

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Petition of)	Application No. NUSF-77.07
the Nebraska Telecommunications)	Progression Order No. 5
Association for Investigation)	
and Review of Processes and)	
Procedures Regarding the)	GRANTED
Nebraska Universal Service Fund:)	
Application to the Nebraska)	
Broadband Pilot Program (NEBP))	
received from CenturyLink.)	Entered: June 26, 2012

APPEARANCES:

For CenturyLink:

Mr. William E. Hendricks
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Vancouver, Washington 98660-3277

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

Mr. James Overcash
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WOODS AITKEN, LLP
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Lincoln, Nebraska 68508

For Dalton Telephone Company:

Mr. Paul Schudel
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For Frontier Communications:

Mr. Kevin Saville
Associate General Counsel
Frontier Communications Solutions
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For N.E. Colorado Cellular, Inc. d/b/a Viaero:

Mr. Loel P. Brooks
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For the Nebraska Public Service Commission:

Ms. Shana L. Knutson
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Nebraska Public Service Commission
1200 N Street, Suite 300
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BY THE COMMISSION:

Background

By Application filed February 1, 2012, CenturyLink (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-77.05 and NUSF-77.06. Mr. Tre Hendricks entered an appearance on behalf of the applicant. Mr. Loel Brooks entered an appearance on behalf of Viaero.

Project Overview

CenturyLink is an incumbent local exchange carrier with its principal office located in Monroe, Louisiana. CenturyLink originally proposed five broadband projects. Subsequent to filing its application, CenturyLink withdrew its request for support of the Elkhorn broadband project. The Commission approved that request by Order on March 27, 2012.

Consequently, CenturyLink seeks NEBP support for four broadband projects located in Alliance, Omaha, Gretna and Sidney. CenturyLink proposes to provide broadband services to customers located in certain portions of its exchanges located in Gretna, Alliance, Omaha, and Sidney with speeds of 4 Mbps download and 1 Mbps upload.

CenturyLink provided a project timeline, a proposed budget showing project costs, a 25 percent match, and a detailed breakdown of the cost elements. CenturyLink provided a depreciation schedule showing the life of the investment. CenturyLink provided a copy of its latest financial report to demonstrate financial qualifications to complete its portion of the proposed project. In addition, CenturyLink 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 CenturyLink. 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 CenturyLink's application to the amount of **\$328,832**.

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.

Ms. Ann Prockish, Director of State Regulatory Operations for CenturyLink, testified in support of the application. She

testified all four project areas are outside the city limits. She testified in favor of the staff's recommendation to approve support for CenturyLink's projects.

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 CenturyLink'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 CenturyLink'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 **\$328,832** or actual cost of construction for the project(s) whichever amount is lower.

Reimbursement Process:

CenturyLink must first make the investment and then may file a request for reimbursement with the NTIPS Department. CenturyLink 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 CenturyLink for reasonable expenditures made related to project specifications detailed in the application and approved in this Order. Once the investment is made, CenturyLink shall file a request for support, provide the NTIPS Department with copies of the invoices or other acceptable documentation¹ and shall certify to the Department that it had made the described investment for the

¹ 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.

provision, maintenance and upgrading of facilities and services in the area defined in the application.

As a NEBP program recipient, the Commission finds CenturyLink 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 5 year period following the completion of the project to ensure the Commission's objectives for this program are being met. CenturyLink shall notify the Commission in writing once the project(s) have 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.

To encourage public awareness about the deployment of broadband service in Nebraska, we find CenturyLink 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 CenturyLink shall be and it is hereby granted 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 26th day of June 2012.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director

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NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Tim Schram
Anne Boefle
Gerald L. Vap

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

Chairman

ATTEST:

Rod Johnson
Mike S. 1/10
Executive Director