BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public Service Commission, on its own Motion, to Consider Revisions to the Contribution Methodology and Determine a Rate Design for Services Currently Subject to a Revenues-based Surcharge.

Application No. NUSF-119/ PI-233

REPLY COMMENTS OF THE NEBRASKA RURAL INDEPENDENT COMPANIES


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Date: September 30, 2020.
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I. INTRODUCTION

The Nebraska Rural Independent Companies ("RIC")\(^1\) submit these Reply Comments in response to comments filed in this proceeding regarding the issues raised in the June 30, 2020 Order Opening Docket and Seeking Comment in this docket (the "Order") by the Nebraska Public Service Commission (the "Commission").\(^2\) RIC appreciates the opportunity to provide these Comments, and looks forward to continuing participation in this docket and other pending dockets regarding the Nebraska Universal Service Fund ("NUSF").\(^3\)

Consistent with its views stated in response to the companion orders issued by the

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\(^2\) On July 21, 2020, the comment and reply periods were extended. See Motion for Extended Time Granted, NUSF-119/PI-233, entered July 21, 2020. References to the comments filed are to the name of the filing entity and the page and refer to those comments filed August 31, 2020 in response to the Order.

\(^3\) Unless otherwise indicated, RIC uses the terms "NUSF" in these Comments to refer to the NUSF High Cost Program and the term "Fund" to refer to all programs supported by the Nebraska Universal Service Fund.
Commission on June 30, 2020 in NUSF-99 and NUSF 108, the issues raised in June 30 Orders afford the Commission the opportunity to develop a cohesive NUSF surcharge assessment and support distribution framework for all Nebraska Eligible Telecommunications Companies. The common thread in RIC’s view is that this framework can and should advance the State’s and this Commission’s policy supporting deployment of ubiquitous broadband service at minimum speeds of 25/3 Mbps for all Nebraska consumers (the “NUSF 25/3 Standard”).

With respect to this NUSF-119 proceeding, two important matters should be borne in mind. First, the Commission’s actions in establishing the residential connections-based NUSF surcharge assessment mechanism were aimed at stabilizing the NUSF contribution mechanism. Second, while a level of stabilization has been achieved, reform of the NUSF surcharge assessment mechanism applicable to business service is needed to accomplish a level of NUSF surcharge collections that will fund provision of broadband for all Nebraska consumers at the NUSF 25/3 Standard. Thus, further reform of the NUSF contribution framework, continued efforts to properly balance the contribution levels between residential and business users, and establishment of NUSF funding necessary to advance efforts in achieving the NUSF 25/3 Standard should be the goals of this docket.

II. DISCUSSION

A. RIC’s Proposed Reforms of the NUSF Surcharge Assessment Mechanism Applicable to Business Services Present the Most Rational and Cohesive Set of Solutions for Adoption by the Commission in Response to the Order.

4 See In the Matter of the Nebraska Public Service Commission, on its own Motion, to Administer the Universal Service Fund High-Cost Program, Application No. NUSF-99, Progression Order No. 2, entered June 30, 2020; 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 its reporting requirements, Order Setting Hearing, Application No. NUSF-108, Progression Order No. 5, entered June 30, 2020. These documents along with the Order are collectively referred to as the “June 30 Orders”.

2
In its Comments, RIC proposes that the Commission should implement reforms to its current revenues-based NUSF surcharge assessment on business services consisting of five steps:

1. The implementation of a connections-based assessment mechanism that would be applied to business service connections/subscriptions provided by mobile carriers, wireline carriers and Voice over Internet Protocol ("VOIP") providers;

2. The retention of the existing revenues-based assessment mechanism for toll revenues consisting of switched toll, private line toll and other toll consistent with the current reporting of these revenues by carriers on the Nebraska Universal Service Fund Remittance Worksheet (the "Worksheet") (these revenues collectively referred to as "Toll Revenues");

3. The retention of the existing revenues-based assessment mechanism for "Other" revenues consisting of directory, private line and paging services, again consistent with the reporting of these revenues by carriers in the Worksheet (these revenues collectively referred to herein as "Other Revenues");

4. The retention of the existing revenues-based assessment mechanism for prepaid wireless services consistent with the requirements of Neb. Rev. Stat. § 86-903.; and

5. The resizing of the NUSF to not less than the mid-point of the $46 to $54 million range that the Commission previously established, particularly in light of historical annual remittances that averaged $56.6 million per year prior to the material decline in the remittances that began in 2014.

