment. With that, I think we've hit on all of the housekeeping business. There are two testifiers here today who I visited with ahead of time who do have some other things going on and need to get back to their business. So I've offered to let them come forward first. So I think we have the CEO of the Aurora Co-op, Mr. Hohwieler. If he wants to come forward and share his testimony with us, we would appreciate that. [LR343]

GEORGE HOHWIELER: Thank you, Senator Dubas. Good afternoon. My name is George Hohwieler. I'll spell my last name, H-o-h-w-i-e-l-e-r. I serve as the president/CEO of the Aurora Cooperative based in Aurora, Nebraska. I'm here today to give testimony to the benefits of universal service of broadband telecommunications funding to all of the state of Nebraska but especially to the rural communities of the state. The Aurora Cooperative is a farmer-owned agribusiness focused on grain marketing, agronomy services, energy distribution, and animal nutrition distribution. The Aurora Cooperative recorded \$1.1 billion of sales during fiscal year 2013 and has approximately 15,000 farmer-owners and customers in our trade area. Currently, we have 76 locations. The majority are placed in rural Nebraska. We also serve farmers

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from locations in Kansas, Texas, South Dakota, Michigan, and the Delmarva. Aurora has over 500 full-time employees with an additional 200 seasonal employees hired during the growing season. Our company is highly dependent on high-speed and dependable data connections to operate our business. Examples of these operations include multiple location grain inventory management and farmer marketing of grain, coordination of multiple functions within our agronomy fertilizer, crop protection in aerial application businesses, and the ongoing corporate functions that have moved to IT applications. Even though we do business in rural America and primarily in Nebraska, our markets into what we sell and into what we purchase are all interconnected with the markets nationally and globally. It is so important that our communications infrastructure is available, dependable, and will handle the ever-increasing data speeds we need. We thank the state senators for spending time this morning touring Aurora Cooperative's construction of our new corporate headquarters here in Aurora. As our company continues to grow in size and complexity, our reliance on class-leading telecommunications infrastructure will grow in importance as well. Finally, on behalf of the thousands of farmer-owners and customers of the Aurora Cooperative, I encourage our state leadership to continue to focus on world-class telecommunications delivery to our rural residents ensuring their competitiveness in world markets as well. Again, I thank you for touring and being in Aurora today. I'd take any questions. [LR343]

SENATOR DUBAS: Thank you, Mr. Hohwieler. Questions? I would like you to maybe just go into a little bit more detail about the focus on technology in your new facility which was very impressive. And thank you for taking us through there. [LR343]

GEORGE HOHWIELER: Thank you. Well, it's a coordinated effort. We're very blessed in this area to have Hamilton Telecommunications be one of our primary partners. The world of agriculture is one of commodity. And in a commodity-driven world, how you differentiate yourself is really with information, how quickly you can get information to the marketplace, how quickly you can disseminate market changes and fluctuations, how quickly we can get that information sent to our farmer-owners who can make good

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marketing decisions at that point, whether it's selling their grain or buying their fertilizer or ordering aerial application businesses. Again, we're very fortunate to have a partner in Hamilton as we build this building out. As we were sharing with you, some of the statistics in this building, there's over 10 mile of conduit of which there's over 100 miles of wiring in the building alone. And it just gives you an idea of how important the information coming in various ways, whether it's broadband telecommunications, fiber optic is important, as we build this building out to service farmer-owners for the next 50 to 100 years. [LR343]

SENATOR DUBAS: Now you also spoke about, you have quite a few remote locations. [LR343]

GEORGE HOHWIELER: We do. [LR343]

SENATOR DUBAS: Do you have any particular challenges with any of those remote locations as far as communicating and telecommunications? [LR343]

GEORGE HOHWIELER: We visited about this this morning. It's a great question. One of the questions was, do we do wireless or do we do a wired-type of application? We chose wired. What we find in our application is wireless tends to have issues. One of our greatest challenges right now is a connection between Hardy, Nebraska, and Superior, Nebraska. And that's a wireless connection versus a more wired broadband application that is more serviceable and more reliable. [LR343]

SENATOR DUBAS: Very good. Other questions? Seeing none, thank you for taking time... [LR343]

GEORGE HOHWIELER: Thanks, thank you. [LR343]

SENATOR DUBAS: ...and visiting with us today. [LR343]

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GEORGE HOHWIELER: You bet. [LR343]

SENATOR DUBAS: Next, we have Mr. Jeff Morris. [LR343]

JEFF MORRIS: Thank you, Senators. It's a pleasure to be here today. My name is Jeff Morris; that's J-e-f-f M-o-r-r-i-s. I'm a partner with a Silicon Valley patent prosecution law firm. And I've lived here in Aurora for about six years. We've got about 20 employees, a little less. And out in California, three of those telecommute. And the original partners of the firm, because of commuting problems in California, set up a system that allowed for telecommuting. And about six years ago, allowed me to move back here to Nebraska which is...here in Aurora, Nebraska, my wife's hometown. The nature of my work as a patent attorney requires that I have inventors, and a lot of those are in California or in other countries. But it allows me to communicate with them mostly over the phone or over the Internet. And a lot of the filings that I do are electronic now. So I can do most of those over the Internet as well. We set up our patent firm with a hosted file management which allows me to access all of our files over the Internet, our docketing system over the Internet. I access the United States Patent and Trademark Office e-filing Web site over the Internet. And I access my e-mail over a virtual private network. Also, I use a Voice over IP phone. None of that would be possible without really rock solid communications and it allows me to live in a tiny town but still practice law that mostly is concentrated in places like Silicon Valley or Austin or on the East Coast. One of the questions that I asked before I moved to Aurora was about telecommunications, specifically what were the connection speeds and what sorts of services would be available because given the nature of what I do and the things that I listed that we do over the Internet, I needed to have good service. And I was pleasantly surprised. Connection speeds here were similar to what I had out in San Jose, and the connections have been rock solid since I've been here. I think that's really all that I've got to say, but I really appreciate that funding is in place and that telecommunications exist in rural areas like Aurora. [LR343]

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SENATOR DUBAS: Thank you, Jeff. Questions? I would have one for you. With the type of work that you do, I would think your clients would be concerned about security issues, those types of things. Is that an issue at all with you being in a remote location? [LR343]

JEFF MORRIS: It's not because we have good connection speeds here. We use a virtual private network for our e-mail and similarly for our docketing system. So everything is secured going from me to any file management system that we have or my e-mail going from me back to our server and then out to our clients. [LR343]

SENATOR DUBAS: Do most of your clients know where you are at when they're dealing with you? [LR343]

JEFF MORRIS: Some of them do but not all. I do have a California phone number through the magic of Voice over IP. So a few of them won't call me until California operating hours. And they don't realize that I've already been up for two or three hours at work. [LR343]

