BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the).	Applicati	on No.	C-5009/	
Application of AMG)			NUSF-11	4
Technology Investment	<i>y</i>)				
Group, LLC, d/b/a NextLink)				
Internet, Hudson Oaks,	,)				
Texas, seeking designation)				
as an Eligible)	GRANTED			
Telecommunications Carrier	, [,])				
(ETC) for the purpose of)				
providing services)				
supported by the FCC's)				
Connect America Fund Phase)	Entered:	Febru	ary 20,	2019
ТТ					

APPEARANCES:

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Background

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By application filed with the Nebraska Public Service Commission ("Commission") on September 27, 2018, AMG Technology Investment Group, LLC d/b/a NextLink Internet ("NextLink" or "Applicant"), of Hudson Oaks, Texas, seeks designation as an Eligible Telecommunications Carrier ("ETC") for the purpose of providing services supported by the Federal Communications Commission's ("FCC's") Connect America Fund Phase II program. Notice of the Application was published in The Daily Record, Omaha, Nebraska, on October 2, 2018.

NE Colorado Cellular Inc. d/b/a Viaero Wireless ("Viaero"), and the Rural Telecommunications Coalition of Nebraska ("RTCN") sought and were granted formal intervention in the above-captioned proceeding.

A planning conference was held on December 10, 2018 at the Commission offices in Lincoln, Nebraska. By agreement of all parties involved, a scheduling order was issued on December 10, 2018 and was subsequently modified on January 7, 2019. A protective order was entered by the Commission on December 18, 2018.

A hearing on the application was held on February 5, 2019, in the Commission Hearing Room, Lincoln, Nebraska, with appearances as shown above.

EVIDENCE

Mr. Steve Burks, Chief Operating Officer for NextLink, sponsored the testimony for the Applicant. The Interveners did not offer any witness testimony at the hearing.

NextLink is a privately-held limited liability company formed in the State of Texas. Its principal place of business is located in Hudson Oaks, Texas. It has authorization with the Nebraska Secretary of State of do business in Nebraska.

NextLink has been operating in Texas as a provider of high-speed Internet and VoIP services for over five years, serving residential, business and government customers and has, more recently, begun an expansion into Oklahoma to provide the same services. NextLink provides its services utilizing fixed wireless and fiber optic technologies. NextLink currently holds over 300 FCC common carrier point-to-point fixed wireless licenses.

NextLink has been designated and an ETC in Iowa and Texas and is seeking ETC designation in Nebraska, Illinois, Kansas, Oklahoma where it has been awarded Connect America Fund Phase (CAF) II

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support. NextLink does not currently provide any services in the State of Nebraska. To date, Applicant's operations have focused on Texas and Oklahoma.

On August 28, 2018, the FCC announced the results of a competitive oidding process where NextLink as a bidder was awarded over \$40 million in funding to build out and operate a network for advanced communications serving 4,670 census blocks. The FCC's rules for the CAF Phase II Auction did not require that the company be designated as an ETC to submit an initial short form application or participate in the Auction.

In the Application, NextLink seeks ETC designation in the census blocks where it was awarded FCC CAF Phase II auction support. Mr. Burks testified that NextLink is a common carrier of telecommunications and commits to providing (i) voice grade access to the public switched telephone network (PSTN) or its functional equivalent; (ii) minutes of use for local service provided at no additional charge to end users; (iii) access to emergency services; and (iv) toll limitation services to qualifying low-income consumers in accordance with 47 C.F.R. §§ 54.400 et seq.

NextLink states that is will provide voice-grade access to the PSTN by providing interconnected VoIP service throughout its designated service area. NextLink will meet the local usage requirement by including unlimited local calling in its rate plans. NextLink commits to comply with any minimum local usage requirements adopted in the future by the FCC or by the Commission.

