

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Petition of	)	Application No. NUSF-77.05,
the Nebraska Telecommunications	)	Progression Order No. 5
Association for Investigation	)	
and Review of Processes and	)	
Procedures Regarding the	)	
Nebraska Universal Service Fund:	)	GRANTED, IN PART
Application to the Nebraska	)	
Broadband Pilot Program (NEBP)	)	
received from Consolidated	)	
Telephone Company.	)	
	)	Entered: June 26, 2012

APPEARANCES:

**For Mobius Communications Company, Great Plains Communications & Consolidated Telephone Company:**

Mr. James Overcash  
Attorney at Law  
WOODS AITKEN, LLP  
301 South 13th Street, Suite #500  
Lincoln, Nebraska 68508

**For Dalton Telephone Company:**

Mr. Paul Schudel  
Attorney at Law  
WOODS AITKEN, LLP  
301 South 13th Street, Suite #500  
Lincoln, Nebraska 68508

**For Frontier Communications:**

Mr. Kevin Saville  
Associate General Counsel  
Frontier Communications Solutions  
2378 Wilshire Boulevard  
Mound, Minnesota 55364

**For CenturyLink:**

Mr. William E. Hendricks  
Attorney at Law  
805 Broadway Street  
Vancouver, Washington 98660-3277

**For N.E. Colorado Cellular, Inc. d/b/a Viaero:**

Mr. Loel P. Brooks  
Attorney at Law  
BROOKS, PANSING BROOKS, PC, LLO  
1248 O Street, Suite 984  
Lincoln, Nebraska 68508-1424

**For the Nebraska Public Service Commission:**

Ms. Shana L. Knutson  
Attorney at Law  
Nebraska Public Service Commission  
1200 N Street, Suite 300  
Lincoln, Nebraska 68509-4927

BY THE COMMISSION:

***Background***

By Application filed February 1, 2012, Consolidated Telephone Company (Consolidated or Applicant) seeks Nebraska Broadband Pilot (NEBP) Program support. Notice of the Application appeared in the Daily Record, Omaha, Nebraska on February 7, 2012. On March 26, 2012, N.E. Colorado Cellular, Inc., d/b/a Viaero Wireless (Viaero) filed a Formal Petition of Intervention in the above-captioned proceeding. This Petition was granted on April 3, 2012.

A procedural conference was held on April 5, 2012. With the consent of the applicant, a procedural schedule was adopted. Pursuant to that Order, the staff's recommendation was filed on April 23, 2012. Pre-filed testimony was filed on May 7, 2012 and reply testimony was filed on May 21, 2012.

On May 30, 2012, the Commission held a public hearing on the application in Lincoln, Nebraska. For administrative efficiency, and with the consent of all parties, the hearing was consolidated with the hearings in NUSF-77.01, NUSF-77.02, NUSF-77.03, NUSF-77.04, NUSF-77.06 and NUSF-77.07. Mr. James Overcash entered an appearance on behalf of the applicant. Mr. Loel Brooks entered an appearance on behalf of Viaero.

***Project Overview***

Consolidated is an incumbent local exchange carrier with its principal office located in Lincoln, Nebraska. Consolidated has had a long history of providing telephone, internet and broadband service to customers in rural Nebraska. Over 96 percent of Consolidated's customers have access to broadband but a small fraction of customers in the most remote areas remain unserved.

Consolidated proposes to extend broadband availability to areas that are extremely difficult to serve due to low subscriber density, fragile soil, and challenging terrain. These areas are situated in the Nebraska Sandhills and have the lowest customer density in the state and often have longer construction

distances than would be expected due to lack of available roads. Accordingly, Consolidated proposes a hybrid approach. The design consists of fiber optic cable extending from either the central office location or current fiber optic facilities to five tower sites. The tower sites were selected to provide for network extension. Each tower site will be equipped with a base access point radio that will connect to a customer's premise equipment (CPE) radio and voice ports for the customer. The proposed wireless and fiber hybrid network will support data speeds up to 16 Mbps at the customer locations.

Consolidated provided a project timeline, a proposed budget showing project costs, a 25 percent match, and a detailed breakdown of the cost elements. Consolidated provided a depreciation schedule showing the life of the investment. Consolidated provided a copy of its latest financial report to demonstrate financial qualifications to complete its portion of the proposed project. In addition, Consolidated provided detailed map information showing the proposed project coverage in census blocks.

### ***Staff Analysis***

The Commission staff analyzed each project including the projects filed by Consolidated. The staff first reviewed the application to determine whether the eligibility requirements of Progression Order No. 5 had been met. Next, the staff reviewed the application to determine whether all application requirements listed in Progression Order No. 5 were fulfilled. Next, the staff grouped projects into categories based on the nature of each area being served, the existence of any intersection with another proposed project and the interdependency of each project as determined by the applicant's defined implementation schedule. The staff's group assignment created a priority hierarchy. Within each hierarchy, the project was then scored based on the criteria described in the Staff Recommendation.

The staff recommended approving Consolidated's application to the amount of **\$205,766**.

### ***Hearing***

Ms. Sue Vanicek, Director of the Department presented testimony at the hearing relative to the recommended adjustments to funding amounts. She testified that the Department reviewed each application and identified certain personnel costs, ongoing expenses and legal costs which should be excluded. Ms. Vanicek's testimony was offered and received into the record as Exhibit Nos. 3 and 4.

Mr. Tyler Frost, the staff Economist presented testimony related to the staff's methodology for recommending NEBP support. Mr. Frost provided further details about how the staff reviewed and scored each application. Mr. Frost's testimony was offered and received into the record as Exhibit Nos. 5 and 6.