SENATOR DUBAS: Very good. Do you think if they did know that you weren't in California or someplace like that, do you think that would make any difference to them? [LR343]

JEFF MORRIS: I don't think it does, personally, because a lot of my clients might be in places like New Zealand or China or Japan. And so they don't really care where I'm at. They care what kind of work that I do for them and the quality of work. [LR343]

SENATOR DUBAS: And because of the reliability of the systems that you have available to you... [LR343]

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JEFF MORRIS: It's transparent to them where I'm at. [LR343]

SENATOR DUBAS: Very good. Any other questions? Thank you again for sharing your story. [LR343]

JEFF MORRIS: Thank you. [LR343]

SENATOR DUBAS: Well, with that, we will open it up to...oh, yeah. Jeff, we'll have you hand in your green paper. Right now we'll open it up to anyone who would like to come forward and testify. As I said, there's no particular order. Don't be bashful. As you can see, we're pretty easy on you. Gary will lead the way. [LR343]

GARY WARREN: I'm Gary Warren from Hamilton Telecommunications. My last name is spelled W-a-r-r-e-n. I'd like to speak a little bit about economic development today. Aurora and Hamilton County have had a strong tradition in economic development. Our company has tried to enhance that. We've tried to be a partner in that effort, both as an individual corporate citizen and more importantly as a telecommunications carrier and a broadband provider. We recently completed what we call the three-mile project where we took fiber to within three miles of every residence or business in our serving territory. This is really one more step in the evolution of our network trying to make sure that broadband speeds are greater and closer to every customer that we have. However, we know that's not going to be the end of the road. We're going to have to grow the network more. We're going to have to get closer with fiber to every customer. And Universal Service Funding is an important part of that project. You just cannot provide the same level of service five miles out in the country for the same price you can do it across the street...to the business that's just across from your central office. We have fiber optic rings that connect all of our exchanges and they provide diverse fiber optic connections to carriers and communities outside of our serving territory to reach our customers. All of our customers avail themselves as to the advantages of those high-speed connections. But it is particularly important to business development efforts. Aurora

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Cooperative is a good example. Jeff Morris' patent attorney law office is another good example. Without those diverse connections, without those redundant and reliable connections, we don't think those people would be here. And more importantly, the people that are to come tomorrow won't locate here if we don't continue to grow our network and make the speeds greater and the diversity and the reliability even stronger. Over the past several years with increased use of data connections and Voice of Internet Protocol services, traditional switched voice traffic has diminished as we all know. Texting has taken over where voice mails have left off. The revenues we've derived from such things as traditional switched services and from wireless interconnection fees have gone away in part because of public policy on a federal level, in part because of what customers do and how they use the services. Those trends, coupled with other federal regulatory-type issues and regulations and rulings that are taking place, have reduced the funding available to us in rural areas for telecommunications. It is more important than ever at this time that the Universal Service Fund in Nebraska maintain its funding to build the infrastructure in rural Nebraska and to grow it and to make fiber optics even more prevalent than they already are. Our company will continue to do everything we can to ensure that our area of service has the infrastructure in place to serve our wire line customers as well as the wireless providers who use our connections to get to their wireless towers in our area. Universal Service Funding is a significant factor in our ability to do that. We will continue to try to do our job. We hope that you as policymakers will continue to try to support Universal Service Funding so that we can build out not just to three miles, but to two miles, to one mile, and to the customer itself. Thank you. [LR343]

SENATOR DUBAS: Thank you, Gary. Questions? Gary, how familiar are you with the Connect America Fund, and what changes may be coming down with that from the federal level? [LR343]

GARY WARREN: There are better experts in the room than I. But yeah, you know, the...well, I guess the best way I can put it, it seems like the further we get from

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Washington, the more we have to rely upon ourselves to do things. And I think that's, if you looked at the Connect America Fund, if you look at the settlement processes on the federal level, all of those things for access charges and everything else, it's clear that it is not the time to be timid in what we do in our own Universal Service Funding across the state if we want the Jeff Morris of the world and Aurora Co-ops of the world to continue to be vibrant, to grow in our rural areas. [LR343]

SENATOR DUBAS: Well, with the changes that sound like if they haven't arrived yet are soon to be on their way and, you know, looking at making sure that 96 percent of the country is covered, the 4 percent who live in those remote or high-cost areas, well, I guess they have to fend for themselves. How do you see that impacting voice and broadband services in Nebraska in particular? [LR343]

GARY WARREN: Well, some of those are George's customers at the co-op. You know, they're the farmer that's ten miles outside of some central office somewhere. And some of those operations are big operations. And you think about the dependency of our world on the breadbasket so to speak of Nebraska and its rural areas, that's important. And those farmers now are using all kinds of technology to monitor their use of inputs and their yields and everything else. And it just seems to me that, you know, if you start writing off that farmer at the end of the line there who's an important ingredient in this whole mix, it's the wrong thing to do. And then you carry it over into things like healthcare and schools and all that type of thing. But just even from a business perspective, if we cease to support that effort, it seems like Nebraska certainly is going to take a step backwards. [LR343]

SENATOR DUBAS: Does the wireless industry have any dependency on fiber? Is there any interconnection between the two? [LR343]

GARY WARREN: Not all, but most wireless carriers use fiber optics as a backbone or as a connection to their switches or some of their towers or most of their towers in some

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cases. So yeah, regardless of whether you think the last mile is going to be wireless or not or wire line is really not the point. The backbone is still pretty clearly fiber optics and that type of a network. [LR343]

SENATOR DUBAS: Any other questions? Senator Smith. [LR343]

SENATOR SMITH: Thank you, Madam Chair. Mr. Warren, kind of generally speaking, your three-mile project is your wire link system, right? [LR343]

GARY WARREN: Wire line, yeah. [LR343]

SENATOR SMITH: Wire line system. And to expand closer in, kind of a general range, what does that cost per mile to expand in? [LR343]

GARY WARREN: Well, if you're burying fiber in a rural area, we usually think somewhere in the \$10,000 to \$20,000 a mile to bury it. So obviously if you have to bury three miles to get to the last customer at one point, you know, you could be spending \$30,000 to \$60,000 to...which obviously at \$20, \$25 a month or something, you know, it's easy to do the math and figure out the assistance is needed to do those kind of things. [LR343]

SENATOR SMITH: So about \$20,000 a mile, something like that. [LR343]

GARY WARREN: I don't think that would be an unreasonable thing. But double-check me with some of the other witnesses. [LR343]

SENATOR SMITH: Okay. [LR343]

GARY WARREN: They'll be smarter than I will. [LR343]

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SENATOR SMITH: Thank you. [LR343]

SENATOR DUBAS: Any other questions? Thank you very much. Welcome. [LR343]

