

ALJ/MGA/jt2

PROPOSED DECISION

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6/21/2018 Item #48

Decision **PROPOSED DECISION OF COMMISSIONER GUZMAN ACEVES**
(Mailed 5/18/2018)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Consider
Modifications to the California Advanced
Services Fund.

Rulemaking 12-10-012

**DECISION IMPLEMENTING THE CALIFORNIA ADVANCED SERVICES FUND
BROADBAND ADOPTION, PUBLIC HOUSING AND LOAN ACCOUNTS
PROVISIONS**

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Appendix 1 – Broadband Adoption Account, Application Requirements and Guidelines

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**DECISION IMPLEMENTING THE CALIFORNIA ADVANCED SERVICES FUND
BROADBAND ADOPTION, PUBLIC HOUSING AND LOAN ACCOUNTS
PROVISIONS****Summary**

In this ~~interim~~ decision, we implement programmatic changes to the California Advanced Services Fund (CASF) program, including new methods of private-public partnerships, allowing and incentivizing the use of existing infrastructure, establishing various strategies for investing in low-income households and communities for infrastructure and adoption goals as required by Assembly Bill (AB) 1665 (Garcia).¹

Specifically, this decision implements provisions of AB 1665 relating to the Broadband Adoption Account (Adoption Account), Broadband Public Housing Account (Public Housing Account), and Broadband Infrastructure Revolving Loan (Loan Account), which were referred to as the Phase I issues in the Amended Scoping Memo and Ruling of Assigned Commissioner. We adopt new and updated rules for administering these accounts as set forth in Appendix 1 (Broadband Adoption Account Application Requirements and Guidelines), Appendix 2 (Broadband Public Housing Account Revised Application Requirements and Guidelines), and Appendix 3 (Broadband Revolving Loan Account Treatment of Existing Loans and Pending Loan Applications) of this decision.

Pursuant to AB 1665, the statutory goal of the CASF program was revised to provide funding for infrastructure projects so that by December 31, 2022, 98 percent of California households in each consortia region, as identified by the Commission on or before January 1, 2017, would have broadband access. AB

¹ AB 1665 is codified at Public Utilities (Pub. Util.) Code Section 281.

1665 added the Adoption Account (\$20 million) and eliminated the Loan Account by requiring all remaining moneys in the Loan Account that are unencumbered as of January 1, 2018 to be transferred to the Broadband Infrastructure Grant Account.

The Adoption Account provides grants to increase publicly available or after-school broadband access and digital inclusion. Eligible applicants for digital inclusion are local governments, senior centers, schools, public libraries, nonprofit organizations, and community-based organizations with programs to increase publicly available or after-school broadband access and digital inclusion, such as digital literacy training programs. AB 1665 also requires the Commission to give preference to programs in communities with demonstrated low broadband access, including low-income communities, senior communities, and communities facing socioeconomic barriers to broadband adoption. This decision sets up the application requirements and guidelines to fulfill these priorities, which are informed by past experiences. The Commission has gained experience from the implementation of smaller, more limited CASF adoption grants, the \$250 million awarded by the National Telecommunications and Information Association (NTIA) as part of the American Recovery and Reinvestment Act of 2009, and the development of the NTIA Broadband Adoption Toolkit.

1. California Advanced Services Fund Procedural Background

On October 25, 2012, the Commission issued an Order Instituting Rulemaking (R.) 12-10-012 proposing to change the California Advanced Services Fund (CASF) applicant eligibility rules to allow non-telephone corporations to apply for CASF grants and loans. Subsequently, the legislature enacted Senate

Bill (SB) 740 (Padilla)² expanding eligibility and making that issue moot. During the 2013-2014 legislative session, the Legislature passed Assembly Bill (AB) 1299 (Bradford).³ AB 1299 created an additional account under the CASF program called the Public Housing Account to support the deployment of broadband infrastructure and adoption programs in eligible publicly supported housing communities. In Decision (D.) 14-12-039, the Commission adopted the Application Requirements and Guidelines for the Public Housing Account and closed the proceeding.

On March 9, 2017, the Commission issued D.17-03-002, which reopened this proceeding to implement the provisions of SB 745 (Hueso)⁴ for the Public Housing and Rural and Regional Consortia (Consortia) Accounts. In August 2017, the Commission adopted Resolution T-17575, which modified rules for the Public Housing and Consortia Accounts.

On October 15, 2017, the Governor signed AB 1665 (Garcia)⁵ into law. This urgency legislation amended the statutes governing the CASF program, Pub. Util. Code §§ 281, 912.2, and 914.7. On February 14, 2018, assigned Commissioner Martha Guzman Aceves issued an Amended Scoping Memo and Ruling (Amended Scoping Ruling) which set forth the amended procedural schedule and scope of this proceeding. Due to the necessity that the Broadband Adoption Account begin accepting applications by July 1, 2018, the Amended Scoping Ruling bifurcated the proceeding into Phase I and Phase II, in order to focus on the Adoption Account first. Phase I also addressed the relatively non-complicated implementation issues related to the Public Housing and Loan Accounts. Lastly, the Amended Scoping Ruling provided that the Commission,

² Ch. 522, Stats. 2013.

³ Ch. 507, Stats. 2013.

⁴ Ch. 710, Stats. 2016.

⁵ Ch. 851, Stats. 2017.

as part of its enhanced collaboration and partnership efforts, would hold workshops/public forums throughout the state, in order to solicit input on the implementation of the program changes, learn of existing carrier commitments, and develop partnerships for regional solutions. Phase II will resolve the Broadband Infrastructure, Line Extension, and Rural and Urban Regional Broadband Consortia Grant Account issues.

The Amended Scoping Ruling also contained draft Staff Proposals, prepared by the Commission's Communications Division (CD) in order to implement Phase I and II of the program. Specifically, Commission staff developed the application requirements and guidelines for the new Adoption Account based on experience and lessons learned from implementation of the adoption projects for the Public Housing and Consortia Accounts. The Public Housing adoption projects provided funds for mostly small projects for low-income residents in public housing. Of the 99 adoption projects approved to date, 98 met the expedited review criteria set forth in D.14-12-039 with a weighted average cost of \$267 per resident (including the costs of devices). The Consortia adoption projects provided funds for adoption activities such as identifying adoption opportunities, digital literacy, and promoting adoption in communities through outreach and establishing resource centers. Of the 17 consortia groups, 9 included adoption related activities. The key lessons learned from implementing these adoption projects are:

- **Minimizing Administration**—Administrative tasks are many and include addressing hundreds of payment requests, and managing fiscal reviews, quarterly reports and completion reports. Therefore, in the development of the rules and guidelines for the Adoption Account, staff proposed to reduce unnecessary administrative and reporting tasks for grantees and staff.

- Understanding Community Needs—It is critical for applicants to understand and assess the needs of the ~~target~~targeted community with each proposed activity directly addressing the needs of the specific group or community. For example, while a subscription-based approach is an important facet for meeting adoption goals, it is not the only consideration, as communities have needs for broadband access and digital literacy outside of a subscription. Therefore, in developing the rules and guidelines for the Adoption Account, staff proposed different types of eligible projects and emphasized the need for applicants to assess community needs.

Comments on the draft Staff Proposal (Phase I) were filed by March 16, 2018, and reply comments by April 1, 2018. Parties filing comments and reply comments included telephone corporations, a cable industry group, consumer groups, government entities, consortia, the California Emerging Technology Fund (CETF), and other regional and community groups focused on broadband adoption and deployment.⁶

As part of its enhanced collaboration and partnership efforts, the Commission held workshops/public forums throughout the state in March 2018 in order to solicit input on the implementation of these program changes, learn of existing carrier commitments, and develop partnerships for regional solutions.⁷

⁶ The following parties filed comments/reply comments: AT&T, California Cable & Telecommunication Association (CCTA), Frontier Citizens Telecommunications Company of California (Frontier) and Bright Fiber Network, Inc. (Bright Fiber), California Emerging Technology Fund (CETF), Central Coast Broadband Consortium (CCBC), Central Sierra Connect Broadband Consortium (Central Sierra Connect), CSU-Chico Geographical Information Center (Chico), Gold Country Broadband Consortium (GCBC), North Bay North Coast Broadband Consortium (NBNCBC), Radio Bilingüe, Inc., Satellite Affordable Housing Associates (SAHA), Tech Exchange, Tenderloin Neighborhood Development Corporation (TNDC) and The Utility Reform Network (TURN), City and County of San Francisco (San Francisco), City of Oroville and Office of Ratepayer Advocates (ORA).

⁷ Workshops/public forums were held in Oroville (March 14, 2018); Madera (March 16, 2018); El Centro (March 28, 2018); and Los Angeles (March 30, 2018). Information regarding these workshops/public forums is available at <http://www.cpuc.ca.gov/internetforall/>.

Appendices 1, 2 and 3 of this decision have been revised and updated in response to parties' comments and reply comments, and based on feedback from the workshops/public forums held in this proceeding.

2. Adoption Account Rules and Requirements

In this decision, we adopt rules, application requirements and guidelines for the new Adoption Account, as summarized below and set forth in Appendix 1.

2.1. Goal for the Adoption Account

AB 1665 requires the Commission to give preference to programs in communities with demonstrated low broadband access.⁸ AB 1665 does not prescribe an adoption goal; however, the Commission does have the obligation to report on "broadband adoption levels" and "the number of formerly unserved households subscribing to broadband service in areas covered by projects funded by the CASF."⁹ The draft Staff Proposal did not include an adoption goal for this account, but requested parties to help determine a goal for the Adoption Account.

