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Nebraska
Public Service Commission

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska)	Application No. NUSF-108
Public Service Commission, on)	Progression Order No. 3
Its own Motion, to make adjustments)	
to its high-cost distribution)	
mechanism and to make revisions)	
to its reporting requirements)	

**POST-HEARING COMMENTS OF THE AMERICAN BROADBAND COMPANIES,
THE CONSOLIDATED COMPANIES, GREAT PLAINS COMMUNICATIONS, INC.
AND THE NEBRASKA CENTRAL TELEPHONE COMPANY**

The undersigned companies ("A-CAM Companies")¹ respectfully provide the following Post-Hearing Comments to the Nebraska Public Service Commission ("Commission") in Progression Order No. 3 ("P.O. 3 Order") of the above-captioned docket. On August 15, 2018, the Commission conducted a hearing, at which the A-CAM Companies and other parties presented testimony. The Hearing Officer issued a Procedural Order on August 27, 2018, asking for submission of Comments by interested parties.

I. Introduction

The Commission has undertaken the P.O. 3 Order with the specific goal of reforming the Nebraska Universal Service Fund ("NUSF") high-cost distribution mechanism in rural areas of the state served by rate-of-return ("RoR") carriers in recognition of federal universal service reforms made for RoR carriers by the Federal Communications Commission ("FCC").² Since issuance of the Order Seeking Comment, the Commission issued various proposals for comment

¹ The A-CAM Companies include the American Broadband Companies (Arlington Telephone Company, The Blair Telephone Company, Eastern Nebraska Telephone Company and Rock County Telephone Company); the Consolidated Companies (Consolidated Telephone Company, Consolidated Teleco, Inc., Consolidated Telecom, Inc. and The Curtis Telephone Company); Great Plains Communications, Inc.; and The Nebraska Central Telephone Company.

² *In the Matter of the Nebraska Public Service Commission, on its own Motion, to make adjustments to its high-cost distribution mechanism and make revisions to reporting requirements*, Application No. NUSF-108, Progression Order No. 3, Order Seeking Comment, at 1 (December 19, 2017).

pertaining to RoR reforms for the NUSF high-cost program.³ Consistent with their earlier comments, testimony and ongoing advocacy, the A-CAM Companies believe that with some targeted changes, the mechanisms envisioned in the Commission proposals can produce a fair and reasonable outcome that results in additional broadband deployment in rural areas of the state. However, as was demonstrated in the hearing and will largely be the focus of these comments, the Commission must make customer locations served by RoR companies under the FCC’s Alternative Connect America Model (“A-CAM”) in partially funded A-CAM census blocks eligible for NUSF support, or many of those customers will not receive broadband services. Such a result would be in direct conflict with Nebraska statutes, and would be an arbitrary and capricious action by the Commission toward those customers and the RoR companies from which they receive service.

II. The Nebraska Legislature Requires that All Nebraskans Have Access to Broadband Service, and Commission NUSF Policy Must Heed that Directive

To comply with the intent of the Nebraska Legislature in both the Nebraska Telecommunications Universal Fund Act (the “Act”) and LB 994, NUSF reforms that are adopted for customers served by RoR companies in Nebraska must not exclude any customers from the future opportunity to receive broadband service at the locations at which they reside and work. In the statement of purpose section of the Act, the Legislature directs the Commission “to establish a funding mechanism which ... ensures that *all Nebraskans, without regard to their location*, have comparable accessibility to telecommunications services at affordable prices.”⁴

The Legislature also requires that “access to advanced telecommunications and information

³ *In the Matter of the Nebraska Public Service Commission, on its own Motion, to make adjustments to its high-cost distribution mechanism and make revisions to reporting requirements*, Application No. NUSF-108, Progression Order No. 3, Order Seeking Further Comments and Setting Hearing (June 19, 2018) (“*P.O. 3 Order*”).

⁴ *Neb. Rev. Stat.* § 86-317 (Reissue 2014) (emphasis added).

services *should be provided in all regions of the state*,”⁵ and that customers “*in all regions of the state ... should have access to telecommunications and information services ... that are reasonably comparable to those services provided in urban areas ...*”⁶ Earlier this year, in adopting LB 994, the Legislature specifically stated that NUSF support should be provided in order to make broadband available to all rural Nebraskans:

It is the intent of the Legislature that broadband telecommunications service in rural areas of the state should be comparable in download and upload speed and price to urban areas in the state where possible and that *state resources should be utilized to ensure that rural residents of the state should not be penalized simply because of their rural residence*. It is further the intent of the Legislature that the residents of this state should have access to broadband telecommunications service at a minimum download speed of twenty-five megabits per second and minimum upload speed of three megabits per second.⁷

Any reforms to the RoR NUSF mechanism that cause certain rural citizens of the state to be excluded from even the possibility of receiving broadband services as a result of being denied the benefit of NUSF resources, and thus penalized because of their rural residence, is in violation of LB 994. It is impossible to square the language of the statute passed just months ago, with regulatory action that *permanently* eliminates NUSF support and thus results in *permanent ineligibility* of rural customers in A-CAM partially funded census blocks from access to broadband service.

