

NEBRASKA PUBLIC SERVICE COMMISSION 2023 ANNUAL REPORT ON TELECOMMUNICATIONS

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ANNUAL REPORT TO THE LEGISLATURE ON THE STATUS OF THE NEBRASKA TELECOMMUNICATIONS INDUSTRY



NEBRASKA PUBLIC SERVICE COMMISSION September 30, 2023

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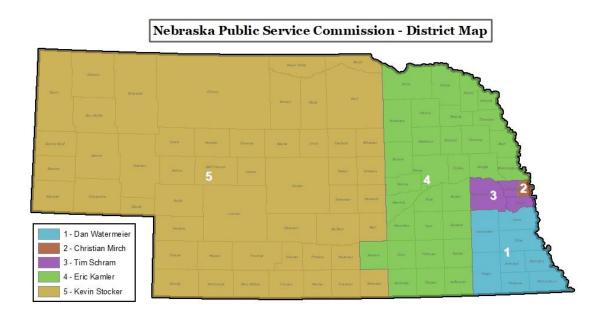
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ABOUT THE COMMISSION

The Nebraska Public Service Commission (Commission) is a constitutionally created executive body established under Article IV, Section 20 of the Nebraska Constitution. The Commission is comprised of five elected Commissioners serving six-year terms. The Commission was initially created by the Legislature in 1885 to regulate railroads but was not firmly established until the passage of a constitutional amendment in 1906 creating a three-member elected Railway Commission. Membership was increased to five Commissioners in 1964 and the state was divided into five districts, each to elect a commissioner. The name was changed to the Public Service Commission by a general election vote in 1972.

Today the Commission regulates telecommunications carriers, natural gas jurisdictional utilities, railroads, household goods movers and passenger carriers, grain warehouses and dealers, construction of manufactured and modular homes and recreational vehicles, high voltage electric transmission lines, and private water company rates. The Commission also oversees and administers several statutorily created funds with specific legislative purposes and goals including the Nebraska Universal Service Fund, the 911 Service System Fund, and the Nebraska Telecommunications Relay System Fund.

The Commission is active on local, state, and national levels and contributes on all levels to determine policy regarding the future of communications and universal service. Many Commissioners, past and present, have served on boards, committees, and advisory groups to recommend and give insight on policy matters to both state and federal agencies and legislative bodies.





COMMISSIONERS: ERIC KAMLER CHRISTIAN MIRCH TIM SCHRAM KEVIN STOCKER DAN WATERMEIER



September 30, 2023

Each year, the Public Service Commission (the Commission) is required to file an annual report with the Clerk of the Legislature. The past year marked significant progress toward connecting all Nebraskans to broadband and ensuring that 911 services continue to evolve to make emergency response as efficient as possible.

TELECOMMUNICATIONS

The Commission continued to fulfill its regulatory obligations to ensure quality telecommunications services are available across all of Nebraska. In this effort, the Commission approved several boundary change requests from consumers, so that they could receive telecommunications services from providers in adjacent exchanges. The Nebraska Specialized Equipment Program (NSTEP), which provides specialized telecommunications equipment at no expense to qualifying deaf, hard-of-hearing, and/or speech-disabled citizens, also continues to experience high rates of participation.

The Commission has longstanding processes in place to ensure that PSC administered funds are not used to support equipment on the FCC's Prohibited List. Following the Governor's Executive Order No. 23-05 related to prohibited communications equipment and the subsequent passage of LB 683, the Commission opened a docket to require all certificated carriers to provide attestations as to whether they are using or deploying any prohibited equipment, and expanded its restrictions on funding to carriers that either affirmatively indicated that they still have prohibited equipment in their network, or that did not provide an affidavit to the Commission in response to the inquiry.

BROADBAND PROGRAMS

Significant efforts were made this past year to connect all Nebraskans to high-speed Internet. The Commission awarded over \$60 Million in Capital Projects Funds across Congressional Districts 1 and 3. A second year of Broadband Bridge funds were awarded, and the Commission launched a third cycle.

The Commission worked closely with the Broadband Infrastructure Coordinator in 2022, and then the Broadband Office upon its creation in January 2023. There was strong collaboration on BEAD efforts, and the Commission transitioned the program to the Broadband Office. The Commission also worked to create the Nebraska State Broadband Map and transitioned that work to the Nebraska Broadband Office once LB683 was passed.

NEBRASKA UNIVERSAL SERVICE FUND

Due to efforts over the last few years to revise the contribution methodology, the Commission is happy to share that the Nebraska Universal Service Fund (NUSF) has stabilized. A stabilized fund makes it possible for the Commission to provide predictable and stable levels of support through the high-cost program, help low-income Nebraskans access telephone service, connect libraries and schools to fiber, and more.

This year, the Commission opened dockets to explore ways to improve participation in the E-Rate Special Construction Matching Program and to improve the Nebraska Rural Telehealth Program, which saw applications exceed available funding for the first time since it was revised in 2021. The Commission continues to support the Wireless Tower Program. The Commission held its first reverse auction, deploying funding withdrawn from an eligible telecommunications carrier pursuant to Neb Rev. Stat. §86-330.

STATE 911

LB 993 (2018) authorized the Commission to begin implementation of the Next Generation 911 system in Nebraska, and in the last year much progress has been made. In early 2022, the first Region with 22 Public Service Answering Points (PSAPs) migrated to the statewide ESInet. Since then, another three Regions with 14 PSAPs have connected to the 911 Service System. With 36 PSAPs connected to the system, 62% of Nebraska's population and over 50% of the state's geography is served by the Next Generation 911 System. The Commission expects the remaining 32 PSAPs to connect in the next fiscal year.

Eventually, in the Next Generation 911 environment, citizens seeking emergency assistance will be able to contact 911 utilizing voice communications, text messages, photos, videos, and other digital media means. The identification of a caller's location and the routing of that call to the appropriate PSAP will be greatly enhanced, ultimately improving the chances of receiving emergency assistance much faster and saving lives.

These are just a few of the highlights on what the Commission has accomplished over the past year. The annual report contains additional details on these programs, information about other achievements over the past year, and data and statistics that the Commission collects about the communications systems in place in Nebraska.

Sincerely,

Dan Watermeier

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TELECOMMUNICATIONS

Regulatory Oversight

The Commission's Telecommunications/Nebraska Universal Service Fund (NUSF) Department is responsible for administering programs and enforcing rules and regulations that facilitate competition, maintain quality voice service, and ensure that all Nebraskans have access to quality telecommunications and information services at affordable and comparable rates. In addition to handling consumer complaints and certificating carriers to provide telecommunications services within the state, the department administers the NUSF as well as other grant programs described later in this report.

The Commission works within the confines of both national and state laws. The Telecommunications Act of 1996 identified priorities for universal service, including quality and reasonably priced services for all customers including those in rural, low-income, and high-cost regions, equitable and nondiscriminatory service, specific and predictable price structure, and access to service for schools, health care institutions, and libraries. The Telecommunications Act of 1996 further provided for competition in the local service market. The Commission continues to execute key provisions of the 1996 Telecommunications Act to further the goal of increased competition while maintaining quality and affordable service.

The regulatory authority of the Commission extends to certain type of carriers. Incumbent local exchange carriers (ILECs) serve delineated areas, or exchanges. They have carrier of last resort responsibilities, meaning they are required to provide service within their boundaries of their exchange if there is no other carrier providing service. The Commission also has designated companies as competitive local exchange carriers (CLECs) to provide service in areas previously served by monopoly companies. CLECs serve customers by either using the facilities of the existing local company for a fee, similar to leasing, or using their own facilities. CLECs foster competition by giving customers more than one choice of telecommunications provider in a local market. The Commission has authorized several CLECs to compete with the incumbent local exchange carriers (ILECs) for service in Nebraska.¹

The Commission also provides regulatory oversight to carriers that are divided into two categories: price cap companies and rate of return companies. A price cap company is an incumbent local exchange carrier that is regulated on the federal level under a price cap regime. Generally, under a price cap regime, limits are set on the prices that a provider can charge. In the context of telecommunications, there are limits on the prices that can be charged for basic telephone service. In Nebraska, the price cap carriers are large, publicly traded corporations that provide telecommunications service in multiple exchanges and cover a combination of rural and densely populated areas. Examples includes Windstream, CenturyLink, and Frontier. A rate of return company is an incumbent local exchange carrier that is regulated on the federal level under a rate of return regime. An entity regulated within a rate of return regime is allowed to cover costs and earn a fair return. The regulatory framework in place is intended to help prevent anti-competitive or monopolistic practices such as exploitation of customers by charging higher rates than would be possible in a competitive market. In Nebraska these generally are small or medium sized, privately-owned or cooperative companies providing telecommunications service in one or several exchanges, mostly in rural areas. Hamilton Telephone Company and

¹ Go to https://psc.nebraska.gov/telecommunications/telecommunications and select "Competitive Local Telephone Companies" under "Lists of Carriers."

Great Plains Communications are examples of rate of return companies that operate in Nebraska.

Applications Received

Annually, the Commission receives and processes applications while fulfilling its regulatory responsibilities. The nature of these applications includes:

Authority withdrawal: An application from a certificated entity to cease providing a

certificated service.

Commission initiated: No application; the Commission is opening the proceeding on

its own behalf.

Eligible Telecommunication Carrier (ETC) certification:

Entities seeking to become eligible to receive universal service

support.

Exchange boundary change: The geographical area that a telephone company provides

services, offering the same services and prices, is called an exchange. Nebraska law includes a process whereby a customer can seek a change in the boundary of telephone exchanges to allow the customer to receive service from an adjacent exchange, including both broadband and traditional telephone services. In the event the Commission grants a petition from a customer to change an exchange boundary, the Commission will update the boundaries and seek approval of the updated exchange boundaries from the affected

companies.

Interconnection agreements/amendments:

To facilitate the transfer of voice traffic over the networks of more than one carrier, agreements are put in place to outline how, and for what cost, telephone traffic will be routed. They enter into an interconnection agreement by either negotiating the terms, adopting an approved agreement of two other carriers pursuant to section 252(i) of the 1996 Act, or through mediation or arbitration if negotiations fail to result in mutually acceptable agreement. Copies of all current approved agreements are available on the Commission's website.²

Interexchange Carrier (IXC) certification:

Loan:

Interexchange service is the access and transmission of communications between two or more local exchange areas, except for two-way switched communication between local exchanges that are grouped for extended area service. Carriers providing this service are required to be certificated

by the Commission.

An application by a certificated provider to the Commission to

approve a debt financing arrangement.

² Go to https://psc.nebraska.gov/telecommunications/telecommunications and select "Interconnection Information" under "Other."

Local Exchange Carrier (LEC) The Commission receives an application from a company that

certification: seeks to provide a certificated service.

Merger: In the event that carriers merge into one entity, that activity is

required to be registered with the Commission.

Name change: All carriers are required to register name changes with the

Commission.

Tariff: An explanation of what each company provides and the rates

at which they are provided; carriers are required to file these changes with the Commission. These are available on the

Commission's website at

https://psc.nebraska.gov/telecommunications/local-tariffs.

Trade name: Certificated entities changing their name.

Transfer of control: When the controlling interest of one company moves to

another; typically a purchase of a company by another.