MATT FRIESEN: Hi. Matt Friesen, F-r-i-e-s-e-n. I'm general manager of Mainstay Communications, a cooperative 60 miles west of Lincoln serving the town of Henderson and surrounding rural community. We have nine employees providing telephone, Internet, cable TV, computer sales and service, WildBlue outside of our exchange. Our service area covers the town of Henderson, population of 991 people and a total of 89 square miles. We have 181 customers living outside the town of Henderson. Mainstay Communications has 818 voice customers, 577 broadband customers. As a cooperative, our goal is to provide affordable service and technology that will help our community grow. Being a rural provider presents a challenge that urban providers do not have, and that is potential subscribers. The urban company may have 50-plus homes per mile compared to our 3.9 homes per mile. As a rural community, our economy is based on the ag producer and ag businesses. With Nebraska Universal Service Funds, we were able to construct a fiber-to-the-home exchange making fiber to the home...making our exchange total fiber to the home. With this, we are able to give high-speed Internet connection to all the ag producers helping them with their selling of their corn, soybeans, and livestock. A fiber connection is essential for our ag producers to not only buy and sell their product, it offers the opportunity to market other business ventures from the farm. With help from the Nebraska Universal Service Fund to construct a fiber network, the ag producer is able to access information on the Web for new technologies and receive up-to-date USDA and farm reports. With a strong ag economy, we are able to support businesses in town that also have a fiber connection, helping them stay competitive and market their product to unlimited people on the Web. With fiber to the home, rural, and in town, we're able to provide a way for the community to grow with families moving back to our rural community starting Internet-based businesses. I believe a strong economic rural community is good for Nebraska, and the Nebraska Universal Service Fund is helping make the rural economy strong. We have

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many success stories of businesses using the Internet to grow their business selling their product through their Web sites. Just a few examples in our exchange: Northern Agri-Services, an irrigation company selling grain handling and irrigation solutions all over the world through their Web site. Northern Agri-Services has shipped their products to places in Africa and France to name a few. We have Buller Built selling performance products for racing go-karts nationwide, the inventor of the Bully Clutch. We have Striv TV providing opportunity for parents, grandparents, and fans to watch their school activities by using our fiber-to-the-home broadband. Striv TV, a broadband-based business, utilizes fiber to the home to provide a service to keep people from many locations connected with their children and grandchildren's social activities. The opportunity market...buy, sell, or just stay connected for the Henderson community has been possible because the Nebraska Universal Service Funds available to Mainstay Communications. There are several people here today from the Mainstay Communications exchange that will explain how the fiber to the home has helped their businesses. Thank you for the opportunity to tell how Nebraska Universal Service Fund has helped Mainstay Communications provide fiber to the home to the Henderson community. [LR343]

SENATOR DUBAS: Thank you. Questions? Are there any services that your customers have requested that you haven't been able to provide for them? [LR343]

MATT FRIESEN: No. Actually, one service that we're working on and a lot of phone companies are working on is IPTV. And we can do that through the broadband, also, through the high-speed Internet. [LR343]

SENATOR DUBAS: Can you tell me a little bit more about that? [LR343]

MATT FRIESEN: Well, what it is is...you know, DIRECTV is the competition, and DISH Network. And those are all good products. But a lot of people are looking for a community-based or a company-based product that we can provide. And IPTV is that

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product. And what it does is we can get the same programming as DIRECTV or our cable stations right now, and we put it over the fiber to each and every home that way. And we're working on some solutions right now. There's several formats or platforms, IPTV. We just haven't...we're still in the investigation stage of that. [LR343]

SENATOR DUBAS: Very good. Thank you. Other questions? Seeing none, thank you for coming. [LR343]

MATT FRIESEN: Thank you. [LR343]

SENATOR DUBAS: Welcome. [LR343]

CURT FRIESEN: Senator Dubas, I'm Curt Friesen from Henderson, F-r-i-e-s-e-n. And I guess I'm one of the beneficiaries of fiber optic into the country, and I'll just give you a few examples of what it allows me to do on the farm. I live approximately three miles west of Henderson in the Mainstay Communications network. Right now, fiber optic is within a certain distance of the house, but we're going to get hooked up hopefully soon--fiber optic to the home. I don't know how much faster service I will have at that time. I suppose there's different levels I can pay for, but right now already it's already increased the speed of my Internet service. And some of the things that it's allowed me as an ag producer to do; I currently do my marketing. I can have up-to-the-second commodity quotes from the Chicago Board of Trade. I've been able to obtain a program that allows me to actually put in orders to sell grain on the exchange. So I can do that electronically day or night during night trade hours. It keeps my prices up to date to the second and allows me to enter those orders on my own without having to call a broker. So it has really differentiated my operation from others who are unwilling to maybe take part in some of those I call them safety-net features, that allows me to market when opportunity strikes. And part of that marketing is when crop reports come out, things like that, we have actually done some testing a little bit on how fast I can download the commodity reports that come from USDA. And at the same time I'm watching the prices

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react on the Board of Trade. And I can download the whole report in about five seconds. But within that ten-second range, commodity prices are already reacting to the crop report. So having that data available to me instantly, it's a definite advantage when there's a huge change in crop report numbers and things like that. So it has really allowed me to do a better job of marketing my product, given me other avenues of doing that. In my farming operation, we all use precision ag technology. You've all heard of the RTK steering and our fertilizer monitoring equipment, our mapping for harvest. All of those files are fairly large files. I can download them on to my computer. I can have them sent to my agronomist. He can send reports back to me. Having a high-speed Internet hookup allows me to handle those large files. Before, when we had dialup, it was almost impossible to send some of those. So having fiber optic has really, really sped up that process. We can order parts on-line. I can go on-line to look up repair manuals when I'm working on my equipment. Those are all things that I didn't have access to before. Some of the things that it's allowed me to do personally as I'm a board member on the Nebraska Corn checkoff Board, and we've gone to all electronic meeting materials: We have meetings now where we'll download a PowerPoint presentation, things like that. We can do it over the phone. I don't have to travel as much. It saves us a lot of money. I'm also a member of the National Corn Growers Public Policy Team...to where we can have meetings--same thing, you can download PowerPoint presentations, have those meetings instead of traveling and meeting all across the country. It allows me to participate in some of those organizations where it probably wouldn't be possible for me to do that without this. So there's a lot of advantages that fiber optic brings to the rural community. Recently I had a son-in-law move back from California where he taught at a university there. He wants to be back here. He sees the advantages of all this technology even more than I do. But it's allowed him to keep in touch with some things that we, you know, we haven't learned to appreciate yet. But those are the things that are attracting our young people back here is having this available to them. Otherwise, I mean, it's going to be difficult to attract young people back. And so having this fund has really, I think, enabled our communications companies to offer things in rural areas that we would not have otherwise. [LR343]

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SENATOR DUBAS: Thank you, Curt. Questions? If you would just go a little...explain a little bit farther. You talked about, you know, in ten seconds how much the price can change when you're working on marketing as far as those reports being downloaded. Just kind of give a little bit more of an example of what that means financially, you know, within a few seconds to minutes. [LR343]