III. The Record Demonstrates that Many Customers in A-CAM Partially Funded Locations Will Not Receive Broadband Service Without Targeted, Cost-Based NUSF Support to Supplement Federal Funding

The A-CAM Companies have demonstrated in the record of this proceeding that federal A-CAM support alone is insufficient to provide broadband service in partially funded census

⁵ *Neb. Rev. Stat. § 86-323(2)* (emphasis added).

⁶ *Neb. Rev. Stat. § 86-323(3)* (emphasis added).

⁷ LB 994, Sec. 1 (2), 150th Leg., 2d Sess. (Neb. 2018) (enacted) (emphasis added).

blocks (more specifically, to the customer locations in those census blocks). “Together, the [A-CAM] Companies have more than 12,000 total locations in the state that receive only partial funding under A-CAM. While we will strive to serve as many of those locations as possible with available funding, federal support alone will not suffice.”⁸ The A-CAM Companies also presented evidence at the hearing that many of these customers will not receive broadband service without NUSF support: “Excluding partially funded census blocks would result in thousands of rural Nebraskans being essentially ineligible for broadband under the NUSF... there are extensive number [sic] of locations that without being eligible for state support, bottom line, won’t get served.”⁹

A. The Record is Unclear on the Commission’s Position on Partially Funded Census Blocks

The Commission and its Staff have not stated publicly that exclusion of partially funded A-CAM census blocks is in fact the policy proposed in the P.O. 3 Order. Still, they have also not stated to the contrary, namely, that such census blocks will be included in the determination of support for A-CAM companies. Rather, during his testimony, Director Robbins professed difficulties in squaring the 4/1, 10/1 and 25/3 Mbps requirements associated with federal A-CAM support with the Commission’s proposal to require 25/3 Mbps as the minimum state standard for all locations. Director Robbins thus concluded that consideration should be given to exclusion of A-CAM-eligible census blocks, both fully funded and partially funded, from NUSF support.¹⁰

⁸ Comments of the American Broadband Companies, the Consolidated Companies, Great Plains Communications, Inc., and The Nebraska Central Telephone Company in response to June 19, 2018 Order Seeking Further Comments and Setting Hearing, NUSF-108, Progression Order No. 3, at 16 (July 19, 2018) (“*A-CAM Companies’ Comments*”).

⁹ Testimony of Ken Pfister, Tr. 37:19-22; 40:19-21 (Aug. 15, 2018) (“*Pfister Testimony*”).

¹⁰ Testimony of Director Cullen Robbins, Tr. 22:14-17 (Aug. 15, 2018) (“*Robbins Testimony*”). Further, accompanying a letter from Hearing Officer Landis, the Commission Staff’s response to a question on the P.O. 3

Director Robbins also testified that one Commission goal in this proceeding is “to incentivize buildout of broadband-capable networks in unserved or underserved areas.”¹¹ The A-CAM Companies respectfully submit that eliminating NUSF support to partially funded census blocks is in fact a disincentive to broadband buildout that will harm thousands of unserved or underserved Nebraska customers. Rather than denying NUSF support to partially funded locations, the Commission should focus on whether census blocks served by ROR carriers electing federal A-CAM support will receive sufficient support to build out to the Commission’s stated 25/3 Mbps minimum standard. The answer to this question is, for the following reasons, unequivocally **NO**.

As evidenced by Director Robbins’ Testimony, federal A-CAM funding supports *tiered speeds* of 25/3, 10/1 and 4/1 Mbps.¹² However, the Commission’s policy statement (as well as that of the Legislature in LB 994) is to require deployment of *25/3 Mbps broadband speeds* to all customers in this state. Director Robbins recognizes that “partially funded means carriers aren’t getting the full amount necessary to bring fiber to the home ...”¹³ Thus, the record establishes that there exists a funding shortfall between federal A-CAM support based upon tiered speeds, and the costs to build out 25/3 Mbps broadband service to all locations served by ROR carriers

Order’s intentions with regard to partially funded census blocks for A-CAM companies submitted by counsel for the Rural Independent Companies (“RIC”) stated: “The [P.O. 3] Order [of July 19, 2018] is silent on whether the Commission should preclude the use of NUSF for the additional investment required to be made in a census block partially funded by ACAM USF support...” See Commission Staff responses accompanying letter from Frank E. Landis, Jr., Hearing Officer, to Paul M. Schudel, Woods & Aitken LLP, Application No. NUSF-108, Progression Order No. 3, Exhibit A at 1 (July 6, 2018).

¹¹ *Id.*, Tr. 13:21-23.

¹² *Id.*, Tr. 20:23-21:11.

¹³ *Id.*, Tr. 21:12-14. In sparsely populated rural areas, providing speeds of 25/3 Mbps requires construction of fiber-to-the-home facilities.

that elected federal A-CAM support.¹⁴ Later in these Comments, the A-CAM Companies will demonstrate this funding shortfall to be more than \$50 million for all A-CAM-electing companies in the state.