2.1.1. Parties' Comments

In its opening comments, the Commission's Office of Ratepayer Advocates (ORA) proposes that "the Commission could consider tying the goal of the Broadband Adoption Account to the overarching goal of the CASF program,...by adopting rules for the Broadband Adoption Account to prioritize funding to communities in consortia regions which have not yet met the 98 percent access¹⁰

⁸ Pub. Util. Code § 281 (j)(5).

⁹ Pub. Util. Code § 914.7(10) and (11).

¹⁰ ORA defines broadband access as "households with access (or availability) to broadband and not subscription rates." (ORA Opening Comments at 4-5.)

[sic] goal.”¹¹ Additionally, if the Commission decides not to tie the two accounts together, ORA suggests an adoption goal of reaching at least 73 percent adoption rate for each consortia region.

Various parties including the CETF¹² and the North Bay North Coast Broadband Consortium (NBNCBC)¹³ oppose prioritizing funding to consortia regions who have not yet reached the 98 percent deployment goal. CETF notes that the vast majority of unconnected and under-connected low-income households are in urban areas where broadband is likely available.¹⁴ NBNCBC believes that “projects should be scored based on the need for that particular project in that area, not the region’s overall broadband rate. Projects should be evaluated on their own merit and not based on larger regional trends.”¹⁵

CETF also opposes ORA’s 73 percent adoption goal as it is lower than the state wide average of 84 percent.¹⁶ CETF proposes a 90 percent adoption goal by 2023 instead.¹⁷ Finally, CETF states that if the Commission wishes to prioritize, it should target those regions that have adoption rates below the statewide average (84 percent).¹⁸

2.1.2. Discussion

We do not believe it is necessary to adopt a specific goal for the Adoption Account. The Guidelines set forth in Appendix 1 are consistent with the intent

¹¹ ORA Opening Comments at 2.

¹² CETF Reply Comments at 3.

¹³ NBNCBC Reply Comments at 4.

¹⁴ CETF Reply Comments at 3.

¹⁵ NBNCBC Reply Comments at 4.

¹⁶ According to the annual survey conducted for CETF, as of July, 2016, California has an overall broadband adoption rate of 84%

(<http://www.cetfund.org/node/9318><http://www.cetfund.org/node/9318>). CETF’s annual

2017 survey updated this rate to 87%.

¹⁷ CETF Reply Comments at 3.

¹⁸ *Id.*

and objectives of the Adoption Account as stated in in Pub. Util. Code § 281(j)(1) and (j)(5).

We do not agree with ORA's proposal to adopt rules that prioritize funding in consortia regions which have not yet met the CASF 98 percent deployment goal. ORA's definition of "broadband access" is inconsistent with our interpretation of "broadband access" in the context of the Adoption Account, which is the rate of household broadband subscription as defined in the Definitions section in Appendix 1. ~~However, we do agree with CETF and NBNCB that the infrastructure and adoption accounts should not be tied together.~~¹⁹

We also agree with CETF and NBNCB that low adoption rates are an issue in both an urban and rural areas.²⁰¹⁹ In addition, we agree with CETF that ORA's 73 percent adoption goal is too low;²¹²⁰ however, the funds available for the Adoption Account is insufficient to achieve CETF's 90 percent adoption goal.²²²¹ The number of subscriptions to broadband service has been growing annually in California and adoption will inevitably increase.²³²² There will, however, continue to be a disparity of adoption between various socio-economic groups. The intent of AB 1665 is that verifiable and measurable progress be made to

¹⁹ ~~CETF Reply Comments at 1-3.~~

²⁰¹⁹ NBNCBC Reply Comments at 4.

²¹²⁰ CETF Reply Comments at 3.

²²²¹ Per CETF, broadband adoptions as measured by verified new subscriptions can be achieved for \$250 per adoption if incumbent ISPs are sincere partners in advertising affordable offers and community sign-up events. \$250 is sufficient to cover outreach, digital literacy training, help to find an affordable device (purchased by customer and not part of grant funding), and assistance with comparing broadband service offers and signing up for service. This figure is a good benchmark for allowed amounts per adoption in a grant. (CETF Opening Comments at 4.)

²³²² Digital Infrastructure and Video Competition Act of 2006 (DIVCA) Report DIVCA Video, Broadband and Video Employment Report, For The Year Ending December 31, 2015 at 27 - 35. Available at <http://www.cpuc.ca.gov/General.aspx?id=2241>.

improve broadband adoption. We direct staff to identify a baseline adoption analysis and gap analysis by at least statewide average, consortia region, and county. Staff will investigate whether this ~~baseline adoption~~ analysis can and should include other demographic barriers to adoption such as age, speaking a primary language other than English, income, and education. To the extent feasible, the analysis will make available subscription and adoption data in disaggregated ranges less than 20%. The analysis is to be completed no later than one year from the adoption of this Decision. In addition, should staff find it necessary, staff may solicit applications for an entity to conduct a single statewide adoption analysis not to exceed \$1 million dollars. These numbers may or may not comport with the CETF study 84 percent number.

2.2. Preference

Pub. Util. Code § 281(j)(5) requires the Commission to give preference to certain communities for the Adoption Account, including low-income and senior communities, and communities facing socioeconomic barriers to broadband adoption.

2.2.1. Parties' Comments

Various parties submitted comments regarding additional preferences for the Commission to consider. ORA argues that preference should be given to communities with low broadband subscription rates only after giving preference to communities with low broadband access, reiterating the importance of tying the Adoption Account to the CASF 98 percent deployment goal.²⁴²³ CETF argues that urban areas with “relatively high broadband availability...have significant

²⁴²³ ORA Opening Comments at 4.

socioeconomic barriers to broadband adoption."²⁵²⁴ NBNCBC states the need to assess projects based on their own merit.²⁶²⁵

ORA and the City of Chico (Chico) support prioritizing rural areas. Chico recommends setting aside a percentage of the total \$20 million grant funding for rural areas. CETF "does not favor a set aside" and believes that "a focus on performance – rural and urban – will serve the state better."²⁷²⁶ Both Frontier and ORA agree that the Adoption Account rules "should prioritize programs that make CASF infrastructure grants viable."²⁸²⁷ However, CETF opposes such a prioritization as it would primarily favor incumbent Internet Service Providers (ISPs).²⁹²⁸

2.2.2. Discussion

We do not believe that ORA's proposal to give preference to low broadband availability regions first is consistent with the statute. Additionally, as noted by CETF, there are areas throughout the state with relatively high broadband availability and low broadband adoption rates.

~~As currently proposed,~~ Appendix 1 is consistent with the intent and objective of the Adoption Account as stated in Pub. Util. Code § 281(j)(1) and (j)(5). However, in order to ensure that funds from the Broadband Adoption Account are allocated throughout the state, only \$5 million of the \$20 million authorized will be awarded in the first application window (~~July 2018~~) and will serve as a pilot to determine the effectiveness of the Adoption Account strategy and assess demand for adoption funds. The Commission may revisit this

²⁵²⁴ CETF Reply Comments at 1-2.

²⁶²⁵ NBNCBC Opening Comments at 5-6.

²⁷²⁶ *Id.* at 13.

²⁸²⁷ Frontier Opening Comments at 3.

²⁹²⁸ CETF Reply Comments at 9.

application window amount and assess the effectiveness of the Adoption Account after analyzing applications submitted in the first application window.

In order to ensure that the Adoption Account Funds are equitably distributed throughout the state, the Commission ~~shall~~will consider factors specified in the statute to prioritize projects for funding. Preference will be given for projects serving low-income communities with a ~~medium~~median household income at or below the California Alternate Rates for Energy (CARE) program income limits for a household of four;³⁰²⁹ projects serving a community with more than 50 percent of residents having limited English proficiency; projects serving a community with more than 50 percent of residents having only a high school diploma or less; projects serving a rural community; projects having community support, endorsements and/or partnerships; projects that ~~offers~~offer internet access at low or no cost to the user; and projects serving a community with some other demonstrated disadvantage which affects broadband adoption as documented by the applicant. Accordingly, we include a "Preference Checklist" to assist the Commission in the evaluation and prioritization of applications. Applicants are required to complete the "Preference Checklist" as part of the application process.

2.3. Definitions

The draft Staff Proposal includes definitions applicable to the Adoption Account.

2.3.1. Parties' Comments

ORA proposes the following definition changes:

1. Define "low broadband access" according to the percentage of households with access (or availability) to safe and reliable

³⁰²⁹ CARE income limits can be found here: <http://consumers.cpuc.ca.gov/lowincomerates/>

- broadband services and not solely according to subscription rates;³¹³⁰
2. Define “community” to include geographical boundaries or particular locations, and not “class or category of people;”³²³¹
 3. Define “low-income communities” as those with a median household income meeting the CARE income limits for a “household of 4” not “family of 4;”³³³²
 4. Abandon the “and/or” part of the definition of “communities with demonstrated low broadband access;”³⁴³³
 5. Refine how to assess the appropriate income threshold to identify “low-income communities;”³⁵³⁴ and
 6. Conduct analyses to estimate appropriate income threshold or consider allowing applicants to demonstrate low-income status in other ways.³⁶³⁵

CETF opposes ORA’s proposed definition changes (#1, 3, 4, and 5), because the changes may result in “additional restriction on eligibility” causing unintended consequences for projects that should be prioritized.³⁷³⁶ NBNCBC also believes additional restrictions are not necessary.³⁸³⁷

In response to the Digital Literacy Project evaluation criteria, the City and County of San Francisco (San Francisco) comments that “for transparency and consistency in evaluation, San Francisco suggests that the Commission define standards for ‘basic internet skills’ curriculum and curriculum that would provide for instruction ‘beyond basic knowledge.’”³⁹³⁸

³¹³⁰ ORA Opening Comments at 4-5.

³²³¹ *Id.* at 6.

³³³² *Id.* at 13.

³⁴³³ *Id.* at 12.

³⁵³⁴ *Id.* at 13.