CURT FRIESEN: Well, just this last year, it seems like the USDA's commodity reports have been rather erratic. And we've seen 40-cent swings in the market. And when you have 200,000 bushel of crop, and I'm a, I would call it a small farmer. I'm not a large farmer. But when you have 200,000 bushels of corn on hand and the market changes 40 cents because of a crop report, and that's just in 5 seconds. I mean, if you want to react to a crop report, you don't have time to download a file for five minutes and then search through the data to look for it. It's too late. It's over. So if you can be sitting there and I can be having my orders ready to place, I can have things done in a matter of seconds where the market hasn't had time to react yet. [LR343]

SENATOR DUBAS: So you live in still a relatively populated area of the state and you have pretty easy access to the type of technology that you need. If you go into the more remote areas of the state, financially, what kind of an impact does that mean for those farmers and ranchers and other small businesses? [LR343]

CURT FRIESEN: Right. I think it's a tremendous asset that they...if we're going to compete in a...they keep telling us we're competing in a world marketplace. And if that's the case, we need world-class communications to do that. We can't do it with dialup. And wireless, I mean, wireless is fine. But when you get a storm comes through or something like that, I can't...when I'm scheduled to have a meeting or something, it doesn't matter if it's a blizzard outside or not. I need my Internet up and running. So satellite is fine for some areas, but it's not as reliable as having fiber optic right to the home. [LR343]

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SENATOR DUBAS: Thank you, Curt. [LR343]

CURT FRIESEN: Thank you. [LR343]

SENATOR DUBAS: Any other questions? Thank you. We've just been joined by Senator Charlie Janssen. Welcome. [LR343]

SENATOR JANSSEN: Thank you. [LR343]

SENATOR DUBAS: Welcome. [LR343]

TAYLOR SIEBERT: Hello. Hi, my name is Taylor Siebert, S-i-e-b-e-r-t. I also live in Henderson, Nebraska. I was born and raised in Henderson. I went to Doane College in Crete for four years, got my business degree there and actually left. Wanted to leave to the city so I went to Denver and thought I was going to find my career there and actually found my way back to Lincoln for a couple years and then back to Henderson. I got married and we decided to raise our family there in Henderson. And so at that time I really didn't know what I was going to do. And so I love media and community, building the community. And so we started a Web site called [heartlandbeat.com](http://heartlandbeat.com) in December of 2010. And we provide an on-line news, strictly on-line news Web site to the residents of Henderson and Bradshaw and work directly with the school on a lot of their events. And so as our business was growing, we discovered that putting live events on-line was of an interest to people, specifically grandparents and parents and people remotely that couldn't attend those events. And so in February 2012, we started Striv TV which Matt Friesen from Mainstay mentioned. And we have built now a business since then of 28 schools specifically in Nebraska that use our service to put their live events on for anybody to watch. So we provide that platform for those schools. And many rural communities, Aurora is one of our schools, and we have all the way out to Cozad to Johnson-Brock to Laurel-Concord. And we provide those services. And we're the only

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streaming company specifically for schools in Nebraska that does that. We're based in Henderson. We also provide education services as well, and we use a lot of live video for that because we can't always travel to those schools. So basically because of the fiber to the business and fiber to the home that Mainstay has provided, I was able to build these two businesses and provide those services and the training on-line, in person, and the Internet. If I didn't have the Internet and those speeds, you can't produce a live event on-line. You have to have a certain upload speed to put that up on-line. And so we actually locally use Mainstay for football. We have access in the football press box and in the gym to provide those events on-line. So some of the kind of stats for us, we get over 100,000 hits to our Web site on HeartlandBeat per year. Just this school year, since it started this school year, we've had over 50,000 hits on Striv TV and almost 15,000 people. And surprisingly, a lot of those are from Omaha, Lincoln and then on down to the local areas; Columbus, Geneva, York, and Aurora are a lot of the communities that are getting on to watch these events. So just again to stress that I couldn't have started this business. We have...it's kind of family right now, but we have another employee that works for us that kind of manages all of our content. But I wouldn't have an opportunity to do this without the Internet capabilities that we have locally. And it's allowed us to work remotely for a Web developer in Denver. And so we never miss a beat because of the Internet access we have in Henderson, Nebraska, which is very nice. [LR343]

SENATOR DUBAS: Very good. Thank you, Mr. Siebert. Questions? Are you...is it like a subscription service that...? [LR343]

TAYLOR SIEBERT: Yeah, it's subscription to the schools. They pay a yearly fee for our service. And so we're basically providing the bandwidth. We're paying a CDN out of Phoenix for that bandwidth. So if you watch a game for two hours, we're paying the bandwidth for that. So the school basically covers the cost, and then Aurora Co-op is actually one of our larger sponsors that kind of allows us to be profitable. So we've partnered with regional businesses like them that are involved in several different

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communities to allow us to provide our education services and things like that to the students. And we're building up basically a network of students that are interested in broadcasting and media that hasn't been offered to those students. And so we're trying to fill that gap as well. [LR343]

SENATOR DUBAS: Do you feel there's a lot of growth opportunity for your business itself in this area? [LR343]

TAYLOR SIEBERT: Yeah, even in Nebraska having, you know, 28-plus schools, each week we get new schools in Nebraska. As they play opposing schools that are streaming their events, they're finding out about it. And so right now, our focus is specifically on schools in Nebraska. You know, if the opportunity arises to move out of the state, to provide those services to schools in Kansas or Iowa...but I'm from Nebraska and I feel like a connection with the schools in Nebraska and want to see that through and provide as many, you know, opportunities for the schools in Nebraska right now. [LR343]

SENATOR DUBAS: Are there any particular challenges or things that you feel we aren't able to help you with your business in the area of technology? [LR343]

TAYLOR SIEBERT: Yeah. So one of the challenges is obviously Internet speeds at the schools. And the ESUs provide those services. And just as of this year, all the ESU's and all the schools' Internet speeds have tripled or even quadrupled. And so we're looking at upload speeds. That's one of the main concerns for the schools right away is, do we have the capabilities? And all the schools we're working with even in rural areas down to Bruning-Davenport, even some of those...Meridian in Daykin, Nebraska, all have fast enough Internet. So that's a challenge up front, but then it's...realize that that's not to the homeowner, you know, to the person at home watching. There are challenges. And so that's one of the things with running HeartlandBeat and Striv in Henderson that we're providing is more people are getting more devices in the home.

