

Q. Can you please generally describe the basis for Consolidated's opposition to the Project 1?

A. The Raicom system that uses wireless transport to the customer provides the customer with fixed point broadband service and not with wireless mobile broadband service. Therefore, the service proposed by Raicom regarding Project 1 is directly in competition with a landline-based fixed point broadband service currently offered by Consolidated and Curtis Telephone Company ("Curtis") in the Project 1 area, not with wireless mobile broadband services such as are offered by Verizon, Viaero and US Cellular in this area. The Raicom application does not anticipate construction of facilities to provide mobile broadband service complimentary to the existing fixed point broadband service.

Q. Are there additional details and information in opposition to the Project that you would also offer?

A. Yes. Attached to this testimony as Exhibit A is a map of the area that is subject to Project 1. The light green shaded area of Exhibit A illustrates that seventy-nine (79) census blocks included in the Raicom application are already served with fixed point broadband service by either Consolidated or Curtis. The broadband speeds offered by Consolidated and Curtis to these areas meet or exceed the Commission's current broadband standard of 4 Mbps/1 Mbps, and voice service is also provided. In many cases the households located in these census blocks are equipped with fiber-to-the-home and have access to broadband speeds of up to 20Mbps download and 10 Mbps of upload. Further, in Application No. NUSF-77.23, on November 25, 2013 Consolidated was awarded a Nebraska Broadband Program grant providing Nebraska Universal Service Fund ("NUSF") support to construct facilities for the purpose of providing access to fixed

point broadband service in ninety-three (93) census blocks included in the Raicom application area that is yellow shaded on the map identified as Exhibit A. A copy of the Commission's Order is attached as Exhibit B.

The light green shaded area in Exhibit A comprises a 179 square mile area that currently is receiving fixed point broadband service which Raicom proposes to overbuild. The yellow shaded area in Exhibit A comprises a 189 square mile area that the Commission funded in Application No. 77.23 to create access to fixed point broadband service. *In total, in connection with Project 1, Raicom proposes to overbuild with NUSF support a total of 362 square miles of either Consolidated or Curtis service areas in which fixed point broadband service either is available or will be available as soon as construction now in progress and funded with NUSF support can be completed.*

Q. What conclusions and recommendations for the Commission do you derive from the foregoing facts?

A. During negotiations that preceded the submission of this testimony, Consolidated requested that Raicom either amend the scope of Project 1 to eliminate the overbuild that I have described above or to withdraw Project 1. Raicom refused to do so without any comment or attempt to justify this overbuild situation. We all know the accuracy of the following statement set forth on page 13 of the Recommendation of the Commission Staff that "the influx of [2014] applications again results in demand [for NUSF support] significantly outpacing supply." If the Commission were to approve Project 1 for funding it would be wasting scarce NUSF support and it would be violating the fundamental policy of the Nebraska Broadband Program that NUSF support is not to be

provided to establish fixed point broadband service to fully-served areas or areas already with approved NUSF funding to establish broadband service.

The clear conclusion is that in the instance of Project 1, the Staff Recommendation for funding should be rejected and the Commission should deny approval of Project 1.

Q. Does this conclude your testimony?

A. Yes.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 9th day of May, 2014, the original, five copies, and an electronic copy of the foregoing pleading was delivered to:

