

# SECRETARY'S RECORD, PUBLIC SERVICE COMMISSION

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## BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska ) Application No. NUSF-117  
Public Service Commission, on )  
its own motion, to consider )  
implementing a program to )  
incentivize new fiber ) ORDER  
construction for E-Rate )  
eligible entities. )  
 ) Entered: May 19, 2020

### APPEARANCES:

For the Rural Independent Companies:

Mr. Paul M. Schudel

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Lincoln, Nebraska 68508

For Cox Nebraska Telcom, LLC:

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Deonne Bruning, P.C., L.L.O.

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For the Commission:

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### BY THE COMMISSION:

The Nebraska Public Service Commission (Commission) initiated this proceeding to consider implementing a program within the Nebraska Universal Service Fund (NUSF) to incentivize new fiber construction for E-Rate eligible entities.

In 2018, LB 994 created the Rural Broadband Task Force to review issues relating to availability, adoption, and affordability of broadband services in rural areas of Nebraska. Last October, the Rural Broadband Task Force released its Findings and Recommendations. Among its recommendations, the task force encouraged the implementation of a program within the NUSF to

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incentivize new fiber construction to public libraries in order to maximize federal support through the Federal Communications Commission's (FCC) E-Rate Special Construction program.

The federal E-Rate program provides support for broadband connections in schools and libraries under two categories of service: Category 1 services to a school or library (telecommunications, telecommunications services, and internet access), Category 2 services that deliver internet access within schools and libraries (internal connections, basic maintenance of internal connections, and managed internal broadband services). The E-Rate program includes a matching program for special construction charges for high-speed broadband related to Category 1 services. The E-Rate program will increase an applicant's discount rate for these charges up to an additional 10 percent. However, the E-Rate program will only match funding for special construction projects if the source of funding is authorized directly by a state legislature or one or more state agencies.

If a state provides eligible carriers with funding for special construction charges for high-speed broadband, E-Rate matching funds will only be approved if the special construction project will provide high-speed broadband connections that meet the FCC's connectivity targets (100 Mbps for public libraries under 50,000 LSA & 1 Mbps per student in public schools) adopted in the E-Rate Modernization Order, and may not be applied to any other cost.

Applicants seeking additional E-Rate discounts to match state funding for special construction must submit information with their FCC 471 filing that the USAC will use to determine: (1) Whether the state funding is from an eligible source; (2) That any terms and conditions associated with state funding are not in conflict with E-Rate rules; (3) The appropriate calculation of the additional E-Rate discount, if any; and (4) Whether the project meets the Commission's connectivity targets.

For the purposes of the E-Rate program, special construction charges are the upfront, non-recurring costs of deploying new fiber or upgrading facilities to E-Rate eligible entities. Special construction consists of three components: (1) Construction of network facilities; (2) Design and Engineering; and (3) Project management. Special Construction does not include charges for Network Equipment.

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Program rules permit applicants to request E-Rate discounts for special construction charges incurred up to six months prior to the July 1<sup>st</sup> start of the funding year (i.e. on or after January 1), provided that: (1) Construction begins after selection of a service provider pursuant to a valid competitive bidding process; (2) A Category One recurring service depends on the installation of the infrastructure; and (3) The service start date is on or after the start of the funding year.

The Commission sought comment on the following:

1. Whether it had the authority to implement a program to supplement the federal E-Rate Special Construction matching fund program. Specifically, the Commission sought comment on whether Neb. Rev. Stat. § 86-323 provided the Commission with the authority to create this program for libraries and schools.
2. How the Commission should determine a carrier's eligibility for the program? Whether the Commission should create a mechanism to designate eligible telecommunications carriers specifically for this purpose.
3. If implemented, what the filing requirements should be for the program. What criteria should the Commission consider relevant? Whether the program should operate similar to the Commission's Telehealth program where the Commission provides an overall budget for the program? Should the Commission provide reimbursement to the eligible carriers at a specific level for each site? How the funding should be determined for each site and whether the Commission should utilize a grant-like process.
4. If implemented, the Commission sought comment on the timeline. The Commission asked what timeline it needed to factor in for library participation in the federal E-Rate program.
5. The Commission asked what other factors it should take into consideration.

**Comments Filed**

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Comments responsive to the Commission's December 10, 2019 Order were filed by CenturyLink, Cox Nebraska Telcom, LLC (Cox), the Nebraska Rural Independent Companies (RIC), the Butler Memorial Library, and the Nebraska Library Commission (NLC).

CenturyLink stated that the Commission did not have the authority under Neb. Rev. Stat. § 86-323 to implement this program.<sup>1</sup> CenturyLink stated § 86-323 recognizes the need for schools and libraries to have access to advanced telecommunications services but it does not provide (1) a mechanism to raise funds or (2) to distribute funds to schools or libraries regardless of participation in the FCC's E-Rate program.<sup>2</sup> CenturyLink further recommended the Commission wait until a decision is made on a current legislative bill, LB 992, which creates the Nebraska E-Rate Special Construction Matching Fund Program.<sup>3</sup> CenturyLink further commented that § 86-324 outlines the PSC's ability to award funds to "telecommunications companies" meaning that any match for federal E-Rate construction projects must be directed toward eligible telecommunications companies rather than directly to schools or libraries.<sup>4</sup>

CenturyLink further recommended that eligibility to participate in any state match program should be based on existing eligible telecommunications carrier requirements and existing criteria implemented by the FCC.<sup>5</sup> CenturyLink stated the Commission should mirror federal eligibility guidelines. CenturyLink urged caution in setting state specific requirements however, establishing an overall budget would not run afoul with FCC guidelines and other states that have a match program have taken this approach.<sup>6</sup> The Commission should take into account the ability

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<sup>1</sup> See Comments of Qwest Corporation d/b/a/ CenturyLink QC and United Telephone Company of the West d/b/a CenturyLink (January 17, 2020) at 3 ("CenturyLink Comments").

<sup>2</sup> See *id.*

<sup>3</sup> See *id.*

<sup>4</sup> See *id.* at 4.