Mr. Burks further confirmed that NextLink will comply with the FCC's requirements for 911/E911 service provided in connection with VoIP services. At the time of service initiation, NextLink will confirm with each subscriber the correct physical address for the service. In addition, NextLink notifies each subscriber about the need to promptly update his or her registered location in the even the subscriber changes locations, to ensure that future emergency calls are correctly routes. Changes can be made via a telephone call to customer service or through the NextLink customer each subscriber is informed that certain portal. Finally, circumstances may interfere with emergency calls made using the VoIP service, including power outages, and broadband connectivity loss. NextLink currently provides its VoIP customers with access to 911/E911 emergency services through an arrangement with Bandwith.com, a certificated telecommunications carrier Nebraska.

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NextLink's current voice offerings do not distinguish between local exchange and long distance calls. If, in the future, NextLink offers a service plan that does distinguish between toll and nontoll calls-and which makes additional charges for toll calls possible, Applicant will offer toll limitation service to qualifying low-income consumers at no additional charge.

NextLink plans to offer residential customers Internet access plans ranging from speeds of 5/1 Mbps to 100/20 Mbps with no data cap or limits at pricing ranging from \$49.95 to \$139.95 per month. These plans are also available bundled with voice (VoIP) service with unlimited domestic calling for a monthly rate of \$69.95 to \$159.96. For residential customers Applicant will also offer a standalone voice service plan with unlimited domestic calling for a rate \$45.00. Lifeline eligible customers will be able to apply their Lifeline discount to any residential plan that meets the FCC's minimum service standards.

Applicant also intends to offer business service offerings equivalent to those it currently provides in Texas. Business customers will have a choice of Internet access plans manging from speeds of 15/3 Mbps to 100/20 Mbps with no data caps of limits, at prices ranging from \$74.95 to \$144.95 per month. These plans are also available bundled with voice service with unlimited domestic calling at prices ranging from \$94.95 to \$164.95. Additional voice lines may be arranged.

Applicant also offers commercial-grade Internet access service plans, tailored to individual customer needs, at speeds ranging from $10/10\,$ Mbps to $1000/1000\,$ Mbps. The pricing for customized plans is individually negotiated depending upon the service specifications.

NextLink stated it satisfies both state and federal requirements to be designated as an ETC and NETC in Nebraska. Further, Applicant committed to advertising the availability of supported services using media of general distribution. Finally, NextLink committed to comply with all the Nebraska-specific requirements for ETCs and NETCs, including Commission reporting requirements.

No party testified in opposition to the Application.

OPINION AND FINDINGS

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Section 214(e) of the Act sets forth the standards and processes for a state commission to grant carriers the designation of a federal eligible telecommunications carrier. Nebraska Administrative Code, Title 291, Chapter 5, §§ 009.01-009.02C and Chapter 10, § 004 of the Commission Rules contain the requirements for Commission designation of ETCs and NETCs.

The three general requirements listed in Section 214(e) are: 1) the carrier must be a common carrier; 2) the carrier must offer the services supported by the federal fund; and 3) the carrier must advertise the availability of those services. The carrier must also demonstrate the ability to fulfill the requirements throughout the service area for which the carrier is seeking ETC designation.

Common Carrier

The Act defines a common carrier as a person engaged as a common carrier on a for-hire basis in interstate communications utilizing eather a wire or radio technology. However, in its USF/ICC Transformation Order, the FCC found that its authority to depend universal service "does not on promote interconnected VoIP services are telecommunications services or information services under the Communications Act."2 Instead the FCC adopted a technologically neutral approach, allowing companies to provide voice service over any platform, including IP networks.3 Therefore, pursuant to the FCC's quidelines, NextLink, as an interconnected VoIP provider over a fixed wireless broadband network, was deemed potentially eligible for CAF funding and agreed to operate as a common carrier in the census block areas in which it sought FCC auction support.4

Supported Services

¹ See 47 C.F.R § 153(10).

² In the Matter of Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing an Unified Intercarrier Compensation Regime; Reform - Mobility Fund, 26 FCC Rcd 17633, at ¶63 (2011) ("USF/ICC Transformation Order").

³ USF/ICC Transformation Order at 17692-93.

⁴ See 220 Applicants Qualified to Bid in the Connect America Fund Phase II Auction (Auction 903) Bidding to Begin on July 24, 2018, Public Notice, AU Docket No. 17-182, WC Docket No. 10-91 (rel. June 25, 2018). See generally 47 C.F.R. § 54.315 relative to the CAF Phase II support competitive bidding application process.