Statutorily, the NUSF exists for the very purpose of supplying state support to reduce this federal funding shortfall. Section 86-317 provides that:

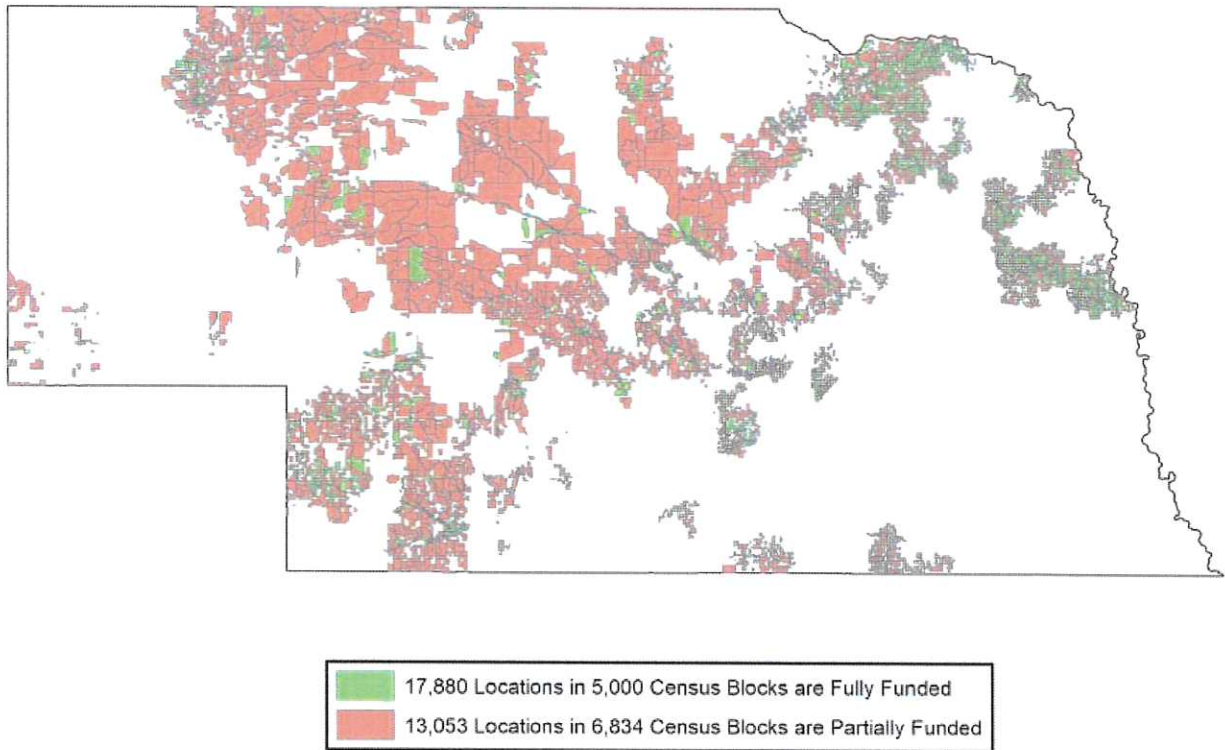
The purpose of the Nebraska Telecommunications Universal Service Fund Act is to authorize the commission to establish a funding mechanism *which supplements federal universal service support mechanisms and ensures that all Nebraskans, without regard to their location, have comparable accessibility* to telecommunications services at affordable prices. (emphasis added)

B. Eliminating Partially Funded Census Blocks Affects Customers in a Large Portion of the State

To further advance the record regarding the need for partially funded census blocks to be eligible for NUSF support, and to provide evidence as to the extent of the impact on customers served by RoR carriers electing federal A-CAM support that would result from excluding NUSF support for partially funded rural census blocks from eligibility, the A-CAM Companies present the map below that shows the fully funded and partially funded census blocks for all RoR companies that elected the A-CAM model.¹⁵ As is shown, more than 13,000 customer locations in 6,834 census blocks (highlighted in red) are partially funded under A-CAM, and without eligibility for and receipt of supplemental NUSF funding, many would not receive access to broadband service.

¹⁴ This gap was illustrated by Director Robbins' example of a location with a \$300 cost to serve, of which \$52.50 is assumed to be derived from customer revenues and \$146.10 is provided by federal A-CAM support, leaving a funding shortfall of \$101.40 which would be the amount to be provided through NUSF support. *See id.* Tr. 19:12-20:5.

¹⁵ In addition to the A-CAM Companies, four other Nebraska holding companies opted for A-CAM support. The partially and fully funded census blocks for these four other companies are included on the map.



The content of the foregoing map shows the result that will occur if customers in partially funded census blocks are denied the benefit of NUSF support to construct broadband-capable facilities. These census blocks encompass 16,357 square miles, which is more than 20 percent of the state's total land mass of 77,358 square miles. It is concerning that at this advanced stage in this docket it remains unclear from the record whether customers located in such a large portion of the state's geography will be eligible for the benefits of NUSF support to establish and maintain access to broadband service. The evidence in the record, statutory requirements and the Commission's own policy to establish ubiquitous fiber-based broadband networks throughout the state require that the Commission declare these partially funded locations eligible for NUSF funding.

