Nebraska Public Service Commission

Commissioner Tim Schram Presentation
Wyoming Consumer Issues Conference
September 25, 2008
1. Tele-Health Network

- Commission approved funding for the Nebraska Statewide Tele-Health Network in September 2004.

- Tele-Health Network connects 68 rural and critical access hospitals across the State to hub hospitals in Grand Island, Kearney, Lincoln, Norfolk, North Platte, Omaha, and Scottsbluff.

- Savings to Nebraska patients in terms of time, cost, and inconvenience of traveling long distances for specialized needs.

- Last fiscal year, Commission provided funding of $749,085 for Tele-Health Network

- Since 2004, Commission has funded 75 hospitals and provided $2,140,256 in funding.

2. VoIP Providers Contributing to USF Goals – Vonage Litigation

- Nebraska (like Wyoming) has a state universal service fund to keep telephone rates comparable and affordable across the State.

- USF is funded through a surcharge on intrastate services.

- Some VoIP carriers in Nebraska provide service, contribute to NUSF, the relay service, and 911 funding.

- Once the FCC adopted findings that VoIP providers would contribute to the Federal USF, the Nebraska Commission opened an investigation to determine whether it could assess the intrastate portion in a like manner.

- Commission projections of VoIP revenue in the State are $5.5 million representing $385,000 per year in NUSF contributions. The Commission also projects that VoIP revenue would account for approximately 29% of the NUSF in 2011.

- Commission order adopted in April of 2007, finding that VoIP providers be required to contribute to NUSF in one of three ways:
  (a) Carrier could use the reverse of the safe harbor (or 35%)
  (b) Carrier could provide a traffic study, or
  (c) Carrier could contribute based on actual intrastate revenues.

- Vonage filed a Petition for Declaratory Ruling last December as well as an injunction in Federal District Court to keep the Commission from requiring it to assess the surcharge.

- Commission was preliminarily enjoined by the District Court which the Commission has appealed.

- Lawsuit is currently in the 8th Circuit Court of Appeals.
• NARUC and the FCC filed amicus briefs in support of the Nebraska Commission's position.
• Verizon and the Von Coalition filed briefs in support of Vonage's position.
• Next step in the process is for the case to be argued.

3. Natural Gas Department

(1.) What are the key issues involving energy utilities and telecommunications companies in your state, and what are the roles of your PSC, consumer groups and individual customers?

Use of new ratemaking approaches, including revenue decoupling.
• The role of our PSC is to evaluate ideas, considering the input of the utilities and the Public Advocate, who represents individual consumers.
• We’ve denied a utility’s request to implement revenue decoupling, citing inadequate demonstration of the benefits to consumers.
• It is important that any revenue decoupling plan does more than generate stable revenues...it must include real incentives for the company to help customers reduce consumption.

(2.) Do rising costs increase or limit consumers’ options?

Rising costs force both consumers and policy-makers to:
• take a hard look at consumption habits; and
• explore alternatives.
Both of these exercises may potentially generate more options.

How can we find the most cost-effective and environmentally responsible balance while providing safe, adequate, reliable and affordable utility services to all consumers?

• Encourage direct use of natural gas, instead of burning it to generate electricity. Example: Natural gas water heater vs. Electric water heater. Use of natural gas appliances is more financially efficient and can result in lower carbon emissions.¹
• We’ve approved appliance rebate programs for two of our three gas utilities to encourage and facilitate direct use of gas.²

(3.) What issues seem most important to consumers and what can consumers do to address them? What information or assistance to consumers need most?

¹ Study – American Gas Foundation, 2008
http://www.gasfoundation.org/ResearchStudies/directuse.htm
²Rebate programs are offered by SourceGas (furnace only) and BlackHills (furnaces and water heaters).
Prices. Natural Gas consumers can take steps to reduce consumption and find a billing option that suits their needs (such as budget billing).