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Chapter 47 C.F.R. §§ 54.101(a) and 54.202(a) of the FCC's Rules and §009.02A2 of the Commission Rules require an ETC to demonstrate that it will offer the services that are supported by federal universal service. The FCC's supported services were revised in its *Lifeline Reform Order* and are as follows:

- a. voice-grade access to the public switched network or its functional equivalent;
- b. minutes of use for local service without additional charge to the end user;
- c. access to emergency services; and
- d. toll limitation for qualifying low-income consumers.5

Voice Grade Access to the Public Switched Network

As stated above, on its USF/ICC Transformation Order the FCC modified the definition of a supported service to a technologically neutral approach, allowing companies to provide voice service over any platform, including IP networks. The FCC amended 47 C.F. R. § 54.101 to specify that the functionalities of eligible voice telephony services include voice grade access to the public switched network or its functional equivalent. Therefore, NextLink provides voice grade access to the public switched network through interconnected VoIP services as required under § 54.101(a).

Local Usage

The FCC has defined "local usage" to mean an amount of minutes of use of exchange services provided free of charge to end users. NextLink proposes to include local usage in its rate plans and has committed to complying with any minimum local usage requirements adopted by the FCC or the Commission.

Access to Emergency Services

⁵ See Lifeline Reform Order at 207-208.

⁶ USF/ICC Transformation Order at 17692-93.

⁷ Id., see also 47 C.F.R. § 54.101(a).

^{8 47} C.F.R. § 54.101(a)(2).

 $^{^9}$ See NextLink Application at 10.

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Applicant states that it will provide access to emergency services by providing 911/E911 for all of its customers to the extent local governments have implemented 911 and E911. NextLink understands that there are two primary criticisms of VoIP-based emergency 911/E911 services. First, because the basic technology of VoIP service is not line-powered, in the event of a power failure and in the absence of a backup power supply, the service would not work and emergency calls could not be made. NextLink customers will be offered a backup power supply to ensure that a sudden localized outage will not result in a loss of service. At this time, NextLink offers its voice service customers an uninterruptible power supply (UPS) intended to provide eight (8) hours backup power in the event of power outages. As of February 13, 2019, NextLink will also make available a 24-hour backup battery.

Second, some VoIP service and equipment has a potential to operate on a nomadic basis, and consequently, the public safety access point (PSAP) that receives an emergency call would not necessarily know where the calling party is located. However, NextLink states its service is not designed or permitted to be operated on such a "nomadic" basis. NextLink committed to working with each customer to ensure that they understand the importance of establishing the correct service address so that emergency service calls can be properly routed.¹⁰

The Commission is concerned about the potential location accuracy issues and reliability with NextLink's provision of interconnected VoIP service. However, we realize this is not unique to NextLink's service, but a consequence of the technology. The FCC has determined not to make distinctions based on technological delivery methods of voice service and has further found NextLink's service plan meets the requirements of FCC rules for purposes of participating in the CAF Phase II auction program. Therefore, in light of that, the Commission finds NextLink's service plan meets the requirements of 47 C.F.R. § 54.101(a). However, we find given the Commission's concerns, we find NextLink should provide information to its consumers about the differences with VoIP-based 911/E911 capabilities on a regular basis either through a billing statement or a functionally equivalent medium.

Toll Limitation for Qualified Low-Income Customers

¹⁰ See Direct Testimony of Steve Burks, Hearing Exhibit No. 5, at 16.

¹¹ USF/ICC Transformation Order at 17692-93.

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Regarding toll limitations, the FCC has found that toll limitation would no longer be deemed a supported service. 12 NextLink does not distinguish between toll and non-toll calls for its voice offering. To the extent NextLink offers service that distinguishes between toll and non-toll calls, it has committed to offering toll limitation to qualifying low-income customers at no additional charge.

