

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Communications Division

RESOLUTION T- 17443

Broadband Policy and Analysis Branch

June 26, 2014

R E S O L U T I O N

**Resolution T-17443 Implementation of New Timelines for California
Advanced Services Fund Applicants**

SUMMARY

This Resolution implements new timelines for applicants to the California Advanced Services Fund (CASF), specifying how and when local government agencies and non-telephone corporations may apply pursuant to Senate Bill (SB) 740. It also describes how the California Public Utilities Commission (CPUC or Commission) will provide an existing facilities-based broadband service provider (existing provider) with an opportunity to demonstrate that it will, within a reasonable timeframe, upgrade existing service, in order to exercise its “right of first refusal” as required under SB 740. In addition, this Resolution lists areas in California that various CASF-funded regional consortia groups and state agencies have identified as priorities for broadband infrastructure deployment. Broadband providers are encouraged to target these areas in their applications for CASF funding in order for the Commission to approve funding for infrastructure projects, by no later than December 31, 2015, that will provide broadband access to no less than 98% of California households.

BACKGROUND

The preliminary scoping memo included in the Commission’s Order Instituting Rulemaking (OIR) 12-10-012 issued on October 25, 2012, indicated that the issues in this proceeding are whether eligibility for CASF grants should be extended to facilities-based broadband providers, which are not telephone corporations and do not have a Certificate

of Public Necessity and Convenience (CPCN) or a Wireless Identification Registration (WIR) and if so, what safeguards the Commission should implement to ensure compliance from those providers.¹

After reviewing the comments, an Administrative Law Judge's (ALJ) Ruling, issued March 18, 2013, sought additional comments from interested parties in order to supplement the record on the issue of safeguards.²

The OIR acknowledged that any change in eligibility requirements was contingent upon legislative action because these requirements are defined in statute.³ During the 2013-2014 Legislative Session, the Legislature passed SB 740 to expand eligibility.⁴ Through the legislative process, SB 740 was amended several times and ultimately its passage resulted in changes to other aspects of the CASF Program, in addition to eligibility.⁵ These changes required that the Commission give priority to last mile projects serving unserved households, newly eligible non-CPCN/ WIR holders must provide a last mile connection to an unserved household, the CPUC must give existing providers the opportunity to upgrade their networks in areas serving underserved households before funds are awarded to a non-telephone corporation, and local governments may apply for funds only if its project provides a connection to an unserved household or business and no other eligible entity has applied.⁶

Additionally, during the 2013-2014 Legislative Session, the Legislature passed AB 1299.⁷ AB 1299 created an additional account under the CASF called the Broadband Public Housing Account to support projects to deploy local area networks and to increase

¹ *Order Instituting Rulemaking to Consider Modifications to the California Advanced Services Fund* (2012) Cal. P.U.C. Rulemaking (R.) 12-10-012 at 23.

² *Administrative Law Judge's Ruling Soliciting Additional Comments on Issues Identified in Order Instituting Rulemaking 12-10-02.* (2012) Cal. P.U.C. (ALJ's Ruling).

³ R. 12-10-012 at 2.

⁴ Senate Bill (SB) 740 (Padilla) Stats. 2013 Ch. 522, amending Public Utilities (P.U.) Code § 281.

⁵ *Id.*

⁶ *Id.*

⁷ Assembly Bill (AB) 1299 (Bradford) Stats. 2013 Ch. 507, amending P.U. Code § 281.

adoption rates in publicly supported housing communities.⁸ These efforts will be funded through \$20 million from the CASF Broadband Infrastructure Account and \$5 million from the Revolving Loan Account, respectively.⁹

After receiving additional comments on safeguards, the Commission determined that it had built a sufficient record to issue a Decision to implement the provisions proposed through the initial OIR and the ALJ's Ruling.¹⁰ The Decision took into account the comments on the OIR and the ALJ's Ruling previously filed by parties in this proceeding, as well as additional Staff research.¹¹ And by this time, SB 740 had amended the statutory definition of eligibility for the CASF program and permitted the CPUC to amend its eligibility rules for the CASF Program accordingly. The Commission issued Decision (D.) 14-02-018 on February 27, 2014.

In order to address the additional issues raised by SB 740 and AB 1299, the Assigned Commissioner issued a Revised Scoping Memo and Ruling, on January 17, 2014, which expanded the rulemaking to add two additional phases. The first phase will implement the additional requirements of SB 740, aside from eligibility. The Assigned Commissioner determined that this is a matter of implementation of an existing program to be accomplished by a Communications Division (CD) Staff Resolution. The second phase will implement the requirements of AB 1299 establishing a new program through a Proposed Decision.

This Resolution implements the remaining issues, in addition to eligibility, raised by SB 740. Changes to the CASF Broadband Infrastructure Program rules as a result of this Resolution are reflected in Appendices 1 and 2.

DISCUSSION

SB 740 made the following changes to the CASF program:

⁸ *Id.*

⁹ *Id.*

¹⁰ D.14-02-018. at 38.

¹¹ *Id.*

1. A program goal to approve funding for infrastructure projects, by no later than December 31, 2015, that will provide broadband access to no less than 98% of California households.¹²
2. Authorization for the Commission to collect an additional \$90 million which will be deposited into the Broadband Infrastructure Grant Account; supplementing the \$200 million previously authorized for CASF broadband infrastructure grants.
3. Entities that are not a telephone corporation shall be eligible to apply to participate in the CASF program to provide access to broadband to an unserved or underserved household. Such entities must meet the CASF eligibility requirements and comply with program requirements. These requirements shall include all of the following:
 - A. Entities must provide last-mile broadband access to households that are unserved by an existing facilities-based broadband provider and only receive funding to provide broadband access to households that are unserved or underserved, as defined in Commission Decision D. 12-02-015.
 - B. Funding for a CASF project proposing to provide broadband access to an underserved household shall not be approved until after any existing facilities-based provider has had an opportunity to demonstrate to the Commission that it will, within a reasonable timeframe, upgrade existing service. An existing facilities-based provider may, but is not required to, apply for CASF funding to make that upgrade.
 - C. A local governmental agency may be eligible for an infrastructure grant only if the infrastructure project is for an unserved household or business, the Commission has conducted an open application process, and no other eligible entity applied.¹³

As stated previously, the Commission determined that it had built a sufficient record to issue D.14-02-018 to implement the eligibility provisions under item 3 above and the

¹² SB 740 did not specify a service status or metric to determine when households have “broadband access.” However, in D. 12-02-015, the Commission defined “served” as broadband Internet service at advertised speeds of 6 mbps downstream and 1.5 mbps upstream and determined that the goal of the CASF is to increase the availability of high-speed communications (broadband) in areas of California that are currently unserved or underserved.

¹³ SB 740 (Padilla) Stats. 2013 Ch. 522, amending Cal. Pub. Util. Code § 281.

safeguard provisions proposed through the initial OIR and the ALJ's Ruling.¹⁴ The safeguards implemented included a construction phase performance bond and a liquidity requirement.¹⁵ The Commission also determined that it would rely on penalty provisions of Public Utilities Code § 2111 to enforce other requirements of the program.¹⁶ On January 17, 2014 the Assigned Commissioner's Scoping Memo and Ruling (Commissioner's Scoping Memo) determined that of the remaining requirements instituted by SB 740, items 1 and 2 regarding the CASF program goals and funding authorization do not affect current program operations.¹⁷

However, items 3A through 3C do affect current program operations. The Commissioner's Scoping Memo determined that the Commission can implement these changes without alterations to existing CASF rules and guidelines.¹⁸ Specifically, these changes can be implemented by setting a new timeline for CASF applications. Therefore, the Commissioner's Scoping Memo determined that this is an implementation issue that can be resolved through a Resolution issued by CD Staff for Commission approval.¹⁹ This Resolution resolves those issues.

Existing Providers – Right of First Refusal

Although non-telephone corporations are now eligible to apply for funds, we must give existing providers, which may include telephone corporations, an opportunity to demonstrate that they will, within a reasonable amount of time, upgrade service in their existing underserved territories. Whether an area is underserved is determined by the California Broadband Availability Map.²⁰ We have referred to this as a "right of first refusal." We clarify that the statute requires that only non-telephone corporations are

¹⁴ *The Proposed Decision Implementing Revised Eligibility Criteria for the California Advanced Services Fund Program* (2012)) Cal. P.U.C. Decision (D.) 14-02-018 <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M084/K556/84556127.PDF>.

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Scoping Memo and Ruling of Assigned Commissioner* (2012) Cal. P.U.C. Rulemaking (R.) 12-10-012.

¹⁸ *Id.*

¹⁹ *Id.*

²⁰The California Broadband Availability Map can be found at: <http://www.broadbandmap.ca.gov/map/>.

subject to an existing provider invoking its “right of first refusal.”²¹ We are also mindful of the statutory goal of awarding projects by December 31, 2015, that will provide broadband access to no less than 98% of California households by the end of 2015.

After the Commission passes this Resolution, an existing broadband provider which chooses to upgrade broadband networks in its existing underserved territories using its own funds will have until November 1, 2014 to make a commitment to upgrade to the Commission.²² An example of an acceptable letter making a commitment to upgrade is attached in Appendix 3. The existing provider must submit this letter to the Director of the Communications Division and must email a copy to the CASF distribution list. CD Staff will post online the list of areas in which existing providers have made a commitment to upgrade.

An existing provider will have until May 1, 2015 to complete the project by upgrading its network to provide served speeds. During this time, the CPUC will not award a CASF grant to fund a broadband project in that same project area.

At project completion or May 1, 2015, whichever is sooner, the Commission will require the provider to submit documents showing the project area, broadband availability and the speed tiers available with speed tests showing that the project indeed provides served speeds.

Based on comments we received regarding the time to complete projects, we propose that an existing provider which filed a commitment to upgrade on November 1, 2014 may submit a letter to the CD Director for an extension of up to an additional six months on or before May 1, 2015 if it provides evidence that its progress has been delayed due to 1. Permitting issues; 2. Issues related to compliance with the California Environmental Quality Act (CEQA); or 3. Weather or other acts of God.²³ The Commission will also extend the deadline if an existing provider submits documents on or before May 1, 2015 showing that it is a recipient of a Connect America Fund (CAF) grant; the project area being funded by CAF grant; and the timeline submitted to the FCC for that project.

²¹ Opening Comments of the Central Coast Broadband Consortium and Central Sierra Connect at 3-4.

²² Based on comments received from Verizon, we extended this deadline by five weeks from September 26, 2014 to November 1, 2014.

²³ Opening Comments of Verizon at 1-2; Opening Comments of Small LECs at 3.

Staff will update the list of areas in which an existing provider has made a commitment to upgrade to reflect whether it is complete, incomplete, or an extension has been granted. Where an extension has been granted, the new expected completion date will also be posted.

The “right of first refusal” gives existing providers the opportunity to prevent the CPUC from granting funds to other projects for a reasonable amount of time. However, even after this time expires, an existing provider may always challenge future project applications after they are submitted to the Commission for consideration by demonstrating that it has upgraded its network in a particular area to provide served speeds. This is provided for under §281(b)(2) and the existing CASF rules.²⁴ Furthermore, an existing provider which has submitted a commitment to upgrade, but did not complete its project, either on May 1, 2015 or the date requested in an extension, may challenge a CASF project application, if or when one is submitted, and inform the Commission of the status of its self- funded project. CD will take this into consideration when reviewing a CASF project application.

While we acknowledge ORA’s concern about existing providers “gaming the system,” we are reluctant to impose a mandatory Rule 1 finding for a provider which fails to finish a project because we do not want to discourage existing providers from upgrading their networks. However, the Commission always has the option to review the facts and determine that an entity misled the Commission in violation of Rule 1.

We establish this timeline based on several CASF project applications we have received in the past for projects upgrading existing facilities and the December 31, 2015 statutory goal. If an existing provider were able to continuously delay the completion date of its upgrade, it could possibly prevent the CPUC from ever granting funds to another provider in that area. This could result in an area not obtaining broadband in a timely manner when it otherwise might have been able to through a CASF-funded project. Additionally, as discussed below, we must also set a time after which local government agencies may apply for funds and for the same reasoning, we do not want to unduly delay their ability to apply for funds either.