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And that's slowing down their Internet and so they're needing to raise their speeds. The infrastructure is there to do that, but they don't realize the value in having faster Internet. And so we're trying to help educate those customers that if you're watching on the iPad and you have it up on the laptop and someone else is on an iPhone connected to their wireless network, that's all using bandwidth on your router. And so working through those challenges on the end consumer to be able to watch a game, it's like watching a YouTube video. So if it takes a long time for that to load, you know, it's the same type of process for us watching a live event. We stream at a low enough rate it's not too bad. But those are some of the challenges there and then some of the people in rural areas that don't have access to some of these companies around here. You know, it's a definite challenge. They're having to pay for a certain amount of bandwidth that they use and that can get expensive. So building this infrastructure here in Nebraska needs to continue, I believe, for us to be able to provide those services to those people in rural areas. So it's very important. [LR343]

SENATOR DUBAS: Very good. Any other questions? Well, we're really glad that you came back to Nebraska. [LR343]

TAYLOR SIEBERT: Yeah, thank you. [LR343]

SENATOR DUBAS: And we want more of your generation to continue to come home. [LR343]

TAYLOR SIEBERT: Yeah. And that's what I would like, that's what working with students in high school is that showing them that they have these opportunities to come back and they can build their own business and work for these businesses that are starting up. So thank you very much. [LR343]

SENATOR DUBAS: Great. Thank you. Next testifier. Welcome. [LR343]

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DALE GIBBS: (Exhibit 1) Welcome. Thank you. Name is Dale Gibbs, D-a-l-e G-i-b-b-s. Thank you for giving me the opportunity to testify on this. I'm going to be speaking basically about telehealth and healthcare in Nebraska and what the Universal Service Fund does for that. My name is Dale Gibbs. I'm director of telehealth for CHI Nebraska which is Catholic Health Initiatives which is a group of seven entities in central and eastern Nebraska, and I'm also director of outreach services for Good Samaritan Hospital in Kearney, Nebraska. I've been a member of the Nebraska Statewide Telehealth Network Governing Committee since inception and was cochair of the committee for four years. And also to be transparent, I'm a member of the Advisory Board for the Nebraska Universal Services Fund. Nebraska is unique in that Nebraska Statewide Telehealth Network is the only telehealth network in the nation that connects all hospitals and public health departments in the state. The NSTN was created in cooperation with the Nebraska Public Service Commission, the Nebraska Hospital Association, and seven of the state's larger referring hospitals. This group provided the leadership to collaborate with other hospitals and public health departments in Nebraska to create a hub-and-spoke telehealth network. And I've attached a map of that current network too. The NSTN provides the infrastructure for clinical consults between providers and patients, educational activities, and administrative meetings for healthcare entities and providers. In my role as outreach services director for Good Samaritan Hospital in Kearney, I know the difficulties of providing healthcare to patients in medically underserved areas which are sometimes up to 200 miles from a specialist. Without telehealth, either the specialist or patient will have to drive three hours in some cases to provide or receive that care. That travel time could be used by the specialist to see other patients. Additionally, many patients cannot drive and require family or friends to drive them to an appointment. Using telehealth saves a tremendous amount of time and transportation costs, but even more importantly, telehealth allows these remote rural patients greater access to specialized healthcare. Without telehealth, sometimes that care is simply not available or will not be sought out. Nebraska healthcare workers from physicians to volunteer EMS use telehealth for continuing education, renewing and earning licenses and certifications. By using telehealth, hospitals don't have to pay for

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mileage or rental car expense, hours traveling, hotels, or meals. This may not seem like a big expense, but when applied to all employees of these hospitals, clinics, and health departments, it's a big expense for hospitals already facing declining reimbursements and increasing expenses. As healthcare rapidly changes, hospital and public health department leaders are using telehealth for meetings in order to collaborate and be part of the changes rather than waiting to see how those changes might affect them. The last NSTN yearly evaluation which is also attached contains an impressive summary on the number of patient consults, educational offerings, and administrative meetings and the savings in miles, time, and dollars by using telehealth. Not measured but anecdotally known by healthcare providers familiar with telehealth is the fact that it has allowed more patients to see more specialists, more education has been received by all healthcare workers, and more communication among those workers has created an increased collaboration towards common goals. The Nebraska Public Service Commission through administration of the Nebraska Universal Services Fund was instrumental in the creation of the NSTN, but it's also vital in expanding the infrastructure to keep up with the increased use and technological advances. The original telehealth bridges are still in use but are not capable of providing mobile telehealth or tablet telehealth. This exciting new use of technology will allow telehealth anywhere and anytime. Tablet telehealth in moving ambulances will assist patients by allowing better treatment of life-threatening injuries and diseases. Providers can be instantly contacted anywhere and anytime for consultation and/or orders for patients. We will only be limited by the broadband availability. The Nebraska Universal Services Fund has been instrumental in changing healthcare in Nebraska, especially rural, starting from the 911 call to all the way through following patients after returning home. We believe the fund has made a tremendous difference in improving access to and healthcare for people in Nebraska and look forward to continuing to expand our services with it. [LR343]

SENATOR DUBAS: Thank you, Mr. Gibbs. [LR343]

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DALE GIBBS: Thank you. [LR343]

SENATOR DUBAS: Questions? Senator Janssen. [LR343]

SENATOR JANSSEN: Thank you, Chairman. Mr. Gibbs, I'm on page 5 of your handout. I don't know if you have it. And I'm just curious. I was looking through the numbers and I see that Great Plains and Saint Francis are at 0 percent. Are they not participating at all or is there...? [LR343]

DALE GIBBS: No, they are participating. That graph...or that table is for clinical consults if I'm correct. [LR343]

SENATOR JANSSEN: Yeah, it is. [LR343]

DALE GIBBS: Okay. They do do an awful lot of education and meetings through the telehealth too. In my role as director of telehealth for CHI Nebraska, Saint Francis in Grand Island is a CHI hospital. And we're in the process right now of hiring a telehealth coordinator to start getting those numbers up. If you look at Saint Elizabeth the last year, it...tremendous increase in the number of patient consults. And that's a direct result of hiring a telehealth coordinator in that hospital to start building up telehealth as well. So we know that it's going to increase. [LR343]

SENATOR JANSSEN: Oh. I just didn't know if there wasn't reporting or whatnot. [LR343]

DALE GIBBS: Some of that is not reporting. Now, I'll have to tell you that UNMC I don't think has reported all their consults for that last year because they dropped from the year before. But that's just an oversight. It's...the true numbers are a lot higher than that. [LR343]

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SENATOR JANSSEN: Thank you. [LR343]

DALE GIBBS: Yeah. [LR343]

SENATOR DUBAS: Questions? In regards to the percentage of the services provided, it looks like mental health services is by and large the largest. [LR343]

DALE GIBBS: Absolutely. Yes. [LR343]

SENATOR DUBAS: I've heard people question, does using the telehealth system, does that compromise patient care at all, especially in the area of mental health? You know, often you hear that people need to really have that interaction with a live person. So how does that service delivery system work? [LR343]