<sup>5</sup> See *id.*

<sup>6</sup> See *id.*

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of the recipient school or library to utilize the special construction once it is completed.<sup>7</sup> The matching program is a one-time funding mechanism and does not cover on-going monthly charges of the underlying services.<sup>8</sup> If a school or library cannot

demonstrate the ability to fund ongoing costs, it may not be in the best interests of the ratepayers.<sup>9</sup> Any filing requirements should mirror federal guidelines where possible.<sup>10</sup> CenturyLink stated the Commission should coordinate the application and participation deadlines with the federal program.<sup>11</sup> Finally, CenturyLink cautioned that overbuilding, wasteful, and duplicative spending of ratepayer funds are a concern for the FCC and should be for the Commission as well.<sup>12</sup>

Butler Memorial Library stated that the Commission did have the requisite authority in § 86-323 to create a matching program.<sup>13</sup> The Butler Library further recommended that the filing and eligibility requirements should mirror the federal ones already in place.<sup>14</sup> The timelines established by the Commission should be similar to the E-Rate program.<sup>15</sup>

Cox recommended that the Commission incorporate criteria similar to that published in the Federal Register by the Rural Utilities Service ("RUS").<sup>16</sup> According to Cox, the RUS scores rural areas with factors such as serving the least dense rural areas, as

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<sup>7</sup> *Id.* at 6.

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *See id.*

<sup>12</sup> *See id.* at 7.

<sup>13</sup> *See* Comments from the Butler Memorial Library (filed January 17, 2020) at 1 ("Butler Library Comments").

<sup>14</sup> *See id.*

<sup>15</sup> *See id.* at 2.

<sup>16</sup> *See* Comments of Cox Nebraska Telcom, LLC (filed January 17, 2020) at 2 ("Cox Comments").

measured by the population per square mile.<sup>17</sup> If demand exceeds the allocated funding the Commission could create rural tiers to address funding shortfalls.<sup>18</sup> If demand exceeds funding, these tiers provide an open and transparent rationale why some locations are awarded funding over others.<sup>19</sup>

Cox further stated that the federal E-Rate program does not require Eligible Telecommunications Carriers (ETC) designation and it was not apparent to Cox what benefit requiring it would bring to the recipients of this fund.<sup>20</sup> Cox advises against creating a state ETC requirement because it could penalize libraries by limiting carrier choice.<sup>21</sup> Cox stated there are companies like Cox that receive federal E-Rate support but are not Nebraska ETCs.<sup>22</sup> Cox stated that becoming an ETC can be an expensive administrative process for the carriers.<sup>23</sup>

Cox recommended that the Commission establish a matching requirement from the applicant to help them make cost effective choices.<sup>24</sup> A match provided by the applicant, even a modest amount would leverage the limited NUSF resources to finance additional projects.<sup>25</sup> If the program goes into effect, Cox recommended that a review of the program be conducted within three (3) years.<sup>26</sup> This review would enable an assessment of regulatory changes made by the FCC and/or the Commission that may have impacted this program. This review would also provide the Commission with the opportunity to predictably assess whether the program should be continued.<sup>27</sup>

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<sup>17</sup> See *id.*

<sup>18</sup> See *id.*

<sup>19</sup> *Id.* at 3.

<sup>20</sup> See *id.* at 3.

<sup>21</sup> See *id.* at 4.

<sup>22</sup> See *id.*

<sup>23</sup> See *id.* at 3.

<sup>24</sup> See *id.* at 4.

<sup>25</sup> *Id.* at 5.

<sup>26</sup> See *id.*

<sup>27</sup> See *id.*

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The Nebraska Rural Independent Companies (RIC) supported the concept of the Commission's effort to meet the demonstrated unserved broadband needs of libraries in the state.<sup>28</sup> RIC recommended that the new NUSF program should have reasonable and enforceable eligibility and accountability standards.<sup>29</sup> Support

should be structured based on demonstrated need.<sup>30</sup> RIC further recommended that any request for NUSF Supplemental E-Rate support should be subject to an application where they show the level of broadband services they currently have and allow interested parties the opportunity to present evidence as to the level of broadband service currently available to the library.<sup>31</sup>

RIC further recommended that the Commission should restrict the supplemental program to support Nebraska ETCs that will be accountable to the Commission otherwise the Commission will lack sufficient oversight.<sup>32</sup> Additionally, any library requesting supplemental E-Rate funding must show that are seeking funding from the FCC E-Rate program and the supplemental funding should be contingent upon approval of federal E-Rate funding.<sup>33</sup> RIC stated libraries should be required to show that they are not requesting funding for redundant fiber facilities to the library's location.<sup>34</sup>

In response to the Commission's specific questions, RIC stated that § 86-324(1) of the NUSF Act supports the conclusion that the Commission has been delegated authority from the Legislature to supplement the Federal E-Rate Special Construction matching fund program through NUSF deployment to libraries.<sup>35</sup> RIC

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<sup>28</sup> See Comments of the Rural Independent Companies (filed January 17, 2020) at 3 ("RIC Comments").

<sup>29</sup> See *id.* at 4.

<sup>30</sup> See *id.*

<sup>31</sup> See *id.* at 5.

<sup>32</sup> See *id.*

<sup>33</sup> See *id.* at 6.

<sup>34</sup> See *id.*

<sup>35</sup> See *id.* at 8.

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further agreed that according to § 8-323(5) of the NUSF Act only NETCs are eligible to receive distributions from this NUSF program.<sup>36</sup> Because NETCs are held to be accountable for their use of NUSF funds, a carrier's eligibility for NUSF supplemental E-Rate funding should be based upon such carrier's certification as a NETC.<sup>37</sup> RIC stated that the Commission has the discretion to fashion the program so as to provide for "additional definitions and standards" that would be applicable to a "specific, predictable, and sufficient" NUSF supplemental E-Rate matching program.<sup>38</sup> RIC suggested that public input be obtained regarding any proposed rules relating to the program that way all interested parties can participate in order to ensure the program achieves its proposed purposes.<sup>39</sup>

RIC further stated that in order for a library to use the NUSF supplemental E-Rate program to obtain the additional federal E-Rate discounts available for state matching funds for special construction the Commission will need to coordinate the implementation of the NUSF program with timelines set forth by the Universal Service Administration Company for the federal program.<sup>40</sup> Based on those dates and requirements for libraries the Commission would likely need to establish its funding approval process in the fourth quarter preceding the funding year.<sup>41</sup>

The Nebraska Library Commission (NLC) also provided comments in support of the implementation of a program to incentivize new fiber construction for E-Rate eligible entities. The NLC deferred to the Commission on its interpretation of § 86-323 but commented that a Nebraska public library is eligible for E-Rate if it is recognized by the NLC under the federal Library Services and Technology Act and if it does not operate as a for-profit business

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<sup>36</sup> See *id.* at 9.

<sup>37</sup> *Id.* at 10.

<sup>38</sup> See *id.* at 7.

<sup>39</sup> See *id.*

<sup>40</sup> See *id.* at 11.

<sup>41</sup> See *id.* at 12.