³⁶³⁵ *Id.*

³⁷³⁶ CETF Reply Comments at 9-10.

³⁸³⁷ NBNCBC Reply Comments at 2.

³⁹³⁸ San Francisco Opening Comments at 3.

Regarding low-income communities, Chico recommends “considering income thresholds 250% above the most recent Federal Poverty Guidelines to include working families not making a livable wage.”⁴⁰³⁹

2.3.2. Discussion

We recognize parties’ concerns and have revised definitions accordingly. Specifically, we revised the definition of “low broadband access” and clarify that this definition applies to the Adoption Account only. Further, we add a definition for “basic internet skills” and a definition for “rural” communities for the Public Housing Account.

We disagree with ORA’s definition of “low broadband access” and “community,” believing the current definition is the more inclusive interpretation of the statute. However, we do agree with ORA’s suggestion to specify “household of 4” instead of “family of 4” to be consistent with the CARE program.

2.4. Eligible Applicants

Pub. Util. Code § 281(j)(2) outlines eligible applicants for the Adoption Account. The draft Staff Proposal reflects this requirement.

2.4.1. Parties’ Positions

Both ORA and CETF contend that for-profit organizations should not be eligible for grants.⁴¹⁴⁰ Other parties, including the Tenderloin Neighborhood Development Corporation (TNDC) agree that grants should go to organizations with existing programs “that already interact with large numbers of low-income households and disadvantaged populations.”⁴²⁴¹ Finally, TURN believes that the staff’s proposed application and evaluation criteria limits the number and types

⁴⁰³⁹ Chico Opening Comments at 3.

⁴¹⁴⁰ ORA Opening Comments at 7-9; CETF Reply Comments at 4.

⁴²⁴¹ TNDC Opening Comments at 2.

of applicants and projects, and suggests allowing grant recipients to charge for a digital literacy class.⁴³⁴²

2.4.2. Discussion

Appendix 1 has been updated to add “Community support and Endorsements” and “Partnerships” to the information required from applicants, and “Coordination” was added to the sample “Preference Checklist” reflected in Appendix 1, Attachment C.1.

~~While we understand ORA’s and CETF’s recommendations, we believe Appendix 1 as written does not allow for profit organizations to apply. The statute specifies only non-profit organizations as eligible to apply for Adoption Account funds and the Commission uses the statutory language for eligible applicants. Additionally, we will require all applicants to specify if they are, or intend to file for multiple grants within the Adoption Account or other accounts concurrently or in succession to address the dual access-literacy needs of the community.~~

2.5. Eligible Projects

In the draft Staff Proposal, staff proposed that projects eligible for the Broadband Adoption Account include Broadband Access and Digital Literacy. The draft Staff Proposal lists the activities and items eligible for funding.

2.5.1. Parties’ Comments

CETF “recommends that grantees should be allowed to meet the 15% required match by dedicated personnel that are supported by other funds” and also suggests Commission staff reach out and invite “a pool of matching funds.”⁴⁴⁴³ NBNCBC agrees with such an approach.⁴⁵⁴⁴

⁴³⁴² *Id.* at 1.

⁴⁴⁴³ CETF Opening Comments at 12-13.

⁴⁵⁴⁴ NBNCBC Reply Comments at 4.

Both ORA and CETF⁴⁶⁴⁵ disagree with the inclusion of costs for furniture and equipment, and support requiring such expenses to be connected to results. Additionally, ORA recommends that the Commission give preference to projects that demonstrate an ability to maintain operations for a length of time commensurate with the useful life of the furniture and/or equipment.⁴⁷⁴⁶

TURN supports allowing smart phone devices under certain circumstances, as alternatives to increase broadband adoption⁴⁸⁴⁷ whereas CETF disagrees citing the limited utility of smart phone devices for productivity.⁴⁹⁴⁸ In addition, CETF argues that the “purchase of electronic devices by grantees should not be a major use of the Adoption Account”⁵⁰⁴⁹ and that participants should “successfully complete significant computer training to ‘earn’ a free computing device, and ... pay part of [the] price to obtain the computing device.”⁵¹⁵⁰

Chico recommends that the Commission include program design and deployment, as well as travel expenses, as eligible costs-- especially for projects in rural areas.⁵²⁵¹ Chico also suggests that usage of devices purchased through a grant and placed in a public space have a software program installed that tracks usage.⁵³⁵²

Parties like Radio Bilingüe explained the benefits of call centers to help broadband adoption.⁵⁴⁵³ Radio Bilingüe stated that they collaborated with call centers operated by 211 CA and later with the Office of Community Economic

⁴⁶⁴⁵ CETF Opening Comments at 3.

⁴⁷⁴⁶ ORA Reply Comments at 3.

⁴⁸⁴⁷ TURN Opening Comments at 2.

⁴⁹⁴⁸ CETF Reply Comments at 8.

⁵⁰⁴⁹ CETF Opening Comments at 3.

⁵¹⁵⁰ CETF Reply Comments at 7.

⁵²⁵¹ Chico Opening Comments at 3.

⁵³⁵² *Id.* at 4.

⁵⁴⁵³ Radio Bilingüe Opening Comments Attachment 1 at 12.

Development at California State University Fresno. The overall goals of these call centers are to increase Latinos' access to broadband at home through low-cost service programs offered by ISPs and to improve access to low-cost computers, broadband, and digital literacy resources.⁵⁵⁵⁴

Various parties, including ORA, NBNCBC, San Francisco, and CETF emphasized that cost is the primary factor affecting broadband subscription rates.

2.5.2. Discussion

We agree with CETF's 15 percent match recommendation. The draft Staff Proposal as written does not preclude that the 15 percent match come from other sources.

We also agree with CETF and ORA regarding inclusion of costs for furniture and equipment. We should ensure furniture and equipment requested are tied to approved activities and outcomes.

We disagree with TURN ~~and do not~~, but allow ~~smart phone~~ devices as a reimbursable project expense or an alternative to increase broadband adoption with limitation. Although CASF is technology neutral, allowing smart phones is inconsistent with the skills promoted by this account which include: "basic internet skills" and "beyond basic knowledge." We agree with CETF that smart phones have limited utility for productivity. We agree with Chico that eligible costs and expenses for travel should be considered reimbursable.

Accordingly, Appendix 1 has been ~~modified from the draft Staff Proposal~~ updated in the following manner:

- Added language to require applicants and projects to be technology neutral and not favor one technology or broadband provider over another;

⁵⁵⁵⁴ Radio Bilingüe Opening Comments Attachment 1 at 12.

- For Digital Literacy and Broadband Access Projects, added travel expenses (up to 10% of the grant amount) as a reimbursable costs;
- For Digital Literacy Projects, ~~eliminated~~ and Broadband Access Projects, allow funding for in-classroom computing devices;
- For Broadband Access Projects, clarified that call centers that increase broadband access and adoption are eligible, including 211 call centers; and
- For Digital Literacy Projects and Broadband Access Projects, added general technical support (beyond) installation for the duration of a project as a reimbursable cost.

Further, based on feedback and comments received from ~~workshop participants~~ parties, we recognize that a school- provided device, such as a “homework ready” type of mobile devices or hotspot devices, or computer devices for low income residents to take home after digital literacy classes, may be useful for students to complete school work at home. Additionally, we also recognize that projects that offer internet access at low-cost or no cost to the user may help improve adoption. However, given the limited funding in the Adoption Account we will not fund such services/devices from the Adoption Account at this time. The Commission may revisit this issue and the potential coordination with other public purpose programs in the future.

2.6. Subsidy Level

The draft Staff Proposal proposed a subsidy level for acceptable projects, and set the limit for expedited review of the Adoption projects at \$50,000. It also capped the costs for computing devices used in community training rooms or other public spaces at \$1,000 each, with a cap of 20 devices per designated space or project.

2.6.1. Parties' Comments

Tech Exchange and San Francisco suggested differing subsidy levels for computers. Tech Exchange contends that in their experience, "a lab of 15 computers costing \$500 or less is adequate infrastructure for trainings."⁵⁶⁵⁵ San Francisco believes the term "computing devices" is vague and is unclear as to whether the per-device subsidy limit includes software costs for each device. "If the limit does include software, San Francisco recommend[s] increasing the limit to at least \$1,500 to ensure community training rooms and public spaces are furnished with disability-friendly computers."⁵⁷⁵⁶

Additionally, San Francisco suggests that the Commission allow the cost of general technical support services beyond support for equipment installation for Digital Literacy projects.⁵⁸⁵⁷

2.6.2. Discussion

We agree with Tech Exchange's suggestion to lower the device subsidy level. We further agree with San Francisco on the importance for the provision of disability friendly devices, however, costs for devices and software are separate. We disagree with San Francisco that the cost of general technical support services beyond support for equipment installation should be allowed for digital literacy projects, but agree that such costs should be provided for the duration of digital access projects.

Accordingly, for both Digital Literacy and Broadband Access Projects, Appendix 1 has been updated to change the reimbursable limits on devices from \$1,000 to \$750 per device with a maximum of 15 devices per location.

⁵⁶⁵⁵ San Francisco Opening Comments at 2-3.

⁵⁷⁵⁶ San Francisco Opening Comments at 2-3.

⁵⁸⁵⁷ *Id.* at 2.

2.7. Information Required from Applicants

The draft Staff Proposal included a list of information required from applicants as part of the application submission and review.

2.7.1. Parties' Comments

In opening comments, Radio Bilingüe emphasizes “the importance of including support for community ethnic media in the area of Adoption Account,” specifically for outreach to low-income families.⁵⁹⁵⁸

Tech Exchange, CETF, TURN, Frontier, Chico, and ORA all support extending the project timeframe to two years to ensure sustainable programs.