Facilities Requirement

Chapter 47 USC § 214(e)(1)(A) and § 009.02A2 of the Commission Rules requires an ETC to demonstrate that it will offer the supported services using either its own facilities or a combination of its own facilities and resale of another carrier's services. NextLink committed that, throughout its service area, it will comply with requirements to offer supported services either using its own facilities or a combination of its own facilities and resale of another carrier's services. NextLink stated its lastmile voice and broadband services are provided using fiber and fixed wireless microwave platforms. In addition, NextLink stated, it owns and operates approximately half of its "vertical assets" and continues to expand. Therefore, the Commission finds NextLink has met the requirements of 47 USC 214(e)(1) and Section 009.02A2.

Advertising Supported Services

Chapter 47 USC § 214(e)(1)(B) and § 009.02A3 of the Commission Rules requires an ETC to advertise the availability of supported services and related charges using media of general distribution. ETCs must also publicize the availability of Lifeline or NTAP services in a manner reasonable calculated to reach those that qualify for the service.

Based on the Application and evidence submitted, we find NextLink has provided sufficient commitments to advertise the availability of such services and charges using media of general distribution and in a manner that is designed to reach those likely to qualify for such services. NextLink's Application states that the Company will specifically target its advertising so as to reach its intended market. Mr. Burks affirmed that marketing and enrollment of subscribers will be conducted by employees of the Company and that it will advertise its services through social

¹² See Lifeline Reform Order, ¶ 367.

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media, word-of-mouth referrals and some strategic use of traditional marketing channels. 13

Designated Service Area

NextLink states in its Application it is seeking ETC designation only in the 4,670 census blocks that were awarded by the FCC to NextLink pursuant to the FCC CAF Phase II Auction. A list and corresponding maps of the census blocks for which they seek ETC designation are identified in Exhibits D and E attached to the Company's Application.¹⁴

We find NextLink has properly identified the service areas in which it is requesting ETC designation. We further find that NextLink should be authorized to provide the supported services throughout the entirety of the 4,670 census blocks included in the FCC's CAF Phase II Auction identified in Exhibit 3 in its Application.¹⁵

Additional Eligibility Criteria

Chapter 47 CFR § 54.202 contains additional eligibility requirements that must be met by any carrier seeking ETC designation. Commission Rules substantially mirror the FCC requirements To meet the additional requirements a company must:

- a. Certify it will comply with the service requirements applicable to the support it receives;
- b. Submit a five-year plan that describes with specificity proposed improvements or upgrades to the applicant's network;
- c. Demonstrate its ability to remain functional in emergency situations; and
- d. Demonstrate that it will satisfy applicable consumer protection and service quality standards. 16

Applicable Service Requirements

¹³ See Direct Testimony of Steve Burks, Hearing Exhibit No. 5 (AMG Exhibit 2.0) at 22.

¹⁴ NextLink Application, Exhibit. 3.

¹⁵ NextLink Application, Exhibit 4. (Also referred to as AMG Exhibit 1.0)

 $^{^{16}}$ 47 CFR § 54.202(a) and 291 NAC 5, § 009.02.

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NextLink certifies that it will comply with the service requirements applicable to the support it receives. 17 Pursuant to the CAF Phase II guidelines, the FCC has established a 10 Mbps download and 1 Mbps upload speed as the threshold qualifying speed for supported broadband services. NextLink offered testimony that its proposed service offerings meet the FCC's minimum speed requirements 18. NextLink will commence offering service to all qualified consumers upon designation as an ETC and consistent with the deployment plan filed with the FCC.

Five Year Service Improvement Plan

Under Chapter 47 C.F.R. § 54.202(a)(1)(ii) and Section 009.02A6 of the Commission Rules, an Applicant is required to submit a five-year plan describing its proposed service improvements or upgrades. Due to the finding of the FCC, NextLink requested a similar waiver of Section 009.02A6 and we find based on the requirements of the FCC's CAF Phase II Auction program the waiver should be granted. We do, however, direct NextLink to provide the Commission with updates of its progress in broadband deployment at the same interval as it reports such progress to the FCC.

