**Appendix**

# NUSF Overview and Support Allocations

## NUSF Contributions

Funding for the NUSF is collected via a surcharge on in-state retail telecommunications services. For residential services, the surcharge is a $1.75 per connection. For business services, it is assessed via a 6.95% surcharge on retail telecommunications revenues. Interstate and Internet services are not subject to the NUSF surcharge. 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.

As consumers have disconnected landline phone service and carriers have moved services away from what is assessable, remittances to the NUSF dropped between 2013 and 2018. After the Commission implemented a new per connection methodology for residential services on April 1, 2019 with $1.75 surcharge per residential connection, NUSF remittances increased to $43.9 million in 2019 and $46.8 million in 2021. See Table 1 below.

**Table 1 NUSF Remittances**
**2013-2021**

| Year | Total Remittances |
|---|---|
| 2013 | $51,943,788 |
| 2014 | $49,474,147 |
| 2015 | $45,599,105 |
| 2016 | $39,853,514 |
| 2017 | $35,321,421 |
| 2018 | $32,744,511 |
| 2019 | $43,915,240 |
| 2020 | $46,796,572 |
| 2021 | $22,951,506 (through June, 2021) |

The Commission will implement a per connection surcharge mechanism, at $1.75 per connection, on business services starting January 1, 2022.

## NUSF Distribution

Price cap carriers, rate of return carriers, and mobile wireless carriers receive support from the Nebraska Universal Service Fund. The Nebraska Public Service Commission has established separate distribution mechanisms for each of these carrier types.

**Price Cap Carriers.** Price cap carriers include three of the largest carriers in the state: CenturyLink, Windstream, and Frontier (also known as Citizens Telecommunications of Nebraska). Through NUSF-99, the Nebraska Public Service Commission has taken steps to modernize the NUSF by transitioning the fund from only supporting landline telephone service to also supporting broadband.

Perhaps more importantly, most of the funds that price cap carriers receive are treated, in part, like a grant program. Specifically, a portion of the funds allocated to price cap carriers can only be accessed if the carriers apply for funding for broadband projects. These funds are allocated specifically to each of the carriers and remains allocated to them until they are approved for a project. In 2016, the allocation was split 50/50 for grant and funds for on-going costs. In 2017, the PSC adopted an 80/20 split of annual NUSF support for price cap carriers, where 80% is allocated for broadband projects, and 20% is allocated for ongoing expenses, which must be used for "provision, maintenance, and upgrading of facilities." This 80/20 split was maintained in subsequent years, and continues into the current year (2021). Table 2 pn the following page shows how support has been allocated to Price Cap Carriers since the "grant" methodology was started in 2016:

The Nebraska Public Service Commission is establishing rules and procedures for a reverse auction and is expected to redirect NUSF support for price cap carriers through a reverse auction in 2022. The Commission will also be moving through the rulemaking process to incorporate provisions of LB338 that allow for community-based redirections of support. In 2020, the Commission made modifications to the NUSF-99 program to incentivize use of allocated funds, and to accelerate broadband deployment by the Price Cap carriers. All unused funding from prior years was combined into their allocation for calendar year 2021. Price cap carriers were required to notify the Public Service Commission how they planned to use their support by July 16, 2021, and were given 18 months to complete those projects. Carriers which did not plan to use at least 95% of the support allocated to them would have their unused support redirected to other carriers. Approximately $3 million of support allocated to Frontier is expected to be redirected in 2022.

