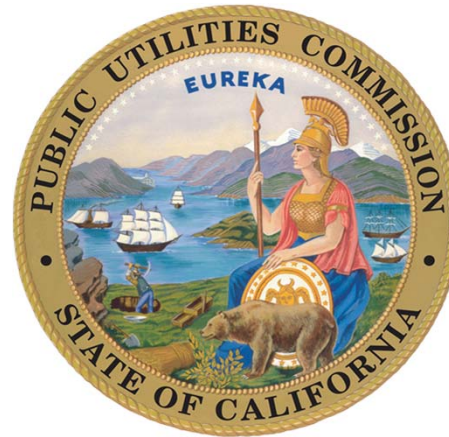




# **SUNESYS**

## **THE CONNECTED CENTRAL COAST CASF PROJECT**



**Robert Wullenjohn**  
Communications Division

**California Public Utilities Commission**

**March 27, 2014**





# CASF General Overview

- The Commission authorized the California Advanced Services Fund (CASF) in December 2007 to encourage deployment of high-quality advanced communications services to all Californians that will promote economic growth, job creation, and the substantial social benefits of advanced information and communications technologies
- The CASF is composed of four accounts:
  1. Broadband Infrastructure Grant Account
  2. The Rural and Urban Regional Broadband Consortia Grant Account
  3. The Broadband Infrastructure Revolving Loan Account
  4. Broadband Public Housing Account
- The Broadband Infrastructure Grant Account provides funding for the capital costs of broadband infrastructure projects in unserved and underserved areas of the state
  - 70% for “Unserved”; an area that is not served by any form of broadband
  - 60% for “Underserved”; an area where broadband is available, but offered speeds are less than 6 mbps download and/or 1.5 mbps upload





# CASF Evaluation Criteria per D.12-02-105

- Completed application includes project summary, description, budget, deployment schedule, proposed pricing, financials
- Proposals posted for public challenge
- Challenges received and assessed
  - Staff considers speed test challenge data, direct additional speed tests and may reassign census blocks based on test results
- Staff determinations regarding project eligibility
  - Letter to applicant explaining what remains eligible; what areas may be pro-rated (discounting project costs eligible for funding)
- Projects rated/ranked based on criteria:
  - Subsidy per potential customer, Broadband speed, Financial viability, Pricing, Number of households, Time of project completion, Guaranteed pricing period, Low-income population, Local government and community endorsements

## ATTACHMENT B

### CASF APPLICATION CHECKLIST (Required for EACH proposed project)

To assist the Commission in verifying the completeness of your proposal, mark the box to the left of each item submitted.

<input type="checkbox"/>	1. Project Summary
<input type="checkbox"/>	2. Type of Funds Requested (Check one only):
<input type="checkbox"/>	Grant
<input type="checkbox"/>	Grant Amount: _____
<input type="checkbox"/>	Grant/Loan Combination
<input type="checkbox"/>	Grant Amount: _____
<input type="checkbox"/>	Loan Amount: _____
<input type="checkbox"/>	3. Area Applied for
<input type="checkbox"/>	Unserved
<input type="checkbox"/>	Underserved, with existing broadband service below advertised speed of 6 mbps download and 1.5 mbps upload, Broadband infrastructure whether existing or ongoing construction not CASF funded
<input type="checkbox"/>	Underserved, with existing broadband service below advertised speed of 6 mbps download and 1.5 mbps upload, Broadband infrastructure whether existing or ongoing construction CASF funded
<input type="checkbox"/>	4. CPCN / U-Number / CPUC Registration Proof (As a single document)
<input type="checkbox"/>	Applicant's U-Number and/or Proof of applicant's Certificate of Public Convenience and Necessity (CPCN)
<input type="checkbox"/>	Proof of CPCN application pending approval, or CPCN Application Number (in the absence of a CPCN)
<input type="checkbox"/>	CPUC registration Number (wireless carriers)
<input type="checkbox"/>	5. Information Sheet with a Certificate of Good Standing issued by the CA Secretary of State attached
<input type="checkbox"/>	6. Organizational Chart, Company History and Readiness to Build, Manage and Operate Broadband
<input type="checkbox"/>	Organizational Chart
<input type="checkbox"/>	Company History