For the A-CAM Companies combined, approximately \$44 million in State Broadband Cost Model ("SBCM") costs are not funded by the A-CAM program after accounting for federal

support received and the monthly \$52.50 per-location revenue benchmark that both the FCC and this Commission utilize in determining costs eligible for support. It is inconsistent to determine costs eligible for state support using SBCM, which the Commission has tentatively approved,¹⁶ and then potentially deny NUSF eligibility for a large portion of build out costs (but only those of A-CAM companies) that are clearly eligible for support based on the costs produced by the SBCM. Such an outcome would be unfair to the affected rural customers and contrary to the objective of the NUSF incentivizing broadband deployment in rural Nebraska.

C. Eliminating Only A-CAM Partially Funded Census Blocks Would be Contrary to Legislative Policy

Eliminating partially funded census blocks of only A-CAM companies from eligibility for NUSF support would violate the policy requirements of Section 86-323(2) and (3) of the Act which read as follows:

(2) Access to advanced telecommunications and information services *should be provided in all regions of the state;*

(3) *Consumers in all regions of the state, including low-income consumers and those in rural and high-cost areas, should have access to telecommunications and information services,* including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas; (emphasis added)

Companies that receive federal legacy support do so for all of their census blocks. If a legacy Company's support were treated under the possible Commission methodology in a similar manner to A-CAM companies, then it would be apparent that legacy companies have both fully funded and partially funded census blocks. The A-CAM Companies undertook such an exercise by offsetting a company's federal support against the cost of company's census blocks. The least

¹⁶ P.O. 3 Order at 4-5.

costly of the company's census blocks are fully funded, while the most costly census blocks are partially funded. When legacy support is treated in a similar manner to A-CAM support, legacy companies also have a significant percentage of their census blocks that are partially funded. To treat legacy companies in a different manner than A-CAM companies is arbitrary.

The FCC undertook an extensive proceeding in connection with implementation of the optional A-CAM program for RoR carriers as part of its overall RoR support reforms. After more than a year of modifying A-CAM inputs including state-specific data for Nebraska, receiving rounds of comments on the model and amassing an extensive record addressing appropriate buildout requirements, the FCC made optional offers of support which, if accepted, required RoR carriers to meet carrier-specific buildout standards to customers at speeds of 25/3, 10/1 and 4/1 Mbps based on the density of a carrier's study area.¹⁷ The FCC used customer location density to establish the buildout requirements for A-CAM companies because density is a primary driver in determining the cost of serving customers with fiber-based networks.¹⁸ Thus, given federal funding limitations, the FCC lowered the deployment obligations from 25/3 Mbps to all locations and made the deployment obligation in lower density service areas less stringent than in higher density service areas, including some locations remaining on "reasonable request."

Compared to other companies across the country, Nebraska A-CAM companies recover a relatively small portion their total eligible costs through federal support due to the limited budget made available by the FCC.¹⁹ The high cost of serving Nebraska customers means that there are

¹⁷ See *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order, Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking, 31 FCC Rcd 3087, paras. 24-27 (2016) ("*2016 RoR Order*"). In addition to minimum speed requirements, the FCC also imposed usage and latency standards that A-CAM recipients must meet.

¹⁸ See *Pfister Testimony*, Tr. 38:5-39:15.

¹⁹ See *A-CAM Companies' Comments* at 13-14. The A-CAM Companies also demonstrated how then-existing legacy RoR rules disadvantaged companies that serve low-density, costly areas such as those served by the A-CAM

a large number of partially funded census blocks in Nebraska relative to other states, especially those states east of the Mississippi River. Some might argue that the Nebraska A-CAM companies should not have optionally selected A-CAM if the federal cost recovery was so low. The A-CAM companies elected the model for a variety of reasons, foremost of which being that A-CAM support is being provided at the same level for 10 years, so companies have certainty in their federal support and can make the investments required by the FCC to bring customers broadband.

D. A-CAM Buildout Standards Reflect FCC Requirements

The A-CAM program requirements are implemented and enforced by the FCC. In its order implementing the optional A-CAM program, the FCC specifically recognized that its setting of support at capped levels but offering some level of support to all eligible customer locations was done to accomplish prescribed buildout levels to unserved customers and to allow carriers to preserve existing service to all customers.²⁰ Any carrier that accepted the FCC's offer of A-CAM support, including the revised offer made earlier this year, has made the choice to meet its FCC-required buildout obligations at the minimum speeds *required by the FCC*, both in fully and partially funded census blocks, and to continue to provide broadband and voice services to all existing customers both in town and out of town.

No company could have possibly anticipated that by acceptance of federal A-CAM support, their eligibility for supplemental NUSF support to advance broadband buildout to all unserved and underserved customers in this state would be jeopardized. Elimination of state support for partially funded census blocks contradicts the policies of the Act as discussed above,

Companies. It is a fact that most RoR companies receiving federal legacy support in Nebraska serve more-dense service areas than do companies that elected A-CAM.