Ability to Remain Functional in Emergency Situations

Chapter 47 C.F.R. § 54.202(a)(2) and Section 009.02A7 of the Commission's Rules requires an ETC applicant to demonstrate an ability to remain functional during emergency situations. NextLink stated it has designed its network to remain operational in emergency situations and to ensure uninterrupted service to customers. Pecognizing that no network is absolutely protected against adverse events, NextLink stated, it should be able to provide continued services if one or more elements within the network temporarily fails. NextLink further stated that it employs a dual data center model with duplication and load sharing as well as uninterrupted power supply (UPS) and generator backups.

¹⁷ 47 CFR. § 54.202(a)(1)(i).

¹⁸ See Direct Testimony of Steve Burks, Hearing Exhibit No. 5, at 17-18. NextLink stated it plans to offer a service plan of 5/1 Mbps even though it is below the FCC's minimum speed threshold as it also hears from consumers requesting low-use options.

¹⁹ See Direct Testimony of Steve Burks, Hearing Exhibit No. 5, at 25.

²⁰ See id.

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All point-of-presence (POP) locations will have failover power ability along with wireless re-route backhaul ability and multiple routing options within each WAN/fiber POP tower location.²¹ In addition NextLink offers backup power for up to eight (8) hours in the event of outages and consistent with the FCC's requirements will shortly offer the capability for twenty-four (24) hour backup power.²² Based on these commitments, we find Applicant has met the requirements of 47 C.F.R. § 54.202(a)(2) and Commission Rule 009.02A7.

Applicable Consumer Protection and Service Quality Standards

We next examine Applicant's commitment to service quality. Chapter 47 C.F.R. § 54.202(a)(3) and Section 009.02A8 of the Commission Rules requires an ETC applicant to demonstrate that it will satisfy applicable consumer protection and service quality standards. In its Application, Applicant committed to satisfying all consumer protection and service quality standards provided by the FCC and any state specific consumer protection and service quality standards.

Accordingly, based on the evidence presented, we find that Applicant has satisfied the requirement to demonstrate it will comply with applicable consumer protection and service quality standards. If Applicant's service quality is inadequate, customers will drop the service giving Applicant an incentive to provide quality service. We also believe that the annual reporting requirements contained in the ETC annual reporting rules provide the Commission with sufficient information to evaluate the Company's service quality in the future.

Public Interest

47 C.F.R. § 54.202(b) and Rule 009.02A1 of Chapter 5 of the Commission Rules requires any company seeking ETC designation to demonstrate that such designation is consistent with the public interest, convenience, and necessity. The public interest consideration may include the benefits of increased consumer choice and the unique advantages and disadvantages of the Applicant's service offerings.

²¹ Id.

²² See id.

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In its Application, NextLink states the public interest will be served by facilitating the FCC's goal of developing voice and broadband networks in rural, high-cost areas. 23 Applicant further states as a recipient of federal high-cost funding, the Company will deploy advanced communications to unserved and underserved areas in Nebraska. 24 NextLink stated its services will provide important connectivity to consumers, businesses, and community anchor institutions, including rural schools, libraries, and medical facilities and are a unique alternative to services provided by traditional wireline carriers within the Company's designated service area. 25 Moreover, NextLink stated, it will be the only provider in its proposed service area that is approved to draw on federal CAF Phase II support for the deployment in this area. 26

Additionally, Applicant committed to comply with the applicable rules and regulations of the Commission.²⁷ Based on the evidence before us, we conclude that Applicant's service offerings will provide a public interest benefit and its business plan provides a unique advantage to consumers. We find Applicant has demonstrated that its designation as an ETC would be consistent with the public interest, convenience, and necessity.

Nebraska ETC Designation

Provisioning of Continuous Service

Rule 009.02A4 of the Commission Rules requires that an ETC not only demonstrate the ability and commitment to provide the supported services listed above, but must also demonstrate the ability to continuously provide such services in its designated Service Area. We find, upon our review of the Application and testimony that Applicant has committed to provide the supported services listed above continuously throughout the census blocks of its Service Area.

²³ See NextLink Application at 15-16.

²⁴ See id.

²⁵ See id., at 16.

