

**K&M Telephone Company**  
**Nebraska Universal Service Fund**  
**Broadband Program**  
**Grant Application**  
**Chambers Rural Project 1**

**REDACTED PUBLIC COPY**

**Submitted to the Nebraska Public Service Commission**  
**November 21, 2014**

K&M Telephone Company  
Nebraska Universal Service Fund Broadband Program  
Chambers Rural Project 1 Application

**Application Checklist Item #1:**

**“A listing of all companies associated with the proposed broadband project that will provide the broadband or voice component of the service to consumers, including a main point of contact for all companies. (This requirement does not refer to vendors such as construction companies or equipment providers.)”**

*Narrative:*

K&M Telephone Company (“K&M”) is the incumbent local exchange carrier that will be responsible for managing the implementation of the project submitted through this application and will be providing the facilities for the proposed broadband project. K&M will be providing the voice component of the service to the consumers in the proposed project area.

The mailing address for this company is:

K&M Telephone Company  
101 South Victoria Street  
PO Box 187  
Chambers, NE 68725

The main point of contact for this project is:

Bob Haburchak  
General Manager  
Office Telephone Number: (402) 482-5220  
Email: [kmmgr@kmtel.net](mailto:kmmgr@kmtel.net)

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**Application Checklist Item #2:**

**“A description of the proposed broadband project plan for which Nebraska Universal Service Fund Broadband Program funding is being requested including download and upload speed capabilities which can be provided using the proposed infrastructure. Minimum speed standards should be 4 mbps download and 1 mbps upload.”**

*Narrative:*

In this application, K&M Telephone Company proposes to construct broadband infrastructure in rural, underserved areas south of Chambers, Nebraska in north central Nebraska. [REDACTED]

[REDACTED]

The National Broadband Plan acknowledged that service providers face unique challenges in serving areas that contain low population density due to the remote and rural nature of those areas. [REDACTED]

[REDACTED]

[REDACTED]

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**Application Checklist Item #3:**

**“A description of which areas are “unserved” or “underserved” in accordance with the Commission’s definition.”**

*Narrative:*

The proposed project service area is an underserved rural area in K&M’s Chambers, Nebraska exchange. [REDACTED]

[REDACTED]

[REDACTED] A listing of whole and partial census blocks depicting the proposed project service area is included with this application. [REDACTED]

[REDACTED]

[REDACTED]

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**Application Checklist Item #4:**

**“A list in Excel Format of all the census blocks where broadband facilities would be deployed for the proposed project which shall include 2010 Census Block identification numbers of service area, by project. The list of census blocks must be identified on a per project basis and must be contained in one spreadsheet. Carriers should not break apart the listing of census blocks in separate workbook tabs.”**

**Narrative:**

K&M Telephone Company has provided the census block list in an electronic, Excel Format and has also included a print out of the census block list in this application.

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K M Telephone Company, Inc.  
Chambers Rural - Project 1

Project Area Name  
K & M Telephone Company, Inc.  
CHAMBERS RURAL - PROJECT 1  
Census Blocks in project area

GeoID	State	County	Tract	Block
310899741003172	31	089	97410	3172
310899741003133	31	089	97410	3133
310899741003116	31	089	97410	3116
310899741003132	31	089	97410	3132
310899741003117	31	089	97410	3117
310899741003131	31	089	97410	3131
310899741003129	31	089	97410	3129
310899741003148	31	089	97410	3148
310899741003118	31	089	97410	3118
310899741003119	31	089	97410	3119
310899741003128	31	089	97410	3128
310899741003127	31	089	97410	3127
310899741003120	31	089	97410	3120
310899741003125	31	089	97410	3125
310899741003126	31	089	97410	3126
310899741003157	31	089	97410	3157
310899741003156	31	089	97410	3156

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**Application Checklist Item #5:**

**“An estimate of the number of potential new broadband subscribers.”**

*Narrative:*

In order to determine an estimate of the number of potential new broadband subscribers, K&M Telephone Company utilized the engineering plans for the proposed project area to determine how many households in the proposed project area would gain access to increased speed capabilities and broadband availability.

An estimate of the number of households which will have access to broadband service at the 4/1 Mbps speed level in the proposed project service area is included in the table below:

	<b>Chambers, NE/Chambers Rural Project 1</b>
<b>Underserved</b>	
<b>Totals</b>	

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**Application Checklist Item #6:**

**“A schedule for broadband deployment with commitment to complete the build-out within 24 months of approval of the application. The schedule should describe milestones in project completion increments of 25 percent, and the estimated date by which the milestones will be completed.”**

*Narrative:*

K&M Telephone Company has estimated the major milestones and completion dates for the Chambers Rural Project 1. However, because the actual construction schedule is contingent upon the application approval process and timeline, K&M submits that the estimated completion dates are fluid, and while K&M intends to have the Chambers Rural Project 1 completed in late 2015, construction on the project could flow into 2016. In developing the project milestone schedule, K&M has presumed that the approval notifications would be made in early-2015.

Additional information regarding the project milestones or estimated completion dates will be provided to the Commission upon request.

**PROJECT MILESTONES SCHEDULE**

<b>Milestone</b>	<b>Estimated Completion Date</b>
Hardware Selection/Ordering	June 2015
Outside Plant Construction/Equipment Configuration & Installation	October 2015
System Turn-up/Testing	November 2015
Service Implementation	December 2015

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**Application Checklist Item #7:**

**“A proposed budget, showing total project costs, in electronic format, with a detailed breakdown of the cost elements and a depreciation schedule showing the life of the investment.”**

*Narrative:*

K&M Telephone Company has included a proposed budget, showing total project costs, including a detailed breakdown of the cost elements and a depreciation schedule showing the life of the investment. K&M has provided the budget and depreciation schedule in an electronic, Excel Spreadsheet format and has included a print out of the budget and depreciation schedule in this application.