A summary of those activities for FY 2022-2023 is below:

Category	No. of Applications	Category	No. of Applications
Authority withdrawal	4	LEC certification	3
Boundary change	43	Merger	1
Commission initiated	4	Name change	2
ETC certification	2	New communications provider	51
Interconnection	16	Tariff changes	74
Interconnection amendment	10	Trade name	3
Internet	3	Transfer of control	3
IXC Certification	4	Other	5
Loan	2		

	Exchange Authority FY 2022-2023							
Docket	Carrier	Authority Type	Date Filed					
C-5439	Ubiquity Nebraska, LLC	IXC and CLEC	08/22/2022					
C-5440	Aero Communication, LLC	IXC and CLEC withdrawal	08/29/2022					
C-5486	Big River Telephone Company, LLC	IXC and CLEC withdrawal	02/17/2023					
C-5496	Allo Asset Entity 1, LLC	IXC and CLEC	03/21/2023					
C-5496	Allo Communications, LLC	Transfer of control	03/21/2023					
C-5509	Sirius Computer Solutions, LLC	CLEC	05/22/2023					
C-5517	Hamilton NG911, Inc.	CLEC withdrawal	06/22/2023					

	Exchange Boundary Change Requests FY 2022-2023	
Docket	Description	Date Filed
C-5422	Jerome and Doris Gacke, Marquette, seeking service from the Marquette exchange of the Hamilton Telephone Company.	07/1/2022
C-5428	James Schieffer and Loren Schurman, St. Helena, each seeking service from the Hartington Exchange of Hartington Telecommunications Co., Inc.	07/5/2022
C-5427	Douglas Whipple, Fordyce, service from the Hartington Exchange of Hartington Telecommunications Co., Inc.	07/5/2022
C-5426	Terry Zavadil, Fordyce, seeking service from the Hartington Exchange of Hartington Telecommunications Co., Inc.	07/5/2022
C-5425	Chris Edwards, Fordyce, seeking service from the Hartington Exchange of Hartington Telecommunications Co., Inc.	07/5/2022
C-5424	Racheal Haberman, Fordyce, seeking service from the Hartington Exchange of Hartington Telecommunications Co., Inc.	07/5/2022
C-5423	Brett Zavadil, Fordyce, seeking service from the Hartington Exchange of Hartington Telecommunications Co., Inc.	07/5/2022
C-5434	All Saints Church of Northeast Nebraska d/b/a St. Boniface Church of Menominee, Menominee, seeking service from the Hartington Exchange of Hartington Telecommunications C	08/18/2022
C-5433	Dion Miller, Crofton, seeking service from the Hartington Exchange of Hartington Telecommunications Co., Inc.	08/18/2022
C-5435	Valerie Torstenson, Crofton, seeking service from the Hartington Exchange of Hartington Telecommunications Co., Inc.	08/22/2022
C-5441	Valley View Recreational Association, John Armatys, Andrea Krueger, Kara Hutchison, Travis Kuchar, Myles Butt, Mandy Olivo, Dan and Heather Negus, Leslie Solt, and Brooke Brown, Marquette, each seeking service from the Marquette exchange of the Hamilton Telephone Company	08/24/2022
C-5431	Michael Wood, Robert Haburchak, and Janet Schwager, Ewing, each seeking service from the Ewing Exchange of Great Plains Communications.	08/24/2022
C-5442	Jared and Angie Bowen, Fordyce, seeking service from the Hartington Exchange of Hartington Telecommunications Co., Inc.	08/29/2022
C-5443	Edward Arens, Fordyce, seeking service from the Hartington Exchange of Hartington Telecommunications Co., Inc.	09/1/2022
C-5444	Roger Kleier, Trumball, seeking service from the Trumbull Exchange of the Hamilton Telephone Company.	09/8/2022
C-5445	Justin Hoebelheinrich, Fordyce, seeking service from the Hartington Exchange of Hartington Telecommunications Co., Inc.	09/12/2022
C-5448	Betty Tramp and Geri Wiepen-Friederich, Crofton, each seeking service from the Hartington Exchange of Hartington Telecommunications Co., Inc.	09/22/2022
C-5450	Jena and Levi Ochsner, Saronville, seeking service from the Stockham Exchange of the Hamilton Telephone Company.	10/5/2022
C-5452	Yankton Shop EZ, St. Helena, seeking service from the Hartington Exchange of Hartington Telecommunications Co., Inc.	10/11/2022

	Exchange Boundary Change Requests FY 2022-2023	
Docket	Description	Date Filed
C-5455	John VanZandt, Mason City, seeking service from the Ansley Exchange of the Hamilton Telephone Company.	10/17/2022
C-5453	Gerard Kast and Nathan Tramp, Crofton, each seeking service from the Hartington Exchange of Hartington Telecommunications Co., Inc.	10/17/2022
C-5462	Nebraska Central Telephone Company, Gibbon, Nebraska, seeking corrective adjustments to the exchange boundaries of several of its exchanges.	11/8/2022
C-5466	Jeff Pasold, Norfolk, seeking service from the Hoskins Exchange of Pierce Telephone Company, Inc.	11/18/2022
C-5465	Elizabeth Kleinschmit and Norma Hernandez, St. Helena, each seeking service from the Hartington Exchange of Hartington Telecommunications Co., Inc.	11/28/2022
C-5470	Minette Malm, Tyler Janky, Darin and Chevonne Garfield, and Valley View Golf Course, Marquette, each seeking service from the Marquette exchange of the Hamilton.	11/30/2022
C-5467	Dewey Gubbels, Randolph, seeking service from the Pierce Exchange of Pierce Telephone Company, Inc.	11/30/2022
C-5469	Kirk and Misty Eberle, Bradshaw, seeking service from the Hampton exchange of the Hamilton Telephone Company.	12/6/2022
C-5471	Angela Kleinschmit, Fordyce, seeking service from the Hartington Exchange of Hartington Telecommunications Co., Inc.	12/12/2022
C-5472	Justin Anderson, Marquette, seeking service from the Marquette exchange of the Hamilton Telephone Company.	12/19/2022
C-5474	Lawrence Ford Shenk, Bradshaw, seeking service from the Hampton exchange of the Hamilton Telephone Company.	01/9/2023
C-5483	Greg Dowling, Randolph, seeking service from the Pierce Exchange of Pierce Telephone Company, Inc.	01/30/2023
C-5485	Maggie and Randy Korth, Randolph, seeking service from the Pierce Exchange of Pierce Telephone Company, Inc.	02/15/2023
C-5490	Dennis Bruening, St. Helena, seeking service from the Hartington Exchange of Hartington Telecommunications Co., Inc.	02/24/2023
C-5491	Aaron Purvis, Marquette, seeking service from the Marquette exchange of the Hamilton Telephone Company.	03/1/2023
C-5500	Cathy Schmidt, St. Helena, seeking service from the Hartington Exchange of Hartington Telecommunications Co., Inc.	04/14/2023
C-5504	M.B. Jacobson, LLC, North Platte, seeking service from the Stockham Exchange of the Hamilton Telephone Company.	05/2/2023
C-5506	Dan Gothier, Fordyce, seeking service from the Hartington Exchange of Hartington Telecommunications Co., Inc.	05/4/2023
C-5507	Neil Andreasen, Hordville, seeking service from the Hordville exchange of the Hamilton Telephone Company.	05/8/2023
C-5508	Heidi Hamilton, Hartington, seeking service from the Hartington Exchange of Hartington Telecommunications Co., Inc.	05/22/2023

Exchange Boundary Change Requests FY 2022-2023						
Docket	Description	Date Filed				
C-5510	Brian Kroksh, Marquette, seeking service from the Hordville Exchange of the Hamilton Telephone Company.	05/30/2023				
C-5513	Jim and Phyllis Edwards, Ord, seeking service from the North Loup Exchange of Nebraska Central Telephone Company.	06/5/2023				
C-5515	Turtle Beach Lake Association, Marquette, seeking service from the Hordville Exchange of the Hamilton Telephone Company.	06/12/2023				
C-5518	Immanuel Lutheran Church & School, Polk, seeking service from the Hordville exchange of the Hamilton Telephone Company.	06/27/2023				

Telecommunications Relay Service

The Telecommunications Relay Service (TRS) was created by Title IV of the Americans with Disabilities Act of 1990 (ADA). TRS provides a platform for a person who has a hearing or speech disability to communicate with voice telephone users through a relay provider and a Communications Assistant (CA). This includes services that enable two-way communication between an individual who uses a text telephone (TTY or TT) or other non-voice terminal device and an individual who does not have such a device. CAs transmit or relay written communication from a text telephone or other non-voice terminal device to a person using a standard telephone. The person using the standard telephone speaks to the CA who transmits the message to the hearing-impaired individual.

TRS in Nebraska is funded through a monthly surcharge on all telephone numbers or functional equivalent, including wireless and VoIP lines. Currently, the surcharge that is assessed is \$0.03.

Prepaid wireless users are assessed a surcharge as well (for TRS, NUSF, and E911), where the surcharge is collected directly from the consumer by the retailer at the point-of-sale. The amount of the surcharge collected per retail transaction is based on an annual determination by the Nebraska Department of Revenue utilizing a formula of the amount of wireless prepaid surcharges established by finding the sum of thefollowing:

- a) The percentage obtained by dividing the current annual Wireless E911 Surcharge by 50; and
- b) The percentage obtained by dividing the amount of the Nebraska TRS Fund Surcharge by 50.
- c) The percentage obtained by multiplying (i) the Nebraska Telecommunications Universal Service Fund surcharge percentage rate set by the Public Service Commission by (ii) one minus the Federal Communications Commission safe harbor percentage for determining the interstate portion of a fixed monthly wireless surcharge.

Amounts collected are remitted by retailers to the Department of Revenue. The Department of Revenue then remits the collected amounts, less administrative costs not to exceed 2%, to the State Treasurer for credit to the 911 Service System Fund, TRS Fund, and NUSF. For fiscal year 2022-23, total prepaid wireless remittances received for the TRS fund were \$46,383 compared to \$52,127 for fiscal year 2021-22.

Nebraska Specialized Equipment Program

In 1995, the Legislature created the Nebraska Specialized Telecommunications Equipment Program (NSTEP), which enables qualifying deaf, hard-of-hearing and/or speech-disabled citizens to obtain specialized telecommunications equipment at no expense, subject to certain program restrictions. Funded by the TRS Surcharge, expensive telecommunications equipment, such as mobile wireless devices, text telephones, amplifiers, amplified telephones, signaling devices and speech-generating devices have been made available to deaf, hard-of-hearing and/or speech- disabled consumers.

For fiscal year 2021-22, \$652,233 was expended by NSTEP and provided equipment to 782 households compared to \$553,722 serving 655 households for fiscal year 2022-23.

Telecommunications Relay Service Statistics and Table

For fiscal year 2022-23, intrastate minutes of use (conversation-basis), for traditional TRS (including Speech to Speech) increased 19.10% compared to fiscal year 2021-22. For fiscal year 2021-22 minutes of use decreased 49.28% compared to fiscal year 2020-21. With the exception of 2022-23 noted above, significant reductions in traditional relay minutes have continued since 2004. The declines in traditional relay minutes are a result of increased popularity of smartphones and other text-based capable devices, as well as Video Relay Service (VRS), Internet-Protocol (IP) services and Internet Protocol Captioned Telephone services (IP CTS). For fiscal years 2022-23 and 2021-22, the landline-based Captioned Telephone service experienced declines of 31.96% and 48.38% respectively compared to previous years.

The following table displays selected historical statistics that reflect the operation of the Nebraska Relay System and NSTEP. The Commission went to a conversation-based rate for traditional relay beginning in July 2019. Note, for presentation purpose, prepaid wireless receipts are included in the surcharge revenue totals. For questions or other inquiries regarding the data provided, please contact the Communications Department of the Commission.

Telecommunications Relay Service Selected Historical Statistics – Conversation Minutes for Traditional Relay and Captioned Telephone (CapTel)

	A O-II	Combined Tr	aditional & STS Re	elay	A O.II	Captioned Te	lephone Service		Monthly	Activity Co	ost		Surcharge F	Rate - \$0.03/L	ine
Data Period	Avg. Call Length (completed, in mins.)	Total Calls Completed	Total Mins. of Use (conversation)	Intrastate Mins. of Use (conversation)	Avg. Call Length (answered in mins.)	Total Calls (answered)	Total Mins. of Use (conversation)	Intrastate Mins. of Use (conversation)	TRS Prg. Trad'l	TRS Prg. CapTel	Total TRS Prg.	Total NSTEP (equip. expense)	Surcharge (non- prepaid) Remitted	Prepaid Surcharge Remitted	Total Surcharge Remitted
Jan. 2022	6.32	97	613.40	443.30	3.10	797	2,469	1,936	\$1,503	\$4,181	\$5,684	\$15,443	\$60,805	\$4,426	\$65,231
Feb. 2022	7.05	113	796.10	568.90	3.11	736	2,292	1,653	\$1,929	\$3,569	\$5,498	\$13,763	\$58,300	\$3,981	\$62,281
March 2022	7.84	105	823.40	537.80	2.38	1,040	2,789	2,023	\$1,823	\$4,370	\$6,193	\$28,579	\$60,818	\$4,271	\$65,089
April 2022	6.51	119	774.60	482.30	2.87	909	2,605	2,009	\$1,635	\$4,339	\$5,974	\$14,950	\$58,653	\$4,377	\$63,030
May 2022	5.82	109	634.60	417.10	2.31	1,026	2,375	1,898	\$1,414	\$4,099	\$5,513	\$16,008	\$59,623	\$4,223	\$63,847
June 2022	7.3	114	831.80	518.40	2.77	956	2,649	2,197	\$1,757	\$4,746	\$6,503	\$13,515	\$59,327	\$4,147	\$63,475
July 2022	6.65	135	897.80	447.20	2.47	1,148	2,835	2,241	\$1,641	\$5,064	\$6,706	\$5,021	\$59,693	\$4,574	\$64,267
Aug. 2022	4.37	242	1,058.70	712.90	2.31	1,161	2,687	2,090	\$2,616	\$4,723	\$7,339	\$7,735	\$59,997	\$4,330	\$64,327
Sept. 2022	5.21	238	1,240.60	636.90	2.13	1,024	2,180	1,711	\$2,337	\$3,867	\$6,204	\$30,043	\$59,555	\$4,302	\$63,857
Oct. 2022	6.49	127	824.80	471.60	2.64	908	2,398	1,828	\$1,731	\$4,131	\$5,862	\$73,016	\$60,127	\$4,252	\$64,379
Nov. 2022	6.13	110	674.20	444.90	3.18	611	1,944	1,295	\$1,633	\$2,928	\$4,560	\$202,372	\$59,399	\$4,043	\$63,442
Dec. 2022	6.02	168	1,011.10	694.70	4.01	562	2,253	1,519	\$2,550	\$3,432	\$5,982	\$22,546	\$60,760	\$4,258	\$65,017
Jan. 2023	6.05	153	925.80	650.30	3.67	333	1,222	842	\$2,386	\$1,903	\$4,289	\$4,781	\$60,044	\$4,473	\$64,517
Feb. 2023	5.29	129	681.80	464.10	4.37	339	1,482	1,020	\$1,703	\$2,304	\$4,008	\$11,533	\$59,101	\$52	\$59,153
March 2023	7.93	114	903.90	728.80	4.08	398	1,622	954	\$2,675	\$2,156	\$4,830	\$36,288	\$62,058	\$3,995	\$66,053
April 2023	5.31	98	520.80	389.40	2.79	394	1,100	780	\$1,429	\$1,762	\$3,191	\$0	\$60,149	\$3,810	\$63,958
May 2023	6.10	163	995.10	746.30	2.70	400	1,082	753	\$2,739	\$1,702	\$4,441	\$29,096	\$60,806	\$4,332	\$65,137
June 2023	5.32	262	1,393.00	1,096.40	3.82	425	1,623	1,038	\$4,024	\$2,346	\$6,370	\$117,776	\$60,844	\$3,963	\$64,807

Telecommunications Information and Data

Local Exchange Carriers

This section of the report provides information on local exchange carriers currently certificated to provide service in Nebraska, the business and residential local rates charged by Nebraska carriers, and a listing of communities and the local carriers offering service in those communities.