The rationale supporting the adoption of the foregoing five points was demonstrated in the RIC Comments to be in the public interest.

B. Opposition by Other Commenters to Implementation of a Connections-Based NUSF Surcharge Mechanism is Not Well Founded.

Implementation of a connections-based surcharge on business services is opposed in the comments filed by AT&T Corp. ("AT&T"), Qwest Corporation d/b/a CenturyLink QC

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5 See RIC Comments at 4-5.

6 Please refer to Exhibit A attached to these Reply Comments which is a copy of the Nebraska Universal Service Fund Remittance Worksheet as reproduced from the Commission’s website.

7 See Comments of AT&T Corp, et al. at 2.
("CenturyLink"),\textsuperscript{8} Citizens Telecommunications Company of Nebraska d/b/a Frontier Communications of Nebraska ("Frontier"),\textsuperscript{9} Windstream Nebraska, Inc. ("Windstream"),\textsuperscript{10} and in the Joint Comments of Cox Nebraska Telecom, LLC, Charter Fiberlink – Nebraska, LLC and Time Warner Cable Information Services (Nebraska), LLC (the "CATV Providers").\textsuperscript{11} In contrast, Rural Telecommunications Coalition of Nebraska ("RTCN") supports implementation of a connections-based NUSF surcharge mechanism on business services,\textsuperscript{12} as does RIC.\textsuperscript{13}

(i) AT&T’s Positions are not Well-Founded.

AT&T asserts a number of claimed reasons why the Commission should not implement a change in the assessment mechanism for business services such as carriers being “required to change software, billing, accounting and reporting systems.”\textsuperscript{14} RIC notes, however, that: (1) similar claims were raised by various carriers concerning the implementation of a connections-based NUSF surcharge on residential services in Application No. NUSF-111; (2) carriers already assess businesses on a per-connection basis for 911 and TRS surcharges; (3) these issues were

\textsuperscript{8} See Comments of CenturyLink at 1.

\textsuperscript{9} See Comments of Frontier at 2. However, Frontier’s position is less outright opposition, but rather is that “Frontier does not see a need to implement a connections-based framework for business and government services at this time." \textit{Id.} at 3.

\textsuperscript{10} See Comments of Windstream at 2. Similar to Frontier, rather than outright opposition to implementation of a connections-based surcharge on business services, Windstream’s position is that it is “wary of any changes to the NUSF contribution methodology . . .” \textit{Id}.

\textsuperscript{11} See Joint Comments of the CATV Providers at 2. The Cable Providers suggest that “the Commission first determine the necessary size of the NUSF so the business customer impact of a connections-based methodology can be gauged . . .” \textit{Id}.

\textsuperscript{12} See Comments of RTCN at 5.

\textsuperscript{13} See RIC Comments at 4.

\textsuperscript{14} See AT&T Comments at 3.
discussed in workshops conducted by the Commission Staff; and (4) implementation of the changes in residential NUSF surcharge was effected without disruption to the NUSF collection process and without undue burden on any carrier. AT&T’s contentions do not address these facts.

AT&T’s contentions that the number of business connections will not be ascertainable because they may be “shared use” facilities is significantly undercut by the fact that carriers have been reporting business connection counts to the Commission in response to the requests in the bottom section of the Worksheet. The data collected by the Commission discloses that during the time period of June 2019 through May 2020, the average monthly reported business connection count was 760,626. This data is available for use in the rate design for a connections-based mechanism to assess NUSF surcharge on business services.

AT&T also asserts that applying a connections-based NUSF surcharge assessment to a jurisdictionally shared connection could violate federal law. Just as connections for the provision of business services carry interstate and intrastate communications, so also do connections for the provision of residential services carry jurisdictionally mixed traffic. In its Order implementing the connections-based mechanism applicable to residential services, the Commission acknowledged arguments advanced by CTIA that adoption of a state connections-based assessment mechanism would impermissibly burden the federal Universal Service Fund.