**Table 2 NUSF Support Allocation for Price Cap Carriers 2016-2019 (As of May, 2019)**

| Year | Total Support Allocated | Company | Amount Requested |
|---|---|---|---|
| 2016 | $ 1,527,374 | Frontier/Citizens | $ 1,527,374 |
| | $ 2,473,501 | Windstream | $ 2,473,501 |
| | $ 5,467,471 | Centurylink/UTC of the West | $ 5,253,013 |
| 2017 | $ 2,199,943 | Frontier/Citizens | $ 1,798,104 |
| | $ 4,394,372 | Windstream | $ 2,301,366 |
| | $ 7,951,126 | Centurylink/UTC of the West | $ 6,217,675 |
| 2018 | $ 1,822,449 | Frontier/Citizens | $ - |
| | $ 3,640,329 | Windstream | $ - |
| | $ 6,586,769 | Centurylink/UTC of the West | $ 5,150,766 |
| 2019 | $ 1,822,448 | Frontier/Citizens | $ - |
| | $ 3,640,329 | Windstream | $ - |
| | $ 6,586,769 | Centurylink/UTC of the West | $ 3,949,382 |
| 2020 | $3,101,168 | Frontier/Citizens | (Held in Abeyance) |
| | $6,194,563 | Windstream | (Held in Abeyance) |
| | $11,208,371 | Centurylink/UTC of the West | (Held in Abeyance) |
| 2021 | $3,101,168 | Frontier/Citizens | $ 6,368,563 |
| | $6,194,563 | Windstream | $ 6,330,887 |
| | $11,208,371 | Centurylink/UTC of the West | $ 12,621,990 |

**Rate of Return Carriers.** In 2018, the Commission completed an effort to reform how support is distributed to rate of return carriers. Through its NUSF-108 proceeding, the Commission sought to incentivize broadband buildout, increase accountability, account for federal support received by carriers, and efficiently target support to areas of need. The Commission decided to use a cost model, the State Broadband Cost Model (SBCM), to base determinations of support for rate of return carriers. This cost model is essentially the same as the model used for the Connect America Fund (CAF) Phase II process, and both model fiber to the home buildout. The Commission used the SBCM to determine allocations of support for both ongoing costs and broadband deployment for each rate of return carrier. Each carrier's allocation depended on how much of its territory was already capable of 25/3 service, and how much needed to still be built out. For example, if a carrier was completely built out with fiber to the home in their entire service territory, they would not need deployment support, and would only receive ongoing support. Conversely, if a carrier had no areas capable of 25/3 support, they would receive most of their support in deployment funds. In order to avail themselves of the deployment support allocated to companies, carriers must notify the Commission of where they intend to complete projects, and then seek reimbursement for the costs of the project. Projects can only be completed in blocks that are not 25/3 capable and are not fully funded through the Alternative Connect America Cost Model (A-CAM). Through this methodology, the Commission can track where broadband has been deployed, where it needs to be deployed, and where projects are occurring to deploy it.

Initial allocations of support for 2019, 2020, and 2021 are shown in the following tables:

## Table 3 NUSF Initial Support Allocations for Rate of Return Carriers 2019

| Company Name | Final Ongoing Support | Final Broadband Deployment Support | Total Support |
|---|---|---|---|
| ABB - Huntel | $ - | $ 190,511 | **$ 190,511** |
| Arapahoe | $ 223,504 | $ 937,616 | **$ 1,161,120** |
| Benkelman | $ 209,853 | $ 175,865 | **$ 385,717** |
| Cambridge | $ 187,622 | $ 90,648 | **$ 278,271** |
| Clarks | $ 234,328 | $ - | **$ 234,328** |
| Consolidated Telco | $ 5,408 | $ 110,042 | **$ 115,450** |
| Consolidated Tele | $ 445,779 | $ 77,369 | **$ 523,148** |
| Consolidated Telecom | $ 41,456 | $ 234,150 | **$ 275,606** |
| Cozad | $ 51,352 | $ 322,117 | **$ 373,469** |
| Curtis | $ 39,701 | $ 122,463 | **$ 162,164** |
| Dalton | $ - | $ 648,674 | **$ 648,674** |
| Diller | $ 260,101 | $ 214,278 | **$ 474,380** |
| Elsie | $ - | $ 6,424 | **$ 6,424** |
| Glenwood NS | $ 258,546 | $ - | **$ 258,546** |
| Glenwood TMC | $ 963,241 | $ - | **$ 963,241** |
| Great Plains | $ 299,046 | $ 1,204,462 | **$ 1,503,509** |
| Hamilton | $ 59,814 | $ 878,022 | **$ 937,835** |
| Hartington | $ 181,270 | $ - | **$ 181,270** |
| Hartman | $ 193,440 | $ 147,989 | **$ 341,429** |
| Hemingford | $ 382,644 | $ - | **$ 382,644** |
| Henderson | $ 137,479 | $ - | **$ 137,479** |
| Hershey | $ 72,026 | $ 179,561 | **$ 251,587** |
| Hooper | $ 7,205 | $ 4,745 | **$ 11,949** |
| K&M | $ 90,163 | $ 11,871 | **$ 102,033** |
| Nebraska Central | $ 295,718 | $ 309,592 | **$ 605,311** |
| Northeast Nebraska | $ 1,765,612 | $ - | **$ 1,765,612** |
| Pierce | $ 19,782 | $ 26,983 | **$ 46,765** |
| Plainview | $ 186,428 | $ - | **$ 186,428** |
| Sodtown | $ - | $ - | **$ -** |
| Southeast Nebraska | $ 385,048 | $ - | **$ 385,048** |
| Stanton | $ 183,544 | $ - | **$ 183,544** |
| Three River | $ 713,711 | $ - | **$ 713,711** |
| Wauneta | $ 167,440 | $ 145,416 | **$ 312,856** |
| **Total** | $ 8,061,261 | $ 6,038,797 | $ 14,100,058 |