CCTA and Small LECs argue that we have confused the goal of approving funding for infrastructure projects that will provide broadband access to no less than 98% of households by December 31, 2015 with the completion of these upgrades by that same

²⁴ Opening Comments of Small LECs at 5.

date.²⁵ However, we must set a deadline before the statutory goal date to assess which projects have been completed or not so that we can approve funding to other projects in those areas by December 31, 2015.

Comments from several parties argued that SB 740 requires that the “right of first refusal” should be granted on a project by project basis.²⁶ We conclude that SB 740 only requires that the CPUC afford carriers “an opportunity to demonstrate to the commission that it will, within a reasonable timeframe, upgrade existing service.”²⁷ We further conclude that the process described above is how the CPUC will provide that opportunity and that six months is a reasonable time in which to exercise that opportunity.

An existing provider which desires to apply for CASF funds to upgrade broadband networks in its existing service territory must apply for funds using the timeline below.

Local Government Agencies

SB 740 states that a local government agency “may be eligible for an infrastructure grant only if the infrastructure project is for an unserved household or business, the commission has conducted an open application process, and no other eligible entity applied.” The statute does not indicate at what point the open application process ends.

Again, we consider that “the goal of the program is, no later than December 31, 2015, to approve funding for infrastructure projects that will provide broadband access to no less than 98 percent of California households.” Therefore, local government agencies may begin applying for funds after May 1, 2015. If, at that time no entity has applied for funds for an unserved area, the CPUC may award a CASF grant to a local government agency to fund a broadband project in that area.²⁸

Based on comments received from the California Center for Rural Policy and Tom West, we clarify that Tribal Governments are not considered local government agencies and may apply as non-telephone corporations.²⁹

²⁵ Opening Comments of CCTA at 2-3; Reply Comments of Small LECs at 2.

²⁶ Opening Comments of Verizon at 1; Opening Comments of CCTA at 5; Small LECs at 3-4.

²⁷ §281(e)(3)(b); Reply Comments of ORA at 1.

²⁸ Cal. Pub. Util. Code. § 281(e)(3)(D).

²⁹ Opening Comments of the California Center for Rural Policy at 4; Reply Comments of Tom West at 4-5.

Non Telephone Corporations – Project Requirements

Non-telephone corporations are now eligible to apply for funds to serve unserved or underserved households. The Commission implemented the eligibility requirements for non-telephone corporations in the latest decision in this proceeding, D. 14-02-018.³⁰ However, SB 740 also conditions that eligibility by requiring that a project proposed by a non-telephone corporation must “provide last-mile broadband access to households that are unserved by an existing facilities-based provider and only receive funding to provide access to households that are unserved or underserved.”³¹

Timing of Applications

Previously, the Commission established three application deadlines.³² The first deadline was for projects in unserved areas and the second was for projects in underserved areas where the existing infrastructure or broadband infrastructure under construction was not partially funded by CASF.³³ The application deadline for underserved projects included hybrid unserved and underserved projects.³⁴ Those deadlines have passed. The third application deadline, which CD never established, was to be for projects in underserved areas where the existing infrastructure or broadband infrastructure under construction was partially funded by CASF.³⁵

ORA commented that establishing an October 1, 2014 deadline for the first applications essentially guarantees that no other potential providers besides existing providers will submit CASF applications. Therefore, going forward, the Commission will take applications on a rolling basis beginning on December 1, 2014 for both unserved and underserved areas. The Commission will review and score applications on a rolling basis. This excludes those underserved areas where an existing provider elected to invoke its “right of first refusal.” As long as an application has not been funded through a final

³⁰ D. 14-02-018 at 38.

³¹ Cal. Pub. Util. Code. § 281(e)(3)(A).

³² *Decision Implementing Broadband Grant and Revolving Loan Program Provisions* (2012) Cal. P.U.C. Rulemaking (R. 10-12-008).

³³ *Id.*

³⁴ *Id.*

³⁵ *Id.*

Commission Resolution, the Commission reserves its right to consider other applications in that same project area.

As stated above, an existing provider which has chosen to exercise its “right of first refusal” on November 1, 2014 will have until May 1, 2015 to complete its project, unless CD has granted an extension or the existing provider has provided documents showing that it is a recipient of Connect America Funds, the project area, and the timeline submitted to the FCC for that project. After that date, an eligible entity may apply for a CASF grant in any underserved areas, including those areas where an existing provider had exercised its “right of first refusal,” but then failed to upgrade its network by May 1, 2015 without applying for an extension. Additionally at this time, as long as no entity has applied for funds in a particular unserved area, a local government agency may apply for funds to provide broadband service in that area. The Commission will continue to accept applications on a rolling basis.

The following table outlines the deadlines for the above mentioned actions.

CASF Application Schedule	Deadline
Last Date for an Existing Provider to Declare its Commitment to Upgrade	November 1, 2014
CD Begins Accepting Applications	December 1, 2014
Last Date for an Existing Provider to Submit Completion Report for Areas it Committed to Upgrade or Submit a Request for Extension	May 1, 2015
Date When Local Government Agencies May Begin to Apply for CASF Grants in Unserved Areas.	May 2, 2015

Since the Commission will now accept applications on a rolling basis, the estimated timeline for submission and evaluation (including challenges) is now based on when each application is received rather than a deadline set by the Commission. Please see Section 4 of Appendix 3 for more details.

Priority Areas

Based on each consortium's familiarity with the broadband availability in its region, CD asked currently existing regional consortia to determine priority areas for broadband projects in each of their regions for the purposes of SB 740. These consortia as well as four unrepresented counties designated 182 communities in 47 different counties as priority areas in their regions.³⁶ These priority areas were presented at the CASF's Annual Consortia Learning Summit in March 2014.³⁷ The consortia identified these priority areas based on several considerations that include social and economic impact, feasibility, anchor institutions, income levels, opportunities for resource management, and number of households without broadband access at served speeds. We note that this Resolution would not limit Staff's ability to bring projects that meet the goals and objectives of CASF in front of the Commission and the Commission designates Staff with the flexibility to implement these priorities to meet the goals and objectives of the CASF.

SB 1040 (Padilla), which the Legislature enacted in September 2010, authorized CASF funding for regional consortia. SB 1040 expanded the CASF into three accounts, including one for the Rural and Urban Regional Broadband Consortia Account (Consortia Grant program) funded with \$10 million. The Legislature stated that this account was "to fund the cost of broadband deployment activities other than the capital cost of facilities, as specified by the Commission."

The Commission opened an OIR (R.10-12-008) in October 2010 to implement the provisions of SB 1040 and to address possible changes to the program based on CASF's three-year implementation experience.³⁸ The first phase of the rulemaking implemented a process to select eligible consortia and set guidelines to award and disburse funds for qualifying Consortia Grant program activities.³⁹ On June 23, 2011 the Commission issued D.11-06-038 which adopted rules governing the Consortia Program.⁴⁰ The Commission awarded grants to 14 consortia groups in Resolutions T-17349 and T-17355, issued in December 2011 and February 2012, respectively.

³⁶ Staff worked with Consortia to determine the geographic coordinates for three designated communities after the draft resolution was published and two of these communities have been added to the priority area list in Appendix 4.

³⁷ Consortia presentations available at: <http://www.cpuc.ca.gov/PUC/Telco/CASF+Consortia/CASF+2014+Annual+Summit+Presentations.htm>.

³⁸ *Decision Implementing Broadband Consortia Grant* (2011) Cal. P.U.C. Decision (D.) 11-06-038.

³⁹ *Id.*

⁴⁰ *Id.*

Grant funds under the Consortia Account have been used to promote ubiquitous broadband deployment and to advance broadband adoption in unserved and underserved areas by:

- Increasing sustainability of broadband infrastructure and projects;
- Promoting broadband deployment (availability) for residences in California;
- Promoting broadband access and adoption (knowledge of service options and ability to utilize services as well as subscription of services) for residences in California;
- Increasing the rate of broadband adoption by facilitating the impact of consumer education, outreach, and training;
- Supporting those community-based parties, especially anchor institutions, who are working to increase deployment, access, and adoption.

The priority areas were named by community or by multiple communities and included a set of coordinates that generally represents the geographical center of the area. Where a consortium failed to identify a set of coordinates, Staff designated one based on the name of the community. Consortia also listed whether they believed the priority area is unserved or underserved and whether they had received public feedback regarding the area's level of service.

Staff performed a high-level validation of the consortia's submitted data by comparing the coordinates for each priority area with the California Broadband Availability Map.⁴¹ Staff concedes that there may be areas identified as served in the Broadband Availability Map that have been deemed actually underserved or unserved by mobile speed tests or public feedback. We also acknowledge that there may be areas without any mobile speed tests or public feedback that could actually be underserved or unserved areas. However, the high level validation only serves to alert broadband providers, consortia or other interested stakeholders to the general broadband status of these communities as currently identified by Staff. Staff believes that this information can be used to spur "ground-truthing" efforts in areas without adequate data to determine actual levels of service. Lastly, Staff recognizes that this validation was performed with specific coordinates and that a project may be proposed which does not encompass or overlap those exact coordinates. Again, this list and the high level validation performed by Staff is meant to spur information gathering which in turn can facilitate broadband deployment in these priority areas. Additionally, Staff is pursuing analysis of the variation in wireless service

⁴¹ The California Broadband Availability Map can be found at: <http://www.broadbandmap.ca.gov/v2.0/>.

quality that consumers may experience.⁴² Staff will soon report to the Commission its research and recommendations about the appropriateness of relying solely on advertised wireless speeds for use in the California Broadband Availability Map to determine CASF eligibility.

Staff also sought input from other state agencies to determine whether they had designated any areas as high priority for broadband infrastructure and whether those areas overlapped with the priority areas designated by the regional consortia. The CPUC received input from the California Environmental Protection Agency (Cal EPA), California Department of Food and Agriculture, and Governor's Office of Business and Economic Development (GO Biz). The California Department of Food and Agriculture identified the communities of Orange Cove, Reedley, Parlier, and Coalinga. It especially highlighted Coalinga because West Hills Community College is located there and is a Farm of the Future hub. Farm of the Future deploys applied agricultural technology career education in an economically disadvantaged area, and works in alliance with University of California, Merced; California State University, Fresno; California Polytechnic State University, San Luis Obispo and six San Joaquin Valley community colleges. These areas had not been designated by any consortia as a priority area and do not overlap. Therefore, these areas do not appear in the table in Appendix 4 listing priority areas.

The Cal EPA and the Office of Environmental Health Hazard Assessment released the draft version 2.0 of its California Communities Health Screening Tool in April 2014. This Tool shows which portions of the State have higher pollution burdens and vulnerabilities than other areas, and therefore are most in need of assistance. The tool uses existing environmental, health, demographic and socioeconomic data to create a screening score of communities across the State. An area with a high score would be expected to experience much higher impacts than areas with low scores. These scores were then ranked based on their overall score. A percentile for the overall score is then calculated from the ordered values. An area's CalEnviroScreen percentile equals the percentage of all ordered CalEnviroScreen scores that fall below the score for that area. Using the percentile given to all census tracts in California, Staff ranked each community identified as a priority by the regional consortia. A higher rank corresponds to a higher CalEnviroScreen percentile or an area that has higher impacts than others.