²⁰ See 2016 RoR Order at para. 29.

and violates the principle that universal service is a joint federal and state responsibility.²¹ The A-CAM Companies respectfully request that the Commission order that the costs of partially funded A-CAM out-of-town census blocks be eligible for their appropriate amount of NUSF support based on SBCM costs that are not recovered with A-CAM support so that customers in those locations have the same opportunity as other rural Nebraskans to benefit from broadband deployment.

IV. Targeting of Support to Unserved or Underserved Partially Funded Census Blocks Can Be Accomplished to Satisfy the Commission’s Concerns About Preventing Duplicate Support

Among the Commission’s concerns in this proceeding is to avoid duplication of federal and state support.²² The A-CAM Companies conclude there are two ways in which support may be duplicated: (1) when the federal and state support a company receives in a census block exceeds the SBCM-based cost, and (2) when state support is utilized to build out to a location to meet the federal buildout requirement. Addressing the issue of duplicative support is an appropriate goal that the A-CAM Companies fully support. What is concerning, however, is the apparent position that NUSF funding of a partially funded census block may be considered duplicate support. The A-CAM Companies only seek eligibility for funding the remaining costs of partially funded census blocks that are not funded by federal USF support. The A-CAM Companies do not seek NUSF funding for fully funded census blocks.

The issue of identifying federally funded locations and state funded locations to avoid duplication of state and federal support can be managed. Director Robbins testified that “it is difficult for the commission to marry that support mechanism [A-CAM] with our proposed

²¹ See *id.* at para. 184.

²² See *Robbins Testimony*, Tr. 13:13-15.

deployment plan” because the Commission’s proposed standard of 25/3 Mbps differs from those for some A-CAM locations where 10/1 or 4/1 Mbps are sufficient to meet federal standards given limited federal funding.²³ However, the A-CAM Companies’ witness addressed this concern in his testimony at the hearing.

The A-CAM Companies’ witness stated that companies receiving A-CAM support can be required to demonstrate that customers they are reaching each year with the capital portion of NUSF support are “specific and identifiably not served under federal programs.”²⁴ Mr. Pfister testified that the A-CAM Companies can and will, if requested, provide documentation to the Commission setting forth the extent of build out based on the annual filing each A-CAM company makes with the High Cost Universal Broadband (“HUBB”) reporting portal that the FCC ordered and the Universal Service Administrative Company (“USAC”) operates.²⁵ Pursuant to this recommendation, companies would provide to the Commission the locations to which they have extended service in the prior year via the actual files they submitted to the HUBB portal.²⁶ Companies would then be required to provide additional data to the Commission containing partially funded locations that have been built out with NUSF support in the ensuing year in excess of federal requirements. As to the method for providing documentation on NUSF-funded broadband capital projects, the report process recommended by

²³ *Id.*, Tr. 22:5-13.

²⁴ *Pfister Testimony*, Tr. 44:13-19.

²⁵ *See id.*, Tr. 44: 20-25.

²⁶ For a description of the HUBB portal, *see* <https://www.usac.org/hc/tools/hubb.aspx>. Carriers participating in Connect America Fund programs must file deployment data with USAC’s HUBB portal showing where they are building out mass-market, high-speed internet service by precise location. This information includes latitude and longitude coordinates for every location where service is available, and USAC will eventually display this information on a public-facing map to show the impact of Connect America funding on broadband expansion throughout rural America.

RIC should be utilized.²⁷ The A-CAM Companies welcome collaborative efforts with the Commission to ensure that the information provided meets the needs of the Commission to avoid duplicative support.

As for how A-CAM locations that are being served at speeds of 10/1 Mbps may be ultimately upgraded to 25/3 Mbps under the NUSF high-cost program, the A-CAM Companies recommend the Commission open a future progression order to address that issue. In summary, the Commission should proceed with a methodology such as that described above to target buildout with state support to customers in partially funded census blocks under the A-CAM program, which will ensure that state and federal support is not duplicated, and in the future review how to upgrade fully funded A-CAM locations that are served at speeds less than 25/3 Mbps.

V. It is Appropriate to Use SBCM to Determine NUSF-Eligible Costs, as Long as SBCM Is Uniformly Applied to All RoR Companies and No Company Receives Federal and State Support Greater than its SBCM Costs

The A-CAM Companies have continuously supported the use of SBCM costs to determine eligible NUSF support for RoR companies, with the caveat that SBCM costs be applied in the same manner for all companies and no company receives federal and state USF support in excess of its SBCM out-of-town eligible costs.²⁸ Director Robbins stated at the hearing that the Staff continues to propose to use costs produced by SBCM to determine RoR companies' costs that will be eligible for recovery from the NUSF.²⁹

²⁷ See Application No. NUSF-108, Comments of the Rural Independent Companies in Response to Order Seeking Comment, at 5-8 (Mar. 5, 2018); see also Comments of the Rural Independent Companies in Response to June 19, 2018 Order Seeking Further Comments and Setting Hearing, at 7-9 (July 19, 2018).

²⁸ See *A-CAM Companies' Comments*, at 4-5; see also *Pfister Testimony*, Tr. 32:19-34:17.

²⁹ See *Robbins Testimony*, Tr. 14:4-9.

