

ONE HUNDRED FIFTH LEGISLATURE - SECOND SESSION - 2018

COMMITTEE STATEMENT

LB994

Hearing Date: Monday February 05, 2018
Committee On: Transportation and Telecommunications
Introducer: Friesen
One Liner: Create the Rural Broadband Study Task Force, change provisions relating to the Nebraska Telecommunications Universal Service Fund, and change powers and duties of the Public Service Commission as prescribed

Roll Call Vote - Final Committee Action:

Advanced to General File with amendment(s)

Vote Results:

Aye: 8 Senators Bostelman, Briese, Friesen, Geist, Hilgers, Hughes, Murante, Smith

Nay:

Absent:

Present Not Voting:

Verbal Testimony:

Proponents:

Senator Curt Friesen
Andy Pollock

Mary Ridder
Gwen Kautz
Steve Meradith
David Levy
John Hladik
Robin Spady
Kristen Gottschalk

Bruce Rieker

John Hansen
Lash Chaffin

Opponents:

Neutral:

Joselyn Luedtke
Lisa McCabe

Representing:

District 34
Nebraska Telecommunications Association and Rural Telecommunications Coalition of Nebraska
Nebraska Public Service Commission
Dawson Power & NREA
Windstream
Northeast Public Power District
Center for Rural Affairs
Nebraska Municipal Power Pool
Nebraska Rural Electric Association/Nebraska Power Association
NE Farm Bureau, NE Cattlemen, NE Corn Growers, NE Soybean Growers, NE Pork Producers, NE State Dairy Association
Nebraska Farmers Union
League of Nebraska Municipalities

Representing:

Representing:

Nebraska Cable Communications Association
CTIA

Summary of purpose and/or changes:

This bill relates primarily to issues related to the provision of broadband telecommunications services in rural areas of Nebraska that are currently underserved. Section 1 is intent language relating to legislative intent that citizens in rural

areas in Nebraska should have comparable broadband service to citizens in urban areas.

Section 2 would create the Rural Broadband Study Task Force. Task force members would include two members of the legislature, including the Chairperson of the Transportation and Telecommunications Committee, who would act as the chairperson of the task force. The other legislator would be selected by the Executive Board. Other members would include a member of the Public Service Commission, the Chairperson of the Nebraska Information Technology Commission or his or her designee, the director of the Department of Economic Development or his or her designee, the Director of Agriculture or his or her designee, and members appointed by the Governor, including a representative of agribusiness, the business community, the telecommunications industry, the public power industry, postsecondary institutions, and rural K through 12. The NITC would provide staff assistance to the task force, in consultation with staff from the PSC and other interested parties. Issues to be studied include: (a) how Nebraska compares with other states in rural broadband speeds; (b) determining whether the Nebraska Universal Service Fund and its implementing strategies have been effective in bringing effective services to rural users; (c) reviewing feasibility of alternative technologies and providers; (d) recommending state policies to leverage state universal service funds with federal universal service fund support; (e) making recommendations to the Governor and Legislature as to the most effective and efficient ways that federal broadband rural infrastructure funds should be expended; and (f) determining other issues that may be pertinent to the issue. Meetings would be held at the call of the Chairperson, and a report would be issued no later than December 1, 2019 and by December 1 every odd-numbered year thereafter.

Section 3 provides language to Section 86-324 that would provide the PSC with authority to require telecommunications companies to contribute to the Nebraska Universal Service Fund through a connections methodology.

Section 4 would allow the PSC to open a docket to consider the implementation and operation of a reverse auction program to award funding to broadband Internet service providers in unserved or underserved areas of the state. It would fund the reverse auction program by withholding funding from current providers which have not served, to the PSC's satisfaction, areas with the type of service that meets the criteria for successful investment from the Nebraska Universal Service Fund.

Section 5 would provide authority to the PSC to establish and maintain a registry of locations within the state for complaints regarding the lack of coverage for wireless telecommunications service. The PSC could use that information in determining where to support grants for the construction of wireless telecommunications service facilities.

Explanation of amendments:

The committee considered and adopted an amendment which accomplishes the following:

The amendment substitutes for the bill and makes the following changes. The name of the task force is changed to Rural Broadband Task Force. The legislative members of the Task Force would become non-voting, ex-officio members and the Chairperson of the Task Force would be the Chairperson of the Nebraska Information Technology Commission (NITC). Membership on the Task Force would be increased by one member to include a representative of the wireless telecommunications industry, in addition to a member of the regulated wireline telecommunications industry. An advisory group could be appointed by the Task Force from representatives of interest groups and stakeholders. A consultant could be hired by the Task Force. Changes were made to language relating to issues to be studied by the Task Force, including a study of alternatives for deployment to underserved or unserved areas such as reverse auction programs, public-private partnerships, and funding for competitive deployment. Also, broadband services are defined as high-speed telecommunications capability at a minimum speed of 25 megabits per second down and 3 megabits per second up that enables users to originate and receive high-quality voice, data, and video telecommunications using any technology.

Other changes include creating a Rural Broadband Task Force Fund, which would be located in the NITC and which would be initially funded with a transfer of \$50,000 from the Nebraska Internet Enhancement Fund. Section 3 of the original bill, which would have provided the Public Service Commission (PSC) with authority to require telecommunications companies to contribute to the Nebraska Universal Service Fund (NUSF) through a connections

methodology, is stricken.

Section 4 of the bill (and amendment) relates to the establishment of a reverse auction mechanism within the PSC, and procedural due process requirements relating to provision of notice and the right to a hearing are added to standards required to be adopted by the PSC prior to the issuance of an order withholding funds from any NUSF recipient. Also, if funds are withdrawn from a recipient in an exchange area, funds that are withdrawn must be used in the exchange area from which the funds were withdrawn.

Finally, the committee adopted a limited version of LB 573, as introduced. The committee amendment would eliminate requirements for local exchange companies to notify their customers and the PSC at least ninety days prior to a change in rates for local exchange service. It would eliminate the opportunity for impacted customers to petition the PSC to determine the rates if the customers don't agree with the proposed rates. The amendment would eliminate the required public meeting in each PSC district that allows customers to meet with company representatives in non-competitive areas. All companies would have the same regulation as those companies in areas that have been deemed competitive. The companies would file a tariff with the PSC that includes the new rate at least ten days before implementation. Nothing in the amendment would impact quality of service or customer complaint provisions. This portion of the amendment outright repeals Sections 86-145, 86-146, 86-147, and 86-148.

The amendment would provide an operative date of July 1, 2018, and contains an emergency clause.

Curt Friesen, Chairperson