⁴² As discussed in Section E: Variability in Mobile Broadband and Analysis Improvements in the CASF Annual Report to the Legislature issued April 2014 at 29-30. <http://www.cpuc.ca.gov/PUC/Telco/Information+for+providing+service/CASF/CASFReports.htm>

GO Biz provided Staff with two types of priority areas; Geographically-Targeted Economic Development Areas (G-TEDAs) and areas with the highest unemployment and poverty rates. California has four types of Geographically-Targeted Economic Development Areas, which include Enterprise Zones (EZs), Local Agency Military Base Recovery Areas (LAMBRAs), Manufacturing Enhancement Areas (MEAs), and Targeted Tax Area (TTAs). Each of these areas has related tax incentive benefits as well as a variety of locally provided incentives and benefits. Designated EZs provide tax incentives to businesses and allow private-sector market forces to revive the local economy. The LAMBRA designations are similar to EZs but focus on closed military facilities. Additionally, there is a TTA in Tulare County and two MEAs in Imperial County which are similar to the EZ program. The areas with the highest unemployment and poverty rates were determined using 2010 US Census Bureau data. The data were collected by census tract and were ranked. GO Biz designated areas in the highest quartile as priority areas. Staff received this information as a geographic information system shapefile which was intersected with the geographic coordinates of each consortia-designated priority area to determine any overlap. In the GO Biz category of the priority list, we have labeled any areas which overlap with consortia priorities with an “E” for economic development areas, “P” for areas with the highest unemployment and poverty rates, and “B” for areas which are both.

The list of priority areas is shown in Appendix 4. CD will post this priority area list on the Commission’s website and will update it as more information is received about service status in priority areas.

We received comments from Eastern Sierra Connect RBC, Inland Empire RBC, Gold Country Consortium Tahoe Basin Project, and Upstate California Connect Consortium requesting various changes to the priority list.⁴³ Eastern Sierra Connect asked that we designate Kern River Valley as unserved because Mediacom does not in fact serve that area. However, we clarify that Kern River Valley is designated as served because of mobile service, regardless of Mediacom. We added additional information describing the Anza Community priority area based on the comments of the Inland Empire RBC. Lastly, we added the communities of Dry Creek in Sonoma County and West Shore and Squaw Valley/ Alpine Meadows in the Tahoe Basin based on comments from the Upstate California Connect Consortium and the Gold Country Consortium, respectively.

⁴³ Opening Comments of Eastern Sierra Connect Regional Broadband Consortia at 1; Inland Empire Regional Consortia at 1; Gold Country Consortium Tahoe Basin Project at 1; and Upstate California Connect Consortium at 1.

We also received a comment asking that the Commission take the first applications by January 1, 2015 in order to give parties the time to meet with providers to address whether areas designated as a priority are in fact unserved, underserved or served.⁴⁴ While there are many discrepancies, Staff publishes this list to highlight areas that providers may want to consider in proposing CASF projects. If a provider includes a priority area in its project application, the CASF rules require that Staff validate the service status of specific project areas before any funds are granted. Additionally, there is a process for challenges and rebuttals to those challenges for service designations of project areas. Therefore, we decline to extend the deadline for the first applications to January 1, 2015.

COMMENTS

In compliance with Public Utilities (P.U.) Code Section 311(g), a copy of this proposed Resolution was either mailed or e-mailed to all parties of record in R. 12-10-012 and the CASF distribution list on May 27, 2014.

Comments were filed by Eastern Sierra Connect Regional Broadband Consortium (Eastern Sierra Connect RBC), Inland Empire Regional Consortia (Inland Empire RBC), Gold County Consortium Tahoe Basin Project, Upstate California Connect Consortium, the Office of Ratepayer Advocates (ORA), Tom West, Central coast Broadband Consortium, Frontier, Verizon, Valley Vision, Small LECs, the California Cable and Telecommunications Association (CCTA), the Los Angeles County Regional Broadband Consortia, and the California Center for Rural Policy on June 11, 2014. Reply comments were due June 16, 2014 and the Commission received reply comments from Central Coast and Central Sierra Connect Regional Broadband Consortium, Small LECs, ORA, Frontier, The Broadband Alliance of Mendocino County and Access Sonoma Broadband, and Tom West. We reviewed the comments and incorporated appropriate revisions and clarifications in this Resolution. In particular, we addressed comments related to the priority list; the process for existing providers to invoke their statutory “right of first refusal” and which providers are subject to this process; and the definition of local government agencies.

Small LECs recommended that the Commission create a process for providers to voluntarily correct and update the Commission’s Broadband Availability Map. We note

⁴⁴ Opening Comments of Tom West at 9.

that the public may already provide direct feedback on the Broadband Availability Map by entering an address and clicking on the “send feedback” link.⁴⁵

Frontier requested in its comments that the Commission increase grant funding for projects in unserved areas to 85-95% and in underserved areas to 80% of total projects costs.⁴⁶ Small LECs supported this proposal.⁴⁷ However, as ORA notes in its reply comments, applicants may already request more funding than what is set by the CASF program rules and in fact several applicants have done so in the past.⁴⁸ Furthermore, as indicated in the Commissioner’s Scoping Memo and Ruling this Resolution seeks to adjust timelines in order to implement SB 740 and we cannot consider here changes to program rules such as the percentage of project costs that the Commission will fund.⁴⁹

FINDINGS

1. It is reasonable to require an existing broadband provider to make a commitment to upgrade by November 1, 2014 to the Director of the Communications Division, as shown in Appendix 3, to declare its intent to upgrade its network in an existing underserved territory for the reasons discussed above.
2. It is reasonable to require an existing provider to upgrade its facilities by May 1, 2015 and submit documents showing the project area, broadband availability and the speed tiers available with speed tests showing that the project indeed provides served speeds or 6 mbps downstream and 1.5mbps upstream for the reasons discussed above.
3. Where an existing provider has already committed to upgrading its network using CAF funds, it may extend the May 1, 2015 deadline by providing documentation showing that it is a recipient of Connect America Funds, the project area, and the timeline submitted to the FCC for that project.

⁴⁵ The California Broadband Availability Map can be found at: <http://www.broadbandmap.ca.gov/map/>.

⁴⁶ Opening Comments of Frontier at 3-4.

⁴⁷ Reply Comments of CCTA at 3.

⁴⁸ Reply Comments of ORA at 3.

⁴⁹ *Assigned Commissioner’s Scoping Memo and Ruling for Rulemaking (R.) 12-10-012* (2014) Cal. P.U.C. at 5.

4. It is reasonable to permit an existing provider which filed its commitment to upgrade on November 1, 2014 to submit a letter to the Director of the Communications Division on or before May 1, 2015 for an extension up to an additional six months if it provides evidence that its progress has been delayed due to 1. Permitting issues; 2. CEQA compliance; or 3. Weather or other acts of God.
5. CD will evaluate applications on a rolling basis with the first applications due by December 1, 2014. After May 1, 2015, an eligible entity may apply for a CASF grant in any underserved areas, including those areas where an existing provider exercised its "right of first refusal," but then failed to upgrade its network.
6. Pursuant to SB 740, if, after an open application process, no entity has applied for funds to serve an unserved area, the Commission will permit a local government agency to apply for funds for that unserved area. We find that it is reasonable to award a CASF grant to a local government agency to fund a broadband project in an unserved area after May 1, 2015.
7. Pursuant to SB 740, a non-telephone corporation is only eligible to apply for projects which "provide last-mile broadband access to households that are unserved by an existing facilities-based provider."
8. Regional Consortia and four unrepresented counties have designated 182 areas as priority for broadband infrastructure projects, some of which overlap with other California priority areas.

THEREFORE, IT IS ORDERED that:

1. An existing broadband provider must submit a letter by November 1, 2014 to the Director of the Communications Division, as shown in Appendix 3, to make a commitment to upgrade its network in an existing territory to served speeds or 6mbps downstream and 1.5mbps upstream.
2. The CPUC will accept applications on a rolling basis with the first applications due beginning on December 1, 2014. After May 1, 2015, an eligible entity may apply for a CASF grant in any underserved areas, including those areas where an existing provider had exercised its "right of first refusal," but then failed to upgrade its network or obtain an extension. Additionally at this time, as long as no entity has applied for funds in a particular unserved area, a local government agency may apply for funds to provide broadband service in that area.
3. An existing broadband provider which submitted a letter by November 1, 2014 to make a commitment to upgrade may file a letter to the Director of the

- Communications Division to request an extension on or before May 1, 2015 if it provides evidence that its progress has been delayed due to 1. Permitting issues; 2. CEQA compliance; or 3. Weather or other acts of God.
4. Where an existing provider has already committed to upgrading its network using CAF funds, it may extend the deadline by providing documentation on or before May 1, 2105 showing that it is a recipient of Connect America Funds, the project area, and the timeline submitted to the FCC for that project.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on June 26, 2014. The following Commissioners approved it:

/s/ Paul Clanon

PAUL CLANON
Executive Director

MICHAEL R. PEEVEY
President

MICHEL PETER FLORIO

CATHERINE J.K. SANDOVAL

CARLA J. PETERMAN

MICHAEL PICKER

Commissioners

APPENDIX 1

Rules on the participation of non-telephone corporations in the California Advanced Services Fund

The following rules are adopted to implement rules initiated by Senate Bill 740, which conditions the participation of non-telephone corporations in the California Advanced Services Fund.

1. An existing broadband provider which chooses to upgrade broadband networks in its existing underserved territory using its own funds must submit a letter by November 1, 2014 to the Director of the Communications Division to make a commitment to upgrade, as shown in Appendix 3.
2. An existing provider will have until May 1, 2015 to complete the project by upgrading its network to served speeds. During this time, the CPUC will not grant CASF funds to any other broadband provider in that same project area.
3. At project completion or May 1, 2015, whichever is sooner, the Commission will require an existing provider, which exercised its "right of first refusal" to submit documents showing the project area, broadband availability and the speed tiers available with speed tests showing that the project indeed provides served speeds or 6 mbps downstream and 1.5mbps upstream.
4. An existing provider which filed its commitment to upgrade on November 1, 2014 may submit a letter to the Director of the Communications Division on or before May 1, 2015 for an extension up to an additional six months if it provides evidence that its progress has been delayed due to 1. Permitting issues; 2. CEQA compliance; or 3. Weather or other acts of God.
5. Where an existing provider fails to finish a project to provide served speeds or 6 mbps downstream and 1.5mbps upstream or to submit a letter requesting an extension by May 1, 2015, the Commission may grant CASF funds for a broadband project in that area.
6. A non-telephone corporation is only eligible to apply for projects which "provide last-mile broadband access to households that are unserved by an existing facilities-based provider."

7. If, after May 1, 2015 no entity has applied for funds for an unserved area, a local government agency may apply for funds to serve that unserved area.
8. The CPUC will accept applications on a rolling basis beginning on December 1, 2014.

APPENDIX 2

Broadband Infrastructure Grant Account– Revised Application Requirements and Guidelines

Table of Contents

1.	Background	1
1.1.	Amount Available for Grants	1
2.	Definitions	3
3.	Who May Apply	4
3.1.	Information Required From Applicants	5
3.1.1.	Project Summary	5
3.1.2.	Funding Requested	6
3.1.3.	Area applied for	6
3.1.4.	CPCN / U-Number / CPUC Registration Proof (if applicable)	6
3.1.5.	Information sheet	7
3.1.6.	Organizational Chart and Background	7

3.1.7. CASF Key Contact Information	7
3.1.8. Key Company Officers (list up to 5):	7
3.1.9. Current Broadband Infrastructure Description	7
3.1.10. Current Broadband Infrastructure Shapefile	8
3.1.11. Proposed Broadband Project Description	8
3.1.12. Proposed Broadband Project Location	8
3.1.13. Proposed Broadband Project Location Shapefile	9
3.1.14. Assertion of Unserved or Underserved Area	9
3.1.15. Estimated Potential Subscriber Size	10
3.1.16. Deployment Schedule	10

3.1.17. Proposed Project Budget	10
3.1.18. Economic Life of all assets to be funded	11
3.1.19. Local Government and Community Support (optional)	11
3.1.20. Performance Bond Documentation	11
3.1.21. Proposed Pricing	12
3.1.22. Price Commitment Period	12
3.1.23. Financials - Financial Qualifications to Meet Commitments	13
3.1.24. Providing Voice Service:	14
3.1.25. CEQA Compliance	14
3.1.26. Affidavit of Application's Accuracy	15
4. Submission and Timelines	

4.1. Proposal Checklist

17

4.2. Scoring Criteria

18

4.2.1. Funds Requested per Potential Customers

.....
20

4.2.2. Speed

.....
20

4.2.3. Financial Viability

.....
21

4.2.4. Pricing

.....
21

4.2.5. Total Number of Households in the Proposed Service Area

.....
22

4.2.6. Timeliness of Completion of Project

.....
22

4.2.7. Guaranteed Pricing Period

.....
22

4.2.8. Low Income Areas

.....
23

4.2.9. Selection

.....
23

4.2.9.1. Reporting

24

4.2.9.2. Payment

24

4.2.9.3. Execution and
Performance

25

5. Sales and Transfers of Assets

25

6. Penalties

26

Attachments

Attachment A – Information Sheet

Attachment B – Application Checklist

Attachment C – Notarized Affidavit

Attachment D – Sample Scoring Scenario Analysis

1. Background

The California Advanced Services Fund (CASF), a two year program established by the Commission on December 20, 2007, under D.07-12-054, provides matching funding for the deployment of broadband infrastructure in unserved and underserved areas of California to qualifying applicants. The funding is used for projects that will first provide broadband services to areas currently without broadband access or with access only to dial-up service or satellite; and then second, build out facilities in underserved areas if funds are still available. Matching funds of 40% of total project costs are available to successful CASF applicants with the applicant providing 60% of the projects costs either from their internally generated funds or from external sources.