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and have a budget that is completely separate from any school.<sup>42</sup> The NLC stated that since the FCC's special Construction matching Fund Program is tied to E-Rate procurement, it seems logical that Nebraska would parallel the E-Rate processes and timelines and have E-Rate filing be a pre-requisite for eligibility in the Nebraska Special Construction Matching Fund.<sup>43</sup> The NLC stated that the amount of special construction costs bid by a telecommunications provider for a given site will be highly diverse.<sup>44</sup> As a result, the Commission may want to budget an annual program budget "not to exceed..." and then apply a prioritization criteria to the applications should an individual year's requests ever exceed available NUSF program support for that year.<sup>45</sup> The NLC provided a draft timeline for the Commission's consideration.<sup>46</sup> The NLC suggested that some of the factors the Commission could consider are community size, libraries that are in unserved or underserved areas, communities with increased out-migration, town and rural locales, and new libraries or libraries that are adding on new square footage.<sup>47</sup> Finally, the NLC recommended that the Commission consider an initial duration for the program, such as four or five years.<sup>48</sup>

Based on the initial comments filed herein, the Commission released a more detailed proposal, requested further comments and scheduled a hearing.

The Commission proposed to establish an overall budget for the program suggesting it allocate \$1 million for the program as a whole. Once the \$1 million in the program is exhausted, the Commission would then re-evaluate the need to provide additional support.

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<sup>42</sup> See Reply Comments from the Nebraska Library Commission (filed January 17, 2020) at 1 ("NLC Comments").

<sup>43</sup> See *id.* at 2.

<sup>44</sup> See *id.* at 3.

<sup>45</sup> See *id.*

<sup>46</sup> See *id.*

<sup>47</sup> See *id.* at 4.

<sup>48</sup> See *id.*

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The Commission further proposed that the NUSF support be made available on a first-come, first-served basis. Alternatively, the Commission sought comment on whether it should prioritize applications based on the amount of an entity's E-Rate discount.

The Commission contemplated this program would encompass a one-time buildout support period which would not include recurring or ongoing NUSF support. As such, the Commission proposed to make the support available to applicants for a specific window of time. The Commission sought comment on whether a window of four (4) year period for applying for and receiving support would be sufficient.

The Commission stated its belief that under § 86-324 it would need to limit eligibility to Nebraska eligible telecommunications carriers (NETCs). However, the Commission sought comment on whether to allow carriers to obtain designation as an NETC for E-Rate Special Construction Program purposes only.<sup>49</sup> We noted that the Commission has designated carriers as eligible for Telehealth, and the Lifeline-Only programs. The Commission sought comment on the type of designation process it should adopt.

The Commission proposed that all public libraries that are not already fiber-connected would be eligible for support. The Commission further proposed that libraries must first avail themselves of E-Rate support. In addition, we sought further comment on whether schools should also be eligible for E-Rate Special Construction program support or whether such support should be limited to libraries.

The Commission proposed to initiate the program in time for the 2021 E-Rate support year suggesting that it could open the grant window in November and close the grant window by the last day of December. The Commission proposed to release its decision on proposed grant awards by the end of January.

Finally, the Commission sought comment on reporting requirements needed to ensure that support is being used for its intended purpose and does not duplicate existing support or facilities.

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<sup>49</sup> Eligible Telecommunications Carriers (ETCs) previously designated without such limitations would be considered automatically eligible to participate in this program.

## **Further Comments Filed**

Comments responsive to the Commission's proposal and further questions were due on or before April 14, 2020. Further comments were filed by the following entities: Charter Fiberlink (Charter), Cox, the Nebraska Department of Education (NDE), the Educational Service Unit Network Operations Committee (ESUOC), NLC, RIC, Windstream, and Nebraska ESU No. 2.

Cox maintained that ETC status should not be imposed when it is not a requirement for participation in the federal program.<sup>50</sup> However, if the Commission requires NETC status, Cox urged the Commission to make it a requirement for the sole purpose of participation in the E-Rate Special Construction program like the option afforded in the Lifeline and Telehealth programs.<sup>51</sup> Cox recommended the Commission use the designation process used in NUSF-35/PI-69 as it related to Telehealth designation.<sup>52</sup> Cox also supported the Commission's proposal to provide support only to libraries that are not already fiber-connected.<sup>53</sup> Cox encouraged the Commission to explicitly incorporate this language in its final order so as to prevent ambiguity regarding the purpose of the program and eligibility of its participants.<sup>54</sup>

Charter stated that the Commission should not require any carrier to be or become an ETC before participating in the proposed E-Rate program.<sup>55</sup> If the Commission does decide to require NETC status, Charter agrees with Cox that the commission should allow a carrier to become an NETC for the sole purpose of participating in the proposed E-Rate program.<sup>56</sup> Lastly, Charter recommended that

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<sup>50</sup> See Reply Comments of Cox Nebraska Telcom, LLC (April 10, 2020) at 1 ("Cox Reply Comments").

<sup>51</sup> See *id.*

<sup>52</sup> See *id.* at 2.

<sup>53</sup> See *id.* at 3.

<sup>54</sup> See *id.* at 4.

<sup>55</sup> See Comments by Charter FiberLink-Nebraska, LLC and Time Warner Cable Information Services (Nebraska), LLC (April 14, 2020) at 1 ("Charter Reply Comments").

<sup>56</sup> See *id.*

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if NETC status is required, the Commission should deem every carrier that has obtained a federal Service Provider Identification Number as an NETC for the purposes of participating in the proposed state E-Rate program.<sup>57</sup>

NLC filed comments in support of the Commission's budget proposal.<sup>58</sup> NLC stated it would allocate staff resources to promote and assist libraries participation in the E-Rate Category 1 Special Construction program to bring fiber to the public libraries.<sup>59</sup> NLC stated its goal would be for 48 to 64 libraries to participate in the program over a four-year period.<sup>60</sup>

The NLC stated it would target specific libraries that are the focus of this funding.<sup>61</sup> Targeted libraries would include 1) new library builds and existing libraries adding additional square footage to their libraries, 2) public libraries in rural locations that are classified as unserved and underserved, 3) libraries serving less than 25,000 persons, and 4) libraries that will participate in four library systems in the state.<sup>62</sup> The NLC believed that a first-come first-served awarding of the funding combined with its efforts to encourage specific libraries to make an application for the funds would be an effective way to administer the program.<sup>63</sup> The NLC also believed that prioritization would not be needed. Further, the NLC expected that libraries with the largest discount (70-90%) would be the primary libraries seeking this funding.<sup>64</sup>

The NLC stated that the initial buildout support period of four years with an annual disbursement of funding to coincide with

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<sup>57</sup> See *id.*

<sup>58</sup> See Reply Comments from the Nebraska Library Commission (April 9, 2020) at 1 ("NLC Reply Comments").