²⁶ See id.

²⁷ See id., at 15.

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Provision of Service to Requesting Customers

Section 009.02A5 of the Commission's Rules require an ETC to demonstrate its commitment to provide service throughout the designated area to all customers who make reasonable request for service.

As demonstrated by Applicant in the Company's Application, the order contains build-out requirements for recipients of funds in the program. Following designation, if a potential subscriber is within the Company's designated ETC service area, but outside of Applicant's existing network coverage, the Company agreed and committed to follow the graduated service extension process set forth in Section 009.02A5 of the Commission Rules.

We find Applicant has demonstrated an ability and commitment to satisfy its obligation to provide service upon reasonable request throughout the Company's requested service areas.

NTAP

Rule 004.04A and 004.04B of Chapter 10 of the Commission Rules requires carriers designated as ETC for purposes of receiving USF support to participate in NTAP and comply with Section 006 of Chapter 10 of the Commission Rules or the "NTAP Rules". Applicant committed to complying with the Commission's orders, rules and regulations regarding NTAP including the requirement to use only the Commission approved NTAP Application Form, requirements regarding additions and removals of NTAP subscribers from the NTAP program and the semiannual reporting of NTAP customer lists. The Company also expressed an understanding that all eligibility determinations of NTAP applicants are made exclusively by the Commission. Applicant further committed to complying with those requirements adopted by the FCC in its Lifeline Reform Order to annually verify the eligibility of NTAP subscribers²⁸ in cooperation with the NTAP Department of the Commission.

We find that Applicant shall contact the NTAP Department prior to beginning NTAP operations in Nebraska so that it can discuss administrative and logistical issues.

Finally in effort to prevent fraud, waste and abuse in the NTAP and Lifeline programs, the Commission will closely scrutinize Applicant's compliance with our rules and regulations and will take any and all administrative action it deems appropriate,

²⁸ Lifeline Reform Order at 240-242.

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including revocation of Applicant's ETC designation, if it becomes evident Applicant is not in compliance.

Conclusion

In summary, upon review of the Application and evidence presented at the hearing, we find Applicant has demonstrated that it meets the standards set forth in 47 U.S.C. § 214(e) and applicable state and federal law for the designation of eligible telecommunications carriers in the proposed census block areas for the limited purpose of participation in the FCC's Connect America Fund Phase II Program and the Lifeline and Nebraska Telephone Assistance Programs and the Application should be approved.

ORDER

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-5009/NUSF-114, should be and it is hereby granted and AMG Technology Investment Group, LLC d/b/a NextLink Internet is designated as an eligible telecommunications carrier in the State of Nebraska for the limited purpose of receiving federal universal service support to participate in the FCC's Connect America Fund Phase II Program and the Lifeline program as requested in the Application consistent with the findings and conclusions made herein.

IT IS FURTHER ORDERED that AMG Technology Investment Group, LLC d/b/a NextLink Internet is hereby declared to be a Nebraska Eligible Telecommunications Carrier for the limited purpose of receiving state universal service support to participate in the Nebraska Telephone Assistance Program.

IT IS FURTHER ORDERED that AMG Technology Investment Group, LLC d/b/a NextLink Internet shall file information with the Commission evidencing it is advertising through media of general distribution on or before July $1^{\rm st}$ each year hereafter.

IT IS FURTHER ORDERED that AMG Technology Investment Group, LLC d/b/a NextLink Internet shall file with the Commission copies of its annual reports filed with the FCC pursuant to 47 C.F.R. § 54.313. Confidential filings must be clearly marked consistent with the Protective Order in this proceeding.

IT IS FURTHER ORDERED that AMG Technology Investment Group, LLC d/b/a NextLink Internet shall file a copy of this Order with the Universal Service Administrative Company ("USAC") and the FCC

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to commence its eligibility for receipt of federal universal service support effective as of the date of this Order.

ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska, this $20^{\rm th}$ day of February, 2019.

COMMISSIONERS CONCURRING:

NEBRASKA PUBLIC SERVICE COMMISSION

Mary Reddie

ATTEST:

Executive Director