The financial information submitted to the Commission regarding local exchange company earnings is not included in this report. Competition has been introduced into portions of this market and company-specific data may reveal competitively sensitive information. Thus, the annual reports filed by the local exchange companies remain available at the Commission for use by Commissioners and Commission staff. Portions of the reports that are not proprietary are available for public inspection.

The Telecommunications Act of 1996 provided for competition in the local exchange service market. The Commission has authorized several competitive local exchange carriers (CLEC) to compete with the incumbent local companies (ILEC) in Nebraska. The following table provides details on the local exchange market in Nebraska for the past two years.

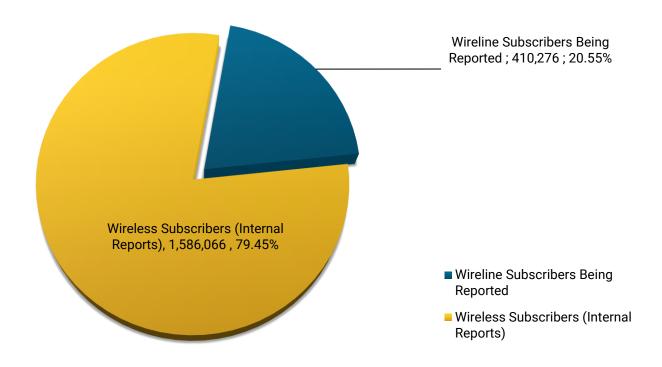
	2021	2022	Change
Total Access Lines Served in the State	452,590	410,276	(9.3%)
Total Access Lines Served by ILECs	193,134	166,606	(13.7%)
Total Access Lines Served by CLECs	186,471	171,331	(8.1%)
Percentage of Total Access Lines Served by CLECs	41.2%	41.8%	0.6%
Total Access Lines Served by a VoIP Providers	72,985	72,339	(0.8%)

As of July 1, 2023, 45 incumbent local exchange carriers (including cooperative telephone companies) and 105 competitive local exchange carriers have been certificated by the Commission to operate in Nebraska. Cox Nebraska Telcom, LLC is the largest carrier with 104,790 access lines. A listing of Nebraska carriers, the number of residential lines and business lines served by each carrier, and the current residential and business rates charged by those companies can be found in Appendix A of this report. The rates listed are for basic dial-tone services as of July 1, 2023, and exclude subscriber line charges, extended area serves rates, and other optional charges.

Nebraska Market Distribution by Technology

Nebraska, as with the entire nation, continues to see significant changes in the number of consumers that opt to "cut the cord" or relinquish their landline telephone and exclusively use a wireless product or other internet product like Voice over Internet Protocol (VoIP). The table below shows the number of subscribers in Nebraska using wireline and wireless technology. Some consumers may utilize both technologies and therefore included in both categories.

2022 Nebraska Market Distribution By Wireless and Wireline Technology



Notes to chart: Some local exchange carriers offer services via VoIP facilities/arrangements.

Explanation of Charges on Telephone Bills

Nebraska telephone service customers are assessed different charges on their telephone bills. A summary of those charges follows:

911 Service Surcharge: A charge assessed by and remitted to a city or county to

fund the operation of public safety answering points (PSAP) that receive 911 emergency calls. This charge ranges from \$.50 to \$1.00 per month per telephone

number.

Basic Residential Service: The monthly rate charged by companies to provide

telecommunications service to a private residence, including single and multifamily dwellings, within the

local calling area.

City Occupation or Franchise

Tax:

A tax assessed on telephone companies by a city for the right to do business in the community. Telephone companies are allowed to recover the amount paid in occupation or franchise taxes directly on customer bills. Not every city imposes occupation or franchise taxes, and

they vary by city.

City Sales Tax: A tax assessed by a city to fund general municipal

obligations. Not every city assesses a city sales tax, and

they vary by city.

Extended Area Service: A monthly flat fee charged by telecommunications

companies that allows users to place and receive an unlimited number of calls from nearby communities with

no additional charges.

Federal Subscriber Line

Charge:

A charge set by the FCC that customers pay to their local phone company to cover part of the cost of connecting customers to the telephone network. It is currently capped at \$6.50 per month for the first residential line and single business lines. The monthly charge varies by company.

Federal Tax (Excise Tax): A 3% federal tax which funds general federal government

operations.

Federal Universal Service: All telecommunications service providers must contribute

to the Federal Universal Service Fund based on a percentage of their interstate end-user revenues. The fund supports the following four programs: Lifeline, Highcost, Schools, Libraries, and Rural Health Care. The rate is recalculated by the FCC quarterly and is usually passed

on to consumers and varies by company.

Nebraska Universal Service Fund (NUSF) Surcharge: All telecommunications service providers must contribute to NUSF based on number of connections. Telephone providers then recover the cost from their customers in the form of a surcharge collected from each customer. The NUSF surcharge is currently \$1.75 per connection.

Number Portability Charge: A charge set by the FCC to allow telephone companies to

recover costs associated with allowing customers to retain their telephone number when changing from one

telephone company to another.

State Sales Tax: A tax assessed by the state on local and in-state long

distance telecommunications charges that funds general state government obligations. The current tax

rate is 5.5%.

Telecommunications Relay A charge set by the Commission to fund the operation of Service (TRS) Surcharge: the statewide TRS system for deaf, hard-of-hearing, and

speech impaired citizens. The TRS Surcharge also provides financial aid to eligible Nebraskans for the purchase of specialized telephone equipment necessary to use TRS. The TRS Surcharge is reviewed annually by the Commission and is currently \$.03 per month per

telephone number or functional equivalent.

Wireless E911 Surcharge: A charge assessed by the Commission to fund the

implementation and operation of the Wireless Enhanced 911 program, which allows emergency responders to accurately locate wireless devices that have placed 911 calls. Currently the charge is \$.45 per month on each

telephone number in service.

Long Distance Telephone Carriers

The number of Interexchange Carriers (IXC), otherwise known as long distance companies certificated to operate in the State of Nebraska slightly decreased from the prior year. Currently, there are 170 companies authorized to provide long distance services in Nebraska. A listing of all long distance carriers certificated to provide services in the state can be found on the Commission's website at: https://psc.nebraska.gov/telecommunications/telecommunications (click on "Lists of Carriers" and select "Interexchange Carriers" from the list). Inclusion on the listing does not mean the company is offering service in Nebraska currently.

Communications/Information Providers

The number of communication/information providers operating the State of Nebraska continues to grow. Currently, there are 372 companies providing wireless, VoIP, satellite, Internet, DSL, dark fiber, and/or paging in Nebraska. These services are not certificated by the Commission, but statute requires non-certificated communication providers to register with the Commission. A listing of these providers can be found on the Commission's website at:

https://psc.nebraska.gov/telecommunications/telecommunications (click on "Lists of Carriers" and select "Communications Provider Registry" from the list). Inclusion on the listing does not mean the company is offering service in Nebraska currently.

Outage Reports

Reports are required to be filed with the Commission by local exchange carriers when service outages are experienced that meet certain thresholds – details regarding reporting requirements can be found at

https://psc.nebraska.gov/sites/psc.nebraska.gov/files/doc/Service%20Outage%20Reporting%20Requirements.pdf. Outage reports must include the date and time of the outage, the geographic area affected, the cause of the outage, if known, and an estimate of the number of access lines affected. Within five days of resolving the trouble, a final report must be filed with the Commission

showing the total number of trouble reports received from customers related to the outage and the corrective action taken.

2022-2023 Outage Report					
Primary Cause	Number of Outages				
Cable Cut	23				
Damaged Cable	15				
Equipment	28				
Other	5				
Grand Total	71				

Complaints

The Commission works to ensure Nebraskans are receiving quality telecommunications service by monitoring consumer complaints for indications of potential problems requiring further investigation. The Commission's staff offers assistance to consumers to identify the source of service problems and resolve service complaints. The Commission receives and helps remedy complaints for the communications services under its regulatory purview. A summary of those complaints follows.

Wireline Companies								
	20	21-2022		2022-2023				
	Complaints	Access Lines	Complaints	Access Lines	% Total Lines			
Windstream	19	74,640	16.5 %	47	64,379	15.7%		
Century Link	77	53,051	11.7%	118	46,776	10.7%		
NT&T	5	5,133	1.1%	2	3,621	0.9%		
Cox	13	114,933	25.4%	10	104,790	25.5%		
Frontier/Citizens	6	10,344	2.3%	9	8,826	2.2%		
Great Plans	2	13,559	3.0%	2	12,692	3.1%		
AT&T	1	16,473	3.6% 0		5,880	1.4%		
Time Warner/Spectrum	7	59,619	13.2%	6	59,619	14.5%		
Others	14	104,838	23.5%	15	106,693	26.0%		
Total	144	452,590	100	209	410,276	100%		

While the Commission lacks statutory authority over wireless telecommunications service and billing, consumers do submit wireless complaints. Commission staff continues to review, process, and submit complaints, and is often successful at resolving these complaints.

		Wireless	Complaints			
	2020-2	.021	2021-2022		2022-2023	
Name of Carrier	Complaints	%	Complaints	%	Complaints	%
AT&T	0	0.0	5	6.8	6	8.2
Consumer Cellular	2	5.6	0	0.0	3	4.2
Sprint	4	11.1	1	1.4	2	2.7
T-Mobile	0	0.0	10	13.7	6	8.2
TracFone Wireless	0	0.0	4	5.5	6	8.2
US Cellular	4	11.1	4	5.5	10	13.7
Verizon Wireless	21	58.3	45	61.6	28	38.4
Viaero Wireless	1	2.8	0	0.0	2	2.7
Virgin Mobile	1	2.8	0	0.0	0	0.0
Others	3	8.3	4	5.5	10	13.7
Total	36	100.0	73	100.0	73	100.0

Additionally, consumers often submit complaints about other services that the Commission does not regulate, such as cable or satellite television. The following tables show the complaints received, categorized by service type for the last two years in the first table, in the second table by type of complaint for each service type, and in the third table by type of complaint for the last two years.

	Historical Comp	laints by Carrier	Туре		
	2021	-2022	2022-2023		
	Total	%	Total	%	
Local Exchange Carriers	144	47.4	209	53.3	
Wireless	73	24.0	73	18.6	
Information Services	79	26.0	105	26.8	
Cable TV	8	2.6	5	1.3	
TOTAL	304	100.0	392	100.0	

2022-2023 Complaint Type by Carrier Type						
	Wireline	Wireless	Information Services	Cable TV		
Service	157	48	83	1		
Billing	33	20	16	2		
Customer Service	1	1	1	0		
Directory	1	0	0	0		
Auto Dialer	0	0	0	0		
Miscellaneous	17	4	5	2		
TOTAL	209	73	105	5		

Historical Complaints by	Туре	
Types	2021-2022	2022-2023
Billing	72	72
Service	217	290
Customer Service	2	3
Directory	0	1
Auto Dialer	0	0
Miscellaneous	13	26
TOTAL	304	392

The Commission also monitors complaints for TRS. While there were no TRS complaints related to traditional relay calls, there were complaints for the Captioned Telephone (CapTel) and for NSTEP. Captioned Telephone complaints centered on setup issues, where the CapTel device ordered is often not appropriate to use with the service connection available. For example, an applicant might be using an analog version of CapTel but is using the device over an internet or broadband connection.