Chico recommends that the Commission consider regional collaborative digital literacy/broadband access projects in order to maximize effectiveness.⁶⁰⁵⁹ NBNCBC expressed concern with smaller- capacity applicants such as non-profits and community- based organizations being able to navigate the application and grant process.⁶¹⁶⁰

Numerous parties, such as CCTA, Central Sierra Connect, and CETF, believe that the Commission should require applicants to include a description of their strategy for ensuring new residential broadband subscriptions in their project. However, San Francisco argues that projection of new subscriptions be deleted from the grant application as it is “speculative.”⁶²⁶¹ Other parties, CETF⁶³⁶² and ORA,⁶⁴⁶³ support performance based projects with verifiable outcomes and/or require grantees to conduct pre- and post-implementation surveys.

⁵⁹⁵⁸ Radio Bilingüe Opening Comments at 3.

⁶⁰⁵⁹ Chico Opening Comments at 2.

⁶¹⁶⁰ NBNCBC Opening Comments at 2.

⁶²⁶¹ San Francisco Opening Comments at 3.

⁶³⁶² CETF Opening Comments at 3.

⁶⁴⁶³ ORA Opening Comments at 11-12.

Both ORA and CETF state that the Commission should ensure that “eligible ‘educational efforts and materials’ must exclusively focus on digital literacy and/or broadband adoption.”⁶⁵⁶⁴

Both TURN⁶⁵ and CETF⁶⁶ ~~and CETF⁶⁷~~ recommend that the Commission ensure project proponents are not obligated to and do not market or otherwise exclusively promote a particular carrier’s service. The Adoption Account should be competitively neutral and not give preference to any specific ISP low-income program.

2.7.2. Discussion

Appendix 1 has been updated to add the following additional requirements:

- Performance Metrics Plan for tracking outcomes (e.g. surveys, subscription verification/bill, etc.);
- Community Support and Endorsements to demonstrate local and relevant experience and outreach; ~~and~~
- Partnerships with other organizations, such as media and marketing groups and ISPs; and
- Pre- and post-implementation survey or report, developed by CD.

Where appropriate, we increase the project timeframe to two years, following the ramp-up period~~;~~, and reiterate that project grantees will not market or promote a particular carrier’s service, or give preference to any specific ISP low-income program.

⁶⁵⁶⁴ *Id.* at 8-9.

⁶⁵ TURN Opening Comments at 5-6.

⁶⁶ ~~TURN Opening Comments at 5-6.~~

⁶⁷⁶⁶ CETF Reply Comments at 12.

2.8. Evaluation Criteria

The draft Staff Proposal included proposed evaluation and scoring criteria for scoring applications/projects.

2.8.1. Parties' Comments

CETF, Chico, and NBNCBC all highlighted the need to prioritize projects located in rural communities with low broadband access which may not result in high participation numbers.⁶⁸⁶⁷

ORA states that “after giving priority to projects that serve communities with low broadband access, the Commission should also assess the subscription rates of communities to determine whether a project is eligible or to rank eligible programs by subscription rates.”⁶⁹⁶⁸ Additionally, ORA suggests that the evaluation criteria include verifiable demonstrations of program necessity, the applicant’s ability/capacity, community support and collaboration, and financial feasibility.⁷⁰⁶⁹

The Central Coast Broadband Consortium (CCBC) suggests that the Commission award and assess projects based on minimum performance requirements and adopt an outcome based payment process.⁷¹⁷⁰

2.8.2. Discussion

Based on comments and the fact that having both scoring criteria and prioritization requirements is duplicative, we choose to eliminate the scoring/evaluation criteria in favor of adding the following items to the “Preference Checklist” to assist in the evaluation and prioritization of projects:

⁶⁸⁶⁷ NBNCBC Opening Comments at 5-6.

⁶⁹⁶⁸ ORA Opening Comments at 7.

⁷⁰⁶⁹ *Id.* at 10-11.

⁷¹⁷⁰ CCBC Opening Comments at 3.

- Projects that serve communities listed in Pub. Util. Code, § 281(j)(5);
- Projects that serve rural communities; and
- Projects that include Community Support, Endorsements, and Partnerships.

As part of the evaluation criteria, we will also require applicants to submit a work plan, project milestones, a pre-and post-implementation survey or report, as well as implement additional reporting requirements as discussed above.

2.9. Submission and Timelines

The draft Staff Proposal proposed application windows for adoption projects. Both CSU Chico⁷¹ and CETF⁷² and CETF⁷³ ask for a review time to be set forth for both expedited and non-expedited project proposals. Given that the Adoption Account is new and the uncertainty in the number of applications to be received, we decline to set forth a review time for project proposals at this time. However the Commission will post a list of applicants and projects submitted by the deadline on the Commission's CASF webpage. Further, where possible, the Commission will post regular updates on applications on the CASF webpage.

2.10. Expedited Review

The draft Staff Proposal included criteria in which the Commission assigns to staff the task of approving applications that meet certain criteria for expedited review. Parties generally agreed with this approach, but various parties, including Tech Exchange, TNDC, and CETF, request that the Commission increase the limit to which projects are eligible for expedited review to \$100,000

⁷¹ Chico Opening Comments at 2.

⁷² ~~Chico Opening Comments at 2.~~

⁷³ CETF Reply Comments at 12.

per project.⁷⁴⁷³ We agree and have updated Appendix 1 to increase the threshold for Expedited Review from \$50,000 to \$100,000.

2.11. Reporting and Payment

The draft Staff Proposal included Reporting and Payment reimbursement requirements, which included both a ramp-up period and biennial payment.

2.11.1. Parties' Comments

TNDC proposes a performance-based approach for payments,⁷⁵⁷⁴ similar to CETF's recommended payment regime: Provide the first quarterly payment at the time the grant is issued; a second quarterly payment based on good-faith progress in implementing the work-plan; and quarterly payments thereafter pursuant to performance reconciled to funding per number of agreed-upon outcomes. The last payment should be made only after the completion report is submitted to the Commission.⁷⁶⁷⁵

2.11.2. Discussion

We generally agree with parties' recommendations and ~~make changes to Appendix 1 to~~ will implement a performance/outcome based payment regime by requiring that the reporting and payment requests include documentation of performance/outcomes, including but not limited to, a summary of subscription results from the project, hours of training, etc., consistent with application Performance Metrics Plan and Work Plan.

In addition, ~~Appendix 1 has been revised to allow the Commission to~~ can pay ramp-up costs (up to 25%) upfront as well as require documentation of performance/outcome thereafter.

⁷⁴⁷³ Tech Exchange Opening Comments at 3.

⁷⁵⁷⁴ TNDC Opening Comments at 4.

⁷⁶⁷⁵ CETF Opening Comments at 12.

2.12. Other Issues

The draft Staff Proposal included questions related to other Adoption Account implementation issues. Based on comments/reply comments and feedback on workshops/public forums, we have updated Appendix 1 to address the following issues.

2.12.1. Data collection

We agree with San Francisco, CETF, Chico, and TURN regarding the benefits of having pre- and post-implementation information regarding program participants and community level adoption to measure broadband adoption. The Commission is statutorily required to track new subscriptions and certain metrics.⁷⁷⁷⁶ Specifically, the Commission must report the “number of subscriptions resulting from the broadband adoption program funded” by the CASF. The Commission already reports broadband availability and adoption data throughout California both on its State Broadband Map⁷⁸⁷⁷ and will soon provide baseline broadband availability and adoption data by state, county and consortia region as of January 1, 2018 on its website.⁷⁹⁷⁸ While comparison can and will be made between the baseline data and progress thereafter, the increased number of subscriptions will not all be directly attributable to the CASF program. And requiring a survey as a project requirement may not be feasible given that surveys are costly and not all communities/projects can effectively implement a pre- and post-project survey. Therefore alternatives to gather adoption specific project subscription progress are necessary.

⁷⁷⁷⁶ Pub. Util. Code § 914.79 (a) (10) and (11).

⁷⁸⁷⁷ Adoption data is reported by census tract and is depicted on the map. Broadband Adoption is reported in the following ranges: 0%, between 0% and 20%, between 20% and 40%, between 40% and 60%, between 60% and 80% and greater than 80%. See <http://www.broadbandmap.ca.gov/>

⁷⁹⁷⁸ The website currently contains baseline data for availability. Adoption data is expected to be posted by May/June 31. <http://www.cpuc.ca.gov/casf/>

AT&T opposes a Commission requirement that incumbent ISPs regularly and publicly report their progress in signing up low-income households in California for their available broadband offers.⁸⁰⁷⁹ According to AT&T, “[i]t would be especially inappropriate since subscribership data are some of the most competitively sensitive and proprietary information an ISP has. These are trade secrets and, if publicly disclosed, would put the company in a competitively-disadvantaged place and create an unnecessary burden.”⁸¹⁸⁰

We will require adoption program recipients to ~~provide~~ conduct a pre- and post-implementation survey or report, in addition to providing a summary of broadband enrollment/subscription information to the Commission as a result of the CASF funded project in their payment request reports. CD will develop a non-disclosure agreement for grant recipients to obtain such enrollment/subscription information from ISPs. Such enrollment information could include:

- The welcome letter or welcome e-mail from the ISP after installation with a date on it; or
- A copy of the first ISP bill showing the new service activation; or
- Verification or data from ISPs.

While adoption program recipients are ~~only~~ required to provide a summary of the broadband enrollment/subscription information to the Commission as a result of the CASF funded project, recipients are required to keep copies of all enrollment information and are subject to audits. In addition, recipients must certify that each summary is true and correct under penalty of perjury.⁸²⁸¹

⁸⁰⁷⁹ AT&T Reply Comments at 3.

⁸¹⁸⁰ *Id.*

⁸²⁸¹ *See* Section 1.14 of Appendix 1.