<sup>59</sup> See *id.*

<sup>60</sup> See *id.*

<sup>61</sup> See *id.* at 2.

<sup>62</sup> See *id.*

<sup>63</sup> See *id.*

<sup>64</sup> See *id.*

the E-Rate program would be sufficient.<sup>65</sup> The NLC supported the proposal that all public libraries that are not already fiber connected be eligible for support.<sup>66</sup> However, the NLC stated there may be specific exception where "overbuilds" may be warranted. Examples could include cases where there is overcharging for services, service response time is poor, and service contract agreements are not met.<sup>67</sup>

The NLC further stated that the E-Rate filing process demonstrates a library's ability to take material steps towards a contract and procurement of fiber-based services.<sup>68</sup> The NLC provides training classes and staff to assist libraries with E-Rate filing questions.<sup>69</sup> The Commission application should require a copy of the Form 470 bid response with the special construction matching funds denoted.<sup>70</sup>

With respect to the proposed timeline, the NLC recommended that grant award decisions be completed by mid-January.<sup>71</sup> This would accommodate the need for libraries to seek and receive approval for the NUSF support by local library boards and local governments before the potential filing deadline in March 2021.<sup>72</sup>

Finally, the NLC welcomed a reporting mechanism for this program.<sup>73</sup> The NLC stated a reporting mechanism would bring transparency to the program and enable the Commission to evaluate and make any necessary adjustments to the funding process.<sup>74</sup>

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<sup>65</sup> See *id.* at 3

<sup>66</sup> See *id.*

<sup>67</sup> See *id.* at 4.

<sup>68</sup> See *id.*

<sup>69</sup> *Id.* at 4.

<sup>70</sup> *Id.*

<sup>71</sup> See *id.* at 5.

<sup>72</sup> *Id.* at 5.

<sup>73</sup> See *id.*

<sup>74</sup> See *id.*

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The ESU NOC commented that the \$1 Million budget amount was fair, as is a four-year initial timeline.<sup>75</sup> If the Commission adopts a first-come, first-served priority, an annual cap may also be needed to ensure that the proposed application window is fully available for facilities with significant needs that may take multiple years to plan their connectivity.<sup>76</sup> In addition, the ESU NOC recommended that an NETC list be created to avoid confusion as to vendor inclusion during the E-Rate bidding process. The ESU NOC believes that for an initial evaluation period of a least two years, funding should be limited to facilities without fiber.<sup>77</sup> The ESU NOC agreed that for an institution to be eligible for NUSF support, the school or library should first apply for E-Rate funding.<sup>78</sup> The ESU NOC proposed the following documentation to be provided to the Commission: the Form 470, an application to the Commission, the Form 471 (funding commitment), the Funding Commitment Decision Letter (FCDL), and Form 486 (to indicate the timeline for work).<sup>79</sup>

RIC commented that the allocated budget of \$1 million was reasonable.<sup>80</sup> RIC stated any further budgetary allocation to the E-Rate program should be based upon demonstrated need.<sup>81</sup> RIC suggested that the Commission use the evaluation criteria based upon the amount of an entity's E-Rate discount rather than a first-come first-served basis.<sup>82</sup> Additional criteria suggested by RIC included 1) evaluation of unmet service level needs of the library and whether the library is currently using the service level that is available; 2) consideration of the number of potential community

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<sup>75</sup> See Reply Comments from Educational Service Unit Network Operations Committee (April 3, 2020) at 1 ("ESU NOC Reply Comments").

<sup>76</sup> See *id.*

<sup>77</sup> See *id.* at 2.

<sup>78</sup> See *id.*

<sup>79</sup> See *id.*

<sup>80</sup> See Comments of the Rural Independent Companies (April 14, 2020) at 2 ("RIC Further Comments").

<sup>81</sup> See *id.*

<sup>82</sup> See *id.*

members served by the library; 3) consideration of the library to use the special construction-based funding such as whether it has the necessary tech support; and 4) demonstration by the library as to its ability to fund the ongoing costs of using the newly constructed facilities.<sup>83</sup>

RIC further agreed with the Commission that it is necessary to limit eligibility to Nebraska eligible telecommunications carriers (NETCs).<sup>84</sup> Whether or not the Commission develops a special designation as an NETC for E-Rate purposes only, the Commission must ensure that recipients of the state matching funds provided have full accountability and oversight.<sup>85</sup> RIC further agreed that the Commission should only support special construction of fiber facilities where a fiber connection does not already exist.<sup>86</sup> RIC stated the Commission should be wary of proposals claiming that overbuilding is not an issue.<sup>87</sup> RIC stated that given the Task Force Recommendation was focused only on the libraries, the Commission should open a separate proceeding relative to special constructing matching funds for schools.<sup>88</sup>

Finally, RIC stated that the timeline suggested by the NLC in its comments was reasonable.<sup>89</sup> The Commission should condition support on FCC Form 471 approval given that it would be challenging to require approval of FCC Form 471 prior to granting the Nebraska state match. Ongoing accountability of the use of NUSF funds should be required.<sup>90</sup>

Windstream filed a list of libraries within its exchanges and their qualified speeds. Windstream commented that all the libraries within its exchanges are qualified to receive 100 Mbps

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<sup>83</sup> See *id.* at 3.

<sup>84</sup> See *id.* at 4.

<sup>85</sup> *Id.*

<sup>86</sup> See *id.*

<sup>87</sup> See *id.* at 5.

<sup>88</sup> See *id.* at 6.

<sup>89</sup> See *id.*

<sup>90</sup> See *id.* at 7.

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and many are qualified for 200 Mbps.<sup>91</sup> Windstream stated that libraries within its exchanges are simply not taking advantage of the E-Rate funds available to provide enhanced speed and service. Windstream supported measures that would provide funds to projects on short fiber runs to library facilities.<sup>92</sup>

ESU No. 2 and the Nebraska Department of Education each filed comments stating the Commission should align its program to the same criteria to benefit all E-Rate eligible entities within the state including schools.<sup>93</sup>

### Hearing

A hearing on this matter was held in legislative format on April 21, 2020, with appearances as indicated above.

Mr. Cullen Robbins, the Director of the Telecommunications and NUSF Department at the Commission, provided an overview of how he would see the program operating.<sup>94</sup> He acknowledged the input from the commenters and stated that they have provided instructive information to help the Commission build its record.