Captioned Te	elephone Complaints and Inquiries 2022-2023	
Primary Category	Sub-Category	Count
Inquiries	Consumer Education	1
Technical Complaints	Set-up Equipment Type Mismatch with Telephone Service Type	5
TOTAL		6

NSTEP complaints centered on two main issues: 1) customers experiencing monthly device charges or lump-sum billing on their account after redeeming vouchers for wireless devices and 2) Verizon discount (coupon) codes not working for wireless device redemption. Verizon experienced network issues in May 2023 which resulting in codes not working properly. The following chart summarizes complaints and inquiries received for NSTEP.

	NSTEP Complaints and Inquiries FY 2022-2023	
Primary Category	Sub-Category	Count
	Lump-Sum Charges on Account for Wireless Device	6
Billing Complaints	Monthly Device Charges on Account for Wireless Devices	4
	Other Billing Related	1
Service Complaints	Service Cannot Be Created or Attached to Business Account	2
Service Inquiries	Request for Assistance - Other	2
Technical	Manufacturer Equipment/Device Inoperable	1
Complaints	Verizon Discount Code Not Working	11
Vendor Customer Service	Vendor Did Not Follow Policies/Procedures	2
TOTAL		29

NEBRASKA UNIVERSAL SERVICE FUND

Purpose of Fund

Defined in statute (Chapter 86, Section 324), the Nebraska Universal Service Fund (NUSF) was created in 1997 when the Legislature passed LB 686, authorizing the Commission to create the Nebraska Universal Service Fund (NUSF). The NUSF was created in response to new provisions in the federal Telecommunications Act of 1996 which embodied Congress's goal that consumers in all regions of the nation, including rural and high cost, should have access to telecommunications and information services at rates "reasonably comparable" to services and charges offered in urban areas. The goal of the NUSF, therefore, is to ensure that all Nebraskans have access to quality telecommunications and information services at affordable and comparable rates, in conjunction with federal universal service goals. This is accomplished through the provision of various programs that provide support to eligible telecommunications carriers operating in high-cost areas.

The Commission currently administers the following programs within the NUSF:

- Broadband Program/Wireless Tower Fund: provides funding to construct mobile wireless towers in areas that lack coverage but would not otherwise be economically feasible. Docketed in NUSF-92
- 2. E-Rate Special Construction Program: provides funding toward the costs of construction for libraries and schools that are not fiber connected. Docketed in NUSF-117
- 3. High-Cost Program: makes telecommunications and information rates generally affordable and comparable across Nebraska. Docketed in NUSF-99, NUSF-108, and NUSF-131, among others.
- 4. Nebraska Telephone Assistance Program (NTAP): provides discounted rates to qualifying low-income Nebraskans (previously known as the Lifeline/Link-Up Program). Docketed in NUSF-2
- 5. Rural Telehealth Program: supports the provision of telecommunications services to Nebraska Health Care Providers. Docketed in NUSF-57

Fund Structure

Funding Mechanism

Funding for the NUSF is collected via a surcharge on eligible telecommunications services. The Commission, by Order and after public hearing, has determined that the surcharge on residential and business services (wireline, mobile wireless, and VoIP) will be assessed on a per connection basis at \$1.75 per connection per month, where applicable, and at 6.95% of assessable revenues for all other services. The Commission reviews the level of the surcharge annually and makes a determination on the surcharges prior to the end of each fiscal year. Using this methodology, any residential device able to complete an intrastate voice call is assessed the per connection surcharge. Business services also moved to a per-connection surcharge on January 1, 2022. Interstate and Internet services are not subject to the NUSF surcharge. The Commission determines assessable services using FCC federal universal service definitions to reduce the amount of duplicate administrative work for telecommunications providers. Specific categories of services subject to the NUSF surcharge are:

- Local service, including connection charges, enhanced service, such as Caller ID, and Extended Area Services (EAS);
- Wireless services, including cellular, PCS, and paging;
- In-state long distance services, including prepaid calling card, operator-assisted, collect, calling card and private line; and
- Voice over the Internet Protocol (VoIP) service.

Prepaid wireless users are assessed a surcharge as well (for TRS, NUSF, and E911), where the surcharge is collected directly from the consumer by the retailer at the point-of-sale. The amount of the surcharge collected per retail transaction is based on an annual determination by the Nebraska

Department of Revenue utilizing a formula of the amount of wireless prepaid surcharges established by finding the sum of the following:

- a) The percentage obtained by dividing the current annual Wireless E911 Surcharge by 50; and
- b) The percentage obtained by dividing the amount of the Nebraska TRS Fund Surcharge by 50.
- c) The percentage obtained by multiplying (i) the Nebraska Telecommunications Universal Service Fund surcharge percentage rate set by the Public Service Commission by (ii) one minus the Federal Communications Commission safe harbor percentage for determining the interstate portion of a fixed monthly wireless surcharge.

Amounts collected are remitted by retailers to the Department of Revenue. The Department of Revenue then remits the collected amounts, less administrative costs not to exceed 2%, to the State Treasurer for credit to the TRS Fund, 911 Service System Fund, and NUSF.

Historical Remittances

The annual contributions and allocations from NUSF for the last eight years are summarized below. The growth of the fund in recent years is attributed to two factors: (1) change in contribution mechanism implemented in April 2019 designed to stabilize the fund by utilizing a per-connection surcharge on residential services and (2) a further change in the contribution mechanism in 2021 to apply a per-connection surcharge to business services.

Year	Re	emittances	Year	Rem	ittances
2016	\$	39,901,472	2020	\$	42,621,136
2017	\$	35,340,014	2021	\$	41,690,957
2018	\$	32,829,316	2022	\$	47,122,607
2019	\$	39,726,438	2023 (through June)	\$	23,751,642

Fund Balance and Breakdown of Obligations

As of the end of June, the balance in the NUSF was approximately \$133 million. The size of the fund balance is largely due to accountability measures in place to make sure NUSF funding is utilized as intended. Starting in 2015, the Commission made changes in program policy for the High Cost program to provide support upon completion of projects, increasing the amount of allocated support held within the fund while projects are constructed. The majority of the fund balance is committed to High Cost programs totaling almost \$127 million. Total commitments, including Telehealth and the E-Rate Special Construction program, are more than \$130,000,000. The remaining balance is utilized to cover expenses from the Nebraska Telephone Assistance (NTAP) Program and administrative costs.

Program	Committed Funding		
NUSF-92 - Wireless Tower Program	\$	16,289,000	
NUSF-92 - BB Adoption/COVID	\$	772,000	
NUSF-99 - High Cost (Price Cap Carriers)	\$	81,190,000	
NUSF-108 - High Cost (Rate of Return Carriers)	\$	15,411,000	
NUSF-131 - Reverse Auction	\$	13,092,000	
NUSF-57 - Telehealth	\$	2,575,313	
NUSF-117 - E-Rate Special Construction	\$	1,000,000	
Total	\$	130,329,313	

NUSF Advisory Board

Pursuant to Nebraska Revised Statute 86-327, the Commission convenes and appoints members to an advisory board to provide recommendations on the use of the fund. The advisory board meets

annually at a public hearing held pursuant to the Open Meetings Act. Per By-Laws, members serve 3-year terms and can be reappointed at the Commission's discretion. Terms begin on January 1 of the first year and end on December 31 of the third year.

	Advisory Board Membership R	Roster
Public	Gene Hand, Chair 2516 Rokeby Road Lincoln, NE 68512	Appt: 4/2018 Reappt: 12/2020 Term: 1/1/2021 - 12/31- 2023
K-12 Schools	Gary Needham Director of Technology, ESU 9 5807 Osbourne Drive W. Hastings, NE 68901	Appt: 4/2021 Term: 1/1/2022 – 12/31/2024
Libraries	Christa Porter, Vice Chair Nebraska Library Commission Suite #120, The Atrium Bldg. 1200 N Street Lincoln, NE 68508	Appt: 3/2016 Reappt: 4/2019 Reappt: 4/2022 Term: 1/1/2022 – 12/31/2024
Rural Health Care	Rod Triplett Prairie Health Ventures 575 Fallbrook Blvd., Suite #204 Lincoln, NE 68521	Appt: 9/1/2020 Term: 1/1/2021 – 12/31/2023
Telecom Carriers	Andrew Vinton Mgr. Government & Regulatory/Legal Counsel Allo Communications 330 S. 21 st Street Lincoln, NE 68510	Appt: 4/2022 Term: 1/1/2022 – 12/31/2024
Telecom Carriers	Al Lubeck Public Policy Director CenturyLink 13116 West 128 th Street Overland Park, KS 66213	Appt: 4/2020 Reappt: 4/2021 Term: 1/1/2021 – 12/31/2023
Telecom Carriers	VACANT	
Public	Ben Backus 440 O Street Gering, NE 69341	Appt: 4/2018 Reappt: 12/2020 Term: 1/1/2021 - 12/31/2023
Commission	Carrie Gans Asst. Telecommunications Director Public Service Commission 1200 N Street, Suite #300 Lincoln, NE 68508	Appt: 4/2021 Term: 1/1/2021 – 12/31/2023

Programs

The Commission administers five separate programs designed to achieve the goals of the NUSF: quality service at affordable, comparable rates across Nebraska. More information regarding each program, including robust program guidelines outlining application process, full eligibility criteria, grant-making process, reimbursement process, and reporting are found on each program's respective page on the Telecommunications landing page of the Commission's website: https://psc.nebraska.gov/telecommunications.

Broadband Program/Wireless Tower Fund

The Nebraska Broadband Grant Program (NEBP) was established to provide specific and targeted broadband support to unserved and underserved areas to close the broadband availability gap. NEBP grants are available to regulated wireline, wireless, and unregulated communications providers wishing to participate. Activities supported through this program are organized under NUSF Docket 92 and generally delineated between wireline support (which has been limited in recent years), broadband adoption uses, and wireless projects that provide capital support for tower deployment in high-cost areas of the state (wireless tower fund).

Funding in the wireless tower fund is focused on high-cost areas that are least likely to provide sufficient operating revenues to support tower construction or the placement of a cell site without NUSF support. These areas were identified as areas that have less than 10 households per square mile. Funding recommendations are based on five factors:

- Location, household density, and households per square mile;
- Number of households served;
- Distance from nearest existing tower using same technology (CDMA or GSM);
- Average daily traffic of measured roadways within the proposed tower's footprint; and
- Amount of requested funds per household served.

Historically, NUSF Docket 92 has supported a variety of broadband-related programs, including broadband adoption efforts, such as providing broadband service to low-income households in response to the COVID-19 pandemic. However, support during this program year was almost exclusively directed toward the wireless tower fund. The Commission received approximately \$8 million in funding requests for the wireless tower fund in 2023. Towers approved in the 2022 grant cycle are shown in the chart on the next page.

Company	Exchange	Request Amt.	Total Cost of Tower	Company Match	Total Funded
US Cellular	Ponca	\$394,744	\$526,325	\$131,581	\$394,744
US Cellular	Elmwood	\$482,693	\$536,325	\$53,632	\$482,693
US Cellular	Murray	\$473,693	\$526,325	\$52,632	\$473,693
US Cellular	Ayr	\$491,693	\$546,325	\$54,632	\$491,693
US Cellular	Brainard	\$469,193	\$521,325	\$52,132	\$469,193
US Cellular	Edgar	\$505,193	\$561,325	\$56,132	\$505,193
US Cellular	Adams	\$402,244	\$536,325	\$134,081	\$402,244
US Cellular	Newcastle	\$526,325	\$526,325	\$0	\$526,325
US Cellular	Tobias	\$556,325	\$556,325	\$0	\$556,325
US Cellular	Cedar Rapids	\$398,494	\$531,325	\$132,831	\$398,494
US Cellular	Niobrara	\$413,494	\$551,325	\$137,831	\$413,494
Viaero	Filley	\$685,236	\$761,373	\$76,137	\$685,236
Viaero	De Witt	\$620,853	\$689,837	\$68,984	\$620,853
Viaero	Goehner	\$683,986	\$759,984	\$75,998	\$683,986
Viaero	Diller	\$685,730	\$761,922	\$76,192	\$685,730
Total					\$7,789,896

LB 683, passed during the 2023 legislative session, requires the Commission to withhold NUSF support from any carrier that utilizes communications equipment or services developed by organizations listed on the Federal Communications Commission's covered list, which can be viewed at https://www.fcc.gov/supplychain/coveredlist. Viaero affirmed to the Commission that it does have equipment in their networks that are on the covered list. As a result, the Commission will withhold support, including but not limited to the support listed for wireless tower construction, from Viaero until such a time as they can affirm that all prohibited equipment has been removed from their network.

E-Rate Special Construction

Nebraska's E-Rate Special Construction program is designed to maximize funding available through the federal E-Rate program and to incentivize new fiber special construction builds to connect E-Rate eligible entities where there is no existing fiber connection. The Federal Communications Commission (FCC) has adopted rules in the federal E-Rate program that includes a matching program for special construction charges for high-speed broadband. The federal program will increase an applicant's discount rate for these charges up to an additional 10% on a dollar-to-dollar basis, not to exceed 100% of costs, if a state provides eligible entities with funding for special construction for broadband that meets the FCC's long-term connectivity targets. For the purposes of the E-Rate program, special construction charges are the upfront, non-recurring costs of deploying new fiber or upgrading facilities to E-Rate eligible entities. Special construction consists of three components: (1) Construction of network facilities; (2) Design and Engineering; and (3) Project management.