2.12.2. Collaboration and Sustainable Funding

Parties such as the Gold Country Broadband Consortium (GCBC) state that ISPs should be required to increase media advertising and marketing of affordable offers to reach eligible households and increase adoption. The Commission does not have authority to compel an ISP to do so, but we agree that marketing may help with increasing adoption. We direct staff to conduct at least one workshop on ways to maximize participation in existing low-income broadband subscription offerings including coordination with grantees.

We encourage applicants to consider coordination with incumbent carrier affordable offerings, and other public purpose programs and funding sources. Such collaboration could include considering the availability of other funding sources for the project, any financial contribution from the broadband service provider to the project, the availability of any other public or private broadband adoption programs, including the California Teleconnect Fund (CTF) or any reasonably available program.⁸³⁸² For example, eligible schools, libraries, and other nonprofit organizations receiving CTF discounts may also consider applying for CASF adoption funding to increase publicly available or after-school broadband access and digital inclusion. Collaboration receives preference pursuant to the sample preference checklist (Attachment 4.€1).

3. Revisions to the Public Housing Account

In this decision, we adopt revisions to the existing Public Housing Account, as summarized below. There are no major changes to the application requirements and guidelines, except for minor clarification to the challenge

⁸³⁸² "NTIA Broadband Adoption Toolkit," published May 2013, draws on the experience of the recipients of grants from the Broadband Technology Opportunities Program and provides examples of grants. Available at https://www2.ntia.doc.gov/files/toolkit_042913.pdf.

process and the proposed project description. Our updated adopted guidelines for the Public Housing Account are set forth in Appendix 2.

3.1. Challenge Process for Public Housing Infrastructure Projects

Existing guidelines state that staff will post all application forms (but not the supporting materials that accompany the application) on its website after the date of submission, whereby ISPs may challenge an application within two weeks. The challenge is only for Public Housing infrastructure projects (not Public Housing adoption projects) and will continue to apply only to Public Housing infrastructure projects.

3.1.1. Parties' Comments

CCTA stated that parties on the CASF service list should be served notice after the applications are posted on the CASF webpage. CCTA requested additional changes to the challenge process for Public Housing Account Infrastructure projects.

3.1.2. Discussion

The Commission has been sending the CASF Distribution List a notice of availability regarding applications received. However, we agree that the existing Guidelines do not explicitly state this practice. We have modified the Guidelines to clarify this practice and require that a notice of availability be sent to the CASF Distribution List.

We disagree with CCTA that additional changes are needed because the challenge process already complies with the statutory requirement.

3.2. Proposed Project Description for Public Housing Account Adoption Projects

The draft Staff Proposal states that an applicant for Public Housing adoption projects needs to provide a detailed description of its proposed project, including a description of the activities the Commission will fund, such as education and outreach efforts. CCTA recommends that the Commission ask the applicant to include in their project description the applicant's strategy for ensuring new residential broadband subscriptions. The Commission agrees with CCTA and has modified the guidelines to require that applicants include a strategy for ensuring new residential broadband subscriptions.

3.3. Other Issues

3.3.1. Eligible Applicants

Pub. Util. Code, § 281(i)(1) outlines eligible applicants for the Public Housing Account. The Satellite Affordable Housing Associates (SAHA), NBNCBC, and the California Cable & Telecommunications Association (CCTA) requested modifications to the eligibility rules. SAHA recommended a deviation from the "unserved" requirement for housing developments with residents who are extremely low-income, senior, or disabled.⁸⁴⁸³ NBNCBC stated that farm worker housing should be eligible for the Public Housing Account.⁸⁵⁸⁴ CCTA proposed that non-facilities based applicants be required to attest that they have the requisite right from the underlying facilities-based provider to provide broadband service to the project.⁸⁶⁸⁵ However, these recommendations were not supported by statute enacted by AB 1665. Therefore, no changes were made to this section.

⁸⁴⁸³ SAHA Opening Comments at 2-4.

⁸⁵⁸⁴ NBNCBC Opening Comment at 10.

⁸⁶⁸⁵ CCTA Opening Comments at 4-5.

3.3.2. Expedited Review

CCTA recommended that Public Housing infrastructure projects for wireline technology be prioritized over wireless projects. CCBC recommended that the Commission establish a minimum of 10 megabits per second (Mbps) down and 1 Mbps up for such projects. We disagree with both recommendations because CASF is a technology neutral program, as stated in the statute. Further, Public Housing infrastructure projects in themselves are not intended to replicate the robust level of connectivity of a commercial provider.

4. Loan Account

In this decision, we address the change in treatment of the three existing loans ~~and one pending loan application~~ as a result of the program changes implemented by AB 1665 to the Broadband Infrastructure Revolving Loan Account.

4.1. Treatment of Existing Loans

In the draft Staff Proposal, staff would perform due diligence in establishing a loan process for grantees with the chosen financing authority to facilitate the servicing of the CASF loan fund disbursement and repayment processes. The GCBC agrees with staff's recommendation of selecting the financial services that would be provided by The California Infrastructure and Economic Development Bank (iBank) to facilitate loan processing. CETF and Bright Fiber also agree that existing loans be honored. ~~The~~ When necessary, the Commission ~~will continue to~~ may work with another financing authority, such as The California Infrastructure and Economic Development Bank (iBank) to service existing loans. ~~No major changes to Appendix 3 are needed.~~

4.2. Treatment Pending Loan Application

In the draft Staff Proposal, Staff recommended that pending loan applicants may modify their applications in order to be awarded additional grant funds. Parties did not comment on this issue. ~~We will allow the pending~~ On June 4, CD denied the application for the Surfnet Communications, Inc. Las Cumbres project ~~to modify its application to remove the loan portion since new CASF loan funds are no longer available~~ because staff found that the project area has broadband available at served speeds. Therefore, there is no pending loan application.

Appendix 3 has been updated accordingly.

5. Comments on Proposed Decision

The proposed decision of Commissioner Martha Guzman Aceves in this matter was mailed to the parties in accordance with Section 311 of the Pub. Util. Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on _____, and June 7, 2018 by CETF, ORA, CCBC, and TURN & Greenling with reply comments ~~were filed on~~ _____ by _____ filed on June 12, 2018 by CETF, AT&T, and TURN and Greenlining.

In response to comments, we make the following revisions and clarifications:

- Allow reimbursement of in-classroom computing devices and related software for Digital Literacy programs, and other computing devices with limitation;
- Extend the first application deadline for the Adoption Account to August 31, 2018;
- Require applicants to complete a standardized pre- and post-project survey or report before and after participation;

- Allow modifications to curriculums and permit applicants to create new curriculum;
- Require applicants to notify the Commission that it is or it intends to apply for multiple grants within the CASF program;
- Streamline the application and reporting process for Applicants;
- Direct staff to develop a non-disclosure agreement for project grantees to obtain enrollment/subscription information from ISPs; and
- Correct various non-substantive typographical errors and provides further clarity and consistency throughout the document.

6. Assignment of Proceeding

Martha Guzman Aceves is the assigned Commissioner and W. Anthony Colbert is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. On October 15, 2017, the Governor signed AB 1665 into law which amended Pub. Util. Code Sections §§ 281, 912.2, and 914.7, the statutes governing the CASF program.

2. The February 14, 2018 Amended Scoping Ruling bifurcated the proceeding, into Phase I and Phase II, in order to focus on the Adoption Account first.

3. Phase I of this proceeding addresses implementation issues related to the Adoption, Public Housing and Loan Accounts.

4. Phase II will address Broadband Infrastructure, Line Extension and Rural and Urban Regional Broadband Consortia Grant Account issues.

5. The Amended Scoping Ruling contained draft Staff Proposals, prepared by the Commission's Communications Division, in order to implement Phase Phases I and II of the program.

6. The Commission held workshops/public forums throughout the state in March 2018 in Oroville (March 14), Madera (March 16), El Centro (March 28) and Los Angeles (March 30), in order to solicit input on the implementation of these program changes, learn of existing carrier commitments, and develop partnerships for regional solutions.

7. Appendices 1, 2, and 3 of this decision have been revised and updated in response to parties' comments and reply comments as well as feedback from the workshops/public forums held in this proceeding.

8. Rules, application requirements, and guidelines for the new Broadband Adoption Account are summarized in Appendix 1.

9. It is not necessary to adopt a specific goal for the Broadband Adoption Account.

10. The draft Staff Proposal includes definitions applicable to the Adoption Account only.

11. The draft Staff Proposal lists the activities and items eligible for funding in the Broadband Adoption Account including Broadband Access and Digital Literacy.

12. The draft Staff Proposal included a subsidy level for acceptable projects.

13. A school-provided device, such as "homework ready" mobile devices, or hotspot devices, may be useful to for students to complete homework at home.

14. The draft Staff Proposal included a list of information required from applicants as part of the application submission and review.

15. The draft Staff Proposal included proposed evaluation and scoring criteria for scoring applications/projects.

16. The draft Staff Proposal proposed application windows for adoption projects.

17. The draft Staff Proposal included criteria in which the Commission assigns to staff the task of approving applications that meet certain criteria.

18. The draft Staff Proposal included Reporting and Payment reimbursement requirements, which included both a ramp-up period and biennial payment.

19. Updated adopted guidelines for the Public Housing Account are set forth in Appendix 2.

20. Existing guidelines for the Public Housing Infrastructure Projects state that staff will post all applications forms (but not the supporting materials that accompany the application) on its website after the date of submission.

21. The draft Staff Proposals state that an applicant for Public Housing adoption projects needs to provide a detailed description of its proposed project, including a description of the activities the Commission will fund, such as education and outreach efforts.

22. There are three existing loans ~~and one pending loan~~ in the Revolving Broadband Infrastructure Revolving Loan Account program, ~~and no~~. No additional loan requests will be processed and no additional loans will be issued pursuant to AB 1665.

