

MINUTES
Nebraska Universal Service Advisory Board Meeting
2025 Annual Meeting
Thursday, April 10, 2025
1:30 p.m.

1. Call to Order

Chair Gene Hand called the Nebraska Universal Service Advisory Board Meeting to order at 1:30 p.m.

Announcement of the Open Meeting conducted in Compliance with the Nebraska Open Meetings Act. A copy of the Act is posted in the Commission Hearing Room and on the Nebraska Public Service Commission Website.

There were no public comments.

Roll Call Members Present: Andrew Vinton, Christa Porter, Christina Struebing, Gene Hand, Peter Gose, Rod Triplett, Tonya Mayer, Victor Kapustin.

Members Absent: Ben Backus.

Staff Present: Cullen Robbins, Carrie Gans, Shana Knutson, Brandy Zierott, Shelly Rea.

Virtual present: Deb Collins, Leslie Horwart, Brian Thompson, Caleb Pruss-Hansen, Joni Jespersen

2. Approval of Agenda

The motion was made by Rod Triplett, seconded by Tonya Mayer, to approve the agenda as presented.

Voting Aye: Andrew Vinton, Christa Porter, Christina Struebing, Gene Hand, Peter Gose, Rod Triplett, Tonya Mayer, Victor Kapustin.

Chairperson Gene Hand thanked Brandy for her years of service providing administrative support to the advisory board. She will retire from the Public Service Commission on April 18th, 2025.

3. Approval of Meeting Minutes of April 18, 2024, Meeting

The motion was made by Tonya Mayer and seconded by Christa Porter to approve the meeting minutes from April 18, 2024. **Voting Aye:** Andrew Vinton, Christa Porter, Christina Struebing, Gene Hand, Rod Triplett, Tonya Mayer, Victor Kapustin. **Abstain:** Peter Gose.

4. Introduction of Board Members

Board members and other attendees present in person introduced themselves.

5. Election of Chair and Vice Chair

Victor Kapustin made motion, seconded by Tonya Mayer, to nominate Gene Hand as Chair and Chista Porter as Vice-Chair. **Voting Aye:** Andrew Vinton, Christa Porter, Christina Struebing, Gene Hand, Peter Gose, Rod Triplett, Tonya Mayer, Victor Kapustin.

6. Broadband Updates

a. Broadband Bridge Program

Cullen Robbins updated the Advisory Board on the Nebraska Broadband Bridge Program. This program is funded through state General Funds at \$20 million annually. The program grants awards to bring broadband to unserved and underserved areas and requires 100/100 Mbps service.

In January, the program made awards in the fourth grant cycle.

Over the past four years, 141 grants have been awarded, totaling approximately \$80 million, to reach about 6,200 unserved locations and 11,695 underserved locations.

b. Capital Projects Fund

Cullen provided an update on the Capital Projects Fund (CPF). The U.S. Department of the Treasury funded this program with American Rescue Plan Act (ARPA) funding. The state received a one-time allocation of approximately \$128 million. Approximately \$90 million was allocated for broadband in Nebraska, with the remainder for other purposes, administered by the Department of Economic Development. The Legislature required funding to be distributed by congressional districts. Districts 1 and 3 were designated for broadband deployment grants, while District 2 designated funds for multipurpose community facilities, managed by the Department of Economic Development.

In 2023 and 2024, two grant cycles were completed, awarding 93 grants totaling \$92.2 million, reaching 2,400 unserved and over 7,500 underserved locations. Remaining funds must be spent by the end of 2026.

c. (BEAD) Broadband and Equity Employment Program:

Cullen reported that the Nebraska Broadband Office manages the program, which has progressed through initial approval steps. Designated Project Areas were released months ago, targeting unserved and underserved areas. A list of approved applicants was issued in late March. Applications to serve the DPAs are accepted until May 16th.

7. Legislative Update

i. LB 264

Cullen reported that there are a few bills that relate to the commission, but most of the telecom bills don't involve NUSF. The main concern for NUSF this session is the legislature's budget. LB264 proposes transferring NUSF interest to the General Fund permanently. Recently, the legislature has focused on the 2-1-1 information and referral network, redirecting leftover funds to the general fund. 2-1-1 funding remains uncertain. The United Way of the Midlands is trying to secure this funding as it depends on the funding for the 2-1-1 information and referral network. The Commission is continuing to monitor the situation.

Cullen reported that the Legislature has suggested transferring some principal from NUSF in recent sessions, and that doing so raises legal concerns.