\footnote{See id.}

\footnote{See RIC Comments at 7.}

\footnote{At the same time, however, if AT&T or any other carrier is under- or over-reporting business connections that is an issue that may need additional company-specific review by the Commission.}

\footnote{See AT&T Comments at 4.}
(the "federal USF") mechanism. The Commission’s analysis addressing those contentions is equally applicable here. No appeal of the Commission’s implementation order and no collateral litigation was filed to challenge the implementation of the residential connections-based mechanism. For these reasons, AT&T’s contention that adoption of a connections-based NUSF surcharge assessment mechanism applicable to business services would violate federal law should be rejected.20

(ii) CenturyLink’s Recommendations regarding an NUSF Assessment Mechanism for Business Services are Ill-Advised.

While CenturyLink recommends that the current revenues-based assessment mechanism for business services be maintained, it also states that it is “not opposed to a connections-based contribution framework for business and government service.”21 In RIC’s view, however, there

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19 In the Matter of the Nebraska Public Service Commission, on its own motion, to determine a rate design and address implementation issues with a connections-based contribution mechanism, Application No. NUSF-111/PI-211, Order (the “NUSF-111 Order”) at 11 and 13 (Aug. 7, 2018).

20 At page 5 of its comments, AT&T indicated that:

that states like Nebraska should rethink how USF supported services and programs are funded as the contribution mechanisms historically based on traditional voice services continue to see declining revenues. As technology continues to change and customers who traditionally purchased legacy TDM voice services switch to IP-based alternatives – especially business and government customers – the decline in assessable revenues and connections will continue and so will the disparity in contribution percentages.

AT&T Comments at 5. There may be a need by the Commission to continue periodic review of the NUSF contribution framework. An initial step acknowledging AT&T’s transition was already taken by the Commission when it revised the concept of an “assessable” service to mean: “Assessable service. A service which allows a connection to other networks through internetwork routing as a means to provide telecommunications.” In the Matter of the Nebraska Public Service Commission, on its own motion, to consider revisions to the universal service fund contribution methodology, Application No. NUSF-100, PI-193, Order and Order Seeking Further Commission and Setting Hearing (Feb. 22, 2017) at 21.

21 See CenturyLink Comments at 2.
are problematical aspects of CenturyLink’s recommendations which should be rejected.

First, CenturyLink suggests “a single, uniform, per-connection charge for residential, single line, multi-line and enterprise customers.” That suggestion would only exacerbate the overall funding disparity between residential and business customers that the Commission raised. RIC demonstrated that the monthly average number of residential connections in service for the period of June 2019 through May 2020 was 1,455,259 while during that same period, the monthly average number of wireless, wireline and VoIP business service connections was 760,626. Based upon these numbers alone, residential customers would be contributing 65.7% of remittances to the NUSF if all connections were assessed a single, uniform per-connection surcharge.

Second, CenturyLink recommends against application of the NUSF surcharge to activation services and to toll services. This proposal directly conflicts with the directive of Neb. Rev. Stat. § 86-323(4) that “[a]ll providers of telecommunications should make an equitable and non-discriminatory contribution to the preservation and advancement of universal service.”

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22 Id. at 4. However, CenturyLink also proposes to cap assessable business connections at 100 per service area which would shift more of the assessment burden to residential customers. Id. at 7.

23 Order at 2.

24 See RIC Comments at 7.

25 As is demonstrated in Section II.E below, if a uniform monthly connections-based surcharge were to be adopted, the rate would need to be greater than the current $1.75 per month residential surcharge rate in order to achieve total annual remittances at the levels targeted by the Commission in the NUSF-111 Order. This increase in the surcharge level applicable to residential services would exacerbate the existing imbalance in NUSF surcharge remittances by residential customers as compared to business customers.

26 See CenturyLink Comments at 9.
Further, as a practical matter, adoption of this CenturyLink recommendation would result in an annual loss of nearly $2.8 million of remittances based upon June 2019 through May 2020 data.\textsuperscript{27} The Commission should reject this recommendation.