23. There are no pending loan applications.

24. ~~23.~~ The Commission ~~is working~~ may work with a third party financing authority to service the existing loans, as necessary.

Conclusions of Law

1. The Guidelines set forth in Appendix 1 are consistent with the intent and objectives of the Adoption Account as stated in in Pub. Util. Code § 281(j)(1)-(j)(5).

2. Pub. Util. Code § 281(j)(5) requires the Commission to give preference to certain communities for the Adoption Account, including low-income and senior

communities, and communities facing socioeconomic barriers to broadband adoption.

3. In order to ensure that Broadband Adoption Account Funds are allocated throughout the state, only \$5 million of the \$20 million authorized should be awarded in the first application window and should serve as a pilot to determine the effectiveness of the Adoption strategy.

4. In order to ensure that Adoption Account Funds are equitably distributed throughout the state, the Commission should consider factors specified in the statute to prioritize projects for funding.

5. Preference should be given for projects serving low-income communities with a median household income at or below the California Alternate Rates for Energy program income limits for a household of four; projects serving a community with more than 50% of residents having limited English proficiency; projects serving a community with more than 50% of residents having only a high school diploma or less; projects serving a rural community; projects having community support, endorsements and/or partnerships; projects that offer internet access at low or no cost to the user; ~~and~~ projects serving a community with some other demonstrated disadvantage which affects broadband adoption as documented by applicant; and projects that consider coordination with other public purpose programs and funding sources.

6. Pub. Util. Code, § 281(j)(2) outlines eligible applicants for the Adoption Account.

7. The definition of “low broadband access” should be revised and apply to the Adoption Account only.

8. The income limits should be updated to reflect those limits for a “household of 4” as opposed to a “family of 4,” consistent with the CARE program.

9. ~~Appendix 1~~ Applications should include “Community support and Endorsements” as well as “Partnerships” in Information required from Applicant, and include “Coordination” on the sample “Preference Checklist” reflected in ~~Appendix 1, Attachment C.1.~~

10. It is reasonable for Appendix 1 to address Broadband Adoption Account issues as follows:

- Include language to require applicants and projects to be technology neutral and not favor one technology or broadband provider over another;
- For Digital Literacy and Broadband Access Projects, travel (up to 10% of the grant amount) is a reimbursable cost;
- For Digital Literacy and Broadband Access Projects, ~~eliminate~~ allow funding for in-classroom computing devices;
- For Digital Literacy Projects, only households that participate in the Supplemental Nutritional Assistance Program, the National School Lunch Program, or the Women, Infants, and Children Program are eligible to receive computing devices to take home after training courses. Computing devices to take home is capped at a reimbursement of up to \$150 per device. The limit is one computing device per eligible household, subject to the \$10,000 cap per application/project location. Grantees should ensure proof of eligibility in their distribution of computing devices for households;
- For Broadband Access Projects, call centers that will increase broadband access and adoption are eligible; and
- For Digital Literacy and Broadband Access Projects, general technical support beyond installation for the duration of the project is allowed.

11. For both Digital Literacy and Broadband Access Projects, it is reasonable to change the reimbursable limits on computers from \$1,000 to \$750 per computer with a maximum of 15 computers per location.

12. It is reasonable that the information required from applicants as part of the application submission and review process ~~contained in Appendix 1 should~~ include the additional requirements:

- Performance Metrics Plan for tracking outcomes (e.g. surveys, subscription verification/bill, etc.);
- Community Support and Endorsements to demonstrate local and relevant experience and outreach;
- Partnerships with other organizations, such as media and marketing groups and ISPs; and
- Where appropriate, increase project timeframe to two years, following the ramp-up period.

13. Given that the Broadband Adoption Account is new and the uncertainty in the number of applications to be received, it would be unreasonable to set a review time for project proposals at this time.

14. ~~Appendix 1 should include an increased~~The threshold for Expedited Review ~~of~~should be increased to \$100,000.

15. ~~Appendix 1 should implement a~~A performance/outcome based payment regime should be implemented by requiring reporting and payment requests to include documentation of performance/outcomes, including but not limited to, a summary of subscriptions resulting from the project, hours of training, etc. consistent with application Performance Metrics Plan and Work Plan.

16. ~~Appendix 1 should allow the~~The Commission ~~to~~can pay ramp-up costs (up to 25%) upfront and require documentation of performance/outcome thereafter.

17. ~~Appendix 1 should address Data Collection issues.~~

~~18. Appendix 1 should add Collaboration and Sustainable funding.~~

17. ~~19.~~ Existing Public Housing Infrastructure Project guidelines should be modified to require that a notice of availability be sent to the CASF Distribution List.

18. ~~20.~~ It is reasonable to modify the Existing Public Housing Infrastructure Project Guidelines to require that applicants include a strategy for ensuring new residential broadband subscriptions.

19. ~~21.~~ It is reasonable to allow pending loan applicants in the Broadband Infrastructure Revolving Loan Account to modify their applications in order to be awarded additional grant funds for Staff to develop and implement a non-disclosure agreement for grant recipients to obtain subscription/enrollment data from providers.

20. It is reasonable for Staff to conduct a baseline adoption analysis and gap analysis by at least statewide average, consortia region, and county. Staff should investigate whether this analysis can and should include other demographic barriers to adoption such as age, speaking a primary language other than English, income, and education and any other relevant factors.

21. ~~22.~~ It is reasonable to allow the pending loan application for the Surfnet Communications, Inc., Las Cumbres project to modify its application to remove the loan portion since new CASF loan funds are no longer available. Staff to solicit applications for an entity to conduct a single statewide adoption analysis not to exceed \$1 million dollars, if necessary.

O R D E R**IT IS ORDERED** that:

1. The programmatic changes to the California Advanced Services Fund program as set forth in Appendix 1 (Broadband Adoption Account Application Requirements and Guidelines), Appendix 2 (Broadband Public Housing Account Revised Application Requirements and Guidelines), and Appendix 3 (Broadband Revolving Loan Account Treatment of Existing Loans and Pending Loan Applications) attached hereto are hereby adopted.

2. All eligible applicants are authorized to begin submitting applications for the California Advanced Services Fund program Broadband Adoption Account and Broadband Public Housing Account Application as set forth in Appendices 1 and 2, ~~effective July 1, 2018.~~2.

3. The deadline to file applications for the first round of the California Advanced Services Fund Broadband Adoption Account is August 31, 2018.

4. Commission Communications Division Staff shall develop and implement a non-disclosure agreement for grant recipients from the California Advanced Services Fund program Broadband Adoption Account and Broadband Public Housing Account to obtain subscription/enrollment data from Internet Service Providers.

5. Commission Communications Division Staff shall conduct a baseline broadband adoption analysis and broadband adoption gap analysis by at least statewide average, consortia region, and county within one year of the adoption of this decision. Commission Communications Division Staff shall consider if this analysis can and should include other demographic barriers to adoption such as age, speaking a primary language other than English, income, and education

and any other relevant factors and to the extent feasible, the analysis shall make available subscription and adoption data in disaggregated ranges less than 20%.

6. Commission Communications Division Staff may solicit applications for an external entity to conduct a single statewide broadband adoption analysis not to exceed \$1 million dollars.

7. ~~3-~~The remaining issues in this proceeding including Broadband Infrastructure, Line Extension and Rural and Urban Regional Broadband Consortia Grant Account issues will be addressed in Phase II of this proceeding.

8. ~~4. This proceeding~~Rulemaking 12-10-012 remains open.

This order is effective today.

Dated _____, at San Francisco, California.

Appendix 1

APPENDIX 1
Broadband Adoption Account
Application Requirements and Guidelines

1.1. Background

On October 15, 2017, Governor Brown signed AB 1665, directing the Commission to create the new Broadband Adoption Account within the California Advanced Services Fund (CASF). Moneys in the Broadband Adoption Account are available to the Commission to award grants to increase publicly available or after-school broadband access and digital inclusion, such as grants for digital literacy training programs and public education to communities with limited broadband adoption, including low-income communities, senior communities, and communities facing socioeconomic barriers to broadband adoption. Moneys in the Broadband Adoption Account shall not be used to subsidize the costs of providing broadband service to households.¹

1.2. Amount Available for Grants

\$20 million will be available through the Broadband Adoption Account, although some may be used for publicly supported communities (PSCs) otherwise eligible to submit an application for funding from the Broadband Public Housing Account (BPHA) in the event that all monies in that account are exhausted.

No more than \$5 million will be awarded in the first application window (July-2018-August 31,2018) in order to evaluate the effectiveness of the Adoption Account, assess demand, and allow continuous improvement with the opportunity to reflect and improve the program.

1.3. Preference

AB 1665 requires the Commission to give preference to programs in communities with demonstrated low broadband access, including low-income communities, senior communities, and communities facing socioeconomic barriers to broadband adoption.

¹ Pub. Util. Code, § 281 (j)(6).

Applicants must complete a “Preference Checklist,” and the Commission will prioritize projects for funding based on preferences met (e.g. number of preferences checked).

1.4. ~~1.3.~~ Definitions

“Basic Internet Skills”² may include the following:

- a. Computer Basics
 - i. ~~a.~~ How to use the mouse and keyboard
 - ii. ~~b.~~ How to use the operating system and important services such as email
- b. Internet Basics
 - i. ~~a.~~ How to use the browser
 - ii. ~~b.~~ How to search the internet
 - iii. ~~c.~~ How to evaluate information sources
- c. Internet Safety Basics
 - i. ~~a.~~ How to identify a scam
 - ii. ~~b.~~ How to maintain online privacy
 - iii. ~~c.~~ How to protect your online identity

Communities with demonstrated “low broadband access” for the Adoption Account are defined as communities or areas having low broadband subscription rates (a.k.a., low broadband adoption) relative to the statewide average³ including communities facing socioeconomic barriers to broadband and adoption.