The Commission has allocated \$1 million from the NUSF for the E-Rate Special Construction Matching Program. The funding is spread over four one-year funding periods from 2021 to 2024. As a supplemental support mechanism, NUSF-117 support will enable entities to maximize federal E-Rate

special construction program support by providing E-Rate matching support of up to 10% of the total eligible one-time special construction charges but does not include funding for recurring costs or ongoing NUSF support. As the NUSF-117 dollars are intended to leverage additional federal E-Rate discounts, eligibility for the Nebraska E-Rate Special Construction Matching Program largely mirrors the Federal E-Rate program. Any applicant for NUSF-117 E-Rate Special Construction Matching Program support needs to avail itself of federal E-Rate support and go through the necessary steps in the FCC's E-Rate program. This process includes selecting a provider through a competitive bid process.

The Commission is currently evaluating ways to improve the state funded E-Rate Special Construction Matching Program and increase participation of public libraries, as there has been limited participation in the program in its first three years. The Commission has opened NUSF-117 Progression Order No. 1 to seek comment on ways the program can be improved and if it should be extended beyond its initial four-year scope.

The following table reflects the total investment for the E-Rate Special Construction program, as based on participation in the state NUSF-117 E-Rate Special Construction Matching program:

	E-Rate S	Special Constru	ction Total In	vestment Costs	and Support	
Funding Year (by fiscal year)	Participating Entity Count*	Estimated Total Eligible Special Construction Costs	Estimated Federal Discount	State Special Construction Commitment	Estimated Federal Match to State Special Construction	Estimated Participating Entity Contribution
2021	7	\$118,566.80	\$91,253.44	\$11,856.68	\$11,856.68	\$3,600.00
2022	3	\$58,496.00	\$44,096.80	\$5,849.60	\$5,849.60	\$2,700.00
2023	4	\$43,035.58	\$27,953.35	\$4,303.56	\$4,303.56	\$6,475.11

^{*}Only includes entities participating in the federal E-rate program that are also participating in the state E-Rate special construction matching program. This does not reflect all federal E-Rate participation for Nebraska entities, nor does it reflect other federal E-Rate discounts an entity may receive.

High-Cost Program

The High Cost program is the primary mechanism by which the Commission supports buildout and maintenance of rural networks. When initially implemented, the state program was focused on ensuring universal access to telephone service in the newly competitive market. Later, as broadband services emerged and rapidly expanded, both the state and federal programs began authorizing more funding towards broadband-capable networks. Over time, the Commission has modified its high-cost universal service program in response to policy decisions made by the Federal Communications Commission (FCC) resulting in changes to the federal universal service support mechanisms, and also in response to specific changes driven by the communications landscape in Nebraska. The Commission's high-cost support mechanism was last changed in its NUSF-99/NUSF-108 companion decisions to transition more support for specific broadband-capable infrastructure projects. Infrastructure projects supported by NUSF are required by statute to provide service capable of 100/100 Mbps minimum. In its NUSF-99 proceeding, the Commission focused on reforms for carriers categorized as "price cap" carriers. In its NUSF-108 proceeding, the Commission focused on reforming the high-cost mechanism for carriers categorized as "rate-of-return" (RoR) carriers. Price Cap and Rate of Return Carriers that serve in Nebraska are shown below.

Price Cap Carriers
Windstream Nebraska, Inc.
Citizens Telecommunications Company of Nebraska
United Telephone Company of the West
CenturyLink QC

Rate of Return Carriers						
Arapahoe Telephone Company	Glenwood Telephone Membership Corporation	Northeast Nebraska Telephone Company				
Arlington Telephone Company	Great Plains Communications, Inc.	Pierce Telephone Company, Inc.				
Benkelman Telephone Company, Inc.	Hamilton Telephone Company	Plainview Telephone Company, Inc.				
Cambridge Telephone Company	Hartington Telecommunications Company, Inc.	Southeast Nebraska Communications, Inc.				
Consolidated Telco, Inc.	Hartman Telephone Exchanges, Inc.	Stanton Telecom, Inc.				
Consolidated Telephone Company	Hemingford Cooperative Telephone Company	Three River Telco				
Consolidated Telecom, Inc.	Henderson Cooperative Telephone Co.	Wauneta Telephone Company				
Cozad Telephone Company	Hershey Cooperative Telephone Company	Blair Telephone Company				
Curtis Telephone Company	Hooper Telephone Company	Eastern Nebraska Telephone Company				
Dalton Telephone Company, Inc.	Glenwood Network Services, Inc.	Rock County Telephone Company				
Diller Telephone Company	K & M Telephone Company, Inc.	Sodtown Telephone Company				
Elsie Communications, Inc.	Nebraska Central Telephone Company					

The Commission utilizes the State Broadband Cost Model (SBCM) to approximate costs and determine allocations for RoR carriers. The SBCM models costs to serve the locations within each census block in the state, and the Commission analyzes each census block within a rate of return carrier's exchange(s) to determine the following:

- Is the block in an urban or rural area?
- Does the carrier itself provide broadband at 25/3 Mbps or greater?
- Does a competitive provider provide broadband at 25/3 Mbps or greater?

The determination of whether a block is rural or urban is based on household density, and census designation, utilizing information from the 2010 US Census. If a block has more than 20 households and greater than 42 households per square mile or is within an area designated as a city or village, it is classified as urban. Urban blocks are not eligible for support and are removed from the analysis for support.

Census blocks are placed into a carrier's territory based on company Incumbent Local Exchange Carrier boundaries, which the PSC maintains. FCC Form 477 data is used to determine whether service exists within a given census block. The most recent dataset available at the time of model development is used for the distribution methodology. In the context of the SBCM, if a wireline provider (utilizing cable, fiber, or DSL service) reports 25/3 Mbps down/up availability for a block, it is considered served with broadband.

The SBCM data provides estimates of CapEx (Capital Expenses) and OpEx (Operating expenses) needed to bring broadband to the locations within the block. Each block was placed into the following categories based on the listed factors:

- 1. Urban not eligible for support.
- 2. Rural, no broadband available no investment has been made to bring broadband service, so will only receive OpEx for maintaining the existing network, but Broadband Deployment Support (BDS) may be used in this block.
- 3. Rural, competitive provider provides broadband Since an unsubsidized competitor already provides broadband to this location, no support will be provided.
- 4. Rural, only ILEC provides broadband Since the ILEC has made the investment to bring broadband service to the locations in this census block, the carrier will receive both OpEx and CapEx to offset the investment that has already been made.

A fifth situation may also occur, where a RoR carrier has elected federal Alternative Connect America Cost Model (A-CAM) support but the A-CAM support was capped at a level not sufficient to deploy broadband to a minimum 25/3 Mbps ("capped locations"). Effective January 1, 2022, the Commission provides limited BDS support to RoR carriers for projects involving construction of new broadband infrastructure scalable to 100/100 Mbps.

For blocks that do not have broadband available, either from the ILEC or a competitive carrier, the ILEC has funds allocated to them for broadband deployment (Broadband Deployment Support, or BDS). They may elect to use those funds to bring broadband to blocks that lack it currently. When they choose to do this that support will only be provided for eligible projects on a reimbursement basis as costs are incurred. Approved rate of return project areas can be viewed on the Nebraska Broadband website at: http://broadband.nebraska.gov

Allocations for companies are adjusted proportionally based on the overall support available for the program. The allocations for the 2022 and 2023 calendar years can be found on the Commission website at https://psc.nebraska.gov/telecommunications/high-cost-information – click on the links with "NUSF High Cost Support Distribution" in the name.

Ongoing support allocations for individual companies are also subject to additional review to ensure NUSF-HCP support does not exceed levels required to recover reasonable costs, nor result in an excessive overall rate-of-return.

To facilitate this review, NETCs are required to annually submit investment, expense, and revenue data, to the Commission via the NUSF-EARN Form (EARN Form). Using agreed-upon-procedures, independent auditors certify EARN Form amounts to the financial statements of the NETC.

In the calendar year 2023, the Commission allocated a total of \$45.6 million to price cap and RoR carriers. Of that amount, \$28.2 million was dedicated to BDS, or broadband deployment support. The remaining funding was allocated as ongoing support, to be used for the maintenance and operation of existing networks. Through the High Cost program, the Commission has administered funds that have brought broadband-capable service to over 11,000 households that lacked 25/3 Mbps service since 2019. More details about the areas served and project costs can be viewed on the PSC's Nebraska Broadband Map at https://broadbandmap.nebraska.gov.

Nebraska Rural Telehealth Program

In January 2021, the Commission revised the Nebraska Rural Telehealth Program to mirror modifications made in the federal program. The Commission has allocated an annual amount of \$1.5 million to the Nebraska Rural Telehealth Program, which is designed to be a companion to the federal Healthcare Connect Fund (HCF), a subprogram of the Rural Health Care (RHC) program administered by the FCC. Nebraska's telehealth program provides supplemental and secondary funding to health care providers or consortia receiving federal support through the HCF. Under the federal HCF, costs are paid at a rate of 65 percent of eligible costs with the remaining 35 percent to be contributed by the health care provider or consortium. The Commission will provide funding toward that portion remaining after federal funding and provide up to a maximum of 25 percent of total eligible costs, with the remaining 10 percent to be paid by the healthcare provider or consortium.

Since modifications were made to the Nebraska Rural Telehealth Program in 2021, participation has steadily increased, as described in the chart below. For the 2023 program year, the Commission received 441 applications totaling \$1.6 million in requested funds exceeding the \$1.5 million budgeted. If all participating Nebraska entities in the federal program also participated in the state program, projected funds required to meet that need are \$2.5 - \$2.8 million per year. The Commission plans to continue to explore ways in the next year to make sure that the program continues to meet the connectivity needs of health care providers serving rural Nebraska.

Three-Year Program History					
Year	No. of Applications	Amount			
FY2021	146	\$415,579.19			
FY2022	228	\$557,697.72			
FY2023	441	\$1,602,036.18			

Nebraska Telephone Assistance Program

The Nebraska Telephone Assistance Program (NTAP) assists eligible low-income individuals (income at or below 135% of the federal poverty level) with obtaining and keeping telephone services by lowering monthly telephone service rates. Eligible subscribers receive a monthly discount of up to \$12.75 on their telephone bill, which consists of up to \$9.25 through the federal Lifeline program and \$3.50 in NUSF support for eligible voice or bundled service. NTAP assistance is available for a landline or wireless telephone. Only one subscriber per household unit can receive NTAP support and each subscriber may only receive support for one telephone line, either wireline or wireless.

To qualify for the NTAP, a member of the subscriber's household must participate in one of the following programs:

- Medicaid:
- Supplemental Nutrition Assistance Program (SNAP);
- Supplemental Security Income (SSI);
- Federal Public Housing Assistance;

- Children's Health Insurance Programs; or
- Veterans Pension Benefit/Survivors Pension Benefit.

For households located on qualifying Tribal lands, federal support of up to \$34.25 per month is available, and up to a \$100 reduction for initial connection charges. Eligibility criteria for consumers living in tribal areas includes participation in the following programs:

- Bureau of Indian Affairs General Assistance;
- Tribally administered Temporary Assistance for Needy Families;
- Head Start (only those meeting its income qualifying standard); or
- National School Lunch Program free lunch program.

Verification for eligibility in both the federal and state programs is completed through the National Verifier, a platform managed by the Universal Services Administration Company (USAC).

Participation has declined in the last few years, mirroring declining participation in the federal program. Factors impacting this decline include the availability of other programs, like the Affordable Connectivity Program (which offers a \$30/month subsidy) that participants are taking advantage of, limited awareness of the program, and challenges for participants navigating the federal application process. Additionally, it is worth noting that not all providers participate in the Lifeline program.

The Commission budgets \$200,000 to support this program for each calendar year, with the following expenditures:

Three Year Program History					
Year	Amount Disbursed	Average No. of Participants per Month			
2021	\$108,013.50	2572			
2022	\$90,433.00	2153			
2023 (through July)	\$42,682.50	1742			

BROADBAND PROGRAMS

The Commission has supported broadband-capable networks through the Nebraska Universal Service Fund since 2011 (See Chapter I). In 2021, the Nebraska Legislature granted the Commission the authority to conduct a broadband-specific grant program, the Nebraska Broadband Bridge Program (NBBP), aimed at increasing access to high-speed Internet, or broadband, for Nebraskans across the state. Programs are focused on deploying broadband infrastructure in areas of the state that are considered unserved, meaning broadband speeds are below 25 megabits per second (Mbps) download ("down") and three megabits per second upload ("up") (stylized as 25/3 Mbps). Support can also be provided to underserved areas of the state, which are locations with service below 100/20 Mbps speeds, but above 25/3 Mbps. Projects funded by Commission-administered programs must provide broadband Internet service scalable to 100/100 Mbps.