Mr. Brian Thompson, Vice President of External Relations for Consolidated, testified in support of the application. Mr. Thompson's pre-filed testimony was offered and received into the record as Exhibit No. 9. The application was offered and received into evidence as Exhibit No. 20. Mr. Thompson supported the staff recommendation to approve the application for NEBP support in the amount of \$205,766.

Mr. Andy Newell, General Counsel for Viaero, also presented testimony in support of the staff's methodology. Viaero did not present testimony in opposition to Consolidated's application for NEBP support.

#### O P I N I O N      A N D      F I N D I N G S

On June 14, 2011, the Commission issued Progression Order No. 3 in NUSF-77, finding that making explicit NUSF support available for broadband deployment would complement the Commission's existing goal to support networks that provide voice service as well as advanced services. In addition, the Commission found promoting ubiquitous broadband availability was a state and federal responsibility which would require both state and federal financial support. Through further progression orders the Commission adopted criteria for the NEBP program eligibility, application requirements, and provided a timeline for the consideration of NEBP projects.

Based on the application and the evidence in the record, the Commission finds Consolidated's application for NEBP program support should be approved in part consistent with the staff's recommendation. The Commission approves support up to an amount of **\$205,766** or actual cost of construction for the project, whichever amount is lower.

#### Reimbursement Process:

Consolidated must first make the investment and then may file a request for reimbursement with the NTIPS Department. Consolidated does not need to complete the construction process prior to seeking reimbursement; rather, it may work with the NTIPS Department to develop intervals at which reimbursement can be sought. The NEBP program will reimburse Consolidated for

reasonable expenditures made related to project specifications detailed in the application and approved in this Order. Once the investment is made, Consolidated shall file a request for support, provide the NTIPS Department with copies of the invoices or other acceptable documentation<sup>1</sup> and shall certify to the Department that it had made the described investment for the provision, maintenance and upgrading of facilities and services in the area defined in the application.

As a NEBP program recipient, the Commission finds Consolidated must meet the following conditions:

1. The supported broadband service upon completion of the deployment must be available as a service offering to all households within the area defined by the application for a minimum period of five (5) years;
2. The project must be completed within 24 months from the date of this Order unless otherwise extended by the Commission;
3. Voice grade service must be available to customers within the service area of the broadband deployment;
4. Access to emergency services must be available to customers within the service area of broadband deployment;
5. Broadband support must only be used for the purposes intended and which have been approved by the Commission;
6. Voice and broadband service in the area described in its application must be offered at reasonably comparable rates for comparable services it offers in urban areas;
7. Reporting, verification, and audit requirements adopted by the Commission for oversight of the NEBP program must be met; and
8. Adherence to all applicable Commission rules, regulations and orders.

#### Continuing Nature of Requirements:

The Commission will enforce these requirements throughout the period of the grant and the five (5) year period following the completion of the project to ensure the Commission's objectives for this program are being met. Consolidated shall notify the Commission in writing once the project has been completed and the proposed broadband service is being offered. The Commission may take any action it deems necessary and appropriate to enforce the requirements and conditions in this Order.

---

<sup>1</sup> The Commission will provide the Department with the discretion to determine the type of documentation needed to verify the expenditures made when not provided through a third-party invoice.

To encourage public awareness about the deployment of broadband service in Nebraska, we find Consolidated should be required to report broadband availability to the Commission and its broadband mapping vendor for the duration of the State Broadband Data and Development (SBDD) Program.

These opinions and findings carry no precedential value other than establishing minimum standards and criteria the Commission applied in this application for NEBP program support. The Commission may modify the minimum requirements and conditions for future petitions for support from the NEBP program.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the Application filed by Consolidated Telephone Company shall be and it is hereby granted in part as provided herein.

IT IS FURTHER ORDERED that Applicant shall comply with requirements set forth herein.

IT IS FURTHER ORDERED that Applicant shall submit detailed and accurate invoices and other documentation required by the Department prior to reimbursement for the supported project.

IT IS FURTHER ORDERED that Applicant shall use Nebraska Broadband Pilot Program support only for the purposes described in its application and authorized by the Commission.

MADE AND ENTERED at Lincoln, Nebraska, this 26<sup>th</sup> day of June 2012.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

Application No. NUSF-77.05

Page 6

To encourage public awareness about the deployment of broadband service in Nebraska, we find Consolidated should be required to report broadband availability to the Commission and its broadband mapping vendor for the duration of the State Broadband Data and Development (SBDD) Program.

These opinions and findings carry no precedential value other than establishing minimum standards and criteria the Commission applied in this application for NEBP program support. The Commission may modify the minimum requirements and conditions for future petitions for support from the NEBP program.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the Application filed by Consolidated Telephone Company shall be and it is hereby granted in part as provided herein.

IT IS FURTHER ORDERED that Applicant shall comply with requirements set forth herein.

IT IS FURTHER ORDERED that Applicant shall submit detailed and accurate invoices and other documentation required by the Department prior to reimbursement for the supported project.

IT IS FURTHER ORDERED that Applicant shall use Nebraska Broadband Pilot Program support only for the purposes described in its application and authorized by the Commission.

MADE AND ENTERED at Lincoln, Nebraska, this 26<sup>th</sup> day of June 2012.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

*Tim Schram*  
*Anne Boyce*  
*Gerald R. Up*

Chairman

ATTEST:

*Phil H. H. H.*  
Executive Director

//s// Rod Johnson  
//s// Frank Landis