“Communities facing socioeconomic barriers to broadband adoption” include low-income communities, communities with a high percentage of residents with limited English Proficiency, , communities with a high percentage of residents with limited educational attainment, or communities with some other demonstrated disadvantage which affects broadband adoption.⁴

² “NTIA Broadband Adoption Toolkit,” published May 2013, draws on the experience of the recipients of grants from the Broadband Technology Opportunities Program and provides examples of grants. Available at https://www2.ntia.doc.gov/files/toolkit_042913.pdf.

³ According to the annual survey conducted for the California Emerging Technology Fund (CETF), as of July, 2016, California has an overall adoption rate of 84% (<http://www.cetfund.org/node/9318>).

⁴ California Broadband Report, A Summary of Broadband Availability and Adoption in California as of June 30, 2011, Pages 22-28, show correlation of factors relative to adoption. See <http://www.cpuc.ca.gov/General.aspx?id=5753>

“Low-income communities” include those communities with a median household income at or below the California Alternate Rates for Energy (CARE) program income limits for a household of four⁵ “Communities” can be geographically defined by a political or US Census geographic extent (such as a city or county boundary, or a census tract/block or designated place), by location (such as a public housing complex or senior center) or by the class or category of people served (such as disadvantaged youth). Income information provided by the applicant must be for the designated community.

A project is located in a "rural" area if it meets one of the following criteria; it is located in one of the following:

- a. an area that is eligible for federal program under the United States Department of Agriculture (USDA) Section 515 program;
- b. a city with a population of 40,000 or less or in a non-urban area; or
- c. an unincorporated area of a county and is not in an urban area.

1.5. ~~1.4.~~ Eligible Applicants

Pursuant to AB 1665, eligible applicants are local governments, senior centers, schools, public libraries, nonprofit organizations, and community-based organizations with programs to increase publicly available or after school broadband access and digital inclusion, such as digital literacy training programs.

Further, AB 1665 authorizes Publicly supported communities (PSCs) ~~are to~~ be eligible to submit an application for funding from the Broadband Adoption Account only after all funds available for adoption projects from the BPHA have been awarded.⁶

No adoption grant recipient can charge for classes (funded by a grant) or make a profit of any kind from the grant funds.

1.6. ~~1.5.~~ Eligible Projects

Digital Literacy ~~Project~~Projects & Broadband Access Projects

⁵ CARE income limits can be found here: <http://consumers.cpuc.ca.gov/lowincomerates/>.

⁶ Pub. Util. Code, § 281 (i)(4)(A).

Digital inclusion projects may include digital literacy training programs and public education to communities with limited broadband adoption, including low-income communities, senior communities, and communities facing socioeconomic barriers to broadband adoption, consistent with the adoption projects of the Public Housing Account. ~~For digital inclusion projects, the~~

Broadband Access projects may include those that provide free broadband access in community training rooms or other public space, such as local government centers, senior centers, schools, public libraries, nonprofit organizations, and community-based organizations. The Commission may also fund community outreach, such as analysis, comparison of Internet plans within the community, and call centers that will increase broadband access and adoption.

The Commission may fund up to 85 percent of the program costs and reimburse the following:

- a. •Education and outreach efforts (including travel, up to 10% of grant amount) and materials;
- b. Acceptable devices (does not include smartphones) and software;
 - o For Digital Literacy Projects, only households that participate in the Supplemental Nutritional Assistance Program, the National School Lunch Program, or the Women, Infants, and Children Program are eligible to receive computing devices to take home after training courses. Computing devices to take home is capped at a reimbursement of up to \$150 per device. The limit is one computing device per eligible household, subject to the \$10,000 cap per application/project location.
- c. •Printers;
- d. •Routers;
- e. •Provision of technical support for the installation of equipment subsidized through this program;
- f. •Desks and chairs to furnish a designated space for digital literacy or broadband access;
- g. •For Digital Literacy Projects, Gathering, preparing, creating and distributing digital literacy curriculum ~~(not creating new curriculum); and~~
 - ~~and digital literacy instructors.~~

~~Broadband Access Project~~

~~In order to increase publicly available or after school broadband access, the Commission may fund Broadband Access projects that provide free broadband access in community training rooms or other public space, such as local government centers, senior centers, schools, public libraries, nonprofit organizations, and community-based organizations. The Commission may also fund community outreach, such as analysis, comparison of Internet plans within the community, and call centers that will increase broadband access and adoption. The Commission may fund up to 85 percent of the costs and reimburse the following:~~

- ~~Education and outreach efforts (including travel, up to 10% of grant amount) and materials;~~
- ~~Acceptable devices (does not include smartphones) and software;~~
- ~~Printers;~~
- ~~Routers;~~
- ~~Provision of technical support for the installation of equipment and technical support for the equipment for the duration of the project subsidized through this program;~~
- ~~Desks and chairs to furnish a designated space for broadband access; and~~
- h. • ~~Digital literacy instructors or Staffing for monitoring the designated space or staffing for call centers (if applicable).~~

1.7. 1.6. Subsidy LevelLevels

~~Proposed projects requesting \$100,000 or less in grants per project may be eligible for expedited review. The Commission may fund up to 85 percent of the total program costs. Reimbursement for For Broadband Access Projects, For computing devices used in community training rooms or other public space, such as local government centers, senior centers, schools, public libraries, nonprofit organizations, and community-based organizations, isare limited to \$750 per device, with a cap of 15 devices per designated space or project (device software costs will be considered a separate expense).~~

For Digital Literacy Projects, only households that participate in the Supplemental Nutritional Assistance Program, the National School Lunch Program, or the Women, Infants, and Children Program are eligible to receive computing devices to take home after training courses. Computing devices to take home is capped at a reimbursement of up to \$150 per device. The

limit is one computing device per eligible household, subject to the \$10,000 cap per application/project location. Grantees should ensure proof of eligibility in their distribution of computing devices for households.

1.8. ~~1.7.~~ Information Required from Applicants

Applicants must complete and submit a project application form, which will be available on the Commission's website. Staff will post the application descriptions submitted by the deadline on the CASF webpage. Applicants must submit the following information to the Commission for each proposed project:

Digital Literacy ~~Project~~Projects & Broadband Access Projects

- a. ~~1.~~Project Description
 - i. ~~a.~~Applicant's name, description of organization;
 - ii. ~~b.~~Applicant's non-profit designation, if applicable;
 - iii. ~~c.~~Applicant's experience in providing digital literacy instruction or broadband access;
 - iv. ~~d.~~Contact person, title, address, e-mail, phone;
 - v. ~~e.~~Project title;
 - vi. ~~f.~~Proposed Project Area/Community/ Location (Community / County / Census Block(s)) including address (if applicable);
 - vii. ~~g.~~CASF Funding Requested (Amount of Grant);
 - viii. ~~h.~~Efforts to leverage funds from other sources (non-CASF moneys);
 - ix. ~~i.~~Area/ Community/ Location's (by census tract or other delineation), adoption levels, income, demographics;
 - x. ~~j.~~Needs Assessment. Description of the need for this project: Does the community have low broadband adoption relative to the statewide average? Does the community face socioeconomic barriers to broadband access and adoption? For example, see NTIA Toolkit "Understand Community Needs and Opportunities"⁷
 - xi. ~~k.~~Completed Preferences Checklist
 - xii. ~~l.~~Demonstration of community support: examples could include letters of endorsements should be obtained from community-based

⁷ "NTIA Broadband Adoption Toolkit," published May 2013, draws on the experience of the recipients of grants from the Broadband Technology Opportunities Program and provides examples of grants. Available at https://www2.ntia.doc.gov/files/toolkit_042913.pdf.

- organizations, schools, hospitals, libraries, businesses and consumers;
- xiii. ~~m.~~ Description of partnerships with local Community Based Organizations (CBOs), Internet Service Providers, media groups, for-profit companies and other applicable organizations;
 - xiv. ~~n.~~ Description of planned outreach efforts, including sample promotional material, planned community events, volunteer recruitment or any other relevant materials;
 - xv. ~~o.~~ Projected number of participants reached through outreach activities;
 - xvi. ~~p.~~ Description of partnership with carriers and any existing affordable plans that will be offered in the community; and
 - q. Curriculum for training;⁸
 - r. ~~Description of the type of training to be provided (on-site instructor and/or tutoring);~~
 - s. ~~Projected number of participants to be trained by the project;~~
 - t. ~~Projected number of participants who will receive tutoring or other digital literacy instruction (such as the assistance of knowledgeable volunteers during open computer lab hours) outside of the 8-hour training;~~
 - xvii. ~~u.~~ Projected number of new residential broadband subscriptions resulting from the project (including documentation of all assumptions and data sources used to compile estimates).

Additional Information Required for Digital Literacy Projects only

- i. Curriculum for training;
- ii. Description of the type of training to be provided (on-site instructor and/or tutoring);
- iii. Projected number of participants to be trained by the project; and
- iv. Projected number of participants who will receive tutoring or other digital literacy instruction (such as the assistance of knowledgeable volunteers during open computer lab hours) outside of the 8-hour training

Additional Information Required for Broadband Access Projects only

⁸ "Curriculum" refers to the content and sequence of activities that teachers use to guide instruction. See "NTIA Broadband Adoption Toolkit," published May 2013, Chapter 5 Training: Curriculum & Relevant Content" for examples. Available at https://www2.ntia.doc.gov/files/toolkit_042913.pdf.