Peter Gose reported serving on the USF Advisory Board for Oregon. According to Oregon law, a surplus in the state's universal service fund, capped at \$28 million, goes directly to Oregon's broadband office, not the general fund.

Cullen reported that the appropriations budget recommendation aimed to terminate the Nebraska Broadband Bridge program. The Commission has asked for funding to continue administration of existing grants, many of which won't be completed until 2026 or 2027.

8. Schools and/or Libraries Updates

Library Report

Christa Porter reported that USAC has not yet released the first wave of Funding Commitment Decision Letters (FCDLs) for the E-rate funding year 2025.

A total of 77 libraries are applying for \$335,280.12 in funding. Fifty libraries are in the Application Wave Ready status, which means they will be included in the first wave of approvals.

Fiber Special Construction—2021: Bancroft, Bayard, Beatrice, Clay Center, Verdigre, Wymore. 2022: Fairmont, Kimball, Lodgepole. 2023: Gibbon, North Loup, Wausau (Lied Lincoln Township Library). 2024: Exeter, Hildreth. 2025: Bennington, Oakdale, Rising City submitted 470s with RFPs; Oakdale's response indicated no special construction was needed. Rising City and Bennington opted not to upgrade to fiber.

The funding window, which included filing the 471 forms, and the second form for applying for the funding, was open until March 26, 2025.

Application status for public libraries

Christa reported that seventy-six libraries applied for internet access, with six connections established, one maintenance task completed, and five libraries utilizing the new hotspot. No special fiber construction was undertaken. Bennington's application is complete but has not yet transitioned to fiber. Three libraries—Bennington, Oakdale, and Rising City, requested special fiber construction with matching state funds from Nebraska Public Service.

Additionally, she reported that Stealth Broadband services Oakdale, with a fiber pole behind the library eliminating construction needs. Rising City stated that no construction is required, but it isn't ready for fiber due to library issues. Bennington awaits updates from Cox Cable regarding a fiber connection; staff turnover has stalled progress on its initial RFP, and it may submit a new one next year. No special construction applications were submitted this year; two libraries did not apply, and one did not require construction.

Christa said that discussions with library personnel revealed that many providers once offered fiber and construction at no cost to expand their customer base, but state matching funds are being used at a lower rate than anticipated.

Christa also provided an update regarding the Supreme Court USF Case—FCC vs. Consumers' Research. Oral arguments occurred on March 26, with a decision expected this summer. Consumer' Research argues that the USF is unconstitutional. The 6th and 11th Circuits dismissed earlier challenges, while the 5th Circuit's initial dismissal was reversed. The FCC has petitioned the Supreme Court; a resolution is expected this summer.

School Report

Christina Struebing reported that all schools have submitted their 5-year budgets for both Category 1 (Data Transmissions and/or Internet Access) and Category 2 (Internal Connections) funding requests for the 2025 funding year. Additionally, five private schools have been added to the applications, with efforts underway to include more private schools in the future. A total of \$11.5 million has been requested by schools for both categories.

PSC NUSF Program Reports

a. Fund Balance Report:

Cullen Robbins reported that the NUSF Fund Balance at the end of March 2021 was \$103,825,278.59. Lengthy project completion timelines created a buildup of support in the fund. The Commission has been reforming the High-Cost program for over a year in Docket NUSF-139. This year, the Commission has shifted the funding strategy from supporting capital construction to maintaining existing networks. With BEAD focusing on buildout to the remaining Unserved locations in Nebraska, the Commission has directed resources toward maintenance. The amount of support paid out each month more closely mirrors the support brought into the fund through remittances. Cullen reported that he expects some support to be held in the fund indefinitely, particularly those associated with wireless projects in the NUSF-92 program related to mobile wireless tower construction. Some funding has been committed to VIAERO Wireless for projects; however, the company has FCC-prohibited equipment in its network, and until it is removed, the Commission cannot reimburse them for completed tower construction. Consequently, those funds remain inactive for now.

Cullen reported that the Commission is working on updates to the NUSF-92 program. A new docket, NUSF-143, has been opened to look at ways to modify the program to increase participation. Gene Hand asked Cullen if he expected the fund balance to stabilize or decline and asked how the surcharge might affect it. Cullen stated that project completion and reimbursement are key factors in continuing to reduce the fund balance. Cullen stated that he expects the fund to go down, but eventually stabilize, estimating that it won't drop below \$70 million anytime soon.

b. Remittances: Cullen Robbins

Cullen provided monthly remittance data from January to December and annual totals for 2022 and 2023. In 2019, the Commission transitioned our remittance mechanism from a revenue-based surcharge to a per-connection surcharge, with an update in 2021. This shift has stabilized funding, providing consistent and predictable support levels. Analysis of year-over-year remittances into the fund shows changes of less than one percent, underscoring how stable the funding mechanism has been.