Mr. Robbins provided an overview of the federal program for E-Rate special construction.<sup>95</sup> The goal of the state match program would be to allow entities to maximize federal support.<sup>96</sup> Mr. Robbins proposed that the Commission dedicate an amount up to \$1 million in support that would be allocated over the four years of the program to complete fiber construction to E-Rate eligible libraries and schools that are not now fiber-connected.<sup>97</sup> The support would be for that 10 percent state portion that is matched

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<sup>91</sup> See Windstream Further Comments (March 17, 2020) at 1.

<sup>92</sup> See *id.*

<sup>93</sup> See Comments of the Nebraska Educational Service Unit 2 (March 27, 2020) at 1; see also the Reply Comments from the Nebraska Department of Education (March 19, 2020) at 1.

<sup>94</sup> See Testimony of Cullen Robbins, Hearing Transcript (TR) at 11 through 26.

<sup>95</sup> See *id.* at 11:15 through 12:16.

<sup>96</sup> *Id.* at 12:12-13.

<sup>97</sup> See *id.* at 12:17-22.



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by the FCC dollar for dollar.<sup>98</sup> He proposed making up to \$750,000 available in the first year of the program.<sup>99</sup> In the unlikely event that the requests exceed the available support, Mr. Robbins recommended that the Commission prioritize applications based on the eligible E-Rate discount, where the higher the discount, the higher the priority.<sup>100</sup>

Mr. Robbins further recommended that as the Commission can provide support only to NETCs, the Commission establish an E-Rate specific designation that includes carriers that are certificated to operate in the state which would include all incumbent and competitive local exchange carriers.<sup>101</sup> In addition, Mr. Robbins recommended that the Commission allow any non-fiber connected school or library to participate, with the requirement that the entity is also able to avail themselves of E-Rate support.<sup>102</sup> The entity would have to participate in the federal E-Rate program to also utilize special construction matching support through the state program. Accordingly, the entity would be required to go through the necessary steps in the FCC program which includes selecting a provider through a competitive bid process.<sup>103</sup>

Mr. Robbins offered a proposed timeline for the program. He stated that the Commission could require that applications be submitted by mid-December.<sup>104</sup> Along with the application, the Commission should require the entity to provide the FCC Form 470, which indicates that the participating entity has gone through the bid process and identified a provider.<sup>105</sup> This would allow the Commission to review the applications and issue a decision on that year's funding approvals by mid-January.<sup>106</sup> Once the Commission has

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<sup>98</sup> *Id.* at 12:23-25.

<sup>99</sup> *See id.* at 13:1-8.

<sup>100</sup> *Id.*

<sup>101</sup> *See id.* at 13:9-15.

<sup>102</sup> *See id.* at 13:16-22.

<sup>103</sup> *Id.* at 13:23 through 14:2.

<sup>104</sup> *See id.* at 14:3-10.

<sup>105</sup> *See id.*

<sup>106</sup> *See id.*

approved applications, a letter accompanying the order would be sent to the applicants indicating that they were approved for funding.<sup>107</sup> Applicants would then use this information with their filings to indicate that they were in fact approved for the state portion, which is up to 10 percent of the total construction costs.<sup>108</sup> Reimbursement of the eligible state portion of the construction costs would occur once the carrier that completed the construction has invoiced the applicant for construction costs.<sup>109</sup> Mr. Robbins proposed the Commission reimburse the carrier directly for the state match, i.e. 10 percent, of the cost of construction.<sup>110</sup>

Upon questions from Commissioners, Mr. Robbins testified that eligibility would be verified through the information we have gathered at this point as to which entities are connected with fiber.<sup>111</sup> Apart from that, Mr. Robbins stated that entities would be going through the E-Rate process, and we would be able to verify through that process that they do in fact need or do not currently have a fiber connection.<sup>112</sup> He is proposing that the program start in the 2021 E-Rate year and would go through 2024.<sup>113</sup> Mr. Robbins stated that he suggested structuring the program to encourage utilization of the program during the 2021 year, but would leave some support available in case an entity is not ready to utilize the E-Rate program that soon.<sup>114</sup> Mr. Robbins testified that nothing would be paid until the construction is complete. There would be coordination necessary among the Commission, the carrier, and the entity.<sup>115</sup>

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<sup>107</sup> *Id.* at 14:11-14.

<sup>108</sup> *Id.* at 14:15-18.

<sup>109</sup> *Id.* at 14:19-22.

<sup>110</sup> *See id.* at 14:22-24.

<sup>111</sup> *See id.* at 15:15-25.

<sup>112</sup> *See id.* at 16:1-5.

<sup>113</sup> *See id.* at 16:11-18.

<sup>114</sup> *See id.* at 20:18-21:25.

<sup>115</sup> *See id.* at 23:11-23.

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Mr. Paul Schudel, counsel for RIC, represented that RIC stood by its written comments and reply comments which were offered and received into the record as Exhibit No. 3 and Exhibit No. 4.<sup>116</sup>

Mr. John Idoux, Director of Governmental Affairs with CenturyLink, provided a statement.<sup>117</sup> Mr. Idoux stated that CenturyLink has made substantial investments in the state related to broadband and is a participating carrier in the FCC's E-Rate program.<sup>118</sup> CenturyLink supports the goals of the Commission to incentivize new fiber construction for E-Rate eligible schools and libraries.<sup>119</sup> CenturyLink agrees with the Broadband Task Force findings that E-Rate funding is underutilized by libraries.<sup>120</sup> However, CenturyLink suggests that libraries do have access to commercially available fiber-based broadband.<sup>121</sup> He stated that the libraries are not subscribing to these services, however, due to the lack of funding or in some cases the lack of in-house expertise to implement a robust data network within the libraries.<sup>122</sup>

Ms. Christa Porter, the Library Development Director at the Nebraska Library Commission testified in support of the Commission's proposal to provide support for a state E-Rate special construction program to incentivize new fiber construction to public libraries.<sup>123</sup> The NLC is responsible for the public library survey which provides information on Nebraska libraries.<sup>124</sup> The survey just completed reported that 128 libraries in Nebraska communities of less than 25,000 people reported download speeds of under 25 Mbps.<sup>125</sup> Also, of the 265 public libraries almost 80

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<sup>116</sup> See *id.* at 27:23-28:2.

<sup>117</sup> See generally Testimony of John Idoux, TR at 28 through 32.

<sup>118</sup> *Id.* at 28:19-22.

<sup>119</sup> See *id.* at 28:23-25.

<sup>120</sup> See *id.* at 29:17-22.

<sup>121</sup> See *id.* at 29:23-25.