On September 25, 2010, Governor Schwarzenegger signed SB 1040 (Stats. 2010, c.317, codified at California Public Utilities (P.U.) Code § 281), which expanded the CASF and increased the CASF appropriation from \$100 million to \$225 million. The increase of \$125 million to be collected after January 1, 2011 is allocated to the following accounts: \$100 million to the Broadband Infrastructure Grant Account, \$10 million to the Rural and Regional Urban Consortia Account, and \$15 million to the Broadband Infrastructure Revolving Loan Account. The \$125 million will be funded by a surcharge to be assessed on revenues collected from end-users and collected at \$25 million a year beginning calendar year 2011.

On October 25, 2012, the California Public Utilities Commission (Commission or CPUC) issued an Order Instituting Rulemaking (OIR) R.12-10-012 proposing to change the CASF applicant eligibility rules to allow non-telephone corporations to apply for CASF grants and loans. The Commission acknowledged in that OIR that a legislative amendment would be needed because the rules governing eligibility for the CASF are in statute. Consequently, on October 3, 2013, Governor Brown signed SB 740 (Stats. 2013, ch. 522, codified at P.U. Code §281), which expanded the CASF applicant eligibility to include non-telephone corporations, among other program changes.

1.1. Amount Available for Grants

While revenues of \$20 million per year will be allocated to the Broadband Infrastructure Grant Account, the actual amount available for infrastructure grants will be \$19 million as the Commission must deduct costs for administering the program from this account.

The grant funding limits are as follows:

*CASF - The Broadband Infrastructure Grant Account
--- Revised Application Requirements and Guidelines---*

*Date: June 2014
Version 8.0*

	Infrastructure Grant (% of total project cost)	Broadband Infrastructure Revolving Loan Account (% of total project cost)	Applicant(s) Funds (% of total project cost)
A. With Loan			
Unserved Areas	70%	20%	10%
Underserved areas	60%	20%	20%
B. Without Loan			
Unserved Areas	70%	0%	30%
Underserved areas	60%	0%	40%

Unserved areas are eligible for a 70% CASF matching grant amount as the Commission considers unserved areas as having the highest priority. Typically, these areas are totally devoid of broadband service, are sparsely populated, and are characterized by difficult terrain and geography -- with correspondingly high broadband infrastructure development costs and thus are not financially attractive to private investors. The Commission hopes that the higher CASF matching funds will attract private investments to these areas as the funds required from the private investor will only be 10-30%, (depending on whether the applicant also applies for and receives a loan from the Broadband Infrastructure revolving Loan Account).

Underserved areas are eligible for 60% CASF grants, 10% less than that allocated to unserved areas, as these areas already have broadband service and the funding from CASF will be used to construct broadband infrastructure projects geared towards increasing the broadband speed to at least 6 Megabits per second (mbps) download and 1.5 mbps upload.

An applicant who applies for both a grant and a loan, but who is deemed ineligible for the loan, will have to submit a new application if it intends to pursue the project and show how it will fund 30 – 40 % of the total project cost.

In areas where the Commission has already awarded a CASF grant, new CASF grant funding for broadband projects in the same area will be available only after 3 years from the start of broadband service of the first CASF- funded project in order to ensure that existing grantee(s) are able to realize returns on their investment.

2. Definitions

An “unserved” area is an area that is not served by any form of wireline or wireless⁵⁰ facilities-based broadband, such that Internet connectivity is available only through dialup service.

An “underserved” area is an area where broadband is available, but no wireline or wireless facilities-based provider offers service at advertised speeds of at least 6 mbps download and 1.5 mbps upload.

The Commission will consider all CASF funded projects in the determination of unserved and underserved areas, irrespective of the CASF funded project’s technology.

A California Interactive Broadband Map is posted on the CASF webpage to assist the applicant(s) in identifying areas that are still unserved and underserved. This map is based on the most current information collected as part of the federal broadband inventory mapping effort. Data used in this map were collected from California providers pursuant to a Recovery Act Broadband Mapping grant. Availability and maximum advertised speeds are shown by census block (for blocks 2 square miles or smaller), and by street segment (for larger blocks). The map will show the areas served, unserved or underserved, existing providers in areas where broadband service is available, the broadband technology offered in served areas, current speeds in the served areas, and population in the served and underserved areas.

Where a broadband infrastructure may have to pass or upgrade existing broadband facilities in already served, unserved or underserved areas to reach a remote unserved or underserved area, the project may be considered for funding. Applicants for middle-mile projects are required to submit all documentary requirements and will be evaluated based on their compliance with the guidelines and the evaluation criteria applicable to last mile unserved and underserved projects, including submission of proof that the backhaul or backbone construction is an indispensable part of their plan to reach unserved and / or underserved communities. The applicant will also have to pro-rate costs when projects include facilities in unserved, underserved, and “served” – areas, including a detailed explanation of the allocation of costs and a full accounting of that allocation at each funding phase of the project.

⁵⁰ Wireless broadband means a wireless high-speed internet access or connection provided to households, businesses and/or anchor institutions that meet the speeds and program guidelines set forth in this decision. Wireless broadband can be mobile or fixed.

*CASF - The Broadband Infrastructure Grant Account
--- Revised Application Requirements and Guidelines---*

*Date: June 2014
Version 8.0*

For example, if a project (for an unserved area and the applicant is requesting a CASF grant only) will cost \$2.5 million and 20% of those costs are related to facility improvements that will benefit both unserved and served areas, applicants should prorate the amounts related to each area. Thus, if the common facilities will be used equally by unserved areas and by communities with broadband today, then the applicant should only include \$250,000 in the application for facility improvement costs. The applicant should thus ask for \$1,575,000 in CASF funds (\$1,400,000 for construction in the unserved area, and \$175,000 in common costs allocated to the unserved area). The applicant should fully explain the total cost of the project and the allocation that was made to arrive at the figures used in the application.⁵¹

3. Who May Apply

CASF funding is available to entities with a Certificate of Public Convenience and Necessity (CPCN) that qualify as a “telephone corporation” as defined under P.U. Code section 234 or wireless carriers who are registered with the Commission (i.e., hold a WIR). Wireless carriers need not obtain a CPCN to qualify for CASF funding.

CASF funding is also available to non-telephone corporations, which are facilities based broadband service providers. The Commission shall use the National Telecommunications and Information Administration’s (NTIA) definition of a facilities-based broadband service provider, which is generally defined as any entity providing internet access service or middle mile transport, over its own fixed or wireless facilities to residences, businesses,

-
- ⁵¹ a) Total Project Cost x 20% equals amount of facility improvements benefiting both Unserved and Served areas: ($\$2,500,000 \times 0.20 = \$500,000$),
- b) Equal proration of facility improvements: Unserved area = \$250,000 and Served area = \$250,000,
- c) Common cost funded by CASF for facility improvements: Unserved area equals $\$250,000 \times 0.70 = \$175,000$,
- d) Project cost *exclusive* of facility improvements equals \$2,000,000 ($\$2,500,000 - \$500,000$),
- e) CASF funding of project costs *exclusive* of facilities improvements equals \$1,400,000 ($\$2,000,000 \times 0.70$),
- f) Thus, the applicant’s Total CASF funding request would be \$1,575,000 ($\$1,400,000 + \$175,000$).

or other institutions.⁵² However, non-telephone corporations must provide last-mile broadband access to households that are unserved by an existing facilities-based provider and only receive funding to provide access to households that are unserved or underserved.

The Commission will consider applications from satellite service providers provided that the applicants are able to prove functionality, and are able to meet the speeds required.-

The Commission also encourages applicants to offer basic voice service to customers within the service area of the broadband deployment subject to the CASF award. Any such voice service offering must, at a minimum, meet FCC standards for E-911 service and battery back-up supply.⁵³ For purposes of the CASF, “basic service” is defined to include any form of voicegrade service including that offered through a wireless or Voice over Internet Protocol (VoIP) service.

3.1. Information Required From Applicants

Applicants are required to submit the following information to the Commission for each proposed broadband project, where each “broadband project” is defined as deployment encompassing a single contiguous group of Census Block Groups (CBGs).

The application must be submitted online, with a hard copy sent to the CASF and the Division of Ratepayer Advocates. The applicant must submit each item as a document, unless otherwise specified, and in some cases also as data entered directly. The applicant must also fill out a checklist (attached as Attachment B) and include the completed checklist in hard copies of the proposal.

3.1.1. Project Summary

The applicant must submit a project summary which the Communications Division (CD) will post on the CASF webpage under Pending New Applications to Offer

⁵² The NTIA’s detailed definition can be found on pages 1 and 2 of the technical appendix of the NTIA’s Notice of Availability of Funds for the State Broadband Data and Development Grant Program at <http://www.dhss.ny.gov/ocs/broadband/documents/nofa-with-technical-appendix-and-clarifications.pdf>

⁵³ D.07-12-054, Ordering Paragraph 16, pp. 62-63

Broadband. The applicant must also submit the project summary to the CASF application distribution list⁵⁴. The summary must include the following information:

- Applicant's name
- Contact person
- Project title
- Proposed Project Area Location (Community / County)
- Project Type (Last Mile or Middle-Mile)
- CASF Funding Requested (Amount of Grant / Amount of Loan)
- Description of the Project
- Map of the Proposed Project
- List of Census Block Groups
- List of ZIP codes

The applicant may also use this summary information in its adoption and outreach efforts, i.e., in soliciting local government and community support for the proposed project, in disseminating information to the proposed communities/ areas.

3.1.2. Funding Requested

The applicant must indicate the funding requested, i.e., whether it is applying for a grant only or a combination of a grant and a loan.

3.1.3. Area applied for

Applicant must specify whether it is applying for an unserved or underserved area.

3.1.4. CPCN / U-Number / CPUC Registration Proof (if applicable)

(As a single document)

- Applicant's U-Number and/or
Proof of applicant's Certificate of Public Convenience and Necessity (CPCN)
- In the absence of a CPCN -
Proof of CPCN application pending approval, or CPCN application number
- Wireless Carriers –
CPUC Registration Number

⁵⁴ Communications Division will provide instructions on how to sign up for this distribution list to parties in the CASF rulemaking proceeding (R.10-12-008) and post these instructions on the Commission website as soon as practicable.

3.1.5. Information sheet

Applicant must submit the information sheet attached as Attachment A together with all supporting documents required.

3.1.6. Organizational Chart and Background

The applicant must submit an organizational chart showing the parent organization, subsidiaries and affiliates.

The applicant must also submit a description of its readiness to construct and manage a broadband service network by listing all projects constructed and currently managed and operated.

3.1.7. CASF Key Contact Information

- First Name
- Last Name
- Address Line1
- Address Line2
- City
- State
- ZIP
- Email
- Phone

3.1.8. Key Company Officers (list up to 5):

- Position Title
- First Name
- Last Name
- Email
- Phone Number

Resumes of each key company and management personnel must be submitted.