Cullen reported that High-Cost funding is now administered through one docket, NUSF-139, instead of two. The Special Construction Program amount is shown separately as it's already accounted for. Despite the available funds, budgeting isn't necessary. Initially, the budget was a million dollars, with \$978,000 remaining, providing an overview of our status. That's all for remittances and fund balance reports.

c. New Remittance System Update

Cullen Robbins informed the Advisory Board that a new remittance site was launched on March 1st. The new system allows carriers to report and pay remittances. Victor has assisted carriers during the transition. He reported that nearly all carriers are on board. He also reported that the site features enhanced functionality for administrative tasks, as well as updated report customization. Previously, some carriers paid subscription fees exceeding their remittances, which have been eliminated.

Victor Kapustin provided additional updates regarding the remittance system. He indicated the new Dell Technologies system is utilized by other state agencies and their platforms, making it easier to expand and modify than the previous system. Since the acquisition of Nebraska Directive, there has been a significant delay in achieving our desired outcomes on our website based on the information we received. This should be resolved, as we can implement our updates much faster.

Victor reported that most remitters effectively manage compliance through their tax teams and third-party filers, who quickly inform the Commission of any issues. Smaller carriers with monthly remittances in the few-hundred-dollar range may take longer to respond; however, no significant delays are expected.

d. Nebraska Telephone Assistance Program (NTAP)

Cullen Robbins provided an update on the NTAP Program. This program aims to qualify low-income individuals for a voice or bundled voice and broadband service, offering an additional \$3.50 on top of the FCC's support through the Lifeline Program.

The Commission has observed a decline in participation year after year in this program. Ultimately, the Commission would like to improve outreach efforts to boost subscriptions.

Cullen indicated that he initially thought that the conclusion of the Affordable Connectivity Program by the FCC might lead to a slight increase in participation, but that doesn't seem to have occurred, likely because NTAP benefits are considerably smaller compared to what the ACP offered.

It was suggested that the Commission look at re-initiating a relationship with DHHS on handing out information regarding NTAP. A question was also raised about where people should be directed if they have questions about ACP. Cullen suggested directing them to the Commission.

i. NUSF-131 – Reverse Auction

Cullen Robbins provided an update on the NUSF-131 Reverse Auctions, noting that unused or withheld NUSF-99 funding is being allocated to these auctions.

In the first 2024 reverse auction, a total of \$21 million was awarded to fund broadband expansion for 1,058 unserved locations. In the second 2024 auction, \$17.2 million was awarded for 961 unserved locations.

Cullen also discussed the current status of the projects funded through the auctions, which are in various stages of construction. The program is structured with periodic payouts, beginning with a percentage of the funding upfront, with the remainder released upon completion of the projects.

Given the ongoing broadband initiatives, including the BEAD program, there is unlikely to be another state-run reverse auction in the near future.

ii. NUSF-92 and NUSF-143 – Wireless Tower Program

Cullen Robbins provided an update on the NUSF-92 Wireless Tower Program. The program has traditionally funded the construction of tower sites in rural areas where there is no business case for building. In recent years, the program has seen participation primarily from two companies, US Cellular and VIAERO.

However, due to the use of prohibited equipment by VIAERO, funding previously awarded to the company is currently being withheld. Several towers are still pending reimbursement, and VIAERO continues to submit periodic reports to the Commission on its "rip and replace" efforts, though progress has been slow.

In 2024, 10 grants for tower builds were awarded to US Cellular, but no other applicants submitted applications. The program's competitiveness has been affected by the limited participation. Furthermore, there is concern regarding the potential purchase of US Cellular by T-Mobile, which is not currently an Eligible Telecommunications Carrier (ETC) and may not wish to participate in NUSF-92.

To address these challenges, the Commission opened NUSF-143 to explore potential modifications to the program. This docket is currently open, and the Commission has received comments. A hearing on the matter is scheduled to discuss potential changes to the program further.

iii. NUSF-57 – Telehealth

Carrie Gans reported that the Commission has supported telehealth services since 2005. In 2021, the Commission modified the Nebraska Telehealth program to incorporate changes made by the FCC, particularly the expansion of the federal Rural Healthcare Program to include a new subprogram, Healthcare Connect Fund (HCF). Under the FCC's HCF program, eligible healthcare providers and consortia can receive a 65% discount on eligible broadband services and facilities. The NUSF-57 Nebraska Telehealth program mirrors the federal Healthcare Connect Fund (HCF), offering supplemental support to eligible providers by providing 25% of eligible costs.