C. \textbf{For the Reasons Stated by CTIA and RIC, Prepaid Wireless Services Should Remain Subject to a Revenues-Based NUSF Surcharge.}

The essential thrust of the comments filed by CTIA in this docket is that prepaid wireless services must be assessed on the basis of revenues.\textsuperscript{28} This position is based upon the requirements of \textit{Neb. Rev. Stat.} § 86-903. In its Comments, RIC states that “prepaid wireless services should continue to be assessed on the current basis as provided by \textit{Neb. Rev. Stat.} § 86-903.” No commenter has asserted a position contrary to the foregoing. Thus, the Commission should find that, as a result of the language in \textit{Neb. Rev. Stat.} § 86-903, prepaid wireless services should remain subject to a revenues-based NUSF surcharge.

D. \textbf{The Commission Should Implement a Connections-Based Assessment Mechanism for Business Services Based upon a Rate Design that will Achieve a Minimum Projected Annual Overall Fund Size of $58.25 Million.}

As noted by both RIC and RTCN in their Comments, in the \textit{NUSF-111 Order} the Commission proposed a budgetary range between $46 million and $54 million for the NUSF High Cost Program.\textsuperscript{29} It is important to bear in mind the fact as presented on the “NUSF-119 Rate Design Data” page of RIC’s Comments that sizing of the Nebraska Universal Service Fund must take into account the fiscal needs of all Commission-sponsored universal service funding.

\textsuperscript{27} See RIC Comments, Attachment A at ii. RIC has recommended that the current revenues-based assessment mechanism should continue to be applied to Toll Revenues and to Other Revenues (defined above). Frontier has made a similar recommendation. See Frontier Comments at 5.

\textsuperscript{28} See CTIA Comments at 2.

\textsuperscript{29} See RIC Comments at 7 and RTCN Comments at 9 and \textit{NUSF-111 Order} at 26.
programs and administration costs. The High Cost Program is only one of such programs. Based upon data set forth in Attachment A to the RIC Comments, these other programs and administration costs require an aggregate $8.25 million of funding per year at the present time.\textsuperscript{30} Remittances to the Fund for the period of April 2019 through May 2020 were $47.1 million and the Commission-approved 2020 NUSF (High Cost Program) budget is $40 million.\textsuperscript{31} As the facts derived from the remittance history demonstrate, however, remittances derived from the connections-based mechanism for residential services coupled with the current surcharge amount for business services of 6.95\% will not allow the Fund to reach the budget range endorsed by the Commission in the \textit{NUSF-111 Order}.

Since the 70\% contribution level that is currently being borne by residential services users should not, in RIC’s view be raised as a matter of fairness and equity,\textsuperscript{32} the only choices to achieve the proper NUSF (High Cost Program) size which are available to the Commission are (1) to raise the revenues-based percentage surcharge on business services or (2) to reform the current assessment mechanism to a connections-based mechanism as proposed by RIC and others.

As to the first, option, RIC notes that Frontier and the Cable Providers support Commission action to increase the percentage surcharge on business services.\textsuperscript{33} Yet, neither provides any data as to amount of the surcharge percentage increases that would be required to

\textsuperscript{30} See RIC Comments, Attachment A at i.

\textsuperscript{31} Id.

\textsuperscript{32} Id. at 9 (A “70\% contribution level for residential services is excessive . . . and it may be preferred by the Commission to design a connections-based/hybrid rate design that generates a more equitable contribution allocation between residential and business end users.”)

\textsuperscript{33} See Frontier Comments at 3-4 and CATV Providers Comments at 3.
achieve projected remittances consistent with the range of the NUSF size set out in the *NUSF-111 Order*. RIC provides the following data to place in perspective the increases in the surcharge percentages that would be necessary to achieve the remittance range established in the *NUSF-111 Order*.

Based upon business revenues derived from mobile, wireline and VoIP services reported by carriers through the Worksheet for the period of June 2019 through May 2020, in order to reach an overall fund size of $54.25 million, the 6.95% business revenue surcharge would need to be increased to 12.48%. For an overall fund size of $58.25 million, the surcharge percentage would need to be raised to 15.48%, and for an overall fund size of $62.25 million the surcharge percentage would need to be 18.47%.