DALE GIBBS: Good Samaritan Hospital has been doing telehealth since 1995. And initially, it was thought that there would be reluctance to do that, especially among the elderly who did not really do a lot of technological things at the time. But what we found was that they actually like it better because they don't have to travel. And once you get in front of that camera and you start talking and the other person is talking to you, that camera, the TV just goes away. You're just carrying on a conversation just like anyone else. And actually with behavioral health it's allowed a lot more interaction between psychiatrists, psychologists, etcetera, because they don't have to travel around to see these patients. They can just sit in one room and see all the patients. It's proved to be very effective. There's been a lot of studies out there showing that there's no difference between using telehealth than there is with face to face. In fact, the technology is good enough that a dermatologist a thousand miles away can see something on a person's skin and make an accurate diagnosis. It's that good. [LR343]

SENATOR DUBAS: So then do you believe that we are reaching more people then, especially in the area of mental health services because of this access? [LR343]

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DALE GIBBS: Absolutely. Yes, absolutely we are. [LR343]

SENATOR DUBAS: Without the funding that the Universal Service Fund provides for the telehealth infrastructure and services, where would we be? [LR343]

DALE GIBBS: We would be back to Good Samaritan Hospital doing it to our limited area in central Nebraska and northern Kansas, UNMC doing it in a limited area in eastern Nebraska and western Iowa, Scottsbluff doing a little bit, and that would be about it. As far as the...the Public Service Commission, the Universal Services Fund helps fund the backbone line for the telehealth network which connects all those hubs and spokes so that you can do telehealth from Chadron, Nebraska, to Falls City. You can go anywhere because of that. Otherwise, it would be fragmented and it wouldn't be total. There's a shortage of specialists all over. We're using infectious disease doctors in Omaha to see patients in hospitals throughout Nebraska. That wouldn't happen otherwise. [LR343]

SENATOR DUBAS: You mentioned this mobile and tablet telehealth, but you said we don't have the...the backbone can't support that yet? [LR343]

DALE GIBBS: The bridges can't do it. [LR343]

SENATOR DUBAS: The bridges, excuse me. [LR343]

DALE GIBBS: Yep, right. But we're in the process of getting either upgrades to bridges or new bridges in five or six of those hubs right now so that we can do that statewide. And that's through the Universal Services Fund as well. [LR343]

SENATOR DUBAS: All right, very good. Any other questions? Seeing none, thank you very much for coming today. [LR343]

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DALE GIBBS: Thank you. [LR343]

SENATOR DUBAS: Appreciate your information. Next testifier. Welcome. [LR343]

TOM SCHOMMER: (Exhibit 2) Welcome. Thank you. My name is Tom Schommer, S-c-h-o-m-m-e-r, and I'm the owner of Telebeep Wireless out of Norfolk. I'm going to provide just a slight twist of things here because everybody's been talking about generally how much the Universal Service has benefited. And I agree with that. My testimony is more on the process a little bit. If today is the right place to talk about the process,... [LR343]

SENATOR DUBAS: Um-hum. [LR343]

TOM SCHOMMER: ...I'll continue on. Timing is everything as well. Next week I have a...there is a hearing for NUSF-77.15, which is part of the broadband pilot funding. So I'll just give a very, very brief, abbreviated version of some of what I'll say next week. But the purpose of this testimony is just to provide an overview on just parts of the process. My company has been involved in the wireless industry for over 30 years. And in addition to providing wireless high-speed broadband services in northeast and north-central Nebraska, we're also a provider...and for nearly 30 years of paging services, two-way radio, and AN exclusive agent for U.S. Cellular. I serve on the board of directors of the Norfolk Area Chamber of Commerce and our economic development council as well and involved in some legislative matters relating to Universal Service on our National Association of Wireless Internet Providers. In 2002 with the use of private funds only, we began to deploy the region's most extensive fixed-wireless broadband network with the emphasis on "fixed." It's not a mobile-based. It's basically...never moves. At which today consists of over 300 points of presence extending into 35-plus rural communities throughout 10 counties covering over 5,000 square miles. It's a network delivering reliable broadband services to people in the harder-to-reach areas in

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northeast and north-central Nebraska. As many of you know, we transmit from small...we transmit from existing small towers, water towers, tall buildings, rooftops, grain silos, elevator legs, telephone poles, and believe it or not, in one instance, a tree; whatever it takes to deliver broadband through the air, oftentimes to the unserved and underserved areas in Nebraska. We work against many obstacles to build the broadband network into these areas where population is so small that a business case would not normally work. By being frugal and doing most of all the work ourselves with very cost-efficient technology, including some of the services the wire line companies provide us through fiber, we found a way to make this a thriving business by solving the digital divide for our neighbors while earning a good living and hiring others in the area to help us. We fund our operations using all we have. We borrow against all of our assets we own. We mortgage our homes. We spend our savings and, in rough times, forgo a salary in order to pay staff. And I'm going to kind of skim through the next part because I don't want to occupy too much time. But the matter that I'm just wanting to discuss a little bit is the process of how funding is potentially awarded and certainly am not here to give next week's testimony, that isn't the purpose. But I want to just explain a couple of questions and concerns I have. On or about the 8th of February, a phone company filed an application to seek funding from the Nebraska Universal Service Fund for a dedicated wireless program through the Broadband Pilot Program. According to the application, Pierce Telephone Company proposes to use subsidies to support new wireless--and I want to emphasize wireless--in the rural areas around Norfolk. And we believe that these subsidies are unnecessary because those services already exist. And we do not object to competitors in the marketplace, what we just simply are concerned about is for many years, the basis of our objection on Universal Service comes on how the projects are subsidized. Over the past years, at the request of the Public Service Commission and staff and in good faith, my company has voluntarily provided the Nebraska Broadband Mapping Project with information. And this map was to be used and to determine whether broadband service was or was not available in Nebraska. And then the data from this map could then be used to determine, of course, those areas that were served and unserved, which I'm sure I'm speaking to the choir a little bit here.