It is important that the record in this proceeding includes data to aid in the Commission's and all parties' understanding of the use of SBCM costs in terms of eligible costs, possible shifts in support based on that eligible support and, especially, how use of this methodology can result in increased broadband availability for rural Nebraska customers if utilized with an appropriate policy. To make these additions to the record, the A-CAM Companies submit two exhibits attached to these Comments.

- Exhibit A includes each RoR company's 2018 total state and federal support and per-line support amounts. This information provides a baseline establishing the amounts that all RoR companies currently receive in total USF support.
- Exhibit B contains estimates prepared by the A-CAM Companies of each RoR company's annual unrecovered out-of-town SBCM costs. These estimates were calculated by eliminating estimated in-town SBCM costs for each company,³⁰ then reducing those costs by the \$52.50 SBCM monthly revenue benchmark, and then further reducing that net out-of-town cost by the amount of federal support received by each company. Admittedly these amounts are estimates; however, such amounts represent reasonable approximations of the costs that the Commission is utilizing since the SBCM is publicly available for use and review.

As can be seen, it is estimated that more than \$71 million in total SBCM costs are unrecovered among all RoR companies in the state after accounting for federal support and model-based end-user revenues. Notably, more than \$51 million of those unrecovered costs are

³⁰ Out-of-town SBCM costs were estimated by summing the costs of census blocks that have a per location cost exceeding \$65.00. This cost per location was chosen because it resulted in the number of out-of-town locations consistent with the most recent distribution model published by the Commission. Although the Commission has not made public any data on which census blocks are deemed to be out-of-town, the A-CAM Companies believe that estimating out-of-town costs based on the SBCM cost per location in a census block is an appropriate approach.

for the state's eight A-CAM companies, and these costs are comprised entirely of unfunded costs for locations in partially funded A-CAM census blocks. The remaining approximately \$20 million in total unrecovered costs is for the RoR companies that receive legacy federal support. These estimates are presented to: (1) document for the record the magnitude of remaining out-of-town costs for RoR carriers in the state that are unfunded by federal USF; (2) show the range of unrecovered costs between RoR companies; and (3) emphasize the necessity and proper public policy of making A-CAM companies' partially funded census blocks eligible for NUSF support for both capital and operating costs. Eliminating these census blocks would be the equivalent of ignoring nearly three-quarters of the eligible RoR costs in the state and, moreover, penalizing the customers located in those census blocks.

The Commission should make an equitable distribution of NUSF support based on allowable SBCM costs. As Exhibit B demonstrates, many legacy and all A-CAM companies have SBCM costs in excess of the federal USF they receive. For companies that have received NUSF support in the past and would become ineligible for NUSF because federal support exceeds SBCM costs, the Commission should consider a rule "grandfathering" in such companies' prior-year support.

VI. A-CAM Companies Should Be Able to Satisfy the Cost Documentation for Broadband Buildout by Showing that the Cost of Locations Built to with NUSF Support Approximately Equals the Capital SBCM Costs of Those Locations

Finally, the A-CAM Companies wish to comment on the Commission's proposal to reimburse actual costs for capital construction of broadband projects to unserved or underserved customers.³¹ If and when the Commission permits inclusion of partially funded census blocks for A-CAM companies, a significant number of NUSF-funded capital projects will result. Since

³¹ See *Robbins Testimony*, Tr. 18:11-21.

the Commission is using the SBCM for determining allowable costs, it should allow companies to satisfy the cost documentation for broadband buildout by showing that the cost of locations built to with NUSF-funded buildout are approximately equal to the capital SBCM costs of those locations.

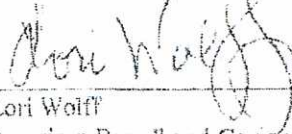
The A-CAM Companies do not make such a recommendation to avoid accountability, which as stated previously in these Comments is fully supported by the A-CAM Companies. However, requiring all RoR companies undertaking NUSF-funded broadband projects to submit invoices and work orders to be processed and reimbursed would result in a burdensome and bureaucratic process for both the Commission and RoR companies. The primary goal of the NUSF should be to accomplish broadband buildout. If a RoR company demonstrates that project buildout meets the SBCM-based costs, this should be an adequate measuring stick. The A-CAM Companies encourage serious consideration of this streamlined process so the focus is on delivering service.

VII. Conclusion

The A-CAM Companies urge the Commission to make clear in this docket that all rural Nebraskans will have the opportunity to receive broadband service, as required by the Nebraska Legislature, and declare the remaining costs of A-CAM companies' partially funded census blocks eligible for NUSF support. We also urge the Commission to use SBCM costs in determining eligible costs, and apply those costs equally to all RoR companies. Finally, the A-CAM Companies recommend use of the federal HUBB reporting data and the RIC accountability proposal to provide adequate assurances that NUSF support is not being used to duplicate federal support.

Dated: September 17, 2018

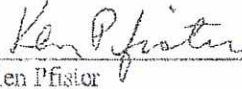
Respectfully Submitted,



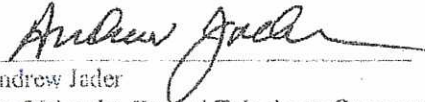
Lori Wolff
American Broadband Companies



Wendy Thompson Fast
Consolidated Companies



Ken Pfister
Great Plains Communications, Inc.