Participation in the NUSF-57 Telehealth program has increased year over year.

- In 2021, 153 applications received with 146 approved and \$415,579 in funding commitments.
- In 2022, 228 applications received with \$558,028 in requested grant funds.
- In 2023, the program saw a significant surge, with 441 applications received for \$1,602,036.18 in requested grant funds.
- In 2024, \$1.75 million in NUSF funds were budgeted, and 501 applications were received, requesting a total of \$3,435,088.08 in funding.
- For the 2025 funding year:
 - The Commission has budgeted \$2.575 million in NUSF funds.
 - The FCC extended the deadline for the FY2025 program from April 1 to June 1, 2025.
 - The NUSF-57 filing deadline, typically 15 business days after the FCC window, was extended by Commission order entered 4/8/25, to 60 business days following a granted request, making the NUSF-57 deadline for FY2025 August 27, 2025.
 - Going forward, the NUSF-57 filing window will close 60 business days after the federal filing window.

Despite the program's success in increasing participation, challenges remain. There is a significant gap between applications, commitments, and actual expenditures, largely due to the time lag between when applications are submitted and when federal approvals are granted. Additionally, the review process for NUSF-57 applications has taken longer than anticipated due to the high volume of submissions and discrepancies identified during reviews. These issues have required further consideration, discussions, and, in some cases, secondary reviews to ensure accuracy. The Commission remains committed to completing these reviews and processing applications while balancing the increased demand and workload with the broader responsibilities of the PSC.

i. NUSF-117 – Special Construction Matching Funds E-Rate Special Construction Program Update:

Carrie Gans provided a report on the NUSF-117 E-Rate Special Construction Matching Fund Program. The NUSF-117 E-Rate program is supplemental and secondary to the FCC's E-Rate program, which provides discounts ranging from 20% to 90% of eligible costs, depending upon several factors that assess need. The FCC's program will provide additional special construction match of up to 10%.

The Commission initiated the NUSF-117 E-Rate Special Construction Matching Fund Program in 2019, allocating \$1 million for program years 2021 through 2024 and provided up to 10% match for eligible special construction fiber builds, in an effort to leverage the additional federal match. The NUSF-117 program is intended to offer supplemental assistance to libraries and schools in acquiring broadband by covering the costs of new fiber construction for those currently lacking fiber connectivity.

In response to low utilization, the Commission entered an order on April 11, 2023, to explore modifications to the program. In an order entered October 11, 2023, the Commission extended the E-Rate Special Construction Matching Program indefinitely and removed the 10% state match cap, ensuring all eligible costs for new fiber special construction projects are covered, but not to exceed 100% of total eligible costs. Through the 2024 program year, only \$51,801.82 of the \$1M available has been allocated to projects, leaving \$948,198.18 available for allocation.

Participation in the program since inception is as follows:

- In 2021, the Commission received 7 applications: Verdigre Public Library, Bayard Public Library, Clay Center Public Library, Bancroft Public Library, Beatrice Public Library, Wymore Public Library, Southwest Public Schools. All were approved for NUSF-117 funding, with the total commitment of \$11,856.68.
- In 2022 - the Commission received 3 applications: Nancy Fawcett Memorial Library, Consortium Lead: State of Nebraska Office of the CIO, on behalf of Fairmont Public Library, Kimball Public Library. All were approved for NUSF-117 funding, with the total NUSF commitment of \$5,849.60.
- In 2023 - the Commission received 5 applications; 4 were approved for NUSF-117 funding: Aquinas Catholic Schools, Gibbon Public Library, Lied Lincoln Township Library, North Loup Public Library, with the total commitment of \$4,303.56.
- In 2024 - the Commission received 3 applications (2 libraries; 1 school): Exeter Public Library Village of Exeter, Hildreth Public Library, Christ the King in Omaha. All were approved for NUSF-117 funding, with the total NUSF commitment of \$29,791.98.
- In 2025 - no applications received to date. Some projects originally anticipated to need special construction in FY2025 have found existing infrastructure sufficient, resulting in no need for participation at this time.
- The PSC will continue to coordinate with the Nebraska Library Commission (NLC), the Nebraska Department of Education, and the Office of the Chief Information Officer (OCIO).