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As...any subsidies that were to be used by, in this particular case, Pierce Telephone Company to build out new wireless facilities into those areas would be unnecessary and unfair to existing providers such as myself and a number of other wireless broadband providers across the state which have expended private capital to build these facilities and services that this applicant would only duplicate. So again, my discussion today is more in the process than it is anything else. And I'm not sure to what extent the overall process is getting reviewed in this resolution. I don't fully understand your process. One of the most important goals in the creation of the...limited resources available under the Broadband Pilot program and the NUSF in general would be better used in our opinion to be directed towards other areas of the state that are truly unserved. The use of Nebraska Universal Service Funding to subsidize projects like this would not be a proper use of funds and would go in opposition to the mission that the NTIA as well as the NITC has set out. One of the most important goals of the creation of the Broadband Map Program which was part of the NTIA's State Broadband Initiative was to ensure that communication sectors which lie at the center of the digital economy continues to spur economic growth, private investment, and job creation. I'm just going to kind of fast-forward because I don't want to get into too much of what's going to go on next week. But make a long story short, the staff has currently recommended funding a project to build a broadband network, a fixed-wireless broadband network in an area where we already have a network built--not us but also others. In the staff recommendation, it also states that the applicants will be scored based on various characteristics of the area to be served and with the broadband mapping data collected through the SBI grant program. So with that being said, although the above, the scoring statement regarding the use of the broadband map data being collected through the state Broadband Map Program was included in the recommendation, here is the problem. They only considered data referring to facilities-based providers. And the concern I have in ignoring the fixed wireless...and I'm not here on behalf of wireless providers. I'm here on behalf of my company which is a fixed-wireless provider. I know there's been questions in the past regarding the reliability of wireless. We've all had our cell phones work and not work in areas that you wish to God they would work better

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than they do. Mine dropped a call on the way up here today. But the emphasis is I was moving. In a fixed solution, and I think most of the wire line companies that use microwave from point to point once in a while will attest that those fixed connections are very, very reliable; very, very reliable. One of my...and ignoring the fixed-wireless providers in determining the served and unserved areas, you're also ignoring our investment. You're ignoring the jobs that are created in those areas and the innovation that goes into it. In closing, I'm going to explain the unintended consequence that could happen as a result of funding a build out in an area that already has service there. And I don't know if this committee has direct impact on that or not, but the unintended consequences and precedents set in not including a fixed-wireless provider and only considering a facilities-based provider in determining served areas on the map and then approve funding of a facilities-based provider to build out an area with a fixed-wireless solution to be significant. This is kind of a crazy thought, but bear with me on this. I think it'll be worth your time. If in fact in 2013 the commission approves funding of this project and then the...and you ignore the fact that there's any fixed-wireless providers in the area right now and then you approve the funding of a fixed-wireless solution, then next year somebody else could actually come in line because using the same logic, you'd have to next year then ignore the existence of that fixed-wireless provider that you just funded for the year before. And I don't think this...I think this is just something that's kind of gone under the radar and nothing is intended by it. But I'm concerned that that could happen and it would start...could start this year. It would be in the consumers' best interest for companies seeking support for areas that truly need broadband rather than try to gain subsidies in areas that are already served. We feel that it would be unfair to my company and other fixed-wireless broadband providers across the state to not consider the presence of existing fixed-wireless providers and then go ahead and approve subsidies, support for the construction of a fixed-wireless broadband solution. I respectfully ask that the Legislature ensure that programs like Nebraska Universal Service Fund and the State Broadband Pilot Program do not use public money to subsidize areas that are already being served by fixed-broadband providers. Allowing the use of public funds in such a manner would allow the government-funded

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competitors in the telephone sector to unfairly compete against established small business. I'm sure open for any questions. [LR343]

SENATOR DUBAS: Thank you very much. Are there questions? I would just ask for some clarification. Your concern with the process is how they are looking at what types of services already exist in an area where there's an application. [LR343]

TOM SCHOMMER: Yeah, basically. You know, in looking at a...we participated by...you know, Don Graves (phonetic), but many other commissioners at the time even, had really, I wouldn't say twisted my arm because that would be...almost sound like it's forcefully. But we really cooperated in good faith to provide that data to the broadband program. We resisted it for years. And finally, we were convinced after several meetings down in Lincoln that it's really in our best interest to be on there so when funding options become available, there's decisions made on funding, they will look at that map and determine where service is provided already or not. So we provided all the data, and it exists on the map. But staff at this point in time, anyhow...the hearing is next week and they haven't made a decision yet. But the staff at this point is recommending funding a project, and the key here is it's a fixed-wireless project they're recommended to be funded but yet ignoring the existence of a fixed-wireless broadband provider. The phone company wants to construct a tower...a couple of towers within a mile or two of where I already have three towers to provide the same service we're already providing that they're saying doesn't exist when they're looking at the map. But then you turn around and fund it. I'm just confused there I guess. I'm concerned that a precedence will be set that next year the commission would have to then ignore the existence of the project they just funded because it's fixed wireless. [LR343]

SENATOR DUBAS: And then you talk about what you have invested in your business versus any subsidies that other companies may get. Do you have any access to any like grants or anything like that to help you? [LR343]

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TOM SCHOMMER: Oh, I'm sure we have access to them. We've just chosen not participate. Yeah. [LR343]

SENATOR DUBAS: Just not...okay. It's more about the process. [LR343]

TOM SCHOMMER: And again, I'm not...this is not anti-NUSF. I'm glad that the providers out there are willing to take the time and effort to do what they're doing to get broadband out to rural Nebraska. I just don't want compete with a funded...with, you know, basically a government-funded competitor in areas where they're kind of ignoring their own rules. And it's not the telephone companies. I'm not an anti-telephone company. So guys, don't throw stuff at me, please. But I think they're doing a great job and I encourage them to continue to develop broadband across the state. I just don't think it should be subsidized in an area where, you know, a half a mile away from one of my towers they want to put in the same service that already exists, but yet the commission says it doesn't exist. [LR343]

SENATOR DUBAS: Thank you very much. Senator Smith. [LR343]

SENATOR SMITH: Thank you, Madam Chair. Mr. Schommer, just a clarification, the Pierce Telephone Company project you're describing, that is a fixed-wireless project as well. Is that what you said? [LR343]

TOM SCHOMMER: They are proposing to put in a fixed-wireless solution. And that's the...NUSF-77.15, their project is a fixed-wireless solution that the staff has currently...we're in that limbo stage, as you know how that goes, where staff has made the recommendation to fund it because the staff data person, statistician--I can't think of his name right now, Tyler Frost I think--has stated that they've ignored the fact that there's fixed wireless there. They only considered facilities based in their collection of data as to where is served and where is unserved. [LR343]

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SENATOR SMITH: So the customers that they're seeking to serve with that project that are not served by your company currently, if they wanted to purchase service from you, would you have to construct a new tower? [LR343]

TOM SCHOMMER: I don't know that I fully understand. [LR343]

SENATOR SMITH: Okay. They're seeking to compete for potentially some of the same customers that you serve or have the potential of serving, right? [LR343]

TOM SCHOMMER: Correct. [LR343]

SENATOR SMITH: Are you able to serve those unserved customers currently? And what would it...? [LR343]

TOM SCHOMMER: Well, you don't know until they call and they ask for service, you know what I'm saying? So I'm not opposed to them going out and developing the market with their own money. I just think if the rules of the game are that you're not going to...your focus is on the unserved area, I would say, help these guys that are back here or anybody for that matter that wants to truly go out and serve an unserved area and save the money for that. [LR343]

SENATOR SMITH: With your type of an operation, your fixed-wireless service, the next customer that seeks to be served, that wanted service from you, would you be able to work off existing towers and then just construct that point back? [LR343]