Andrew Jader
The Nebraska Central Telephone Company

Exhibit A

FUSF and NUSF by Nebraska ROR Company for 2018
ACAM Companies

	A	B	C=A+B	D	E=C/D
	FUSF	NUSF ²	Total USF	Access	Total USF
Company	Annual ¹	Annual	Annual	Lines ³	Per Line
Hartman	\$635,340	\$134,228	\$769,568	283	\$2,719
Three River	\$2,243,712	\$408,244	\$2,651,956	1,071	\$2,476
Hemingford	\$1,259,268	\$236,185	\$1,495,453	699	\$2,139
K&M	\$564,259	\$221,988	\$786,247	420	\$1,872
Diller	\$1,184,580	\$158,088	\$1,342,668	756	\$1,776
Hooper	\$996,746	\$61,063	\$1,057,809	629	\$1,682
Glenwood	\$2,716,548	\$728,823	\$3,445,371	2,105	\$1,637
Wauneta	\$584,220	\$136,514	\$720,734	461	\$1,563
Stanton	\$1,223,832	\$97,870	\$1,321,702	922	\$1,434
Benkelman	\$933,768	\$221,027	\$1,154,795	833	\$1,386
Cozad	\$2,017,500	\$95,828	\$2,113,328	1,525	\$1,386
Great Plains	\$18,415,569	\$5,562,029	\$23,977,598	18,458	\$1,299
Plainview	\$938,664	\$113,687	\$1,052,351	827	\$1,272
Consolidated Companies	\$4,272,017	\$1,545,150	\$5,817,167	4,634	\$1,255
Nebraska Central	\$4,787,887	\$1,432,639	\$6,220,526	5,039	\$1,234
Clarks	\$650,928	\$134,933	\$785,861	641	\$1,226
Elsie Dalton	\$852,828	\$51,737	\$904,565	777	\$1,164
Cambridge	\$898,404	\$167,304	\$1,065,708	967	\$1,102
Northeast Nebraska	\$4,841,616	\$1,043,434	\$5,885,050	5,430	\$1,084
Pierce	\$1,057,504	\$137,701	\$1,195,205	1,217	\$982
Mainstay (Henderson)	\$649,188	\$48,520	\$697,708	795	\$878
Hartington	\$1,003,056	\$77,014	\$1,080,070	1,277	\$846
Arapahoe	\$882,864	\$421,642	\$1,304,506	1,770	\$737
Southeast Nebraska	\$1,520,736	\$235,673	\$1,756,409	2,514	\$699
Sodtown	\$36,036	\$0	\$36,036	59	\$611
Hershey	\$224,688	\$68,479	\$293,167	590	\$497
Huntel ABB	\$3,290,185	\$509,733	\$3,799,918	8,924	\$426
Hamilton	\$1,109,256	\$50,525	\$1,159,781	4,756	\$244
Total	\$59,791,199	\$14,100,058	\$73,891,257	68,379	\$1,081

1- Legacy companies source 3Q2018 USAC Appendix HC01 annualized. ACAM companies support calculated @ \$146.10 per location.

2-2018 NUSF-108 High cost support distribution per company obtained from Nebraska Public Service Commission website
http://www.psc.nebraska.gov/ntips_nusf.html.

3- 2017 Annual Report to the Legislature on the Status of the Nebraska Telecommunications Industry, rel. September 30, 2017.