Nebraska Public Service Commission

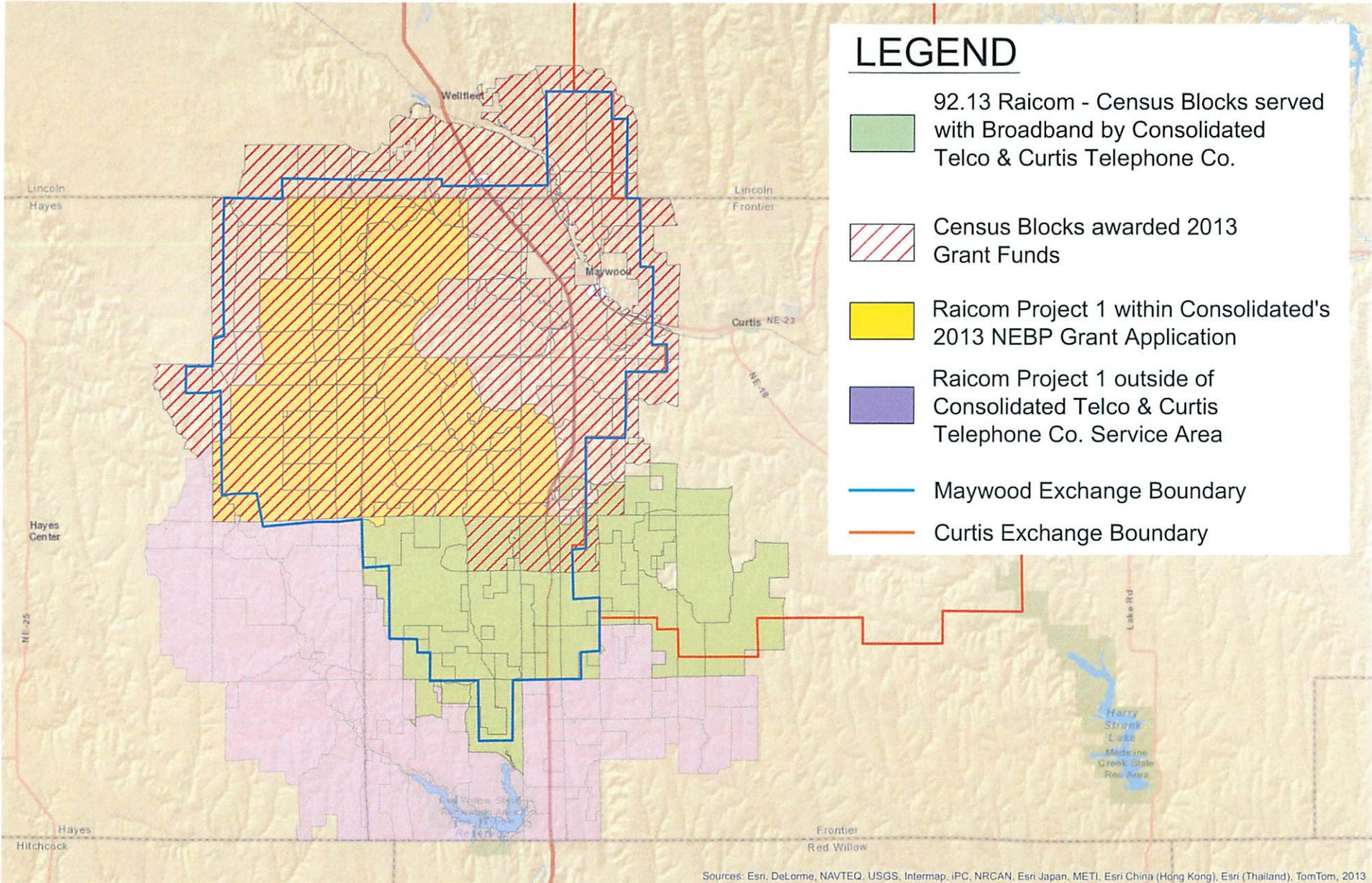
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Paul M. Schudel



Sources: Esri, DeLorme, NAVTEQ, USGS, Intermap, iPC, NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, 2013

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Petition of) Application No. NUSF-77.23
the Nebraska Telecommunications)
Association for Investigation)
and Review of Processes and)
Procedures Regarding the) GRANTED, IN PART
Nebraska Universal Service Fund:)
Application to the Nebraska)
Broadband Pilot Program (NEBP))
received from Consolidated)
Telco, Inc.) Entered: November 25, 2013

APPEARANCES:

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**Exhibit
B**

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BY THE COMMISSION:

Background

By Application filed March 1, 2013 Consolidated Telco Inc. ("Applicant" or "Consolidated Telco") seeks Nebraska Broadband Pilot (NEBP) Program support. Notice of the Application appeared in the Daily Record, Omaha, Nebraska on March 8, 2013.

A Petition of Formal Intervention was filed by N.E. Colorado Cellular d/b/a Viaero Wireless (Viaero).

A procedural conference was held on June 19, 2013. With the consent of the applicant, a procedural schedule was adopted. Pursuant to the Procedural Order, the staff's recommendation was filed on August 28, 2013. Pre-filed testimony was filed on September 27, 2013 and reply testimony was filed on October 11, 2013.