TOM SCHOMMER: Yeah, yes. Now, every area we do site surveys on, okay. So we always...we make a determination when we go out there. But in the area that they're looking to build out, we have hundreds of customers surrounding the entire area where they're looking at building out because it's an area that we already exist in business. Again, I'm not opposed to anybody building out an area. [LR343]

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SENATOR SMITH: I'm just seeking to understand. [LR343]

TOM SCHOMMER: So am I. [LR343]

SENATOR SMITH: So potentially it could result in the need for another tower to move out further and further into those areas that are unserved. [LR343]

TOM SCHOMMER: There are some areas where that's the case. And it does...that's why we continue to construct sites throughout the entire region. We've bought several companies. We've expanded into multiple areas. We go all the way from out by Stuart all the way through the east side of Norfolk up and down Highway 20 and 275. And it's a large network, and every one of those areas have areas where there might be a customer or two that currently isn't being provided service. So they call in. They want service. We go out there. We do a site survey. We see we can provide them service. We put a dish on their house, and they have service. And we typically never lose them. [LR343]

SENATOR SMITH: Now, I know there are many factors, but roughly how much distance can be served between that tower and that customer? What's that furthest distance you see? [LR343]

TOM SCHOMMER: Technology different...we have some customers in the neighborhood of 15 miles. [LR343]

SENATOR SMITH: Okay, all right. Thank you. [LR343]

TOM SCHOMMER: Yep. [LR343]

SENATOR DUBAS: Any other questions? Thank you for coming today. [LR343]

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TOM SCHOMMER: You're welcome. [LR343]

SENATOR DUBAS: Appreciate it. Next testifier. Welcome. [LR343]

CHARLOTTE NARJES: (Exhibit 3) Hello. Thank you. Thank you for being here today. And my name is Charlotte Narjes; it's C-h-a-r-l-o-t-t-e N-a-r-j-e-s. And the handout that I've given you...I'm at the University of Nebraska-Lincoln, but I've been working on the Nebraska Broadband Initiative with Public Service Commission. The Public Service Commission has been doing the plating side of the efforts. And there's...within the University of Nebraska, Department of Economic Development, Nebraska Information Technology Commission, and the AIM Institute, we've been working on the planning side. When you...in the information I shared, just kind of a brief overview pushing the...it's more about adoption is what we've been doing, adoption and utilization of technology. We've been under the premise assuming that the broadband is there. What would people do with it in order to enhance their quality of life and economic development? And so the three areas we focused in are benchmarking which is called the capacity building, technical assistance, and local and regional planning. The regional plans we just recently completed. And on the right side you have regional priorities that were identified across eight districts of Nebraska...or eight regions that worked on the planning. To inform that we used focus groups and household surveys and other data in order to come up with the priorities. And then there were regional planning teams across the state. When we did our household survey, one of the things we found out is Nebraska as a whole has adopted more broadband, and broadband in this definition is anything higher than dialup. And at that stage, and this would have been...the survey was conducted in January of 2010. And there were 76 percent of the people across Nebraska indicated they were using broadband. Does not mean that it wasn't available, but that's how many had adopted it at that time. In Lincoln and Omaha, 87 percent indicated they had. However, in the north-central part of Nebraska, only 56 percent had adopted. And this would have been in 2010 again. And 11 percent in

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Omaha in some zip codes only indicated they'd adopted. Some of that we believe is because that population may not be responding to the data. Just kind of give you an overview of what we learned there. In January, we are going to conduct another follow-up household survey so we'll be able to compare. And we will be gathering more data in those unserved areas like the north central and in Omaha to see if we can find out more of the reasons as to why people haven't adopted. In addition, we held a Nebraska Economic Development Association survey. In that survey, what we primarily learned is that many of our economic developers really weren't comfortable, and some Chamber-type people were not comfortable in asking businesses how they could better utilize broadband to enhance their economic development. And we're interested in learning more that way. We also did a survey with NACO and the with league, Nebraska Association of County Officials and the League of Nebraska Municipalities. And what we primarily learned there is that resources relative to the cost of upgrading even just computers that in many of our city governments, it appeared at least by those that responded, and we had a 40 percent response rate, computers are not upgraded. About 35 percent did...it was over five years that they upgraded and training and staff training were a challenge in adopting broadband. So taking all that information, we worked on the priorities and the decision was by the groups that there were a lot of statewide groups that were working on different priorities. But the efforts that we felt...that the regions felt they could work the most in were around economic development, digital literacy and adoption, and broadband availability and affordability, and agriculture. Those were the three major themes across all of them. When you look at the regions, every one is a little bit different. But education was needed in order to increase use of broadband. The other efforts around that we learned is that in the overall vision, if people, no matter where they lived, they really want to have access to broadband and the technology...or the education in order to utilize it better, some of the long-term goals that they hope they are able to achieve that people indicated, and I think that Taylor already referred to this, is the attraction and retention of population. Without broadband, you can't have it. Increase in economic development, increase of well being and quality of life, and a decrease in the digital divide no matter where you live that you can have

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access to it. The other thing that I shared with you, we did the regional priorities and we're doing that. There's a little hand-off here, the State Broadband Plan Kickoff. On November 1, Anne Byers with the Nebraska Information Technology Commission will be meeting the first time to start kicking off the State Broadband Plan efforts, and hoping to have people statewide to identify goals for broadband. When it comes to Universal Service Fund, you know, again we haven't really focused on that. But in our focus groups, we heard people talk about that, that because of the broadband in that area and we may know that a company had Universal Service Funds to get there, they were able to do things. I think you met Connie Hancock last week. And she shared, for example, in Mullen, Nebraska, nursing home that is able to use telemedicine because there is broadband in the little town of Mullen and can do things. And there's a lot of I think just extremely good examples across the state. Broadband, from what we learned with the focus groups, is not available everywhere. And it may be more that there is something higher than dialup, but the speed is not there. So people may be dissatisfied because they aren't able to do what they, you know, maybe want to do. And sometimes they don't even know what they can do. And so part of our goal has been pushing that. But thank you for having me here. And hopefully this helps your thought process.

[LR343]

SENATOR DUBAS: Thank you. Questions? So I guess the goal when you have this kickoff...where are you looking to go from the kickoff? [LR343]

CHARLOTTE NARJES: Go from there, is to set goals for the state. [LR343]

SENATOR DUBAS: So building on... [LR343]

CHARLOTTE NARJES: And then it'd be part of the Nebraska Information Technology Commission. [LR343]

SENATOR DUBAS: Very good. Thank you so much for coming today. [LR343]

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CHARLOTTE NARJES: Okay. Thanks. [LR343]

SENATOR DUBAS: Next testifier. No one else? Well, that will conclude our hearing for today then. I really appreciate everybody taking the time to come and look forward to further information tomorrow and seeing where we go from here as a committee on this issue. Thanks so much for coming today. [LR343]