Exhibit B

Unrecovered Out-Of-Town (OOT) SBCM Cost

ACAM Companies

	A	B	C	D=B-C	E	F=D-E	G	H=F/G
Company	Total SBCM Cost	Est. OOT SBCM Cost ¹	End User Revenue ²	Net OOT SBCM Cost	FUSF Annual ³	Unrecovered SBCM Cost	Access Lines ⁴	Unrecovered SBCM Cost per Line
Sodtown	\$ 501,420	\$ 501,420	\$ 80,640	\$ 420,780	\$ 36,036	\$ 384,744	59	\$ 6,521
Elsie Dalton	\$ 5,222,460	\$ 4,761,660	\$ 618,660	\$ 4,143,000	\$ 852,828	\$ 3,290,172	777	\$ 4,234
K&M	\$ 2,631,360	\$ 2,474,340	\$ 306,180	\$ 2,168,160	\$ 564,259	\$ 1,603,901	420	\$ 3,819
Consolidated Companies	\$ 21,153,060	\$ 19,294,440	\$ 2,982,420	\$ 16,312,020	\$ 4,272,017	\$ 12,040,003	4,634	\$ 2,598
Hartman	\$ 1,473,240	\$ 1,410,180	\$ 228,690	\$ 1,181,490	\$ 635,340	\$ 546,150	283	\$ 1,930
Glenwood	\$ 9,471,780	\$ 8,301,660	\$ 1,536,570	\$ 6,765,090	\$ 2,716,548	\$ 4,048,542	2,105	\$ 1,923
Arapahoe	\$ 5,418,120	\$ 4,556,940	\$ 815,220	\$ 3,741,720	\$ 882,864	\$ 2,858,856	1,770	\$ 1,615
Wauneta	\$ 1,736,220	\$ 1,487,280	\$ 185,220	\$ 1,302,060	\$ 584,220	\$ 717,840	461	\$ 1,557
Three River	\$ 4,979,400	\$ 4,544,160	\$ 672,210	\$ 3,871,950	\$ 2,243,712	\$ 1,628,238	1,071	\$ 1,520
Nebraska Central	\$ 17,850,420	\$ 14,806,320	\$ 2,942,100	\$ 11,864,220	\$ 4,787,887	\$ 7,076,333	5,039	\$ 1,404
Great Plains	\$ 61,003,560	\$ 50,520,600	\$ 9,796,500	\$ 40,724,100	\$ 18,415,569	\$ 22,308,531	18,458	\$ 1,209
Hemingford	\$ 2,705,100	\$ 2,426,640	\$ 354,060	\$ 2,072,580	\$ 1,259,268	\$ 813,312	699	\$ 1,164
Hershey	\$ 1,404,600	\$ 1,179,660	\$ 323,820	\$ 855,840	\$ 224,688	\$ 631,152	590	\$ 1,070
Clarks	\$ 1,975,740	\$ 1,682,280	\$ 410,130	\$ 1,272,150	\$ 650,928	\$ 621,222	641	\$ 969
Northeast Nebraska	\$ 14,668,980	\$ 12,536,460	\$ 2,880,990	\$ 9,655,470	\$ 4,841,616	\$ 4,813,854	5,430	\$ 887
Diller	\$ 2,461,920	\$ 2,273,880	\$ 483,840	\$ 1,790,040	\$ 1,184,580	\$ 605,460	756	\$ 801
Hooper	\$ 2,348,760	\$ 2,021,280	\$ 542,430	\$ 1,478,850	\$ 996,746	\$ 482,104	629	\$ 766
Benkelman	\$ 2,290,980	\$ 1,842,960	\$ 335,160	\$ 1,507,800	\$ 933,768	\$ 574,032	833	\$ 689
Pierce	\$ 3,036,540	\$ 2,508,000	\$ 645,120	\$ 1,862,880	\$ 1,057,504	\$ 805,376	1,217	\$ 662
Cambridge	\$ 2,078,100	\$ 1,560,840	\$ 287,280	\$ 1,273,560	\$ 898,404	\$ 375,156	967	\$ 388
Hamilton	\$ 5,814,060	\$ 3,865,920	\$ 1,110,060	\$ 2,755,860	\$ 1,109,256	\$ 1,646,604	4,756	\$ 346
Huntel ABB	\$ 12,784,560	\$ 8,489,520	\$ 2,423,610	\$ 6,065,910	\$ 3,290,185	\$ 2,775,725	8,924	\$ 311
Southeast Nebraska	\$ 4,246,260	\$ 2,723,220	\$ 561,960	\$ 2,161,260	\$ 1,520,736	\$ 640,524	2,514	\$ 255
Mainstay (Henderson)	\$ 1,302,180	\$ 987,120	\$ 235,620	\$ 751,500	\$ 649,188	\$ 102,312	795	\$ 129
Plainview	\$ 1,682,520	\$ 1,285,020	\$ 257,670	\$ 1,027,350	\$ 938,664	\$ 88,686	827	\$ 107
Cozad	\$ 2,688,240	\$ 1,595,760	\$ 473,130	\$ 1,122,630	\$ 2,017,500	\$ -	1,525	\$ -
Hartington	\$ 1,836,540	\$ 1,359,780	\$ 374,220	\$ 985,560	\$ 1,003,056	\$ -	1,277	\$ -
Stanton	\$ 1,703,880	\$ 1,292,220	\$ 297,360	\$ 994,860	\$ 1,223,832	\$ -	922	\$ -
Total	\$ 196,470,000	\$ 162,289,560	\$ 32,160,870	\$ 130,128,690	\$ 59,791,199	\$ 71,478,829	68,379	\$ 1,045

1- Out-Of-Town SBCM costs estimated to be cost for census blocks with average cost \$65 or higher per location.

2- Calculated using \$52.50 (Benchmark) per mo. per subscriber.

3- Annualized FUSF: Legacy companies source 1Q2018 USAC Appendix HC01 High Cost Loop + CAF BLS, ACAM companies support @ \$146.10 per location

4- 2017 Annual Report to the Legislature on the Status of the Nebraska Telecommunications Industry, rel. September 30, 2017.

CERTIFICATE OF SERVICE

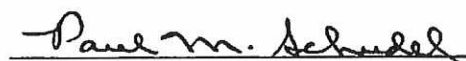
The undersigned hereby certifies that on this 17th day of September, 2018, an electronic copy of the foregoing pleading was delivered to:

Nebraska Public Service Commission

Cullen.Robbins@nebraska.gov

Brandy.Zierott@nebraska.gov

Other Commenting Parties


Paul M. Schudel