The Commission's application and evaluation processes ensure that funds are allocated to projects that will best meet the state's priorities as identified in statute, primarily to connect Nebraskans to high-speed Internet. Complete program guidelines and lists of grant awardees for each broadband program can be found on the Commission's website at:

https://psc.nebraska.gov/telecommunications/nebraska-broadband-bridge-program-nbbpcapital-projects-fund-cpf.

Additionally, the Commission continues to support a broadband map that provides a wide variety of information about broadband availability and performance throughout the entire state. In 2020, the Commission worked to re-design the broadband map, and in July 2020 launched a new version. The Commission maintains up-to-date information on the projects supported through NUSF, NBBP, and the federal Capital Projects Fund grant program, and all of this information is displayed on the broadband map. The broadband map is also set up to display information about federal broadband programs, including areas supported through the various federal universal service fund programs. The site can be found at: http://broadbandmap.nebraska.gov.

The Commission maintains a separate broadband map that is focused specifically on the broadband grant programs (Broadband Bridge and Capital Projects Fund). This map allows for more detailed and specific information about the grant program to be displayed. This map can be accessed at:

(https://gis.ne.gov/portal/apps/webappviewer/index.html?id=9dc876af8ea541daa28d7dc82378e5 ca).

The Commission has a long history of collaborating with other State agencies to support the connectivity needs of Nebraskans through the state. The Commission looks forward to expanding this collaboration with the newly created state Broadband Office. Collaborative efforts will be discussed in greater detail below.

Broadband Bridge

Originally created during the 2021 Legislative Session through LB 388 and now found in Neb. Rev. Stat. starting in §§ 86-1301, the Nebraska Broadband Bridge Program (NBBP) was created to facilitate and fund the deployment of broadband networks in unserved and underserved areas of Nebraska. Through the program, the Commission has the authority to grant awards to assist applicants with eligible infrastructure installation costs for qualifying projects. Qualifying projects must provide broadband Internet service scalable to 100 megabits per second downloading and 100 megabits per second for uploading, or greater (100Mbps/100 Mbps).

Applications are assigned to priority tiers based on whether the project will provide service to unserved or underserved locations. Once applications are assigned to tiers, they are scored according to a series of criteria that assess financial capability, legal capability, technical capability,

whether rates are comparable, match source, match percentage, location-density, whether the applicant is an eligible telecommunications carrier (ETC), whether a digital inclusion plan is included, and whether the applicant is participating in a public private partnership as part of the project. Points are assigned in each category as appropriate.

A challenge process was put in place in the program to protect an area from being overbuilt if another carrier is already providing service or is in the process of constructing service to an application area. Challengers must provide evidence to support their claim that service is already available or that they are in the process of building out infrastructure capable of serving the area they are challenging.

Beginning in fiscal year 2021-22, the Legislature appropriated \$20 million annually to NBBP to be distributed as grants and to pay for associated administrative costs. The following table describes how the NBBP funds have been awarded since the program's inception:

Award Summary	2021	2022	2023
Total number of applications received	76	115	51
Total number of applicants	23	29	19
Total number of applications approved	61	37	TBA
Total unserved location counts for	1,765	2,178	TBA
approved projects			
Total underserved location counts for	10,875	260	TBA
approved projects			
Total location counts for approved	12,640	2,438	TBA
projects			
Total amount of grant funding	\$19,732,318.00	\$20,370,448.91	
available*			
Total amount of grant funding	\$30,085,292.49	\$69,396,132.38	\$46,059,230.10
requested			
Total amount of grant funding approved	\$19,217,657.09	\$20,351,778.14	TBA
Total grant funding remaining	\$574,660.91	\$18,670.77	TBA

^{*}This amount represents the \$20 million annual amount set forth by Nebraska Rev. Stat. § 86-1303, less administrative costs. Unawarded grant amounts are made available in the following funding year, when possible. Unencumbered funds cannot be carried across bienniums.

The decrease in locations supported between 2021 and 2022 can be attributed to a few factors. In April 2022, Governor Rickets signed LB1144 into law, which reduced the matching funds requirements for high-cost areas in NBBP projects. The Commission implemented this change to the matching funds requirements starting with the 2022 grant cycle, resulting in the decrease in total location counts served and a corresponding increase in grant funds awarded per location. Additionally, in the 2021 program year, 86 percent of awards went to underserved locations, but in the 2022 program year **unserved** locations made up 89 percent of all awarded locations. Unserved areas face additional costs and barriers to deploy broadband infrastructure in comparison to underserved locations where some infrastructure already exists.

NBBP projects must be completed within 18 months after the award is made, though applicants can request extensions; consequently, grants awarded during the 2021 program are approaching their completion deadline. Following deployment of the completed network, awardees are required to submit speed test information to the Commission as a condition of receiving final payment for the project. Speed tests reflect actual download and upload speed capabilities of the network during peak times of usage, using a random sample of subscriber locations. The number of locations required to be tested is depended upon the number of locations within the project area:

- 50 or fewer locations: 5 test locations;
- 51-500 location: 10% of the total number of locations as test locations; and
- Over 500: 50 test locations.

To date, 19 projects have requested deadline extensions, 32 projects have submitted project completion notices with the Commission, and 21 projects have successfully submitted speed testing for their awarded projects. Deadline extensions have typically been requested due to permitting challenges, workforce shortages, and delays caused by weather that have impacted construction timelines.

For the 2023 program year, applications were due the first week of July. The Commission received 51 requests from 19 applicants totaling \$46,059,230.10 to provide service to 3,784 unserved and 2,973 underserved locations. After a thorough evaluation of applications and challenge process, awardees will be announced in late December, 2023 or early January, 2024.

Capital Projects Fund

Under Section 604 of the Social Security Act, as added by Section 9901 of American Rescue Plan Act of 2021, the U.S. Department of the Treasury established the Coronavirus Capital Projects Fund (CPF). The CPF addresses the following priorities:

- 1. Broadband infrastructure deployment designed to directly enable work, education, and healthcare monitoring;
- 2. Critical needs that resulted from or were made apparent or exacerbated by the COVID-19 public health emergency; and
- 3. Critical needs of the community to be served by the deployment.

Nebraska was awarded \$128,740,178 for the fulfillment of the goals established by the CPF, which includes administrative costs. Pursuant to Neb. Rev. Stat. § 8112,245, in accordance with the Nebraska Broadband Bridge Act, Neb. Rev. Stat. §§ 86-1301 – 1312, and in cooperation with the Department of Economic Development, the Commission used the grant framework established under the Nebraska Broadband Bridge Program to determine funding eligibility. The Nebraska Legislature determined that funding through the CPF would be subdivided amongst the 3 US Congressional Districts in Nebraska. The total funding amount available for use towards broadband infrastructure deployment is as follows:

- 1. Congressional District 1: No less than \$40,000,000 for eligible projects.
- 2. Congressional District 3: No less than \$40,000,000 for eligible projects within cities of the second class and villages.

In Congressional District 2, it was determined that no more than \$35,000,000 would be designated for the improvement of multipurpose community facilities. It was also determined that this funding would be administered directly by the Nebraska Department of Economic Development in a separate process.

Neb. Rev. Stat. §§ 86-1301 – 1312 empowered the Commission with the authority to grant awards to assist applicants with eligible infrastructure installation costs for qualifying projects. Consistent with Broadband Bridge and NUSF, qualified projects must provide broadband Internet service scalable to one hundred megabits per second for downloading and one hundred megabits per second for uploading, or greater (100/100 Mbps).

On August 30, 2022, the U.S. Department of Treasury authorized \$87.7 million of the CPF funding to proceed with the broadband deployment in Nebraska Congressional Districts 1 & 3. The Commission initiated the first grant cycle for CPF in January, 2023. The Commission received 130 applications between both Congressional District 1 and Congressional District 3. The Commission did not fund projects that were successfully challenged by another provider or that did not adequately demonstrate financial, legal, or technical capability; address digital inclusion; or demonstrate rate comparability. Additional points that determined funding were awarded for a speed additive, source and amount of matching funds, low location densities, and projects submitted as a private-public partnership.

Award Summary	Congressional District 1	Congressional District 3
Total number of applications received	65	65
Total number of applicants	13	14
Total number of applications approved	27	38
Total unserved location counts for approved projects	627	173
Total underserved location counts for approved projects	2,387	3,562
Total location counts for approved projects	3,014	3,735
Total amount of grant funding approved	\$40,311,361.47	\$21,033,925.62

While all funds for Congressional District 1 were awarded, there are still funds remaining for Congressional District 3. The Commission plans to open an additional round of funding for Congressional District 3, and unfunded projects may resubmit their applications for future consideration.

Broadband Office Collaboration

The Commission has a long history of coordination and collaboration with other agencies on efforts to increase broadband infrastructure and adoption across the state.

In 2010, the Commission helped lead a collaborative effort aimed at mapping broadband, identifying broadband needs, and developing an initial broadband plan. The group consisted of representatives from the Commission, the University of Nebraska, the Office of the CIO/Nebraska Information Technology Commission (OCIO/NITC), AIM, and Nebraska Extension. The broadband map developed through this process was a precursor to the nationwide broadband map developed later by the Federal Communications Commission (FCC) through the FCC Form 477 broadband deployment mapping process.

The Commission has been an active participant in the Rural Broadband Task Force since its inception and has a track record of collaborating with staff of the Office of the CIO/Nebraska Information Technology Commission (OCIO/NITC) in support of these efforts. The Task Force includes Commissioner Dan Watermeier, Senators Bruce Bostelman and Mike Moser, OCIO Ed Toner, and members from the agricultural, educational, health care, economic development, and telecommunications industries. Former Commissioner Mary Ridder was one of the founding Task Force members. The Commission also provides staff support to the group.

The Nebraska Broadband Office is statutorily required to direct the coordination among state agencies, boards, and commissions on policy matters affecting use of federal or state funding for broadband infrastructure deployment, operation, and maintenance. Prior to the creation of the Broadband Office by executive order in January 2023, the Commission was collaborating with other

agencies on the use of federal funds to support broadband deployment and will continue to do so with the now codified Broadband Office.

In February 2022, Governor Ricketts identified an Interim Broadband Coordinator within the Budget Office to organize and facilitate collaboration around broadband deployment activities across various state agencies. The following August, the first Broadband Working Group meeting arose out of this coordination, which launched the Connect Nebraska Working Group (CNEW), an interagency collaboration comprised of members from the Budget Office, Governor's Policy and Research Office, the OCIO/NITC, and the Public Service Commission. CNEW was charged with coordinating Nebraska's federally funded broadband programs. Many Commission staff regularly participated in the working group, bringing their financial, legal, and policy expertise.

Within the same timeframe, the Interim Broadband Coordinator began convening regular stakeholder meetings, approximately monthly, which both Commissioners and Commission staff attend. During these meetings, Commission staff shared updates with the broader group on broadband programs administered by the Commission, mapping efforts, and, prior to its transition to the Broadband Office, the Broadband Equity Access and Deployment (BEAD) program. In May 2023, the Broadband Office began facilitating small working groups to work on various aspects of the Nebraska Strategic Broadband Plan (a separate effort from the Five-Year Action Plan required for the BEAD program) through this stakeholder group. Commission staff participated in four of the five work groups with following focus points:

- Broadband deployment;
- · Digital opportunities and inclusion;
- Collaboration and engagement; and
- Ongoing network maintenance and sustainability.

In addition to Commission's staff participation in these workgroups, the Broadband Office also requested the Commission's Telecommunications and NUSF Director, Cullen Robbins, to lead the workgroup focused on ongoing network maintenance and sustainability.

Broadband Equity Access and Deployment Program

In June 2022, Governor Ricketts submitted a Letter of Intent to the National Telecommunications Information Administration (NTIA) declaring Nebraska's plan to participate in the Broadband Equity Access and Deployment (BEAD) program and identifying the Commission as the administering entity for the grant funds. In August 2022, the Commission submitted the initial detailed planning fund budget and project summary to the NTIA and began engaging in some planning activities knowing that activity would need to be limited until the initial planning award was received and the Commission could draw down funds for eligible activities. The Commission received the initial planning award in mid-November 2022.

Prior to the release of the planning awards, the Commission worked to create a strong foundation for the success of the program. The Commission crafted position descriptions for additional staff roles, developed an extensive list of stakeholders to meet outreach requirements, and closely reviewed the Federal Communication Commission's Broadband Fabric map upon its release to the public.

Beginning in November, the Commission put planning items into action upon release of funds. Recognizing that some additional staff capacity was needed to fully implement the program (as well as other federal programs such as the Capital Projects Fund), the Commission posted a handful of job openings. The first new team members came on board in December 2022: an attorney and human resource specialist. An outreach coordinator was hired in January 2023 and joined the team the first week of February 2023.