## Table 4 NUSF Initial Support Allocations for Rate of Return Carriers 2020

| Company Name | Final Ongoing Support | Final Broadband Deployment Support | Total Support |
|---|---|---|---|
| ABB - Huntel | $ - | $ 368,401 | **$ 368,401** |
| Arapahoe | $ 5,716 | $ 7,143 | **$ 12,859** |
| Benkelman | $ 414,869 | $ 395,226 | **$ 810,095** |
| Cambridge | $ 367,523 | $ 232,023 | **$ 599,545** |
| Consolidated Telco | $ - | $ 219,227 | **$ 219,227** |
| Consolidated Tele | $ - | $ 48,515 | **$ 48,515** |
| Consolidated Telecom | $ 19,721 | $ 550,627 | **$ 570,348** |
| Cozad | $ 112,684 | $ 847,575 | **$ 960,259** |
| Curtis | $ 82,487 | $ 281,234 | **$ 363,720** |
| Dalton | $ - | $ 1,382,864 | **$ 1,382,864** |
| Diller | $ 525,498 | $ 469,873 | **$ 995,371** |
| Elsie | $ 8,055 | $ 17,576 | **$ 25,631** |
| Glenwood NS | $ 447,698 | $ - | **$ 447,698** |
| Glenwood TMC | $ 1,383,077 | $ - | **$ 1,383,077** |
| Great Plains | $ 1,555,863 | $ 1,915,438 | **$ 3,471,301** |
| Hamilton | $ 237,682 | $ - | **$ 237,682** |
| Hartington | $ 371,757 | $ - | **$ 371,757** |
| Hartman | $ 250,497 | $ 339,851 | **$ 590,348** |
| Hemingford | $ 777,471 | $ - | **$ 777,471** |
| Henderson | $ 278,236 | $ - | **$ 278,236** |
| Hershey | $ 190,440 | $ 371,611 | **$ 562,051** |
| Hooper | $ 50,253 | $ - | **$ 50,253** |
| K&M | $ 80,244 | $ 30,748 | **$ 110,991** |
| Nebraska Central | $ - | $ 484,336 | **$ 484,336** |
| Northeast Nebraska | $ 1,261,758 | $ - | **$ 1,261,758** |
| Pierce | $ 16,310 | $ 65,076 | **$ 81,386** |
| Plainview | $ 353,262 | $ - | **$ 353,262** |
| Sodtown | $ - | $ - | **$ -** |
| Southeast Nebraska | $ 774,865 | $ - | **$ 774,865** |
| Stanton | $ 378,944 | $ - | **$ 378,944** |
| Three River | $ 869,980 | $ - | **$ 869,980** |
| Wauneta | $ 323,270 | $ 330,396 | **$ 653,666** |
| **Total** | **$ 11,138,157** | **$ 8,357,741** | **$ 19,495,898** |