<sup>122</sup> See *id.* at 30:1-11.

<sup>123</sup> See generally Testimony of Christa Porter, TR at 33 through 46.

<sup>124</sup> See *id.* at 34:1-7.

<sup>125</sup> See *id.* at 34:8-12.

percent do not have a high-speed fiber internet connection.<sup>126</sup> The FCC's recommended minimum speed for public libraries is 100 Mbps.<sup>127</sup> Ms. Porter stated that with the E-Rate program offering the additional E-Rate discount of up to 10 percent, in addition to their regular discount, now is the time for Nebraska to help our unserved and underserved libraries obtain a fiber connection to their buildings.<sup>128</sup>

In addition, Ms. Porter testified that the NLC will provide training and resources to libraries to inform them about the opportunity and guide them through the application process.<sup>129</sup> The NLC currently offers online and in person E-Rate workshops throughout the state as well as telephone and e-mail support.<sup>130</sup> Ms. Porter stated that they will increase these resources to help with the new program.<sup>131</sup> She further stated they have specific staff at the NLC dedicated to helping libraries understand their network setup and to advise them in updating their equipment so that it can handle faster internet speeds.<sup>132</sup>

Ms. Porter stated that the NLC supports the Commission's proposal that all public libraries that are not already fiber-connected should be eligible for fiber builds using the NUSF supplemental E-Rate matching funding.<sup>133</sup> She suggested starting by targeting libraries in rural locations serving communities of less than 2,500 which are also classified as unserved or underserved.<sup>134</sup> She stated they would also reach out to libraries undergoing new construction, including new library buildings and additions or renovations to current buildings.<sup>135</sup> She stated that all

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<sup>126</sup> *Id.* 34:13-15.

<sup>127</sup> *See id.* at 34:16-18.

<sup>128</sup> *See id.* at 34:19-25.

<sup>129</sup> *Id.* at 36:12-16.

<sup>130</sup> *Id.* at 36:16-19.

<sup>131</sup> *Id.* at 36:19-20.

<sup>132</sup> *Id.* at 36:21-25.

<sup>133</sup> *Id.* at 37:7-11.

<sup>134</sup> *See id.* at 37:11-18.

<sup>135</sup> *See id.* at 37:20-24.

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communities with populations greater than 25,000 already have fiber in their libraries.<sup>136</sup> She would expect libraries who receive the largest E-Rate discounts of 70 to 90 percent will be the primary library seeking this funding because they would receive the greatest benefit.<sup>137</sup>

The NLC's current goal for the program is to build fiber to 64 libraries over the four years.<sup>138</sup> This would bring fiber to 50 percent of Nebraska's unserved and underserved libraries.<sup>139</sup> If libraries are still interested after the first four years, the NLC believes the Commission should consider continuing the program.<sup>140</sup>

In response to questions from Commissioners, Ms. Porter stated that Nebraska had 61 libraries participating in the E-Rate program for the current year.<sup>141</sup> Ms. Porter noted that participation dropped when the telephone voice services were no longer supported by the federal E-Rate program.<sup>142</sup> Ms. Porter stated that generally the cost and past negative experiences with trying to obtain E-Rate funding are both reasons why E-Rate funding is perhaps not being used by libraries.<sup>143</sup> In addition, navigating the requirements of the Children's Internet Protection Act (CIPA) may be a deterrent.<sup>144</sup> Ms. Porter stated that the NLC can find out which libraries have access nearby but have not purchased high speed access due to some of these reasons.<sup>145</sup> However, she stated that special construction can also include construction inside the building, so there may be fiber nearby but funds would be need to

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<sup>136</sup> *Id.* at 37:25 through 38:2.

<sup>137</sup> *See id.* at 38:4-9.

<sup>138</sup> *Id.* at 38:10-12.

<sup>139</sup> *Id.* at 38:13-15.

<sup>140</sup> *See id.* at 38:16-20.

<sup>141</sup> *See id.* at 39:19-20.

<sup>142</sup> *See id.* at 39:13-18.

<sup>143</sup> *See id.* at 40:3-20.

<sup>144</sup> *See id.* at 40:21-22.

<sup>145</sup> *See id.* at 44:10-12.

run the cables, install routers and other materials inside the facility.<sup>146</sup> Ms. Porter stated that 22 of the 985 schools are without fiber.<sup>147</sup>

Tom Rolfes, from the Office of the Chief Information Officer (OCIO), testified to clarify some issues.<sup>148</sup> He stated that the special construction procurement contract would typically include a time period of three to five years.<sup>149</sup> The entity is committing to the term of the service and the service speeds over that duration.<sup>150</sup> At the OCIO, conventionally they have 48 month term contracts for the school districts and ESUs.<sup>151</sup> Mr. Rolfes further confirmed that Ms. Porter was correct in her statement that there are 22 out of the 985 public school buildings that are without fiber and he believed four of those 22 are going to attempt some fiber projects this upcoming year.<sup>152</sup> So they may be taken off that list if they are successful.<sup>153</sup> The FCC's required speed threshold for libraries in the E-Rate program is 100 Mbps or higher.<sup>154</sup> For schools, the threshold is 1 Mbps per student or higher.<sup>155</sup> Mr. Rolfes stated that fiber construction can start as early as January 1, six months prior to the E-Rate program year.<sup>156</sup> His experience has been that fiber construction usually starts in mid-spring.<sup>157</sup> Mr. Rolfes further testified that as part of the E-Rate application process, an applicant must submit a signed obligation that they

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<sup>146</sup> See *id.* at 44:14-24.

<sup>147</sup> See *id.* at 46:8-12.

<sup>148</sup> See generally Testimony of Tom Rolfes, TR at 48 through 53.

<sup>149</sup> See *id.* at 49:1-4.

<sup>150</sup> See *id.* at 49:5-9.

<sup>151</sup> See *id.* at 49:9-11.

<sup>152</sup> See *id.* at 49:13-20.

<sup>153</sup> *Id.* at 49:20-21

<sup>154</sup> See *id.* at 50:1-2.

<sup>155</sup> See *id.* at 50:2-3.

<sup>156</sup> See *id.* at 50:19-23.

<sup>157</sup> See *id.* at 50:23-25.