3.1.9. Current Broadband Infrastructure Description

Description of the provider's current broadband infrastructure and/or telephone service area within 5 miles of the proposed project, if applicable.

3.1.10.Current Broadband Infrastructure Shapefile

Shapefile (.shp)⁵⁵ of current service area. A shapefile is not a single file, but a collection of seven files - .dbf, .prj, .sbn, .sbx, .shx, .shp, .xml. Without all of these, the data cannot be read.

The .shp format is compatible with the ArcGIS software used by the Commission.

3.1.11.Proposed Broadband Project Description

- Description of proposed broadband project plan for which CASF funding is being requested, including the type of technology to be used
- Project size (in square miles)
- Download speed capabilities of proposed facilities
- Upload speed capabilities of proposed facilities
- Whether an area is identified as a priority in Appendix 4 of Resolution T-17443 and by what organizations

The proposed broadband description should include a description of the type of technology to be provided in the proposed service areas. The project description should provide enough construction detail to enable a preliminary indication of the need for a California Environmental Quality Act (CEQA) review. For example, when trenching is required, the applicant should so state and describe the manner in which the site is to be restored, post-trenching. The Commission established benchmark speed standards of advertised speeds of 6 mbps download and 1.5 mbps upload. Applicants may propose lower speeds; speed will be a criteria considered in evaluating the applications, with higher speeds being preferable.

3.1.12.Proposed Broadband Project Location

- Geographic locations by CBG(s) where broadband facilities will be deployed
- List of CBG(s),
- Number of households per CBG,
- Median household income for each CBG that intersects the proposed project, to be based on most current Census data available, and
- List of ZIP Code(s) that intersect the proposed project.

CBGs and ZIP codes must be based on the 2010 census. CBGs must be in a twelve digit format as follows:

⁵⁵ This file format is compatible with ArcGIS software used by the Commission.

*CASF - The Broadband Infrastructure Grant Account
--- Revised Application Requirements and Guidelines---*

*Date: June 2014
Version 8.0*

<u>State CA</u>	<u>County</u>	<u>Tract</u>	<u>Block Group</u>
2 digits	3 digits	6 digits	1 digit

For example: a CBG near the town of Alturas in Lassen County: Lassen County Tract 401, Block Group 1 would have the following CBG:

<u>State CA</u>	<u>County</u>	<u>Tract</u>	<u>Block Group</u>
06	035	401.00	1

State: California is always denoted as 06.

County: Refer to County Code List

Tract: Can be denoted as 1) a number with decimal followed by 2 digits; then fill in zeroes in front to make 6 digits; or 2) as 4-6 digits, fill “0s” as needed. Drop decimal.

For the example cited; this tract/block group in Lassen would be expressed as 06-035-040100-1. For CASF purposes, we use the standard expression: 060350401001

Applicants are expected to target areas that are still unserved and underserved based on the latest available information. The most current Broadband Availability map that the applicant can use in preparing their applications is the California Broadband Interactive Map on the CASF webpage which shows the areas current served, the provider, the technology available in a particular area up to street level, the speeds in the areas served, as well as the population in these areas.

3.1.13. Proposed Broadband Project Location Shapefile

Shapefile (.shp) showing boundaries of the specific area to be served by the project. A shapefile is not a single file, but a collection of seven files

- .dbf, .prj, .sbn, .sbx, .shx, .shp, .xml. Without all of these, the data cannot be read.

The .shp format is compatible with the ArcGIS software used by the Commission.

3.1.14. Assertion of Unserved or Underserved Area

An explanation of the basis for asserting that, to the best of the applicant’s knowledge, the area is unserved or underserved (i.e. a reference to the California Interactive Broadband Map or other published reports).

This includes figures, in mbps, of the current:

- average download speed by CBG(s);
- average download speed by ZIP Code(s);
- average upload speed by CBG(s); and
- average upload speed by ZIP Code(s).

3.1.15. Estimated Potential Subscriber Size

- Estimated number of potential broadband households (i.e. total occupied housing units) in proposed project location.
- Estimated number of potential broadband subscribers (i.e. total population) in proposed project location.
- Documentation of all assumptions and data sources used to compile estimates.
- Adoption / Sustainability plan

Applicants must submit a plan to encourage adoption of the broadband service in the proposed area(s). The plan should include the total number of households in the area, the number of households the applicant estimates will sign up for the service (the take rate), the marketing or outreach plans the applicant will employ to attract households to sign up for the service.

3.1.16. Deployment Schedule

Delineated schedule for deployment with commitment to complete build-out within 24 months of the approval of the application. The schedule shall identify major prerequisite(s), construction, and any other milestones that can be verified by Commission staff. Milestones will be listed using the following format:

- Milestone Start and Ending Date
- Milestone Description
- Milestone Comments
- Milestone Risks

In developing the schedule, applicant(s) must include the timeline required for the California Environmental Quality Act (CEQA) review.

If the applicant(s) is unable to complete the proposed project within the 24-month timeframe, it must notify the CPUC as soon as it becomes aware of this prospect. The Commission may reduce payment for failure to satisfy this requirement.

3.1.17. Proposed Project Budget

Proposed budget for the project including:

- a detailed breakdown of cost elements;
- amount of cost elements;
- availability of matching funds to be supplied by applicant;
- amount of available funds from each individual funding source; and
- the amount of CASF funds requested, broken down into grant and loan components, if applicable.

Note: See section II for the amounts required from the applicants.

3.1.18. Economic Life of all assets to be funded

The applicant must identify all the equipment to be funded by the CASF by category (buildings, outside plant, towers and poles, network and access equipment, operating equipment, customer premise equipment), the type of equipment (new building, prefabricated building, rehab of existing building, new towers or poles, modification of existing towers and poles, broadband switching equipment, office furniture and fixture, etc.), and the estimated useful life (10, 15, 20, etc years).

3.1.19. Local Government and Community Support (optional)

The applicant may submit endorsements or letters of support from the local government, community groups, and anchor institutions supporting the deployment of the broadband infrastructure.

3.1.20. Performance Bond Documentation

CPCN/WIR Holders:

The applicant must send an executed bond, equal to the total amount payable under the CASF award⁵⁶, to the Executive Director and to the Director of Communications Division within five business days after the completion of the CEQA review. An applicant is not required to post a performance bond if it certifies that the percentage of the total project costs it is providing comes from their capital budget and is not obtained from outside financing. The performance bond must be callable for failure to complete the CASF funded broadband project.

Applicants who will complete the project and front-end all the project costs before requesting for reimbursement may request exemption from the performance bond requirement.

Non-Telephone Corporations:

The applicant must send an executed bond, equal to the total amount payable under the CASF award, to the Executive Director and to the Director of Communications Division within five business days after the completion of the CEQA review. All non-telephone corporations are required to post a performance bond for the construction phase of the project in order to ensure completion of the CASF grant funded project. In

⁵⁶ A CASF award includes both a grant and loan amounts.

order to ensure that non-telephone corporations comply with the other requirements of the CASF program, in both the construction and post-construction phase of the project, the Commission will rely on its ability to invoke the penalty provisions of Public Utilities Code §2111.

3.1.21. Proposed Pricing

Proposed (two – years fixed) monthly subscription fee and waiver of installation and / or initial service connection fee for applicant’s proposed broadband service(s). The monthly subscription fee should be the sum of all recurring rates and non-recurring charges (except the installation and /or initial service connection fees) the customer must pay to receive service during the initial two years of service, expressed as a monthly average. All services upon which the monthly subscription fee is based should be clearly itemized. The monthly subscription fee should not include discounts or any other promotional offerings. The monthly subscription fee should represent the maximum amount that customers will pay, on average, for the duration that this price is committed (according to Item 22).

Also indicate, if any: service restrictions; option to bundle with other services; commitments; any requirements that customers must meet, or equipment that they must purchase or lease, in order to receive the service.

For each type and /or bundle of services that you propose to offer (or for each monthly subscription fee, if you propose to commit to more than one), provide the following:

- Proposed (two- years) monthly subscription fee for applicant’s proposed broadband service(s).
- Other recurring charges;
- All services and equipment upon which the monthly subscription fee is based;
- Service restrictions; option to bundle with other services;
- Any commitments and /or requirements that customers must meet, or equipment they must purchase or lease, in order to receive service.

3.1.22. Price Commitment Period

The required Period of Commitment to which the initial price (listed in Item 21) is applicable for all households within the service area of the project. Minimum price guarantee period for each customer is two years.

If the applicant proposes to require customer commitments to more than one monthly subscription fee (i.e., one amount for six months and a different amount for the six

month intervals, thereafter), list the duration and amount of each price guarantee separately (Note: you must make a separate showing for each amount in Item 21).

The period of commitment is on a per customer basis, such that a customer who signs up within two years from the beginning date of service can expect the same price guarantee from the day they signed up for service, which may not be for the entire two years. To illustrate, a customer who signs up for service on day 730 will be entitled to the same price for one month as a subscriber who signs up for service on day 1. The difference between the two customers is that the former's price is valid for one month while the latter's price is valid for 24 months.

3.1.23.Financials - Financial Qualifications to Meet Commitments

A. CPA Audited / Attested Financial Statements for the last three years. The statements are to include:

- ✓ Balance Sheet
- ✓ Income Statement
- ✓ Statement of Cash Flows

B. Pro Forma Financial Forecast over the life term of the loan (i.e. 5 years) that includes a list of assumptions supporting the data. For projects applying for a grant only, the pro forma financial forecast will be over 5 years. Future projections must include the following financial statements:

- ✓ Balance Sheet
- ✓ Income Statement
- ✓ Statement of Cash Flows

C. Annual EBIT (Earnings Before Income and Tax) projection over 5 years

D. Schedule of all outstanding and planned debt

E. Collateral Documentation Include

- i. Depreciation Schedule of Assets (applicable to an applicant applying for a grant / loan combination only).

F. Non-Telephone Corporations that have been providing broadband service for less than 12 months – liquidity documentation

- ii. Must show liquidity of 10% of the total project cost in cash or cash equivalents.

The applicant must submit an analysis of the viability (B. above) of the project and the assumptions used in the analysis such as the funding sources, the adoption rates, subscriber data and adoption rates.

CPA Audited or Attested Financial Statements will be accepted from parent companies in lieu of financial statements from subsidiaries that have no audited or attested

financial statements. If applicant has been in existence for less than three years, financial statements for as long as applicant has been in existence, e.g. one or two years, will be accepted.

Cash or cash equivalents for liquidity documentation (F. above) are defined as follows: Cash or cash equivalents is defined as (a) Cash or cash equivalent, including cashier's check, sight draft, performance bond proceeds, or traveler's checks; (b) Certificate of deposit or other liquid deposit, with a reputable bank or other financial institution; (c) Preferred stock proceeds or other corporate shareholder equity, provided that use is restricted to maintenance of working capital for a period of at least twelve (12) months beyond project approval by the Commission; (d) Letter of credit, issued by a reputable bank or other financial institution; (e) Line of credit or other loan, issued by a reputable bank or other financial institution, irrevocable for a period of at least twelve (12) months beyond project approval by the Commission; (f) Loan, issued by a qualified subsidiary, affiliate of applicant, or a qualified corporation holding controlling interest in the applicant, irrevocable for a period of at least twelve (12) months beyond project approval by the Commission, and payable on an interest-only basis for the same period; (g) Guarantee, issued by a corporation, copartnership, or other person or association, irrevocable for a period of at least twelve (12) months beyond project approval of the applicant by the Commission, and payable on an interest-only basis for the same period; (h) Guarantee, issued by a qualified subsidiary, affiliate of applicant, or a qualified corporation holding controlling interest in the applicant, irrevocable for a period of at least twelve (12) months beyond project approval by the Commission.

3.1.24. Providing Voice Service:

- Availability of voice service that meets FCC standards for E-911 service and battery back-up;
- Listing of types of voice services offered;
- Timeframe of voice offering(s).