Summary totals from the proposed project budget, along with a summary of the depreciation schedule, are provided below:

Description	Gross Investment	Depreciable Life	Depreciation Per Year
<b>Electronics</b>			
<b>Plant-</b>			
<b>Total Capital Budget</b>			
<b>K&amp;M Matching Amount (25%)</b>			

K&M Telephone Company commits to using the NUSF Broadband Program support only for the purposes intended and which have been approved by the Commission through the application process.

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**Application Checklist Item #8:**

**“Proposed retail pricing, including both monthly recurring costs and nonrecurring costs for the new broadband service(s) to be offered. Proposed rate, either monthly recurring (MRC) or non-recurring (NRC), for broadband related customer premises equipment (CPE, e.g. modem). If none listed, please state that applicant will not be charging a rate to the end user for broadband CPE.”**

Narrative:

K&M Telephone Company is committed to offering voice and broadband service at reasonably comparable rates for comparable services in urban areas.

In the table below, K&M details the recurring pricing of the broadband services offered through this project, as well as any nonrecurring costs associated with the broadband service to be offered through the proposed project.

Recurring Monthly Prices		
	Residential Price	Business Price
Nonrecurring prices		
Broadband Activation Charge		

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**Application Checklist Item #9:**

**“Retail rate(s) charged for basic voice service. If a subscriber line charge is assessed, the amount of the SLC. If no SLC is assessed then a statement that no SLC is assessed.”**

Narrative:

K&M Telephone Company is committed to offering voice services at reasonably comparable rates for comparable services in urban areas.

In the table below, K&M details the recurring and any non-recurring pricing of the voice services offered through this project. K&M does assess a subscriber line charge and the amount of the SLC is included in the table.

<b>Recurring Monthly Prices</b>		
<b>Voice Service</b>	<b>Residential Price</b>	<b>Business Price</b>
Access line		
Subscriber line charge		
Subscriber line charge single line business		
Subscriber line charge multi line business		
<b>Nonrecurring Prices</b>		
Service order/installation		

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**Application Checklist Item #10:**

**“A description of the applicant’s commitment to offer broadband services to all households within the service area of the project for a minimum of five (5) years.”**

*Narrative:*

K&M Telephone Company is committed to providing the supported broadband service upon completion of the deployment to all households within the proposed project service area for a period of no less than five years.

The proposed project area is within K&M Telephone Company’s incumbent local exchange service area, and as the Carrier of Last Resort, K&M is committed to offering a voice grade service to all customers within the proposed project service area, including access to emergency services.

[REDACTED]

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**Application Checklist Item #11:**

**“A description of the applicant’s commitment to provide broadband data to the Commission and its vendors for the duration of the State Broadband Data and Development (SBDD) program so that this broadband coverage area can be depicted on the Commission’s state broadband data inventory map and on the National Telecommunications and Information Administration’s (NTIA’s) national broadband map.”**

*Narrative:*

K&M Telephone Company has been and will continue to be committed to providing its broadband data to the Nebraska Public Service Commission and to its vendors for the duration of the State Broadband Data and Development Program.

As a successful applicant to the Nebraska Universal Service Fund Broadband Program, K&M will continue to provide all required mapping data to the Commission and its vendors for its existing and new service areas so K&M Telephone Company’s broadband service coverage areas will be depicted on the Nebraska Broadband Map and on the National Telecommunications and Information Administration’s National Broadband Map.

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**Application Checklist Item #12:**

**“A description of the applicant’s financial qualifications, which may be filed on a confidential basis, to meet the commitments made in the application.”**

*Narrative:*

The Commission has indicated that for companies filing Annual Report Form M, the information contained in Form M would be sufficient to meet the application requirement.

K&M Telephone Company’s Annual Report Form M illustrates the company’s financial position and is on file with the Nebraska Public Service Commission.

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**Application Checklist Item #13:**

**“If the applicant does not have a certificate of public convenience and necessity to provide telecommunications services in Nebraska, a demonstration of the applicant’s financial, technical, and managerial competence.”**

*Narrative:*

K&M Telephone Company is an established rural, incumbent local exchange carrier operating in Nebraska and holds a certificate of public convenience and necessity to provide telecommunications services in the State of Nebraska.

K&M commits to abide by all applicable Commission rules, regulations and orders.

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**Application Checklist Item #14:**

**“A description of the applicant’s financial match which will be used to meet the commitments made in the application. Applicant shall submit a proposed budget for the entire project cost.”**

*Narrative:*

K&M Telephone Company’s proposed budget for the entire project costs has been included with the application.

[REDACTED]

[REDACTED] K&M commits to provide project invoices as required based upon the completion milestones identified in NUSF 77 P.O. No. 5. K&M further commits to fulfilling all reporting and audit requirements adopted by the Commission for oversight of the NUSF Broadband Program.

A summary of the total project cost and match amount is included below:

Total Capital Budget	K&M Telephone Company 25% Match	NPSC 75% Grant Request
[REDACTED]		

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**Application Checklist Item #15:**

**“An affidavit from the Applicant attesting to the truth and accuracy of all information included in the application.”**

*Narrative:*

Included with this application is an Affidavit of Robert Haburchak, General Manager of K&M Telephone Company attesting to the truth and accuracy of all information included in this application.

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