In January, 2023, Governor Pillen initiated the creation of a broadband office via Executive Order. During the 2023 Legislative Session, LB LB683 was passed, formally creating the Broadband Office. The office was created in part to administer federal BEAD funds. As the bill moved through the legislative process, the Commission paused hiring the additional positions that were identified in the planning grant. However, the Commission continued to work on elements of the BEAD program, in coordination with the interim director of the Broadband Office. This work included a focus on the outreach and stakeholder engagement requirements of the program. As part of the outreach plan, the Commission hosted webinars, held Tribal Consultations with the four federally recognized Native American Tribes in Nebraska, and engaged with a wide array of targeted stakeholder groups through a series of listening sessions across the state. During this time, the Commission held weekly meetings with the Broadband Office to collaborate around the strategy and implementation methods with these outreach activities, knowing that these sessions would influence the content of the Five-Year Action plan. Once LB 683 was passed and signed by Governor Pillen, the Commission worked to transition responsibilities to the Broadband Office, completing that transition prior to June 1, 2023. However, the Commission intends to continue to work collaboratively with the Broadband Office moving forward.

State Broadband Fabric Map

Introduced in the 2022 Legislative Session, LB 1144 authorized the Commission to proceed with creating a Nebraska State Broadband Fabric map (the Map), using resources from the BEAD program to fund this effort.

In July 2022, the Commission began researching vendors with the ability to meet the State's broadband mapping needs. In November of 2022, the NTIA awarded the Commission BEAD planning funds and the Commission sought bids from mapping vendors. After a review of the proposals, the Commission worked to secure a contract with VETRO FiberMap (VETRO). In January 2023, a contract with VETRO was executed and work began to build the Map.

The Commission anticipated incorporating fabric and cost data from CostQuest Associates (CQA); however, that license was negotiated on a national level between NTIA and CQA, which would then flow down to state level maps. In March 2023, the NTIA provided information to members of its State Broadband Leaders Network that it was working to release the CQA license soon, but it was not yet available. Consequently, the Commission was not able to incorporate that information.

Upon passage of LB683 in May 2023, the Commission worked with Nebraska Department of Transportation and the Broadband Office to the assign the VETRO contract in support of the Legislature's desire to move responsibility for developing the state's Broadband Fabric Map to the Broadband Office.

STATE 911

In 2016, the Nebraska Legislature adopted LB 938. This bill created the 911 Service System Act. The act designated the Commission the statewide authority to plan, implement, coordinate, manage, maintain, and provide funding assistance for a statewide 911 System, created the State 911 Department, and required that an implementation plan be developed to transition Nebraska's aging 911 system to a statewide Next Generation 911 (NG911) System.

The NG911 Master Plan was adopted by the Commission in November 2017 and was presented to a joint session of the Legislature's Transportation and Telecommunications and Appropriations Committees the following month. In the 2018 session, LB993 created the 911 Service System Advisory Committee, the 911 Service System Fund and authorized the beginning of implementation of NG911 in Nebraska.

LB993 combined the Wireless E911 Fund created in 2001, with the 911 Service System Fund. The 911 Service System Fund supports the implementation, coordination, deployment, management, and maintenance of 911 Service System and the NG911 Master Plan.

The History of 911

As technology has advanced over the last 55-years since the first 911 call was made in Haleyville, Alabama, the need for 911 capabilities has evolved as well. In the beginning, citizens had the ability to make basic 911 calls to a 911 center, or Public Safety Answering Point (PSAP). With basic service, the PSAP received no location or identifying information with the call. The information had to be communicated by the calling party to the PSAP. As capabilities increased technology transitioned to Enhanced 911. With Enhanced 911, the PSAP received location and telephone number information with the 911 call based on the address of the wireline caller. Having this information allowed the PSAP to dispatch emergency services more quickly, even if the caller was not able to communicate their location or the nature of their emergency.

With the invention of wireless cellular phones, new challenges were identified with the location identification of 911 callers. 911 calls made from wireless cellular phones developed into Wireless Enhanced 911. There are three phases of Wireless E911. The most basic of these is "Wireless Phase 0." This means that when a person calls 911 from their wireless device, the PSAP in a city or county, possibly up to hundreds of miles away from the caller, may receive the call, but not receive the telephone number of the wireless device or the location of the caller. This presents potentially life-threatening issues due to delayed response time if the caller is unable to speak, does not know where they are, does not know their wireless telephone number, or if the call is dropped.

With "Wireless Phase I", a wireless call is received into the PSAP with the wireless device's telephone number and the location of the wireless cellular tower that received the call. This allows the PSAP to determine the general location of the calling party, usually within a few square miles. Although not ideal, this allows the call taker to identify the wireless carrier and the wireless subscriber's name.

With "Wireless Phase II", PSAP's have the ability to receive both the wireless caller's telephone number and their specific location by latitude and longitude.

When a wireless phone is turned on, whether or not it is in use, it periodically transmits signals to the wireless network, so the wireless network knows which cellular towers to deliver calls to if the device is used. With the network-based solution, special radio intercept equipment is installed on cellular towers to accomplish the location task. When a wireless call is placed, the towers can compare signals from any active wireless device and pinpoint the call using triangulation (the difference in time between the arrival of the signal at different receiving stations or by the signal's angle of arrival at each tower). It takes at least three towers to get an accurate location. This solution is called network-based because the signal measurements and location calculations are performed in the wireless network.

The handset-based solution utilizes a wireless device equipped with Global Positioning System (GPS) equipment that can measure the time of arrival of signals transmitted from GPS satellites in order to calculate its position.

The Federal Communications Commission (FCC) established Wireless Accuracy Standards for horizontal accuracy that went into effect April 3, 2017. The standard requires that all wireless calls must provide a dispatchable location or x/y location (latitude and longitude) within 50 meters for 80% as of April 2021.

The Future of Wireless 911

On April 4, 2018, LB993 was signed into law paving the way for the Commission to begin implementation of Next Generation 911 (NG911) service in Nebraska. LB993 authorized the Commission to establish a 911 Service System Advisory Committee, merged the E911 Wireless fund with the 911 Service System Fund, and authorized the Commission to proceed with the implementation of the 911 Service System.

Next Generation 911 utilizes an Emergency Services Internet Protocol Network (ESInet) to allow PSAPs to receive voice communication, data, photos, and video from mobile devices. To implement Next Generation 911, a robust broadband network interconnects regions of PSAPs. Nebraska PSAPs have organized into Host/Remote regions. In the regional environment, two PSAPs function as the "Hosts" and the remainder function as "Remotes".

The "Host" PSAPs are equipped with the expensive Call Handling Equipment (CHE) necessary to receive 911 calls. The "Remote" PSAPs interconnect to the "Hosts" via a regional Internet Protocol (IP) network. This configuration allows for the sharing of equipment and resources and drives the expensive costs of call handling equipment down. It also adds resiliency and redundancy to the 911 system.

In addition to the establishment of an ESInet, Next Generation 911 involves locating and routing calls geospatially, which requires the use of precise Geographic Information System (GIS) data. The Commission is working with the PSAPs and GIS specialists to create and maintain the necessary data to locate and route 911 calls in the Next Generation 911 environment. The Commission contracted with West Safety Services/Intrado to conduct Quality Assurance/Quality Control (QA/QC) checks on Nebraska's GIS data so the requirements of a NENAi3³ NG911 system can be achieved.

After issuing a Request For Proposal (RFP) for a statewide ESInet and NG911 Core Services, the Commission executed a five-year contract in January 2021 with Lumen (formerly CenturyLink) and its partner Intrado to provide these services. In early 2022, the first Region with 22 PSAPs migrated to the statewide ESInet. Since then, another three Regions with 14 PSAPs have connected to the 911 Service System. The regions that have migrated to the ESInet system are the South Central/Panhandle Region, Mid-East Region, Northeast Region, and the Metro Region. With 36 PSAPs connected to the system 62% of Nebraska's population and over 50% of the state's geography is served by the Next Generation 911 System. The Commission expects the remaining 32 PSAPs to connect in the next fiscal year.

The Commission has established the 911 Service System Advisory Committee (911 SSAC). This Committee includes representatives of State, County and City Government officials, Law Enforcement, Fire, EMS, and Emergency Management personnel, as well as representatives of the telecommunications industry. The Committee has formed several working groups to make recommendations in the following areas: technical, GIS, training, operations, and funding. The working groups make recommendations to the 911 Service System Advisory Committee. The Committee will in turn make recommendations to the Commission.

³ NENAi3 is the national standard that all states are working to achieve to implement Next Generation 911



The Commission holds a 911 Service System Advisory Committee meeting.

Eventually, in the Next Generation 911 environment, citizens seeking emergency assistance will be able to contact 911 utilizing voice communications, text messages, photos, videos, and other digital media means. The identification of a caller's location and the routing of that call to the appropriate PSAP will be greatly enhanced, ultimately improving the chances of receiving emergency assistance much faster and saving lives.

Funding

Since July 1, 2001, a \$.50 surcharge had been collected from each subscriber of a wireless phone with a billing address in Nebraska. Wireless carriers remit the surcharge to the Commission 60 days after the last day of the month. On January 1, 2013, the surcharge was reduced to \$.45 for each subscriber with a billing address in Nebraska. Beginning January 1, 2022, the surcharge was raised to \$.70 per line for each wireless subscriber in Nebraska except for residents of Douglas County. There is a statutory cap for Douglas County that limits the surcharge rate to \$.50 per line. For fiscal year 2022-2023, the 911 Service System fund collected more than \$11 million dollars.

The Prepaid Wireless Surcharge Act was passed by the Legislature in 2012 and updated as a result of LB 157 in 2018. Under this Act, each retail seller of prepaid wireless telecommunication services collects the Wireless surcharges directly from the consumer at the point-of-sale. The amount of the surcharge collected per retail transaction is based on an annual determination by the Nebraska Department of Revenue utilizing a formula of the amount of prepaid wireless surcharges.

Amounts collected are remitted by retailer to the Department of Revenue. In fiscal year 2022-2023 this amounted to over 1% of the total sale. Retailers are permitted to deduct and retain 3% of prepaid wireless surcharges. The Department of Revenue will then remit the collected amounts less administrative costs not to exceed 2%, to the State Treasurer for credit to the 911 Service System fund.

On February 23, 2010, the Commission adopted a permanent funding mechanism, the 911 Support Allocation Methodology (911-SAM), for wireless 911 service pursuant to *Neb. Rev. Stat.*

§ 86-465 (1) (e). The 911-SAM forecasted the future status of the Enhanced Wireless 911 Fund and assisted in the allocation of annual support amounts to eligible PSAPs and wireless carriers.

The 911-SAM derived costs proxy amounts, representing the costs incurred for the provision of wireless enhanced 911 service, for three cost categories: PSAP, Geographic Information Systems (GIS), and wireless carriers. Cost proxy amounts were determined as functions of independent variables and predefined cost inputs. More specifically, PSAP and GIS costs proxy amounts were

calculated as functions of population and the wireless carrier cost proxy amount was determined as a function of wireless towers.

During Fiscal Year 2022-2023, PSAPs received nearly \$4.9 million and local exchange carriers received more than \$2.6 million from the 911 Service System Fund.

In preparation for Next Generation 911, the Commission adopted a new NG911 funding model. This model prioritizes funding for the statewide Next Generation 911 Service System, to include the costs of the ESInet, NG911 Core Services, GIS data maintenance, and a statewide Management Information System. Additionally, the 911 Service System Fund continues to allocate money to the PSAPs using a formula that identifies 40% of available funds for a base amount that each PSAP receives, 40% based on a PSAPs call volume, and 20% based on the population of the area served. As PSAPs connect to the ESInet and the NG911 Service System, they will transition to the new NG911 funding model.

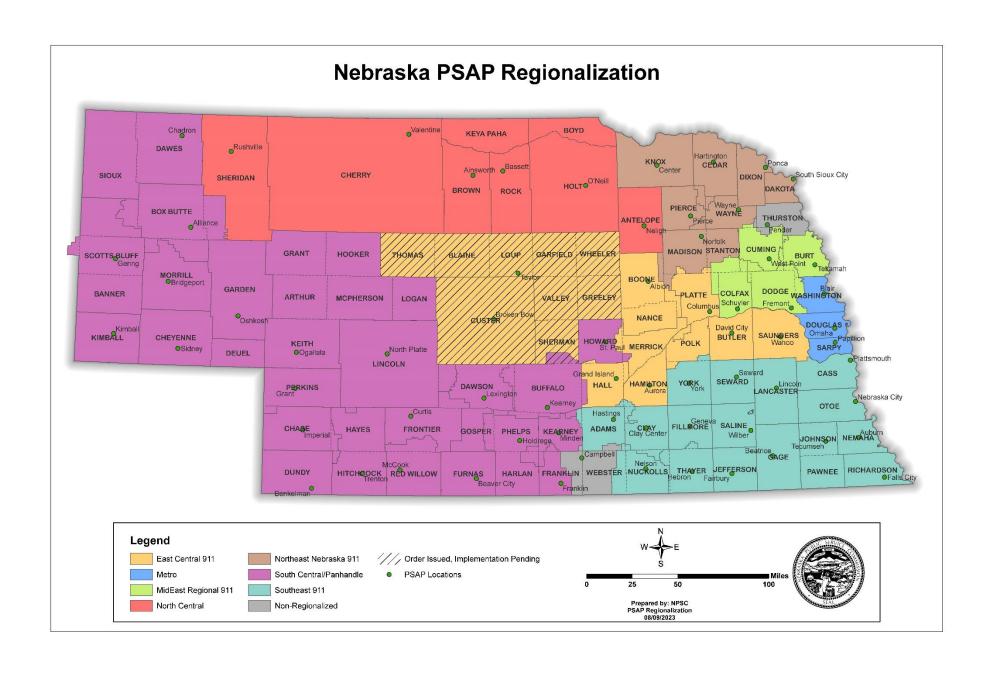
Training and Technical Standards

Since the inception of 911 in Nebraska, statewide mandatory training standards have not existed. The Training Working Group and the 911 Service System Advisory Committee have worked to develop mandatory training standards that each telecommunicator must complete. In the fall of 2021, the Commission adopted the training standards. Effective January 1, 2022, all telecommunicators were required to complete a 911 40-hour basic course by the end of 2022. The standards include a requirement for continuing education as well.