3.1.25. CEQA Compliance

The applicants must provide the Proponent's Environmental Assessment (PEA) prior to the first 25% payment. The PEA submission should include information on any land crossing sites requiring discretionary or mandatory permits or environmental review pursuant to CEQA (include the type of permit required, the name of the permitting agency / agencies and the Lead Agency if an environmental review is required). Also agree to identify, prior to the first 25% payment, any other special permits required with a cross reference to the government agencies from which the permits will be required for the project.

Any application should state whether the project is statutorily or categorically exempt from CEQA requirements and cite the relevant authority, as applicable.

Applicants should include the CEQA review timeline in its construction timeline.

3.1.26. Affidavit of Application's Accuracy

Applicants must submit an affidavit, under penalty of perjury, that to the best of their knowledge all the statements and representations made in the application information submitted is true and correct (Attachment C).

4. Submission and Timelines

Applicants should electronically file their completed applications at <http://www.cpuc.ca.gov/puc/> and mail a separate hard copy to the Communications Division, Attn: California Advanced Services Fund, and mail another hard copy to the Division of Ratepayers Advocates. Since applications are not filed with the Commission's Docket Office, they will not be assigned proceeding number(s).

CA will accept applications on a rolling basis, as follows:

- December 1, 2014 – for unserved projects and underserved projects in areas where an existing provider has NOT elected to upgrade its existing network by exercising its right of first refusal.
- ~~May 2, 2015 – for underserved projects in areas with broadband service and where the existing infrastructure or broadband infrastructure under construction was not partially funded by CASF and broadband speed is less than advertised speeds of 6 mbps download and 1.5 mbps upload. This deadline will also include hybrid broadband projects⁵⁷ covering unserved and underserved areas (not partially funded by CASF). speeds of 6 mbps download and 1.5 mbps upload. The third application window will also be open to other viable projects the Commission deems appropriate. CD is authorized to communicate the deadline for filing at a later time. for unserved projects, including those proposed by a local government agency as long as no other entity has applied for funds in that area; and for underserved projects, including those where an existing provider elected, but then failed to upgrade its network.-~~

⁵⁷ As referenced in section V, each "broadband project" is defined as deployment encompassing a single contiguous group of Census Block Groups (CBGs).

*CASF - The Broadband Infrastructure Grant Account
--- Revised Application Requirements and Guidelines---*

*Date: June 2014
Version 8.0*

As specified in Section 1.1, the Commission will evaluate new CASF applications in areas where CASF funding has been provided 3 years after the start of broadband service of the CASF funded project in order to ensure that grantee(s) are able to realize returns on their investment.

~~If funds are still available, CD will open a second round, and set new deadlines for submission of applications.~~

CD will evaluate applications and approve funding based on the ranking of the proposals. Applications for unserved areas will receive priority in funding.

~~To illustrate, if the drop-dead deadline for an application is October 1, 2014, CD will review and evaluate applications that are compliant with the requirements. CD will review and evaluate an application for unserved areas submitted after the May 15, 2012 deadline only after a second round is opened and will review and evaluate that post-May 15 application together with the applications submitted during the second round application window for unserved areas. This is true for applications for underserved areas submitted during the second and third application windows.~~

~~Any applicant whose application in any application window is held for a) late submittal, nonsubmittal of information requested or b) additional information submitted late may withdraw its application and resubmit a new application when a second application round is opened.~~

The estimated timeline for application submission and evaluation is as follows:

<u>ESTIMATED TIMELINE FOR SUBMISSION AND EVALUATION</u>		
Start date	# of days	Description
For Unserved and Underserved Areas		
Day 1		<u>Application is submitted to the Commission and the CASF distribution list</u>
Day 7	7 days after submission of applications	Areas applied for, by Applicant Name, CBG's and shapefile, will be posted on the Commission's CASF website
Day 22	14 days after web posting of CBGS, zip codes and maps	Deadline for submitting letter challenges
Day 40	40 days from receipt of application	Evaluation of proposals <i>without</i> challenges

*CASF - The Broadband Infrastructure Grant Account
--- Revised Application Requirements and Guidelines---*

Date: June 2014
Version 8.0

Day 42	42 days from receipt of application	CD responds to funding requests <i>without</i> challenges (through letter to applicant informing the applicant that application has been evaluated and that the project qualifies for CASF funding; however, Final Approval will be by Commission resolution)
Day 64	42 days after submission of letter challenges	CD responds to funding requests <i>with</i> challenges (through letter to applicant informing the applicant that application has been evaluated and that the project qualifies for CASF funding; however, Final Approval will be by Commission resolution)
Day 84 or earliest Commission date after 84 days	84 days from date of submission of application	Resolution(s) adopted by Commission approving funding application(s) <i>without</i> challenges
Day 106 or earliest Commission date after 106 days	106 days from submission of application	Resolution(s) adopted by Commission approving funding application(s) with challenges

CD may create subsequent filing periods if applications do not exceed the available funds. ~~After considering all of the applications for unserved areas received by the initial deadline for the first application window and if funds are still available, CD will consider applications for underserved areas subject to the availability of remaining CASF funds.~~

Any party that challenges a proposed area or CBG as already served or not underserved must provide documentation that the area or CBG is in fact already served and not underserved (e.g., maps or a copy of a customer bill). CD will then investigate this information, along with the applicant’s documentation supporting its assertion that the CBG is unserved or underserved. CD will inform the applicant of the challenges filed on its application and provide the challenger’s name and all information submitted. Once CD makes a final determination, it will notify the applicant of its determination.

If the challenged CBG is determined to be “served” or not underserved, the application cannot be considered and will be rejected. The applicant, however, has the option to submit a modified application in subsequent rounds of proposals, either for the same area (provided that the parts of the CBG that are not “unserved” are omitted from project cost and budget considerations) or for only those parts of the CBG that are unserved

Entities who challenged applications submitted must submit maps of their service area(s) and addresses of households in their service area(s) to enable staff to verify the challengers’ allegation that the area(s) are already served and not underserved.

4.1. Proposal Checklist

An applicant must complete the CASF Application Checklist Form (Attachment B and attach it to *each* project proposal.

4.2. Scoring Criteria

This section describes the method by which CD will evaluate applicants on how well they meet the goals of the CASF program outlined in D.07-12-054. CD will present its evaluation in the form of a numerical score. Once CD assigns applicants a score, CD will rank them in order from highest to lowest, with CASF money being allocated following this order until the entire fund has been allocated.

An evaluation team comprised of Commission staff will assess applications in each of the following areas: (i) Funds Requested per Potential Customer, (ii) Speed, (iii) Financial Viability, (iv) Pricing, (v) Total Number of Households in the Proposed Area, (vi) Timeliness of Completion of Project, (vii) Guaranteed Pricing Period, and (viii) Low-Income Areas, by applying the corresponding formula and assigning weights. Points will be awarded based on consensus of the evaluation team.

*CASF - The Broadband Infrastructure Grant Account
--- Revised Application Requirements and Guidelines---*

*Date: June 2014
Version 8.0*

The following table summarizes the adopted scoring criteria and weights:

Scoring Criteria

<u>Criterion</u>	<u>Weight (Points)</u>
i) Funds Requested per Potential Customers	35
ii) Speed	20
iii) Financial Viability	15
iv) Pricing	10
v) Total Number of Households in the Proposed Area(s)	5
iv) Timeliness of Completion of Project	5
vii) Guaranteed Pricing Period	5
viii) Low-Income Areas	5
TOTAL:	100

Applicants will be scored based on eight criterion with each criterion scored relative to the best offer, i.e., highest amount (Max) or lowest (Min). Relative scoring measures an applicant’s performance by how well they do compared to all other applications. The application that does the “best” for each criterion is awarded more points and sets the standard for comparison with all other applications. Using points in the scoring formulas sets a limit on the effect each criterion will have on the total score and ensures that the optimum mix of CASF features sought by the Commission is made available by applicants.

Each criterion has a formula associated with it that determines its value and is scored accordingly. Applicants’ data as reflected in their submission is entered in the formula for each criterion to generate the points for each criterion. Corresponding points for each of the criterion will be added together to determine each application’s total score.

Example:

Among three applicants, with total number of households in the proposed area(s) at 100, 75, and 50 households respectively. The highest value is 100, therefore, each applicant will be scored relative to that. Thus, the first applicant’s score for this factor would be $(100/100)*5 = 5$; the second applicant’s would be $(75/100)* 5 = 3.75$; and, the third applicant’s would be $(50/100)* 5 = 2.5$.

Attachment D shows a sample scoring - scenario analysis for seven (7) - hypothetical proposed projects.

4.2.1. Funds Requested per Potential Customers

Funds requested per potential customers is calculated based on the number of customers the applicant will be able to serve divided by the CASF grant funding amount requested. Points will be determined based on the following formula:

$$\text{Min}(a) / a_i * 35$$

Where “a” is the funding amount (\$) requested from the CASF divided by the number (#) of potential customers for the specific project being scored and Min(a) is the lowest funding amount (\$) requested from the CASF divided by the number (#) of potential customers among all the eligible projects submitted.

$$a = \text{Funds Requested} / \text{Potential Customers}$$

Customers is defined as households and defined in P.U. Code, section 5890(j)(3). Applicants can obtain data on households from the U.S. Census Bureau.

4.2.2. Speed

This criterion represents the difference between the current average advertised speed per customer available and the average advertised speed per customer available after the proposal is complete in the proposed areas. Applicants are encouraged to offer a minimum of at least advertised speeds of 6 mbps download and 1.5 mbps upload. Points will be determined based on the following formula:

$$b_i / \text{Max}(b) * 20$$

Where “b” is the sum of the square roots of the differences in upload and download speeds (MB) between pre- and post-project for the specific project being scored and Max(b) is the highest sum of the square roots of the differences in upload and download speeds among all the eligible projects submitted.

$$b = \sqrt{NSU - OSU} + \sqrt{NSD - OSD}$$

CASF - The Broadband Infrastructure Grant Account
--- Revised Application Requirements and Guidelines---

Date: June 2014
Version 8.0

The square root of the average advertised speed increase is used to express the diminishing return to value associated with increasing speed. This encourages speed increases that are more noticeable and therefore valuable to the customer, but still rewards those who offer speeds far above the benchmark speed of at least advertised speeds of 6 mbps download and 1.5 mbps upload.

Where:

NSU = New Speed Upload

Average advertised upload speed (MB) per customer post-proposal in the proposed areas.

OSU = Old Speed Upload

Average advertised upload speed (MB) per customer pre-proposal in the proposed areas.

NSD = New Speed Download

Average advertised download speed (MB) per customer post-proposal in the proposed areas.

OSD = Old Speed Download

Average advertised download speed (MB) per customer pre-proposal in the proposed areas.

4.2.3. Financial Viability

The average projected EBIT (Earnings Before Interest and Tax) over 5 years will be used as the measure of the applicant's financial position. Points will be determined based on the following formula:

$$h_i / \text{Max}(h) * 15$$

Where "h" is the average projected EBIT amount over five years for the specific project being scored ((EBIT Year 1 + EBIT Year 2 + EBIT Year 3 + EBIT Year 4 + EBIT Year 5)/5)) and Max(h) is the highest projected EBIT amount among all the eligible projects submitted.

4.2.4. Pricing

This factor measures the price applicants will charge, on average, per Megabit. Points will be determined based on the following formula:

$$\text{Min}(e) / e_i * 10$$

Where "e" is the price (\$/MB) of service for the specific project being scored and Min(e) is the lowest price of service among all the eligible projects submitted.

4.2.5. Total Number of Households in the Proposed Service Area

The total number of households in the applicants' proposed areas is the number of households passed. Points will be determined based on the following formula:

$$c_i / \text{Max}(c) * 5$$

Where "c" is the number of households for the specific project being scored and Max(c) is the highest number of households among all the eligible projects submitted.