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are capable of meeting all the post-discount costs of any involvement in the program.<sup>158</sup> That would include their portion of the special construction as well as the monthly recurring cost.<sup>159</sup>

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

One of the threshold questions we asked was whether the Commission possessed the authority to establish an E-Rate Special Construction Matching program consistent with the Rural Broadband Task Force recommendation without additional legislative authority. While we recognize and appreciate that the Legislature introduced LB 992 [2020] to provide specific statutory authority to create this program for libraries, we find we already possess the requisite authority under the Nebraska Telecommunications Universal Service Fund Act (NUSF Act). Neb. Rev. Stat. § 86-317 of the NUSF Act authorizes the Commission to establish a funding mechanism which supplements federal universal service support mechanisms. The proposal in this proceeding is intended to provide supplemental state support to an existing federal universal service program designed to increase broadband access for E-Rate eligible entities for special construction costs. In fact, the federal E-Rate special construction program provides an additional monetary incentive to entities where state funding is provided. Neb. Rev. Stat. § 86-323(6) includes the goal that certain entities such as libraries, schools, and health care institutions should have access to advanced telecommunications services.

Most commenters likewise agreed the Commission could establish this program under the current statutory framework.<sup>160</sup> CenturyLink opined that the Commission did not, as evidenced by the introduction of LB 992. We reject this argument and the argument that the Commission lacks the necessary enabling authority. In its comments, CenturyLink argued that § 86-323 did not authorize the Commission to take any action to implement the policy goal articulated. While we acknowledge that § 86-323 may not be prescriptive in nature, the language embodies legislative

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<sup>158</sup> See *id.* at 51:7-13.

<sup>159</sup> See *id.* at 51:13-17.

<sup>160</sup> See RIC Comments at 6; Butler Memorial Library Comments at 1; and Nebraska Department of Education Reply Comments at 1.

declaration of policy for the NUSF program. We interpret language in the NUSF Act as a whole, including § 86-317 which states that the "purpose of the Act is to authorize the commission to establish a funding mechanism which supplements federal universal service support. . ." and § 86-324 which states that the "fund shall provide assistance necessary to make universal service access to telecommunications services available to all persons in the state consistent with the policies. . ." to be broad enough to authorize the Commission to establish NUSF programs supplemental to federal universal service fund programs consistent with the legislative objectives in § 86-323. This program would be consistent with state and federal policy objectives. Conversely, CenturyLink's narrow reading of the NUSF Act would significantly frustrate the achievement of the legislative goals in § 86-323. Because we find that we possess the necessary statutory authority to establish this program, we discuss how the program should be structured in more detail below.

From a policy perspective, the written comments submitted and the statements presented at the public hearing were also generally supportive of the establishment of an E-Rate Special Construction Matching program.<sup>161</sup> The Commission is of the opinion and finds that an E-Rate Special Construction Matching Program should be created for the purpose of providing matching state support for E-Rate eligible entities that are not currently connected with fiber. As recommended by Mr. Robbins, the program should be established for the purpose of providing matching support to NETCs for connecting E-Rate eligible entities with fiber connections where there is no existing fiber connection.<sup>162</sup> This program will serve as a supplemental support mechanism which will enable entities to maximize federal E-Rate special construction program support.<sup>163</sup>

Consistent with our earlier proposal, we find that a total budget of \$1 million should be allocated to this program to use over the next four years to complete fiber construction to E-Rate eligible libraries and schools that are not now fiber-connected.

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<sup>161</sup> See Butler Memorial Library Comments at 2; and NLC Reply Comments at 1; see also NDE Reply Comments at 1.

<sup>162</sup> See TR 12:17-25.

<sup>163</sup> See *id.*



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A number of commenters supported this proposal.<sup>164</sup> No commenter suggested an alternative to the \$1 million proposed budget. We further find, consistent with the Director's recommendation, that we should make \$750,000 available in the first year of the program.<sup>165</sup> In the event that requests exceed the available support, the Commission will prioritize applications based on the eligible E-Rate discount.<sup>166</sup> In this priority determination, we direct the staff to devise a mechanism which will assign a greater priority weight to the entities with the highest discounts.

We agree with RIC's analysis that only NETCs are eligible to receive distributions from this and other NUSF programs.<sup>167</sup> This language is used specifically throughout the NUSF Act and the Commission's rules.<sup>168</sup> As such, program eligibility should be limited to NETCs. However, we note that in other instances, we have streamlined this process by deeming certain carriers as NETCs for a single purpose, such as Telehealth or Lifeline.<sup>169</sup> Given the short timeframe involved and the comments by interested parties in support of a streamlined process, we find it appropriate to designate certain carriers as NETCs for the sole purpose of E-Rate Special Construction Matching program support eligibility.<sup>170</sup> We find that similar to the Telehealth program, we should designate all incumbent local exchange carriers and competitive local exchange carriers that currently have a Certificate of Public Convenience and Necessity as NETCs for the purpose of receiving E-Rate Special Construction Matching program support.<sup>171</sup> This

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<sup>164</sup> See NLC Reply Comments at 1; see also ESU NOC Reply Comments at 1, and RIC Reply Comments at 4.

<sup>165</sup> See TR 13:1-8.

<sup>166</sup> See *id.*

<sup>167</sup> See RIC Comments at 9.

<sup>168</sup> See *id.*; see also Neb. Rev. Stat. § 86-324, and 291 Neb. Admin. R. & Regs. Ch. 10 § 004.01A.

<sup>169</sup> See *In the Matter of the Nebraska Public Service Commission Seeking to Determine Nebraska Eligible Telecommunications Carrier Status for the Purposes of Receiving State Universal Service Support for Providing Lifeline Services and Telehealth Services to Rural Hospitals*, Application No. NUSF-35/PI-69 Findings and Conclusions, Order (April 29, 2003) ("NUSF-35 Order").

<sup>170</sup> See Cox Reply Comments at 2.

<sup>171</sup> See NUSF-35 Order.

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designation is limited to the areas where such carriers are authorized to provide service. We find that having a certificate of authority along with the requirements we establish under this program will provide sufficient accountability as to the use of support. We note that like other NUSF programs, carriers' use of support under this program is subject to annual review and audit by the Commission. Any other provider wishing to be designated as an NETC for the purpose of E-Rate Special Construction Matching program support, or a provider wishing to expand the scope of an eligible service area, would need to apply for and receive an NETC designation from the Commission.

In addition, consistent with the Director's proposal, any library or school applying for E-Rate Special Construction Matching program support would need to avail itself of federal E-Rate support.<sup>172</sup> The participating entity must go through the necessary steps in the FCC's E-Rate program which includes selecting a provider through a competitive bid process. Participating entities will be required to demonstrate that they have gone through this process prior to filing an application with the Commission. We require participating entities to complete the application form attached to this Order as Appendix "A." In mid-January, the Commission will provide notice to applicants indicating whether their application has been approved. Reimbursement of the state matching portion of up to 10 percent of the cost of construction will be made once the carrier that has completed the construction has invoiced the applicant for the construction costs. The Commission will provide reimbursement directly to the carrier for the eligible portion of the state-matched cost of construction.