- Low-income consumers need to know about the availability of assistance and weatherization programs.
- The utility, which has regular contact with the customer, is in the best position to provide this information and has incentive to do so – lower bills and access to funding means lower bad debt expenses.
- In Nebraska, for any customer who asserts inability to pay, our regulations require that the utility advise them of available assistance options.

(4.) What can state legislatures, governors, and specific agencies do to address the issues the conference and the panel raise?

- Stay engaged on energy policy, refine our own perspective on policy issues that affect our states, and look for ways to put strategies into action.
- For a PSC, the primary vehicle for implementing policies is ratemaking.

Other Information

SourceGas Customer Service Issues:

- We have a docket opened to examine customer service, and issued a Show Cause order against the company last month.
- The proceeding was initially opened in 2007, spurred by complaints received in a rate case.
- Since then, the company obtained a new billing and customer service vendor and has experienced significant problems.
- Customer service performance has improved recently, but customers are still experiencing problems with inaccurate and untimely bills.
- We’ll be setting a hearing this fall.
- SourceGas also provides service in Wyoming and Colorado.

4. Wireless E911 Deployment

- The Wireless E911 Fund was established in 2001.

- The Commission assesses annually the level of surcharge necessary to sustain the Fund.

- The surcharge is currently set at 50-cents per month on each wireless access line in the state. The Commission has authority to raise the surcharge level up to 70 cents at its discretion.

- There are 93 counties in Nebraska.
• There are 82 PSAPs (public safety answering points) in the state of Nebraska.

• 73 counties have implemented Phase II in the State with at least one carrier, which represents 93.5% of the state’s population.

• 8 counties have implemented Phase I, 4 of which will be implementing Phase II in the near future. This represents 4.2% of the state’s population.

• 1 county has implemented landline enhanced 911.

• 11 counties are at a basic 911 level in Nebraska. Of these 11 counties, eight are actively taking steps necessary to implement landline enhanced 911.

• The Wireless E911 Fund receives approximately $590,000 per month in surcharge revenue.

• The fund currently pays for installation and maintenance of Phase II equipment for PSAPs, recurring and non-recurring costs to local exchange carriers for Phase I and Phase II service to the PSAPs; GIS data development and maintenance for the majority of the counties; and Phase I cost reimbursement to wireless carriers.

• The Wireless E911 Fund reimburses approximately $600,000 each month for cost recovery to the various parties.

5. Broadband Survey/Deployment

• 2002 NPSC opened investigation of broadband deployment in Nebraska. Study showed 41% of Nebraska communities had DSL and 31% had cable modem service.

• 2004 NPSC began investigating use of NUSF to support the overall capability of underlying telecommunications faculties and not just a signal communications technology.

• 2006 NPSC updated broadband survey data showed that all communities had access to broadband at some speed and 91% had access at ≥200 kbps through one or more methods.

• 2007 NPSC updated broadband survey data showed that 94% of all communities had access to advanced broadband services ≥200 kbps which represents 99.7% of the state’s population.

• 2008 FCC Changes Form 477 (carrier broadband reporting form) from reporting at ZIP code level to Census Track level and increased speed tiers and categories reporting requirements.
6. Telecommunications – Consumer Complaints

- Complaints are reported for our fiscal year that runs from July 1 through June 30
- Total complaints last fiscal year were 1,016 (2007-2008)
- Complaint types are categorized as billing, service, customer service, telemarketing, slamming, directory, and auto dialer
- The two largest types of wireless complaints were billing (244) and service (117) 2007-08
- Consumer savings totaled $78,059.26 for 2007-08 and $71,255.71 for 2006-07
- The consumer savings associated with wireless complaints was $37,439.38 (2007-08) and $32,463.67 (2006-07)
- Wireless complaint accounted for 36% of the 2007-08 complaints
- 73% of the wireless complaints involved 2 carriers in 2007-08 (Alltel and Sprint Nextel)