### Table 4 NUSF Initial Support Allocations for Rate of Return Carriers 2021

| Company Name | Final Ongoing Support | Final Broadband Deployment Support | Total Support |
|---|---|---|---|
| ABB - Huntel | $ - | $ 570,061 | **$ 570,061** |
| Arapahoe | $ 181,833 | $ - | **$ 181,833** |
| Benkelman | $ 375,251 | $ 298,587 | **$ 673,838** |
| Cambridge | $ 333,933 | $ 89,447 | **$ 423,380** |
| Consolidated Telco | $ - | $ 246,571 | **$ 246,571** |
| Consolidated Tele | $ - | $ 70,595 | **$ 70,595** |
| Consolidated Telecom | $ 92,303 | $ 584,937 | **$ 677,240** |
| Cozad | $ 108,470 | $ 1,277,465 | **$ 1,385,934** |
| Curtis | $ 80,120 | $ 233,222 | **$ 313,342** |
| Dalton | $ - | $ 557,866 | **$ 557,866** |
| Diller | $ 505,667 | $ 301,035 | **$ 806,703** |
| Elsie | $ 26,531 | $ - | **$ 26,531** |
| Glenwood NS | $ 460,164 | $ - | **$ 460,164** |
| Glenwood TMC | $ 1,706,326 | $ - | **$ 1,706,326** |
| Great Plains | $ 1,598,178 | $ 2,727,680 | **$ 4,325,859** |
| Hamilton | $ - | $ - | **$ -** |
| Hartington | $ 322,627 | $ - | **$ 322,627** |
| Hartman | $ 222,629 | $ 244,818 | **$ 467,447** |
| Hemingford | $ 644,132 | $ - | **$ 644,132** |
| Henderson | $ 244,688 | $ - | **$ 244,688** |
| Hershey | $ 178,307 | $ 242,877 | **$ 421,183** |
| Hooper | $ - | $ - | **$ -** |
| K&M | $ 77 | $ 19,693 | **$ 19,770** |
| Nebraska Central | $ - | $ 606,997 | **$ 606,997** |
| Northeast Nebraska | $ 1,096,106 | $ - | **$ 1,096,106** |
| Pierce | $ 84,946 | $ 87,396 | **$ 172,342** |
| Plainview | $ 331,807 | $ - | **$ 331,807** |
| Sodtown | $ - | $ - | **$ -** |
| Southeast Nebraska | $ 677,132 | $ - | **$ 677,132** |
| Stanton | $ 337,305 | $ - | **$ 337,305** |
| Three River | $ 1,242,557 | $ - | **$ 1,242,557** |
| Wauneta | $ 298,012 | $ 199,954 | **$ 497,965** |
| **Total** | **$ 11,149,103** | **$ 8,359,202** | **$ 19,508,305** |

**Mobile Wireless Carriers.** The NUSF-92 program includes funding to support tower builds for mobile wireless carriers. Each year, the Commission opens a docket to request applications from carriers to build towers. The applications are evaluated to make sure that projects are in rural areas, are in areas where coverage is needed, and consequently are not built in close proximity to existing towers, and as long as the project is considered rural, provides service to as many potential users as possible. Individual tower applications are ranked to determine the locations where support would best be utilized.

The support amounts made available to wireless carriers for 2016-2020 are shown below. Determinations of support for individual carriers for the 2021 grant cycle have not yet been made.

**Table 4 NUSF Support Allocations for Mobile Wireless Carriers 2016-2019**

| Year | Total Support | Company | Support Allocated |
|---|---|---|---|
| 2016 | $ 4,000,000.00 | US Cellular | $ 2,486,525.00 |
| | | Viaero | $ 915,945.00 |
| | | Pinpoint | $ 597,530.00 |
| 2017 | $ 4,000,000.00 | US Cellular | $ 2,152,250.00 |
| | | Viaero | $ 1,808,611.00 |
| 2018 | $ 3,200,000.00 | US Cellular | $ 2,589,900.00 |
| | | Viaero | $ 598,523.92 |
| 2019 | $5,200,000.00 | US Cellular | $ 3,179,925.50 |
| | | Viaero | $ 2,184,535.01 |
| 2020 | $5,300,000.00 | US Cellular | $ 1,002,263.00 |
| | | Viaero | $ 4,286,184.59 |
| 2021 | $5,200,000.00 | | |