Information collected by the Commission through carrier responses to the Worksheet for the period of June 2019 through May 2020 discloses that total reported assessable business revenues were $133,539,875. Applying the current 6.95% surcharge to these revenues yields $9,281,021 of Fund remittances for this time period. The following table shows these assessable business revenues and Fund remittances based upon the current 6.95% surcharge. Also, the table shows the business services surcharge percentages and per connection surcharge amounts needed to realize the total Fund sizing scenarios set forth in the table.

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Source</th>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Assessable Business revenues</td>
<td>Note /1</td>
<td>$133,539,875</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Current revenue surcharge</td>
<td></td>
<td>6.95%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Fund remittances</td>
<td>Ln 1 * Ln 2</td>
<td>$9,281,021</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total NUSF Size Scenarios</th>
</tr>
</thead>
<tbody>
<tr>
<td>@ $52.25M</td>
</tr>
<tr>
<td>$16,668,579</td>
</tr>
<tr>
<td>12.48%</td>
</tr>
<tr>
<td>RIC calculated monthly business connection charge</td>
</tr>
</tbody>
</table>

Note /3 | $1.83 | $2.26 | $2.70
E. The Need for Additional NUSF Support to Supplement Federal USF Support in Order to Accomplish Deployment of Ubiquitous Broadband to Meet the NUSF 25/3 Standard for All Nebraska Consumers is Well Established.

The need for additional NUSF support to supplement federal USF support in order to accomplish deployment of ubiquitous broadband to meet the NUSF 25/3 Standard for all Nebraska consumers is a fact. Most recently, on August 25, 2020, the Commission held a public hearing regarding Application No. NUSF-99. As a part of the testimony presented by RIC witness, Scott Schultheis, an exhibit was offered and received in evidence that summarizes “Eligible Investment for NUSF Budget Allocation”, a copy of which is attached hereto as Exhibit B. This exhibit sets forth the total investment required for deployment of a network capable of providing broadband at minimum speeds of 25/3 Mbps as derived from the State Broadband Cost Model (“SBCM”). The exhibit then reduces this investment requirement for price cap and rate-of-return carriers by eliminating the SBCM-determined investments associated with ineligible census blocks and already available federal and state universal service fund support.34

The resulting calculations show that the remaining eligible investment to attain the NUSF 25/3 Standard for Nebraska consumers in census blocks served by price cap carriers is slightly over $75 million, and the remaining eligible investment to attain the NUSF 25/3 Standard for

34 RIC made clear that its calculations were on the facts known and those facts anticipated to occur, while also recognizing that the Commission can update the table once new facts are known.
Nebraska consumers in census blocks service by rate-of-return carriers is nearly $216.5 million. This data demonstrates the need for the Commission to increase the annual budget for the NUSF High Cost Program from its 2020 level of $40 million to at least $50 million consistent with the Commission’s reasoning set forth in the NUSF-111 Order.

III. CONCLUSION

As stated above, RIC appreciates the opportunity to provide these reply comments in response to the inquiries presented by the Commission in the Order. RIC respectfully requests the Commission to take action consistent with the RIC Comments and the positions set forth above. RIC looks forward to continuing participation in this docket.

By:  

[Signature]

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tmoorman@woodsaitken.com
CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 30th day of September 2020, an electronic copy and five paper copies of the foregoing pleading were delivered to:

Nebraska Public Service Commission
Cullen.Robbins@nebraska.gov
Brandy.Zierott@nebraska.gov

An electronic copy of the foregoing pleading was also delivered to those parties that have filed comments in this docket.