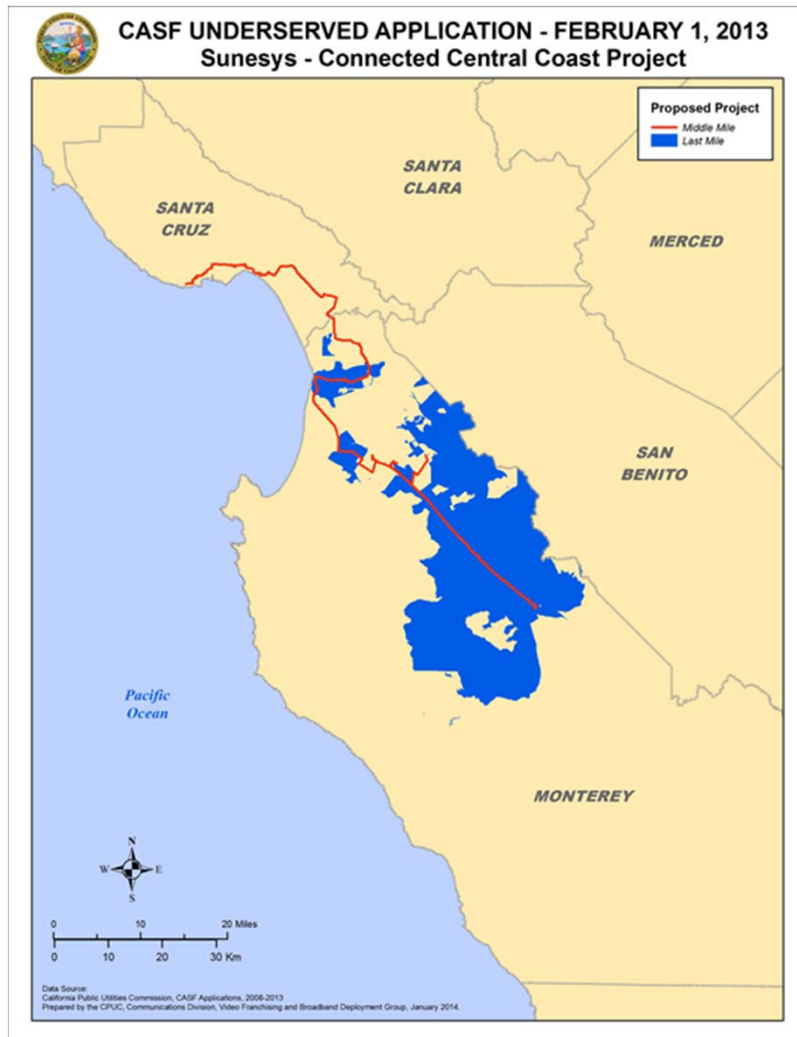
## Sunesys Project Summary

- Project originally sought \$11,970,000 in CASF funds (90% of \$13.3 million). After project review and assessment (i.e. pro-rate of served areas), Sunesys seeks 83% of \$13.3 million or 90% of CASF Pro-rated eligible amount of \$12.3 million for a 91.18 mile middle-mile backhaul network from Santa Cruz to Soledad covering 430 square miles
- This Middle-Mile network will enable last-mile providers to serve up to 11,124 households in the Central Coast. An example of such are the Surfnet project proposals currently being considered for funding (T-17430 & T-17431)
- Average households median income \$63,784
- Speeds of 100+ Gbps
- Five years price commitment
  - Pricing commitment continues for the duration of the contract, if contract is signed during the initial five years
- Project ranked well, about 7<sup>th</sup> out of 22 eligible project proposals





# Sunesys Project Area



- Connecting backhaul services from Santa Cruz County to unserved and underserved cities and surroundings in Monterey County, including Soledad, Castroville, Prunedale, Chualar, and Gonzalez
- 91.18 mile network passes through 1,232 unserved and 445 underserved census blocks, potentially benefiting about 430 square miles





# Pricing

## Dark Fiber Lease Price

- \$8.50 per fiber mile per month
  - Derived as 10% of their average rate of \$50 per fiber mile (\$5.00) plus \$3.50 for operations and maintenance
  - \$500 minimum for two strands of dark fiber

## Data Transport Price

- 1 Gbps – 4 Gbps \$700/ month first gig; \$400/month for additional gig
- 5 Gbps – 9 Gbps \$2,000/ month five gigs; \$300/month for additional gig
- 10 Gbps + \$3,000/ month ten gigs; \$2,000/month for each additional 10 gigs

## Charges for Lateral Connections to the Project

- Negotiated with the customers; e.g., individual case basis expenses for infrastructure, splicing, termination, or equipment required for the lateral connection





# Benefits of the Project

- This new backbone network will provide to local ISPs middle mile access at discounted prices, which will enable them to offer affordable services to anchor institutions, emergency first responders, public agencies, businesses and residential households
- Improved available bandwidth services to Anchor Institutions
  - 400 other anchor institutions, including health facilities, K-12 schools, colleges and universities, government offices, community based organizations
- Public Safety
  - More than 150 emergency first responders
  - 8 Public Safety 9-1-1 Answering Points
  - According to Sunesys, this middle-mile project is important to the migration to Next Generation (NG) 9-1-1 as well as the functioning of the emergency first responders





# Comparison of the Original and the Alternate Resolution

	CD Staff Original Resolution	Alternate Resolution
<b>Total Project Costs</b>	\$13,300,000	\$13,300,000
<b>CASF Award Amount</b>	\$7,352,164	\$11,028,245
<b>CASF Award Percentage</b>	55% of \$13,300,000 million or 60% of CASF Pro-rated amount of \$12,253,606 million	83% of \$13,300,000 million or 90% of CASF Pro-rated amount of \$12,253,606 million
<b>Sunesys Matching Funds</b>	\$5,947,836	\$2,271,755
<b>Estimated payback period on Sunesys capital investment</b>	21 years	8 years
<p>* These numbers assume that 15 providers will sign up for service at \$8.50 per fiber mile for 91.18 miles from the start of service.</p>		







# Community Support for Alternate

- **Strong support from local service providers, institutions, and government and community agencies**
  - California State Assembly – Districts 29 and 30
  - Central Coast Broadband Consortium
  - The Corporation for Education Network Initiatives in California (CENIC)
  - City of Santa Cruz
  - City of Watsonville
  - County of Santa Cruz
  - Cruzio
  - California State University – Monterey Bay
  - Wireless Education & Technology, CSU Monterey Bay
  - California Telehealth Network
  - Hartnell College
  - Monterey County
  - RedShift Internet Services
  - Steinbeck Innovation Foundation
  - Surfnet Communications