On November 5, 2013 the Commission held a public hearing on the application in Lincoln, Nebraska. For administrative efficiency, and with the consent of all parties, the hearing was consolidated with NUSF-77.08 through NUSF-77.22. Mr. James Overcash entered an appearance on behalf of the applicant.

Project Overview

Consolidated Telco is a common carrier subject to the jurisdiction of the Commission. Consolidated Telco holds a certificate of public convenience and necessity and operates general telecommunications businesses in Nebraska. Its principal office located in Lincoln, Nebraska. Consolidated Telco applied for NEBP support for three broadband projects located in the Wallace, Wellfleet and Maywood exchanges.

Consolidated Telco provided a project timeline, a proposed budget showing project costs, a 25 percent match, and a detailed breakdown of the cost elements. Consolidated Telco provided a depreciation schedule showing the life of the investment. Consolidated Telco provided a copy of its latest financial report to demonstrate financial qualifications to complete its portion of the proposed project. In addition, Consolidated Telco provided detailed map information showing the proposed project coverage in census blocks.

Staff Analysis

The Commission staff analyzed each project including the projects filed by Consolidated Telco. The staff first reviewed the application to determine whether the eligibility requirements had been met. Next, the staff reviewed the application to determine whether all application requirements listed in Progression Order No. 5 were fulfilled. Each project was then scored.

To score this application, the Commission staff took various pieces of information directly from the applications submitted for each project and utilized in factor development. This data included; retail monthly recurring and nonrecurring end-user rates for the provisioning of broadband service; the speed (Mbps) of the respective service being offered; and the total grant request amount for each project.

Additionally, the staff obtained various other data, from publicly available sources, also used in factor development. This data included: residential monthly recurring rates for voice service and subscriber line charges, if applicable;¹ population and household by census block;² area by census block;³ and broadband availability.⁴

The Commission staff then utilized a group assignment to prioritize areas determined as unserved,⁵ using the broadband mapping data as a starting point for its review. Staff triaged the projects into categories, or groups, based on the nature of each area being served and the total cost of each project. Any project comprised completely of unserved areas received a group assignment value of one (1). All remaining projects, containing some hybrid of various levels of unserved and underserved areas, received a group assignment of two (2) through (4), based on the total cost of the project.⁶

¹ Company specific publicly filed tariffs.

² United States Census Bureau, Census 2010 Summary File 1.

³ United States Census Bureau, 2010 Tiger/Line Shapefiles.

⁴ State Broadband Initiative Broadband Mapping Data, April 2013 submission.

⁵ See *In the Matter of the Petition of the Nebraska Telecommunications Association for Investigation and Review of Processes and Procedures Regarding the Nebraska Universal Service Fund*, Docket No. NUSF-77, Progression Order No. 5, ORDER at 7 (November 21, 2011)

⁶ All projects filed for the NEBP in 2013 are independent of all other projects filed by the same applicant.

The Commission staff noted the dramatic increase in the number of projects submitted resulting in demand which significantly outpaced supply. As such, the Commission staff utilized total cost in the determination of the group assignment in an effort to advance the objectives of the NEBP; expanding broadband service availability to the greatest number of Nebraskans.⁷ The staff's group assignment created a priority hierarchy. Within each hierarchy, the project was then scored based on the criteria described in the staff's recommendation.

The staff recommended approving Consolidated Telco's application, in part, as it related to the Maywood project, in the amount of \$164,550.

Hearing

Ms. Sue Vanicek, Director of the Department presented testimony at the hearing relative to the recommended adjustments to funding amounts. She testified that the Department reviewed each application and identified certain costs which should be excluded. Ms. Vanicek's testimony was offered and received into the record as Exhibit No. 19.

Mr. Tyler Frost, the staff Economist presented testimony related to the staff's methodology for recommending NEBP support. Mr. Frost provided further details about how the staff reviewed and scored each application. Mr. Frost's testimony was offered and received into the record as Exhibit No. 20.

Mr. Brian Thompson, Vice President of External Relations for Consolidated Telco, Inc., testified in support of the application. Mr. Thompson's pre-filed testimony was offered and received into evidence as Exhibit No. 31. According to Mr. Thompson's pre-filed testimony, approval of the Maywood project would bring broadband service to an underserved area of the state. The targeted locations will gain access to broadband service through a fiber-to-the-node configuration. The rural area addressed by the Maywood project covers 194 square miles. Mr. Thompson requested approval of the staff recommendation.

