



Mr. Michael C. Amato
Acting Director, Communications Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Via e-mail: michael.amato@cpuc.ca.gov

Re: **Comments on Draft Resolution T-17523, Submitted Jointly by Inyo Networks, Inc., and The Nicasio Land Owners Association (NLOA)**

Dear Mr. Amato:

Pursuant to the Notice of Availability issued on June 7, 2016, Inyo Networks, Inc. (U-7159) and The Nicasio Land Owners Association (“Nicasio Broadband Project Supporters”) hereby offer these comments on Draft Resolution T-17523 (“Draft Resolution”). In particular, we would like to comment on a matter relating to the matching funds.

Let us start by saying the Nicasio Broadband Project Supporters appreciate the staff’s work on this application. We are further appreciative of staff’s recognition that “Inyo’s proposed financing for the matching fund through the Broadband Utility Note is innovative ... [and] could become a viable alternative for others to follow.” In this regard, we want to affirm that there is nothing in the project’s match fund approach that is truly novel, untried or uncertain in the realm of equity financing. This mechanism has been in place for some time and has repeatedly been used by start-ups throughout the state. What *is* innovative is that it has not yet been applied to community infrastructure in California -- specifically broadband -- and in that regard has considerable promise for communities to self-invest to close the digital divide. In the future, this might be the only self-funding mechanism for communities.

The financial and legal advisors we have consulted are cautionary when it comes to specific, hard timeframes. They tell us that even though we have already begun to work with the many governmental and CPUC regulated entities required to complete the project, the time for these entities to issue final approval is outside of our control. Because the drawdown of funds remain contingent until these final sign-offs are in hand, our advisors suggest the Draft

Resolution's *automatic* trigger at 180 days should be attenuated. We ask that the language in the resolution be restated to allow for some flexibility in the timeframes, as long as good progress is being made on the funding process while still addressing Commission goals.

For these reasons we therefore ask the Commission that Ordering Paragraph in Draft Resolution T-17523 be revised as follows:

“2. Inyo shall provide to the Director of Communications Division a written account of its progress in securing and accessing the required matching funds every 90 days from the Approval date of this Resolution. If, in the judgment of the Director of the Telecommunications Division, at 180 days after the date of approval of this Resolution, it appears highly unlikely that Inyo will be able to provide the 40% matching fund within 365-days following the Approval date of this Resolution, then the funding approval for the Nicasio Project can be rescinded. In any event, should Inyo fail to provide the Director of Communications Division written verification of matching funds within 365 days following the approval date of this Resolution, the funding approval shall be rescinded automatically.”

Should you have any questions, please let me know by telephone at 707-551-8220 or by email: mort@inyonetworks.com.

Very truly yours,

/s/ Patrick McDonnell

/s/Michael T. Ort

Patrick McDonnell
Nicasio Land Owners Association

Michael T. Ort
Inyo Networks, inc.

Cc: Angela Young, California Public Utilities Commission, Communication Division
The following CASF service list:
<ftp://ftp.cpuc.ca.gov/Telco/CASF/CASFdistributionlist.xlsx>

CERTIFICATE OF SERVICE

I certify that I have, by e-mail, this day served a copy of *Comments on Draft Resolution T-17523*, informing the CASF service list for Resolution T-17523, of the availability of these comments for public review and commentary.

June 17, 2016, at Vallejo, California

/s/ Joy Padilla

Joy Padilla