Discussion was held on future E-Rate Special Construction needs. Christa Porter observed that following COVID, as broadband deployments have increased across the state, the demand for E-Rate special construction support has decreased, as more libraries now have access to fiber infrastructure without the need for additional support. Christa proposed that the Commission might want to explore a different use of the funds for another purpose, such as addressing ongoing costs for libraries or schools. For example, there have been instances where entities, when receiving

bids for the new special construction discounts, found that they could not afford the ongoing monthly costs, which in some cases were upwards of \$500 per month.

Christina Struebing mentioned that newly built schools may be able to take advantage of this funding source. For example, schools such as Gretna, Bennington, and Elkhorn recently built new schools and included fiber connectivity costs in their construction budgets. While it is past the deadline to submit applications for this funding year for these schools, it is worth planning for the 2026 funding year in case other schools are constructing or need fiber construction but don't currently have fiber.

Christa Porter suggested that further promotion of the program could be beneficial to increase awareness and participation. Christa mentioned that the Nebraska Library Commission (NLC) continues to offer annual training which includes a section on E-Rate. The NLC is considering offering a separate training focused on E-Rate to further promote the program to libraries and support them. Additionally, the NLC conducts an annual public library survey, asking about the broadband services libraries offer. Many libraries, however, are not aware of the type of service (e.g., copper, fiber) or the speeds available to them. Challenges include limited library staffing, high turnover, limited library hours, and a general lack of knowledge about broadband services and technology.

High-Cost Reform - NUSF-139

Cullen Robbins provided an update on the ongoing NUSF-139 proceeding, which was initiated on August 29, 2023, to explore potential changes to the role and structure of the NUSF in response to evolving broadband initiatives and funding mechanisms. The Commission is transitioning the high-cost support program to focus more on maintenance. There are still open questions including how competitive providers, such as those who have received broadband grants or reverse auction support, might participate in the program. The Commission is considering how to structure the support mechanism and ensure it reaches these providers effectively.

In addition to meeting broadband performance standards, there is still a voice requirement, as well as an ETC (Eligible Telecommunications Carrier) designation, which carries specific obligations such as providing supportive services, etc. The Commission aims to implement these changes by next year.

Providers have expressed there is a need for ongoing high-cost support to maintain their networks, particularly in high-cost areas of the state.

9. NUSF-4 – Discussion and Action for Recommendation of the NUSF Surcharge

Gene Hand opened the discussion regarding the Board's recommendation on the NUSF surcharge.

Cullen Robbins referred the Board to the NUSF Remittances and Fund Balance Report, highlighting the recommendation to maintain the current NUSF surcharge as outlined in NUSF-4. He emphasized that the adequacy of funds to support existing programs remains stable, and he recommended maintaining the surcharge at its current level.

Gene Hand asked for clarification regarding the NUSF adjusted balance and projections. Cullen Robbins explained that the Commission anticipates the fund balance will remain relatively stable, though it may continue to decrease slightly due to changes in payment structures and the ongoing close-out of grants. Peter Gose raised concerns about the potential impact of declining wireline services on the remittance level, asking if this could affect the surcharge. Victor Kapustin noted that while traditional wireline phone services are in decline, the increase in wireless services is helping to balance out the trend.

Tonya Mayer continued the discussion, suggested maintaining the surcharge at its current level. Andrew Vinton agreed, citing uncertainty at the federal level and other factors that warrant keeping the surcharge unchanged for now.

Tonya Mayer made a motion to recommend to the Commission that the current surcharge rate be retained. Christina Struebing seconded the motion. The motion passed unanimously after a roll call vote, with Board members Hand, Porter, Struebing, Gose, Kapustin, Mayer, Triplett, and Vinton voting in favor.

11. Other Business

Peter Gose highlighted the success of USF programs, particularly in facilitating broadband deployments. However, Peter pointed out that some companies are facing low take-rates initially, with customers opting for service only after grant funding has been disbursed. In cases where a home connection drop is required, the cost can be substantial. While some companies may absorb part of these costs, there are instances where they may need to ask the customer to contribute. Peter suggested that one potential use of USF funding could be to help cover drop costs for late adopters.

Additionally, Peter mentioned that Oregon has historically concentrated its efforts on supporting maintenance costs rather than broadband expansion. He offered to connect the Commission with his contact in Oregon to provide insights into their program structure and approach.

Peter Gose shared Oregon's NUSF program costs and budget.

12. Adjourn

Victor Kapustin moved to adjourn the meeting at 3:04 p.m., seconded by Rod Triplett. Motion passed by unanimous consent.