⁷ See *In the Matter of the Petition of the Nebraska Telecommunications Association for Investigation and Review of Processes and Procedures Regarding the Nebraska Universal Service Fund*, Docket No. NUSF-77, Progression Order No. 7, ORDER at 5 (January 15, 2013) (describing the NUSF Act's goal to ensure all Nebraskans have comparable access to advanced services).

No party testified in opposition to the Consolidated Telco request for NEBP support as recommended by the Commission staff.

O P I N I O N A N D F I N D I N G S

On June 14, 2011, the Commission issued Progression Order No. 3 in NUSF-77, finding that making explicit NUSF support available for broadband deployment would complement the Commission's existing goal to support networks that provide voice service as well as advanced services. In addition, the Commission found promoting ubiquitous broadband availability was a state and federal responsibility which would require both state and federal financial support. Through further progression orders the Commission adopted criteria for the NEBP program eligibility, application requirements, and provided a timeline for the consideration of NEBP projects.

Based on the application and the evidence in the record, the Commission finds Consolidated Telco's application for NEBP program support should be approved, in part, for the Maywood project consistent with the staff's recommendation. The Commission approves support up to an amount of \$164,550 or actual cost of construction for the project(s) whichever amount is lower.

Reimbursement Process:

Consolidated Telco must first make the investment and then may file a request for reimbursement with the NTIPS Department. Consolidated Telco does not need to complete the construction process prior to seeking reimbursement; rather, it may work with the NTIPS Department to develop intervals at which reimbursement can be sought. The NEBP program will reimburse Consolidated Telco for reasonable expenditures made related to project specifications detailed in the application and approved in this Order. Once the investment is made, Consolidated Telco shall file a request for support, provide the NTIPS Department with copies of the invoices or other acceptable documentation⁸ and shall certify to the Department that it had made the described investment for the provision, maintenance and upgrading of facilities and services in the area defined in the application.

As a NEBP program recipient, the Commission finds Consolidated Telco must meet the following conditions:

⁸ The Commission will provide the Department with the discretion to determine the type of documentation needed to verify the expenditures made when not provided through a third-party invoice.

1. The supported broadband service upon completion of the deployment must be available as a service offering to all households within the area defined by the application for a minimum period of five (5) years;
2. The project must be completed within 24 months from the date of this Order unless otherwise extended by the Commission;
3. Voice grade service must be available to customers within the service area of the broadband deployment;
4. Access to emergency services must be available to customers within the service area of broadband deployment;
5. Broadband support must only be used for the purposes intended and which have been approved by the Commission;
6. Voice and broadband service in the area described in its application must be offered at reasonably comparable rates for comparable services it offers in urban areas;
7. Reporting, verification, and audit requirements adopted by the Commission for oversight of the NEBP program must be met; and
8. Adherence to all applicable Commission rules, regulations and orders.

Continuing Nature of Requirements:

The Commission will enforce these requirements throughout the period of the grant and the five (5) year period following the completion of the project to ensure the Commission's objectives for this program are being met. Consolidated Telco shall notify the Commission in writing once the project(s) have been completed and the proposed broadband service is being offered. The Commission may take any action it deems necessary and appropriate to enforce the requirements and conditions in this Order.

To encourage public awareness about the deployment of broadband service in Nebraska, we find Consolidated Telco should be required to report broadband availability to the Commission and its broadband mapping vendor for the duration of the State Broadband Data and Development (SBDD) Program.

These opinions and findings carry no precedential value other than establishing minimum standards and criteria the Commission applied in this application for NEBP program support. The Commission may modify the minimum requirements and conditions for future petitions for support from the NEBP program.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the Application filed by Consolidated Telco Inc. shall be and it is hereby granted, in part, to the extent provided herein.

IT IS FURTHER ORDERED that Applicant shall comply with requirements set forth herein.

IT IS FURTHER ORDERED that Applicant shall submit detailed and accurate invoices and other documentation required by the Department prior to reimbursement for the supported project.

IT IS FURTHER ORDERED that Applicant shall use Nebraska Broadband Pilot Program support only for the purposes described in its application and authorized by the Commission.

MADE AND ENTERED at Lincoln, Nebraska, this 25th day of November, 2013.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chair

ATTEST:

Executive Director