4.2.6. Timeliness of Completion of Project

This criterion measures the number of months the applicant will complete its proposal ahead of the 24 month cut-off date. Points will be determined based on the following formula:

$$d_i / \text{Max}(d) * 5$$

Where "d" is the number of months (Mo.) ahead of schedule for the specific project being scored and Max(d) is the highest number of months ahead of schedule among all the eligible projects submitted.

$$d = 24 - TT$$

where:

TT = Total Time (Mo.) to complete

The total amount of time the proposal will take to complete. Total Time may not exceed 24-months.

4.2.7. Guaranteed Pricing Period

This measures the amount of time the applicant can guarantee the price of service beyond the mandatory two years. Note: applicants must guarantee the price of their services in the proposed areas for at least two years. Points will be determined based on the following formula:

$$f_i / \text{Max}(f) * 5$$

Where "f" is the length (Mo.) of price guarantee for the specific project being scored and Max(f) is the highest length (Mo.) of price guarantee among all the eligible projects submitted.

$$f = \text{Months Guaranteed} - 24$$

4.2.8. Low Income Areas

This will be determined based on the median household income of the potential customers in the applicant's proposed area. Points will be determined based on the following formula:

$$\text{Min}(g) / g_i * 5$$

Where "g" is the median household income (\$) of the potential customers for the specific project being scored and Min(g) is the lowest median household income (\$) of the potential customers among all the eligible projects submitted.

* Data on population and median household income per CBG can be obtained from the U.S. Census Bureau.

Five (5) bonus points will be added to the score of an applicant who is able to submit local government and community support endorsements or letters of support.

4.2.9. Selection

The Commission will award CASF grant funding to projects that receive the highest number of points based on the scoring criteria described above. The Commission will authorize individual awards for CASF grant funding via resolution.

4.2.9.1. Reporting

Grantees must submit quarterly progress reports on the status of the project irrespective of whether grantees request reimbursement or payment.

4.2.9.2. Payment

Payment to the CASF recipient will be on a progress billing basis with the first 25% to be made upon the proponent's submission to the Commission staff of a progress report showing that 25% of the total project has been completed. Subsequent payments shall be made on 25% increments showing completion at 50%, 75%, and 100%. The CASF recipient must submit a project completion report before full payment. Progress reports shall use both the schedule for deployment; major construction milestones and costs submitted in the proposals and indicate the actual date of completion of each task/milestone as well as problems/issues encountered, and the actions taken to resolve these issues/problems during project implementation and construction. Recipients shall also include test results on the download speed and upload speed on a per CBG and per ZIP Code basis in the final completion report. Recipients must certify that each progress report is true and correct under penalty of perjury.

CASF recipients shall notify the Commission as soon as they become aware that they may not be able to meet the 24-month timeline. In the event that the recipient fails to notify Communications Division of any delays in the project completion and the project fails to meet the approved completion date, the Commission may impose penalties to be adopted in a Commission resolution.

Payment will be based upon receipt and approval of invoices/other supporting documents showing the expenditures incurred for the project in accordance with the CASF funding submitted by the CASF recipient in their application.

Grantees shall submit final requests for payment 90 days after completion of the project.

Payment will be made in accordance with, and within the time specified in California Government Code section 927 *et seq.*

The Commission has the right to conduct any necessary audit, verification, and discovery during project implementation/construction to ensure that CASF funds are spent in accordance with Commission approval.

The recipient's invoices will be subject to a financial audit by the Commission at any time within three (3) years of completion of the work.

4.2.9.3. Execution and Performance

CD staff and the CASF grant recipient shall determine a project start date after the CASF grant recipient has obtained all approvals. Should the recipient or Contractor fail to commence work at the agreed upon time, the Commission, upon five (5) days written notice to the CASF recipient, reserves the right to terminate the award.

In the event that the CASF recipient fails to complete the project, in accordance with the terms of approval granted by the Commission, the CASF recipient must reimburse some or all of the CASF funds that it has received.

The CASF grant recipient must complete all performance under the award on or before the termination date of the award.

5. Sales and Transfers of Assets

Non-telephone corporations:

Construction Phase -

Grantees must notify the Commission within five days of determining that the grantee is planning to sale or transfer its assets. The grantee shall notify the Director of the Commission's Communications Division in writing of their intent to sale or transfer company assets within five days of becoming aware of these plans. The grantee shall also provide documentation, including an affidavit, stating that the new entity will take full responsibility and ownership to comply with all the requirements of the CASF award. The new entity shall agree in writing to such. The grantee shall provide the Commission with any necessary documents requested in its review of the transfer. This will include all documents that are generally required of all entities applying for the CASF grants and loans. The grantee shall not transfer CASF funds or the built out portion of the project to the new entity prior to Commission approval via a Resolution. If the Commission does not provide approval, the grant or loan will be rescinded.

Post-Construction Phase –

For three years from project completion, grantees must notify the Commission within five days of determining that the grantee is planning to sale or transfer its assets. The grantee shall notify the Director of the Commission's Communications Division in writing of their intent to sale or transfer company assets within five days of becoming aware of these plans. The grantee shall also provide documentation, including an affidavit, stating that the new entity will take full responsibility and ownership to comply with all the requirements of the CASF award. The new entity shall agree in writing to such.

6. Penalties

Non-telephone corporations:

Grantees must agree to the following language in the affidavit found in Attachment C.

If [Grantee Name] violates the terms and conditions of a CASF award or other program and project compliance requirements, it shall be subject to Public Utilities Code Sections 2108 and 2111. The Commission may impose the maximum penalties allowed under Public Utilities Code Sections 2108 and 2111 for failure to meet the program and project compliance requirements, as determined by the Commission.

*CASF - The Broadband Infrastructure Grant Account
 --- Revised Application Requirements and Guidelines---*

*Date: June 2014
 Version 8.0*

ATTACHMENT A

Information Sheet to be submitted by Applicants Requesting for CASF Funding

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

1 Application of:
Name of Applicant
for CASF Funding pursuant to Decision _____
(Insert the full legal name of applicant in blank above; see instruction 1; attach fictitious names, if any)
Street address:
Telephone: () Fax No.: () E-Mail:

2 Applicant is: (Check only one; see instruction 2.)	A corporation (attach good standing certificate) <input type="checkbox"/>
	A general partnership (attach good standing certificate) <input type="checkbox"/>
	A limited liability partnership (attach good standing certificate) <input type="checkbox"/>
	A limited liability company (attach good standing certificate) <input type="checkbox"/>
	A general partnership <input type="checkbox"/>
	A sole proprietor <input type="checkbox"/>
	A trust <input type="checkbox"/>
	Other (describe) <input type="checkbox"/>

*CASF - The Broadband Infrastructure Grant Account
--- Revised Application Requirements and Guidelines---*

*Date: June 2014
Version 8.0*

	<p>Attach name, street address, and telephone number of applicant's registered agent for service of process</p> <p>Attach list of the names, titles, and street addresses of all officers and directors, general partners, trustees, members, or other persons authorized to conduct the business of applicant at a similar level</p> <p><i>Attach list of all affiliated entities (see instruction 2)</i></p>
--	---

*CASF - The Broadband Infrastructure Grant Account
--- Revised Application Requirements and Guidelines---*

Date: June 2014
Version 8.0

3 Legal domicile of applicant is:	California <input type="checkbox"/> Other (identify): <input type="checkbox"/>	
<i>(Check only one; see instruction 3.)</i>		

4 Applicant will provide service:	In specific portions only (attach description and map) <input type="checkbox"/>	
<i>(Check only one; see instruction 5.)</i>		

5. Applicant will provide: broadband service only	True <input type="checkbox"/> Not true <input type="checkbox"/>	
<i>(Check only one; see instruction 6.)</i>		

6. For the past 10 years, no affiliate, officer, director, general partner, or	True <input type="checkbox"/> Not true <input type="checkbox"/>	
person owning more than 10% of applicant, or anyone acting in such a capacity whether or not formally appointed, held one of these positions with any company that filed for bankruptcy or has been found either criminally or civilly liable by a court of appropriate jurisdiction for a violation of § 17000 et seq. of the California Business and Professions Code or for any actions which involved misrepresentations to consumers, and to the best of applicant's knowledge, is not currently under investigation for similar violations.		
<i>(Check only one; see instruction 2.)</i>		

7. To the best of applicant's knowledge, neither	True <input type="checkbox"/> Not true <input type="checkbox"/>	
--	--	--

*CASF - The Broadband Infrastructure Grant Account
--- Revised Application Requirements and Guidelines---*

*Date: June 2014
Version 8.0*

applicant, any affiliate, officer, director, partner, nor owner of more than 10% of applicant, or any person acting in such capacity whether or not formally appointed, has been sanctioned by the Federal Communications Commission, or any state regulatory agency for failure to comply with any regulatory statute, rule or order, or convicted by any court for any criminal activity for the past 10 years.

*CASF - The Broadband Infrastructure Grant Account
--- Revised Application Requirements and Guidelines---*

*Date: June 2014
Version 8.0*

8. Applicant has the required financial capability and technical	True <input type="checkbox"/>
	Not true <input type="checkbox"/>
expertise to build a broadband infrastructure and operate and maintain a broadband service.	

I hereby declare under penalty of perjury under the laws of the State of California that the forgoing information, and all attachments, are true, correct, and complete to the best of my knowledge and belief after due inquiry, and that I am authorized to make this application on behalf of the applicant named above.

Signed:

Name: _____

Title:

Dated:

Street

Address

Telephone No.

Fax No.

Principal Place of Business (if different from address on page 1).

Street Address

City

State

ZIP Code

Telephone No.

*CASF - The Broadband Infrastructure Grant Account
--- Revised Application Requirements and Guidelines---*

*Date: June 2014
Version 8.0*

Instructions:

1. Enter the legal name of applicant exactly as it appears on its articles or certificate of corporation or similar charter document.
2. Specify the type of applicant's organization. Applicant must provide Good Standing Certificate is available from the office of the Secretary of State of the State of California and should be dated of a date not more than 60 days prior to the date of filing the application. An original certificate must be attached to the manually signed copy of the application. An affiliated entity is any entity under common control with applicant. Common control exists if the same individuals or entities have the direct or indirect power to determine the action of applicant and such entity through the right to vote shares, by contract or agreement, or otherwise. Note whether any such entity is a reporting company for purposes of the Securities Exchange Act of 1934, as amended.
3. For individuals, domicile is the place of legal residence; for entities, it is the state of incorporation or organization.
4. Specify the exact area for which authority is requested, i.e., Community and County.
5. Indicate whether the applicant will be providing broadband service only.

Items 2, 6 and 7 are subject to confirmation by the Commission through the conduct of background check(s). For numbers 6 and 7, attach detailed description, if applicable.

6. Detailed information should be provided for the past 10 years, if applicable.
7. Detailed Information should be provided for the past 10 years, if applicable.
8. Attach audited balance sheet for the most recent fiscal year and an unaudited balance sheet as of the most recent fiscal quarter, a bank statement as of the month prior to the date of filing the application, or a third-party undertaking to provide the required amounts on behalf of applicant. If the balance sheet shows current liabilities in excess of current assets or negative equity, explain how applicant will be able to maintain sufficient liquidity for its first year of operations. Attach detailed summary, if applicable.

Material changes in the entries for this application, such as discontinuing operation or bankruptcy, or change of name (DBA), change of address, telephone, fax number or E-mail address should be reported by a letter to the CPUC, Director of the Communications Division, 505 Van Ness Avenue, San Francisco, CA 94102.