7. Study of a Nebraska Commodities Grain Insurance Fund

- Our goal is to put before the Agricultural Community for consideration, a program to create a farmer self insurance fund having the ability to pay grain claims of farmers who sustain losses from failed grain companies.
- Fund would be used when a grain company fails and leaves unpaid grain debts from storage or merchandising accounts.
- Bonding is inadequate to provide relief and bonding companies are not willing to write bonds that amount to a significant increase in coverage.
- The fund would be a multi-million dollar one, and claims would have limits in some situations based on the risk that the farmer chose to accept.
- Funding would come from assessments when grain is sold. The buyers would remit the assessment to the PSC to be deposited in an interest bearing account and once the statutory limit of the account was reached, the assessments would stop.
• The State of Nebraska would not guarantee the fund and would not be allowed to borrow from the fund.

• PSC held a workshop in September with interested organizations to discuss the need for such a fund, and will hold another meeting in January to determine whether the organizations feel the fund is needed or not.

8. Distance Learning

• Commission is actively supporting the goal of providing quality telecommunications services to support distance learning.

• Initially, Commission approved discounted tariff services for educational purposes.

• Legislation passed in 2006 established a project for converting distance education applications to IP based environment using Network Nebraska for transport.

• Final phase—aestimated completion of August 2009—Network Nebraska’s network will support sharing of teaching resources beyond the Educational Service Units. Schools will have the option of filing as part of a statewide submittal for E-rate support from the Federal Universal Service Fund.

9. Carrier Registration Process – Legislative requirement to register with the Commission for companies who are providing telecommunications for a fee.

• Must provide name, address, telephone number, and email address of contact person for the Company as the contact for consumer complaints.

• Purpose is to provide a contact person for Commission programs such as NUSF and the Nebraska Relay.

• Commission effort to be aware of all carriers operating in Nebraska to assist consumers who are attempting to contact the carrier. (This includes VoIP carriers, IP companies, and wireless providers.)

• One-time $50 registration fee with the requirement that the Company update the information in the future as the contact changes.

10. Area Code Relief

• May 1999 North American Numbering Plan Administration (NANPA) notified NPSC that Area Code 402 would be depleted in less than two years.
• July 2000 FCC granted NPSC petition to implement Thousands Block Pooling in Omaha. Resulted in extending AC 402 exhaust date from 2Q2001 to 1Q2004.

• May 2004 FCC requires wireless carriers to be Thousands Block Pooling capable. Area Code 402 exhaust extended to 2Q2006.

• February 2006 FCC grants Nebraska petition to implement mandatory pooling in Area Code 402.

• Current NANPA data shows the Thousand Block Pooling has save 98 full codes (10,000 numbers each).

• Voluntary Rate Center consolidation by carriers has also help in utilization of otherwise stranded numbering resources.

• Current forecasted exhaust date for Area Code 402 is now 3Q2009.

11. Nebraska Internet Enhancement Fund

• The Commission established the fund to provide financial assistance, (in the form of grants), to install and deliver broadband and advanced telecommunications to rural areas of the State.

• Grants of approximately $400,000 have been provided to cities and municipalities for broadband projects.

• Commission goal is to provide an additional $150,000 this year to fund additional projects.

12. DTV Conversion

• Partnering with the FCC, to alert customers of the DTV Transition.

• Briefing for State Senators, information available at Commission offices, and on our Commission web site.

13. Nebraska's Electric Industry

• Nebraska – only state served entirely by public power.

• Regulated by the PSC and the Power Review Board

• Responsibilities of the Power Review Board
  a. Determining need for transmission and generation facilities
  b. Determination of service areas

• Responsibilities of the PSC
  a. Safety of construction, operation and maintenance of electric transmission lines outside of incorporated cities or villages
b. Requirement for construction to meet standards of the National Electrical Safety Code

c. Applicant must also obtain consent from affected line operators near construction area, (includes railroads, rural water districts, telecommunications companies, gas companies and other electric utilities).

- Route selection on corridors for higher voltage transmission facilities has received considerable input from landowners and residents.