[Signature]
Paul M. Schudel
EXHIBIT A

Nebraska Universal Service Fund Remittance Worksheet

[see attached]
**Nebraska Universal Service Fund Remittance Worksheet**

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Name</td>
<td></td>
</tr>
<tr>
<td>NE Code</td>
<td></td>
</tr>
<tr>
<td>Data Year</td>
<td></td>
</tr>
<tr>
<td>Data Month</td>
<td></td>
</tr>
</tbody>
</table>

**Residential:**

- Mobile
- Wireline
- VoIP

Authorized Adjustments to Line Counts

Subtotal Residential Line Counts: 0.00

Surcharge per line: $1.75

Subtotal NUSF assessment for residential: $-

**Business:**

- Business Mobile Monthly Activation Charge
- Business Mobile Usage Charges
- Local Exchange Service
- Fixed Local Private Line Service
- Radio Paging Services
- Alt Access and Directory Services
- Switched Toll Services
- Toll Private Line Services
- Other Toll Private Service Revenue

Authorized Adjustments To Assessable Revenue

Subtotal Business Revenue: $-

Surcharge: 6.95%

Subtotal NUSF assessment for business: $-

Total NUSF assessment: $-

**Information collection for business line counts (not assessed):**

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile</td>
<td></td>
</tr>
<tr>
<td>Wireline</td>
<td></td>
</tr>
<tr>
<td>VoIP</td>
<td></td>
</tr>
</tbody>
</table>
EXHIBIT B

NUSF-99 Exhibit “Eligible Investment for NUSF Budget Allocation”

[see attached]
### Exhibit 1

**Eligible Investment for NUSF Budget Allocation**

<table>
<thead>
<tr>
<th>Ln</th>
<th>Description</th>
<th>Source</th>
<th>Note</th>
<th>A Census Blocks</th>
<th>B Locations</th>
<th>C Investment</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>SBCM file used for 2020 NUSF Distributions</td>
<td>SBCM data file</td>
<td></td>
<td>33,489</td>
<td>30,735</td>
<td>$905,264,808</td>
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<tr>
<td>2</td>
<td>Assigned CAF 2 Auction 903</td>
<td>FCC Auction 903 Results</td>
<td>Note 1</td>
<td>4,794</td>
<td>8,735</td>
<td>147,199,917</td>
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<td>3</td>
<td>RDOF Phase 1</td>
<td>FCC DA 20-665</td>
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<td>15,660</td>
<td>38,093</td>
<td>429,941,591</td>
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<tr>
<td>4</td>
<td>NPSC Successful RDOF Challenges</td>
<td>FCC DA 20-665</td>
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<td>1,325</td>
<td>4,761</td>
<td>34,455,736</td>
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<td>5</td>
<td>RDOF Phase 2</td>
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<td>6</td>
<td>25/3 Mbps Capable Census Blocks</td>
<td>SBCM data file</td>
<td>Note 2</td>
<td>6,258</td>
<td>47,560</td>
<td>151,227,930</td>
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<td>7</td>
<td>Census Blocks with Avg Cost less than $52.50</td>
<td>SBCM data file</td>
<td></td>
<td>758</td>
<td>4,886</td>
<td>8,948,906</td>
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<tr>
<td>8</td>
<td>Eligible Investment for NUSF before Grants</td>
<td>Ln 1 - Sum(Ln 2...Ln 7)</td>
<td></td>
<td>4,684</td>
<td>14,700</td>
<td>$133,490,729</td>
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<tr>
<td>9</td>
<td>Percent of Eligible Investment before Grants</td>
<td>Ln 8/(Ln 8 + Ln 23)</td>
<td></td>
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<td>36.5%</td>
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<td>10</td>
<td>Grant/BDS Dollars for Investment</td>
<td>NUSF-99 Year 2017</td>
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<td>$14,545,442</td>
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<td>Grant/BDS Dollars for Investment</td>
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<td>11,636,353</td>
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<td>12</td>
<td>Grant/BDS Dollars for Investment</td>
<td>NUSF-99 Year 2019</td>
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<td>15,649,548</td>
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<td>13</td>
<td>Grant/BDS Dollars for Investment</td>
<td>NUSF-99 Year 2020</td>
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<td>16,403,282</td>
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<td>14</td>
<td>Total Grant/BDS Dollars for Investment</td>
<td>Sum(Ln 10..Ln 13)</td>
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<td>$58,234,625</td>
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<td>15</td>
<td>Grant/BDS Dollars in NPSC RDOF Challenge Areas</td>
<td>NPSC RDOF Challenges</td>
<td>Note 4</td>
<td></td>
<td></td>
<td>$ -</td>
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<td>16</td>
<td>Eligible Investment for NUSF after Grants</td>
<td>Ln 8 - Ln 14 + Ln 15</td>
<td></td>
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<td>$75,256,104</td>
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<tr>
<td>17</td>
<td>Percent of Eligible investment after Grants</td>
<td>Ln 16/(Ln 16 + Ln 28)</td>
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<td></td>
<td></td>
<td>25.8%</td>
</tr>
</tbody>
</table>