*CASF - The Broadband Infrastructure Grant Account
--- Revised Application Requirements and Guidelines---*

*Date: June 2014
Version 8.0*

*CASF - The Broadband Infrastructure Grant Account
 --- Revised Application Requirements and Guidelines---*

*Date: June 2014
 Version 8.0*

	5. Information Sheet with a Certificate of Good Standing issued by the CA Secretary of State attached
	6. Organizational Chart, Company History and Readiness to Build, Manage and Operate Broadband
	<input type="checkbox"/> Organizational Chart
	<input type="checkbox"/> Company History
	<input type="checkbox"/> Readiness to Build, Manage and Operate Broadband
	7. CASF Key Contact Information
	<input type="checkbox"/> First Name
	<input type="checkbox"/> Last Name
	<input type="checkbox"/> Address Line1
	<input type="checkbox"/> Address Line2
	<input type="checkbox"/> City
	<input type="checkbox"/> State
	<input type="checkbox"/> Zip
	<input type="checkbox"/> Email
	<input type="checkbox"/> Phone
	8. Key Company Officers (list up to 5)
	<input type="checkbox"/> Title
	<input type="checkbox"/> First Name
	<input type="checkbox"/> Last Name
	<input type="checkbox"/> Email
	<input type="checkbox"/> Phone Number
	<input type="checkbox"/> Resumes of key officers and management personnel
	9. Current Broadband Infrastructure Description

*CASF - The Broadband Infrastructure Grant Account
--- Revised Application Requirements and Guidelines---*

*Date: June 2014
Version 8.0*

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)(if applicable)
<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)

*CASF - The Broadband Infrastructure Grant Account
 --- Revised Application Requirements and Guidelines---*

*Date: June 2014
 Version 8.0*

		Description of the provider’s current broadband infrastructure within 5 miles of the proposed project, if applicable.
		List showing number of households per CBG and Zip Code
	10. Current Broadband Infrastructure	
		Shapefile (.shp) of current service area.
	11. Proposed Broadband Project Description	
		Description of proposed broadband project plan for which CASF funding is being requested, including the type of technology to be deployed. <u>Whether the area is a priority according to Appendix 4 of Resolution T-17443 and by what organizations.</u>
		Project size (in square miles)
		Download speed capabilities of proposed facilities
		Upload speed capabilities of proposed facilities
	12. Proposed Broadband Project Location	
		Geographic locations by CBG(s) where broadband facilities will be deployed:
		List of CBG(s) and,
		ZIP Codes that intersect the proposed project.
	13. Proposed Broadband Project Location Shapefile	
		Shapefile (.shp) showing boundaries of the specific area to be served by the project.
	14. Assertion that area being proposed is Unserved or Underserved Area. This includes figures, in mbps, of the current:	
		(a) average download speed by CBG(s);
		(b) average download speed by ZIP Code(s);
		(c) average upload speed by CBG(s) and;
		(d) average upload speed by ZIP Code(s).
	15. Estimated Potential Subscriber Size	
		Estimated number of potential broadband households in proposed project location.
		Estimated number of potential broadband subscribers in proposed project location.

*CASF - The Broadband Infrastructure Grant Account
 --- Revised Application Requirements and Guidelines---*

*Date: June 2014
 Version 8.0*

		Documentation of assumptions and data sources used to compile estimates.
		Adoption Plan
	16. Deployment Schedule	
		Milestone Start and Ending Date
		Milestone Description
		Milestone Comments
		Milestone Risks
	17. Proposed Project Budget	
		a detailed breakdown of cost elements;
		the source of cost elements;
		amount of cost elements;
		availability of matching funds to be supplied by applicant; and
		the CASF funds requested.
	18. Economic Life of Assets to be Funded	
	19. Local Government and Community Support (optional)	
	20. Performance Bond Documentation (to be submitted after project award)	
	21. Proposed Pricing	
		Proposed recurring retail price per MBPS for applicant's proposed broadband service(s).
		Initial service connection charges, if any and any bundling of equipment in the proposed pricing.
		Other recurring costs
		Other non-recurring costs
	22. Price Commitment Period	
	23. Financials	

*CASF - The Broadband Infrastructure Grant Account
--- Revised Application Requirements and Guidelines---*

Date: June 2014
Version 8.0

	a) CPA Audited / Attested Financial Statements for the last three years (if applicant has been in existence for less than three years, provide financial statements for as long as applicant has been in existence, e.g. one or two years)
	Balance Sheet
	Income Statement
	Statement of Cash Flows
	b) Pro Forma Financial Forecast over 5 years
	Balance Sheet
	Income Statement
	Statement of Cash Flows
	c) Annual EBIT (Earnings Before Income and Tax) projection over 5 years
	d) Schedule of all outstanding and planned debt
	e) Collateral Documentation (include depreciation schedule of assets)
	f) Equity Requirement of 20% of the loan amount (For Grant / Loan Combination only) Equity requirement of 20% should be sustained throughout the life of the loan: 5 years
	g) Minimum TIER Requirement of 1.5 (For Grant / Loan Combination only) The Minimum TIER Requirement of 1.5 should be sustained throughout the life term of the loan: 5 years
	h) Liquidity Documentation (Non-telephone corporation that have been providing broadband service for less than 12 months only)
	24. Proof of Voice Service
	Availability of basic voice service that meets FCC standards for E-911 service and battery, including:
	Listing of types of services offered;
	Timeframe of offering.
	25. CEQA Compliance
	Proponent's Environmental Assessment (PEA)
	26. Notarized Affidavit

*CASF - The Broadband Infrastructure Grant Account
--- Revised Application Requirements and Guidelines---*

*Date: June 2014
Version 8.0*

Applications will be considered beginning: _____
Submit completed applications online at <http://www.cpuc.ca.gov/puc/>
with hard copies mailed separately to:

Communications Division
Attn: California Advanced Services Fund
California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102

Division of Ratepayer Advocates
Re: California Advanced Services Fund
California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102

*CASF - The Broadband Infrastructure Grant Account
---Proposed Revisions to Application Requirements and Guidelines---*

*Date: June 2014
Version 8.0*

**ATTACHMENT C
Telephone Corporations
NOTARIZED AFFIDAVIT**

Name of Carrier/Company _____
Utility Identification Number _____ or _____ check here if Application for CPCN is pending and the CPUC assigned application no., if available.
My name is _____. I am _____ (Title) of _____ (Company). My personal knowledge of the facts stated herein has been derived from my employment with _____ (Company)
I swear or affirm that I have personal knowledge of the facts stated in this Application for the California Advanced Services Fund, I am competent to testify to them, and I have the authority to make this Application on behalf of and to bind the Company.
I further swear or affirm that _____ [Name of Carrier/Company] agrees to comply with all federal and state statutes, rules, and regulations, covering broadband services and state contractual rules and regulations, if granted funding from the California Advanced Services Fund.
I swear and affirm that I agree to comply with Rules 1.11 and 2.2 of the California Public Utilities Commission's rules of practice and Procedure.
I swear or affirm, under penalty of perjury, and under Rule 1.1 of the California Public Utilities Commission's Rules of Practice and Procedure, that, to the best of my knowledge, all of the statements and representations made in this Application are true and correct.

Signature and title

Type or print name and title

SUBSCRIBED AND SWORN to before me on the ____ day of ____, 20 ____.
Notary Public In and For the State of _____
My Commission expires: _____

*CASF - The Broadband Infrastructure Grant Account
---Proposed Revisions to Application Requirements and Guidelines---*

*Date: June 2014
Version 8.0*

**ATTACHMENT D
Non - Telephone Corporations
NOTARIZED AFFIDAVIT**

Name of Carrier/Company _____

Utility Identification Number _____ or _____ check here if Application for CPCN is pending and the CPUC assigned application no., if available.

My name is _____ I am _____ (Title) of _____ (Company). My personal knowledge of the facts stated herein has been derived from my employment with _____ (Company)

I swear or affirm that I have personal knowledge of the facts stated in this Application for the California Advanced Services Fund, I am competent to testify to them, and I have the authority to make this Application on behalf of and to bind the Company.

I further swear or affirm that _____ [Name of Carrier/Company] agrees to comply with all federal and state statutes, rules, and regulations, covering broadband services and state contractual rules and regulations, if granted funding from the California Advanced Services Fund.

I swear and affirm that I agree to comply with Rules 1.11 and 2.2 of the California Public Utilities Commission's rules of practice and Procedure.

I swear or affirm, under penalty of perjury, and under Rule 1.1 of the California Public Utilities Commission's Rules of Practice and Procedure, that, to the best of my knowledge, all of the statements and representations made in this Application are true and correct.

If [Grantee Name] violates the terms and conditions of a CASF award or other program and project compliance requirements, it shall be subject to Public Utilities Code Sections 2108 and 2111. The Commission may impose the maximum penalties allowed under Public Utilities Code Sections 2108 and 2111 for failure to meet the program and project compliance requirements, as determined by the Commission.

Signature and title

Type or print name and title

SUBSCRIBED AND SWORN to before me on the ____ day of ____, 20 ____.

Notary Public In and For the State of _____

My Commission expires: _____

ATTACHMENT E

CASF Scoring - Scenario Analysis for 7 - Hypothetical Proposed Projects							
Raw Values	Applicant A	Applicant B	Applicant C	Applicant D	Applicant E	Applicant F	Applicant G
a No. of Potential Customers	200	25	30	45	10	100	75
Funds requested (\$)	100,000	50,000	50,000	60,000	20,000	50,000	45,000
Funds requested per potential customer (\$)	500	2000	1667	1333	2000	500	600
b Speed (Mbps)							
Current avg. download speed	4.50	8.20	3.50	1.00	3.10	3.10	5.30
Proposed avg. download speed	5.48	12.48	10.00	1.03	4.80	5.23	12.23
Square root of difference	0.99	2.07	2.55	0.18	1.30	1.46	2.63
Current avg. upload speed	0.50	1.00	0.40	0.50	0.50	0.50	3.00
Proposed avg. upload speed	0.98	4.28	6.50	1.00	1.70	2.13	6.93
Square root of difference	0.70	1.81	2.47	0.71	1.10	1.28	1.98
Sum of square roots	1.69	3.88	5.02	0.89	2.40	2.73	4.61
c Financial Viability (5 year avg. earnings) (k\$)	100	200	300	400	500	600	700
d Price per Megabit (\$ / Mbps)	5	10	5	6	7	10	5
e Total Number of Households in the proposed Area(s)	100	75	50	500	175	750	750
f Time to complete project (mo.)	24	23	18	19	20	20	19
Time saved	0	1	6	5	4	4	5
g Guaranteed Pricing Period (mo.)	60	24	12	36	48	24	60
Extra time	48	12	0	24	36	12	48
h Low-Income Areas (median household income)	20,000	30,000	40,000	20,000	25,000	50,000	30,000

Weighted Scores		Weight	Applicant A	Applicant B	Applicant C	Applicant D	Applicant E	Applicant F	Applicant G
a	Funds Requested	35	35 highest	9	11	13	9	35 highest	29
b	Speed	20	7	15	20 highest	4	10	11	18
c	Financial Viability	15	2	4	6	9	11	13	15 highest
d	Pricing	10	10 highest	5	10 highest	8	7	5	10 highest
e	Total Number of Households in the proposed Area(s)	5	1	1	0	3	1	5 highest	5 highest
f	Timeliness	5	0	1	5 highest	4	3	3	4
g	Pricing Period	5	5 highest	1	0	3	4	1	5 highest
h	Low-Income Areas	5	5 highest	3	3	5 highest	4	2	3
Total Scores			64.5	39.4	54.8	48.6	48.4	75.3	90.0 highest
Rank			3	7	4	5	6	2	1
Winning bid >>>									45,000

Applicant A	Applicant B	Applicant C	Applicant D	Applicant E	Applicant F	Applicant G
-------------	-------------	-------------	-------------	-------------	-------------	-------------

(END OF APPENDIX 2)

APPENDIX 3

Sample Letter – Existing Providers

Date

Ryan Dulin
Division Director
Communications Division
California Public Utilities Division
505 Van Ness Avenue
San Francisco, CA 94102

Dear Mr. Dulin:

Pursuant to §281 (e)(3)(B), Company Name hereby provides notice to the CPUC through this commitment to upgrade that it will exercise its option to increase broadband speeds using its own funds in the following census block groups and zip codes _____, which are shown in the attached project area map.

This upgrade will be performed by May 1, 2015. During this time, the CPUC will not award a CASF grant to fund a broadband project in this same area.

On or before May 1, 2015, Company Name will provide the CPUC with documents showing the final project area, broadband availability and speed tiers available with speed tests showing that the project indeed provides served speeds.

Please contact Name at telephone number or email address for any further questions.

Sincerely,

Name