### O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the opinions and findings set forth herein be and they are hereby, adopted.

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<sup>172</sup> See TR 13:19-21.

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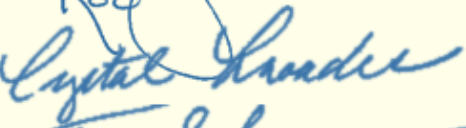


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ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska this 19th day  
of May, 2020.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:



Chair

ATTEST:



Executive Director

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## APPENDIX "A"

### Nebraska Universal Service Fund (NUSF) 117 E-Rate Special Construction State Matching Grant Program Application

#### Section I: Applicant Details

1. Applying entity name:	Click to enter text.	6. Applying entity contact (first and last name):	Click to enter text.
2. Applying entity type*:	Choose an item.	7. Telephone number:	Click to enter text.
3. Applying entity address:	Click to enter text.	8. E-mail address:	Click to enter text.
4. Number of eligible entities:	Click to enter text.	9. Consultant Firm (if applicable):	Click to enter text.
5. Recipients of Services:	Click to enter text.	10. Consultant contact (first and last name):	Click to enter text.
		11. Consultant phone number:	Click to enter text.
		12. Consultant e-mail:	Click to enter text.

#### Section II: Project Details

13. Project name:	Click to enter text.		
14. Project location(s):	Click to enter text.		
15. Estimated number served in project area:	Rural: Click to enter text.	Urban: Click to enter text.	Total: Click to enter text.
16. Current network technology (i.e. fixed base wireless, DSL, cable, satellite, etc.):	Click to enter text.	18. This program requires fiber to the premises (FTTP). Are the requested services for FTTP? (Yes or No)	Click to enter text.
17. Current maximum connection speed bandwidth (Mbps):	Click to enter text.	19. Projected minimum connection speeds at completion (Mbps):	Click to enter text.

#### Section III: Funding breakdown

20. Total Estimated Cost of the Project:	Click to enter text.
21. Eligible Special Construction Related Cost Total:	Click to enter text.

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22. Estimated E-Rate Category 1 Discount (%)*:	Click to enter text.
23. NUSF-117 Grant Amount Requested (up to 10%):	Click to enter text.
24. Estimated Project Completion Date:	Click to enter text.
25. Monthly Recurring Cost (for Field 19):	Click to enter text.

\*See attached USAC discount matrix.

## Section IV: Project Details

Click to enter text.

### Attach:

☐ FCC Form 470.

☐ Copy of the selected bid response

☐ Letter of Agency (if applicable).

☐ Other supporting documentation (if applicable).

**APPLICANT CERTIFICATION:** By signing this statement, the applicant certifies that the information submitted on the application and all supporting documents is true and correct. In addition, the applicant agrees to perform and adhere to all grant requirements, and to comply with all state and federal regulations and requirements pertaining to this program.

Click or tap to enter a date.

Signature of Authorized Person

Date

Click to enter text.

Printed Name of Authorized Person

Click to enter text.

Title of Authorized Person

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## Nebraska Universal Service Fund (NUSF) 117 E-Rate Special Construction State Matching Grant Program

### Form Field Descriptions:

Field #	Field Description
<b>Section I: Applicant Details</b>	
1.	The name of the school or library applying for funding.
2.	Entity type is either a school or a library.
3.	Address of school/library applying for funding.
4.	Number of eligible entities represented by this application. Typical = 1
5.	Recipients of Services: Will additional buildings be served by this circuit? If not, duplicate Field #1.
6.	The name of the contact person for questions related to the application and the overall project.
7.	Phone number of school/library applying for funding.
8.	E-mail address of contact person identified in field #6.
9.	Consultant firm to apply for your school/library E-rate funds? Name of Firm or N/A if not.
10.	Name of consultant contact person or N/A.
11.	Phone number of consultant contact person or N/A
12.	E-mail of consultant contact person or N/A
<b>Section II: Project Details</b>	
13.	Descriptive name given to the project.
14.	City/town project is located in.
15.	Enter the estimated number of rural residents and then city/town residents. Enter total of these two in the total field. If you are a library please enter your LSA (legal service area).
16.	How does your school/library connect to the internet? Cable, DSL, Satellite, Fixed-base wireless
17.	To provide your current speed at the school -----. To provide your current speed at the library please provide the response to this question in your library's most recent Annual Library Survey.
18.	This field confirms that the requested services are for fiber construction (Yes or No).
19.	What is the internet speed that the school or library will be requesting after the fiber installation is complete?
<b>Section III: Funding breakdown</b>	
20.	Total Estimated Cost of the Fiber Construction Project: Total upfront or non-recurring costs
21.	Eligible Special Construction Related Cost Total: Itemize and subtotal the Construction of Network Facilities, Design and Engineering, Project Management, if known.
22.	Estimated E-Rate Category 1 Discount (%)*: Use the Discount Matrix below to determine the school/library E-Rate Category 1 Discount or transfer the assigned discount from the USAC E-rate Productivity Center (EPC).
23.	NUSF-117 Grant Amount Requested: Calculate the NUSF-117 grant amount by multiplying 10% x field 21.

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24.	Estimated Project Completion Date: The estimated project completion date or Service Start Date will be located on your Form 470. Default = June 30, 202X
25.	Monthly Recurring Cost: Enter the bid cost from the Form 470 or RFP response, inclusive of all taxes and fees.
<b>Section IV: Project Details</b>	
Please include the following types of details in your description about the project: Patron or student bandwidth needs, description of community support, Ability to sustain the monthly recurring costs over the duration of the contract with the provider.	



**Universal Service  
Administrative Co.**

## Discount Matrix

Applicants use the discount matrix to determine the correct discount level for a school district or library system.

To receive discounts on eligible equipment and services, an applicant must calculate the percentage discount that it (and the entities it represents) is eligible to receive. See the [Calculating Discounts](#) page for more information.

INCOME Measured by% of students eligible for the National School Lunch Program (NS LP)	CATEGORY ONE (C1)		CATEGORY TWO (C2)	
	URBAN Discount	RURAL Discount	URBAN Discount	RURAL Discount
Less than 1%	20%	25%	20%	25%
1% to 19%	40%	50%	40%	50%
20% to 34%	50%	60%	50%	60%
35% to 49%	60%	70%	60%	70%
50% to 74%	80%	80%	80%	80%
75% to 100%	90%	90%	85%	85%