Wireline 911 Information

Wireline 911 surcharge information reported to the Commission by local telephone carriers in Nebraska can be found on the Commission's website:

https://psc.nebraska.gov/telecommunications/2023-annual-report-legislature (select 911 Wireline Report). If specific exchange information is not listed, it is because the local telephone carrier did not file the information.



LEGISLATIVE SUMMARY AND RECOMMENDATIONS

The Commission appreciates recent legislative action providing flexibility for determining application deadlines for the Nebraska Broadband Bridge Program (NBBP). This change will allow the Commission to adjust the procedural schedule for the NBBP to better align it with other broadband-focused programs, including the Capital Projects Fund program and any programs that are funded through the BEAD program. Additionally, removal of the restriction on allowable areas for use of Capital Projects Funds in Congressional District 3 will allow the Commission to approve applications which reach more unserved locations.

The Commission also appreciates the \$1 million in funding appropriation for the Precision Agriculture Infrastructure Grant Program. The Commission looks forward to administering that program in the coming year.

Legislative Bill 61, introduced during the 2023 session and still on Select File, involves the leasing of dark fiber by agencies or political subdivisions of the state. The Commission has had a role in reviewing and approving dark fiber leases that involve these entities, and the bill seeks to remove many of the obligations for those entities. The Commission took a neutral position on that bill during the session. In its letter to the Transportation and Telecommunications Committee, the Commission noted that one of the primary roles that it plays in the dark fiber leasing process is transparency. The Commission maintains that transparency is an important part of this process and recommends that any changes to the existing process preserves a transparent process for dark fiber leasing.

The Commission occasionally receives applications from telecommunications carriers for approval of debt financing pursuant to Neb. Rev. Stat. §§ 75-148 – 75-151. Section 75-148 requires a common carrier that issues stocks, bonds, notes, or other evidence of indebtedness to obtain the consent of the Commission. Section 75-150 requires that a carrier submitting such an application must remit a fee of up to \$2,500 to the General Fund.

The Commission has entered orders with findings that the applications received are in compliance with statute and that the debt financing is reasonably required for the purposes outlined in the application. However, it is difficult for the Commission to properly assess that the debt financing is "reasonably required" for interests that are not within Nebraska and/or its jurisdiction. Often, applicants have few, if any, customers in Nebraska, and the debt financing requests are for amounts well above what could reasonably be expected to be necessary for Nebraska operations. These applications are often received in the context of large company restructurings or mergers involving numerous affiliated entities, in which case the Commission believes the lender issuing the debt financing is in the best position to assess the company's financial fitness. Additionally, in practice, the Commission finds that most applicants under this section must pay the maximum fee of \$2,500 under § 75-150. This fee is very high relative to other application fees charged by the Commission. The Commission believes this section of statute should be examined for its relevance and applicability in today's telecommunications regulatory structure.

The Commission appreciates the attention paid by the Legislature to matters involving telecommunications and looks forward to working collaboratively with the Legislature in future sessions.

APPENDIX A – LOCAL EXCHANGE CARRIERS, ACCESS LINES, AND RATES

Carrier	Residential Rates	Residential Lines Served	Business Rates	Business Lines Served
AT&T Communication of the Midwest	\$25.95	0	34.95	5,880
ACN Communication Services, Inc.	\$22.99	0		19
Action Communications, Inc.	VolP	0	VoIP	7
Airespring, Inc.	VoIP	0	VoIP	49
Allo Communications, LLC	\$18.00	8,333	31.00	22,865
Applied Communications Technology Inc.	\$21.40	1	44.80	0
Arapahoe Telephone Company	\$19.95	672	23.25	373
Arlington Telephone Company	\$19.95	308	30.00	64
Aureon Communications, LLC	N/A	123	N/A	20
Benkelman Telephone Company	\$19.95	388	27.50	218
Blair Telephone Company	\$19.95	2,025	30.00	786
Broadview Networks, Inc.	VolP	0	VoIP	49
Bullseye Telecom, Inc.	N/A	0	27.55	275
Cambridge Telephone Company	\$19.95	257	27.50	226
CBTS Technology Solutions	VolP	0	VolP	44
Citizens Telecommunications Company of Nebraska (d/b/a Frontier)	\$21.50	3,752	32.50	5,074
Clear Rate Communications, LLC	VolP	65	VoIP	157
Consolidated Telco, Inc.	\$19.95	443	27.50	201
Consolidated Telecom, Inc.	\$19.95	329	27.50	123
Consolidated Telephone Company	\$19.95	1,279	27.50	416
Cox Nebraska Telecom LLC	\$19.99	51,614	ICB	53,176
Cozad Telephone Company	\$19.95	497	29.95	548
Crexendo Business Solutions, Inc.	VolP	0	VolP	565
Curtis Telephone Company	\$19.95	160	27.50	140
Dalton Telephone Company, Inc.	\$19.25	371	29.95	107
Diller Telephone Company	\$19.95	491	27.50	106
dishNET Wireline, LLC	\$42.00	183	N/A	0

Carrier	Residential Rates	Residential Lines Served	Business Rates	Business Lines Served
Eastern Nebraska Telephone Company	\$19.95	851	30.00	792
Elsie Communications, Inc.	\$19.25	56	29.95	37
FiberComm, LLC	\$19.00	60	19.00	423
First Communications, LLC	N/A	0	27.55	8
France Telecom Corporate Solutions, LLC	VoIP	0	VoIP	64
Fusion Communications, LLC	N/A	0		401
Glenwood Network Services, Inc. (Keystone-Arthur)	\$19.95	467	29.95	50
Glenwood Telecommunications, Inc.	\$19.95	158	29.95	790
Glenwood Telephone Membership Corporation	\$19.95	1,536	29.95	276
Granite Telecommunications	N/A	0	30.00	4,157
Great Plains Broadband, Inc.	\$17.50	662	27.50	8,708
Great Plains Communications, Inc.	\$19.20	8,510	29.95	4,182
Hamilton Long Distance Company	\$17.95	18	ICB	196
Hamilton Telephone Company	\$17.95	2,331	17.95	1,199
Hartington Telephone Co., Inc.	\$20.00	482	27.50	345
Hartman Telephone Exchanges, Inc.	\$19.95	172	27.50	47
Hemingford Cooperative Telephone Company	\$19.90	426	27.50	136
Henderson Cooperative Telephone d/b/a Mainstay	\$19.95	388	27.50	161
Hershey Cooperative Telecom, Inc.	\$20.00	259	27.50	84
Hooper Telephone d/b/a Westel Systems	\$19.95	312	27.50	114
Huntel Cablevision, Inc. d/b/a American Broadband Nebraska Communications, Inc.	\$15.59	689	24.59	663
K & M Telephone Company	\$17.50	284	17.50	106
Level 3 Communications, LLC	VolP	0	VolP	8,879
Level 3 Telecom Data Services, LLC	VoIP	0	VoIP	132
Long Lines Siouxland LLC	\$10.00	0	25.00	625

Carrier	Residential Rates	Residential Lines Served	Business Rates	Business Lines Served
MCImetro Access Transmission Services	\$20.99	28	30.99	103
McLeodUSA Telecommunications Services, Inc. d/b/a Paetec Business Services	N/A	0	29.50	522
Metropolitan Telecommunications of Nebraska Inc.	N/A	0	27.55	1,155
Midstates Data Transport, LLC	VoIP	89	VoIP	1,210
Mobius Communications Company	\$17.50	261	27.50	142
Nebraska Technology & Telecommunications, Inc. (NT&T)	\$17.50	3,113	27.50	508
Nebraska Central Telephone Company	\$17.95	2,557	17.95	993
Northeast Nebraska Telephone Company	\$20.00	3,476	27.50	868
NOS Communications, Inc.		0		2
PBN, LLC	\$17.50	3	20.45	145
Pierce Telephone Company, Inc.	\$19.95	687	29.95	254
Pinpoint Communications, Inc.	\$17.50	383	27.50	517
Plainview Telephone Company	\$19.95	449	27.50	184
Quantumshift Communications, Inc.	N/A	0	32.84	36
Qwest Corporation d/b/a CenturyLink QC	\$30.50	19,179	43.50	24,597
Rock County Telephone Company	\$19.95	321	30.00	164
Sodtown Telephone Company	\$17.50	37	17.50	4
Southeast Nebraska Telephone Company	\$19.95	1,203	29.95	500
Spectrotel of the West, LLC	VolP	0	VolP	213
Spectrum Advanced Services	VolP	46,982	VoIP	12,637
Stanton Telephone Company, Inc.	\$19.95	365	29.95	155
Teleport Communications of America, LLC	N/A	0	42.55	3,299
Three River Communications, LLC	\$18.00	238	27.50	238

Carrier	Residential Rates	Residential Lines Served	Business Rates	Business Lines Served
Three River Telco	\$20.00	736	27.50	161
United Telephone Co. of the West (d/b/a CenturyLink)	\$23.00	1,439	40.00	1,246
Velocity, The Greatest Phone Company Ever, Inc.	N/A	0	27.55	10
Wauneta Telephone Company	\$19.95	220	27.50	90
Windstream Nebraska, Inc.	\$17.50	33,485	31.99	30,894
Windstream New Edge, LLC	N/A	0		25
Windstream of the Midwest, Inc.	\$16.00	0	37.00	1,090
XO Communications Services, LLC	VolP	0	VoIP	48

SUPPLEMENTAL MATERIALS

Telecommunications

Competitive Local Exchange Carriers (CLECs)

To view a list of certificated competitive local exchange carriers, visit https://psc.nebraska.gov/telecommunications/telecommunications and select "Competitive Local Telephone Companies" from the "Lists of Carriers" section.

Communications Information Providers:

To view a list of communications information providers, visit the Commission's website at https://psc.nebraska.gov/telecommunications/telecommunications. Click on "Lists of Carriers" and select "Communications Provider Registry" from the list.

Long Distance Telephone Carriers

To view a list of long distance telephone carriers, visit the Commission's website at https://psc.nebraska.gov/telecommunications/telecommunications. Click on "Lists of Carriers" and select "Interexchange Carriers" from the list.

Interconnection Agreements/Amendments

Go to https://psc.nebraska.gov/telecommunications/telecommunications and select "Interconnection Information" under "Other." Select "Interconnection Agreements" to search for agreements by company.

Service Outage Reporting Requirements

To view reporting requirements carriers are required to follow for service outages, visit https://psc.nebraska.gov/sites/psc.nebraska.gov/files/doc/Service%20Outage%20Reporting%2ORequirements.pdf.

Tariffs

Go to https://psc.nebraska.gov/telecommunications/local-tariffs to see all tariffs submitted to the Commission.

Nebraska Universal Service Fund

Federal Communications Commission Prohibited Equipment List

A full list of prohibited equipment can be found here: www.fcc.gov/supplychain/coveredlist.

High Cost Program Allocations

The allocations for the 2022 and 2023 calendar years can be found on the Commission website at https://psc.nebraska.gov/telecommunications/high-cost-information – click on the links with "NUSF High Cost Support Distribution" in the name.

Program Overview

Guidelines for all NUSF programs can be found on the Commission's website by visiting, https://psc.nebraska.gov/telecommunications. Click on "Nebraska Universal Service Fund (NUSF) and select the appropriate program.

Broadband Programs

Broadband Bridge and Capital Projects Fund Map

The Commission maps all project areas for proposed projects submitted through the application process these two programs. To see the map, visit https://gis.ne.gov/portal/apps/webappviewer/index.html?id=9dc876af8ea541daa28d7dc82378 e5ca.

Broadband Map

Visit http://broadbandmap.nebraska.gov to view information about broadband deployment projects in Nebraska.

Program Guidelines

To view the program guide made available for Broadband Bridge and Capital Projects Funds grant programs, visit the Commission's website at https://psc.nebraska.gov/telecommunications/nebraska-broadband-bridge-program-nbbpcapital-projects-fund-cpf. Guidelines can be found under "Applicant Instructions and Materials" for each program.

State 911

911 Wireline Report

To view the 2023 911 Wireline Report, visit https://psc.nebraska.gov/telecommunications/2023-annual-report-legislature. Select 911 Wireline Report.