### Rate of Return

<table>
<thead>
<tr>
<th>Ln</th>
<th>Description</th>
<th>Source</th>
<th>Note</th>
<th>A Census Blocks</th>
<th>B Locations</th>
<th>C Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>SBCM file used for 2020 NUSF Distributions</td>
<td>SBCM data file</td>
<td></td>
<td>20,463</td>
<td>52,471</td>
<td>$740,903,888</td>
</tr>
<tr>
<td>19</td>
<td>ACAM Fully Funded Census Blocks</td>
<td>SBCM data file</td>
<td></td>
<td>7,101</td>
<td>21,328</td>
<td>161,814,465</td>
</tr>
<tr>
<td>20</td>
<td>ACAM Capped Census Blocks</td>
<td>SBCM data file</td>
<td>Note 3</td>
<td></td>
<td></td>
<td>174,292,251</td>
</tr>
<tr>
<td>21</td>
<td>25/3 Mbps Capable Census Blocks</td>
<td>SBCM data file</td>
<td></td>
<td>4,263</td>
<td>12,820</td>
<td>170,042,286</td>
</tr>
<tr>
<td>22</td>
<td>Census Blocks with Avg Cost less than $52.50</td>
<td>SBCM data file</td>
<td></td>
<td>155</td>
<td>1,338</td>
<td>2,686,740</td>
</tr>
<tr>
<td>23</td>
<td>Eligible Investment for NUSF before Grants</td>
<td>Ln 18 - Sum(Ln 19...Ln 22)</td>
<td></td>
<td>8,944</td>
<td>16,985</td>
<td>$232,068,146</td>
</tr>
<tr>
<td>24</td>
<td>Percent of Eligible investment before Grants</td>
<td>Ln 23 /(Ln 8 + Ln 23)</td>
<td></td>
<td></td>
<td></td>
<td>63.5%</td>
</tr>
<tr>
<td>25</td>
<td>Grant/BDS Dollars for Investment</td>
<td>NUSF-108 Year 2019</td>
<td></td>
<td></td>
<td></td>
<td>$7,249,469</td>
</tr>
<tr>
<td>26</td>
<td>Grant/BDS Dollars for Investment</td>
<td>NUSF-108 Year 2020</td>
<td></td>
<td></td>
<td></td>
<td>$8,357,741</td>
</tr>
<tr>
<td>27</td>
<td>Total Grant/BDS Dollars for Investment</td>
<td>Sum(Ln 25...Ln 26)</td>
<td></td>
<td></td>
<td></td>
<td>$15,607,210</td>
</tr>
<tr>
<td>28</td>
<td>Eligible Investment for NUSF after Grants</td>
<td>Ln 23 - Ln 27</td>
<td></td>
<td></td>
<td></td>
<td>$216,460,936</td>
</tr>
<tr>
<td>29</td>
<td>Percent of Eligible Investment after Grants</td>
<td>Ln 28/(Ln 28+ Ln 16)</td>
<td></td>
<td></td>
<td></td>
<td>74.2%</td>
</tr>
</tbody>
</table>

**Notes:**

1. FCC DA 20-665 released June 25, 2020. Assumed all eligible CBs will be assigned in RDOF Phase 1 auction.
2. These amounts are unknown at this time; however, they need to be identified when federal funding is provided.
3. The following calculation was performed for each Capped CB: ACAM Capped Investment = SBCM Investment * (1 - (SBCM Avg Model Cost per Loc per Mo. Capped CB - $200 support - $52.50 Benchmark) / SBCM Avg Model Cost per Loc Per Mo. Capped CB)). None of the 7,034 ACAM Capped CBs containing 12,267 locations are removed from the analysis.
4. NUSF Support reimbursed for projects identified in Note 4 would be added back to the analysis to avoid double counting.