- i. Description of any planned improvements to an existing space for broadband access, including the purchase of computing devices and any installation or set-up activities;
 - ii. Description of any set up of a new space for broadband access, including the purchase of computing devices and any installation or set-up activities. Note that the Adoption Account does not pay for any inside network setup other than to connect computers purchased with fund money to an existing inside network (inclusive of any required routers);
 - iii. Projected number of participants served by the project and the projected number of hours of access to be provided; and
 - iv. Projected number of participants who receive information regarding broadband plans in the community.
- b. ~~2-~~Work Plan
- i. ~~a-~~The Work Plan (~~see Attachment A~~) ~~will~~should include detailed functions, activities, and deliverables related to implementing the adoption program.
 - ii. The Work Plan should include a timeline identifying milestone dates for completion of key Work Plan activities and deliverables proposed to be funded; the timeline should describe each of the monthly milestones, including performance metrics to be accomplished;
 - iii. ~~b-~~The schedule may incorporate a ramp-up period (a maximum of six months), followed by project deployment (a maximum of 24 months);
 - iv. ~~e-~~The ramp-up period will incorporate any training room or computer room set-up activities (~~if there is a corresponding Adoption Account Broadband Access Project~~) as well as community outreach; ~~it does not include any kind of digital literacy instruction; and~~
 - v. ~~d-~~The project deployment period is where activities to increase digital inclusion occur or where broadband access will be monitored; community outreach may be ongoing.
- c. ~~3-~~Performance Metrics Plan
- i. ~~a-~~A detailed description of how outcomes will be measured and tracked for reporting requirements (“milestone/completion” reports). Outcomes include but are not limited to:

- i. ~~Outcomes include, but are not limited to,~~
 - The total number of participants trained or provided access;
 - The total number of hours that training or access has been provided to the community and the number of participants served;
 - The number of participants that subsequently subscribe to a broadband Internet service provider to use a device in their home.
 - ii. Methods of tracking such as verification of subscription online, such as through ISPs, bill, surveys, sign-in sheets, etc.
- d. ~~4.~~ Budget
- i. ~~a.~~ A detailed breakdown of cost elements for the proposed project;
 - ii. ~~b.~~ A detailed breakdown of the instructor/staff pay rate relative to projected number of training or access hours and prep time; and
 - iii. ~~e.~~ Availability of matching funds to be supplied by applicant and/or other sources.

Broadband Access Project

1. ~~Project Description~~
 - a. ~~Applicant's name, description of organization;~~
 - b. ~~Applicant's non-profit designation, if applicable;~~
 - c. ~~Applicant's experience in providing broadband access;~~
 - d. ~~Contact person, title, address, e-mail, phone;~~
 - e. ~~Project title;~~
 - f. ~~Proposed Project Community/Area/Location (Community / County / Census Block(s)) including address (if applicable);~~
 - g. ~~CASF Funding Requested (Amount of Grant);~~
 - h. ~~Efforts to leverage funding from other sources (non-CASF moneys), including any plans to use available public purpose programs such as CTF, if applicable;~~
 - i. ~~Community /Area/ Location's adoption levels, income, other demographics~~
 - j. ~~Needs Assessment. Description of the need for this project: Does the community have low broadband adoption relative to the statewide average? Does the community face socioeconomic barriers to~~

broadband access and adoption? For example, see NTIA Toolkit “Understand Community Needs and Opportunities”⁹

- k. ~~Completed Preferences Checklist~~
 - l. ~~Demonstration of community support: letters of endorsements should be obtained from community-based organizations, schools, hospitals, libraries, businesses and consumers;~~
 - m. ~~Description of partnerships with local CBOs, ISPs, media groups, for-profit companies and other applicable organizations, if applicable. (Partnership could be for plan sign up events with ISPs, outreach using media partners, working with CBOs that provide devices, etc.);~~
 - n. ~~Description of planned outreach efforts, including sample promotional material, planned community events, to let the community know about the provided broadband access;~~
 - o. ~~Projected number of participants reached through outreach activities;~~
 - p. ~~Description of any planned improvements to an existing space for broadband access, including the purchase of computing devices and any installation or set up activities;~~
 - q. ~~Description of any set up of a new space for broadband access, including the purchase of computing devices and any installation or set up activities. Note that the Adoption Account does not pay for any inside network setup other than to connect computers purchased with fund money to an existing inside network (inclusive of any required routers);~~
 - r. ~~Projected number of participants served by the project and the projected number of hours of access to be provided;~~
 - s. ~~Projected number of participants who receive information regarding broadband plans in the community; and~~
 - t. ~~Projected number of new residential broadband subscriptions resulting from the project (including documentation of all assumptions and data sources used to compile estimates).~~
2. ~~Work Plan~~
- a. ~~The Work Plan (see Attachment A) will include detailed functions, activities, and deliverables related to implementing the adoption program;~~
 - b. ~~The schedule may incorporate a ramp-up period (a maximum of six months), followed by a 24-month period for monitoring access. The ramp-up period will incorporate any computer room set-up activities~~

⁹NTIA Broadband Adoption Toolkit page 12,
https://www2.ntia.doc.gov/files/toolkit_042913.pdf.

as well as community outreach; The Work Plan should detail the work to be done during the ramp-up period; and

- e. The ramp-up period is followed by a period ~~where broadband access will be monitored~~; the Work Plan should detail any activities to be included during the monitoring period.

3. Performance Metrics Plan

- a. A detailed description of how outcomes will be measured and tracked for reporting requirements (“milestone/completion” reports)
- i. Outcomes include, but are not limited to,
 - The total number of hours that access has been provided to the community and the number of participants served; and
 - The number of participants that subsequently subscribe to a broadband Internet service provider to use a device in their home.—
 - ii. Methods of tracking such as verification of subscription online, through ISPs, bill, surveys, sign-in sheets.

4. Budget

- a. A detailed breakdown of cost elements for the proposed project;
- b. Availability of matching funds to be supplied by applicant.

Any devices purchased with money from this fund must meet the following qualifications:

- A smartphone is not an eligible device;
- New or refurbished devices may be used, but if it is refurbished it must not be more than five years old;
- Devices must come with office productivity software, such as word processing software, an internet browser and anti-virus software;
- Any entity providing refurbished devices should provide a warranty of at least six months and any seller of new products should provide a warranty of at least 30 days; and
- Any technical support for devices, either by phone or in person, must be able to respond within 24 hours.—

The applicant ~~may submit endorsements or letters of support from the state or local government, community groups, and anchor institutions supporting their proposed adoption project.~~

6.1. ~~1.8.~~ Evaluation Criteria

Applications will be evaluated based on meeting all the requirements in the Information Required from Applicants and Preference Checklist. Applicants are also required to conduct a pre and post implementation survey or report, and may submit endorsements or letters of support from the state or local government, community groups, and anchor institutions supporting their proposed adoption project.

1.9. Submission and Timelines

The Commission will begin accepting applications for grants from the Broadband Adoption Account on July 1, 2018. ~~Applicants should electronically file their completed applications using the Commission's FTP file server available at <http://www.cpuc.ca.gov/puc/> and submit an electronic copy to the Office of Ratepayers Advocates Director. Since applications are not filed with the Commission's Docket Office, they will not be assigned proceeding number(s).~~ Please refer to the Commission's CASF website: <http://www.cpuc.ca.gov/casf/> for the application instructions and package for the Adoption Account.

Applications may be submitted at any time. However, staff will consider applications submitted on or before each deadline listed below as a batch, until all funds have been awarded.

Deadlines:

- a. ~~• July 1,~~ August 31, 2018
- b. ~~• January 1,~~ 2019
- c. ~~• July 1,~~ 2019
- d. ~~• January 1,~~ 2020
- e. ~~• July 1,~~ 2020
- f. ~~• January 1,~~ 2021
- g. ~~• July 1,~~ 2021
- h. ~~• January 1,~~ 2022
- i. ~~• July 1,~~ 2022

Any deadline falling on a holiday or a weekend will be extended to the following business day.

Staff will post a list of applicants and projects submitted by the deadline on the CASF webpage. Further, where possible, staff will post regular updates on applications on the CASF webpage.

1.10. Expedited Review

~~Digital Literacy Project~~

Projects meeting the below criteria may be eligible for expedited review.

The Commission assigns to staff the task of approving applications that meet all of the following criteria:

- a. ~~1.~~ Applicant is proposing to serve a low-income population;
- b. ~~2. An eligible applicant~~ Applicant is a local government, senior center, center, school, public library, nonprofit organization, or community-based organization with programs to increase publicly available or after-school broadband access and digital inclusion, such as digital literacy training programs;
- c. ~~3.~~ Applicant requests a grant of \$100,000 or less;
- d. ~~4.~~ Applicant agrees to perform education and outreach to educate the community of available broadband Internet services;
- e. ~~5. Applicant or partner organization possesses at least one year experience in digital literacy training or has previously carried out at least one digital literacy project;~~ Applicant's requested reimbursable cost computing devices for community training rooms or other public space, is no more than \$750 per device, with a maximum of 15 devices per location;
- f. ~~6. Applicant must provide at least eight hours of digital literacy training to each participant, through digital literacy classes, one on one tutoring or self-paced instruction;~~ Project provides device technical support responses within 24 hours.
- g. Device technical support (not network), either by phone or in person, will be able to respond within 24 hours. Refurbished devices will have at least a six-month warranty. New devices will have at least a 30-day warranty.
- h. ~~7.~~ Applicant has identified a designated space for digital literacy training or broadband access;
- i. ~~8.~~ Applicants must be ready to provide classes within six months of being selected for a CASF grant and must submit a work plan with major milestones showing how they propose to meet this deadline;
- j. ~~9. Applicants must sustain~~ complete the adoption project ~~for~~ within 24 months ~~or until~~ from the ramp up period, or earlier if work plan milestones/deliverables have been accomplished. ~~The applicant must~~

submit a work plan with major milestones showing how they propose to meet all of the milestones and deliverables.—.

~~Broadband Access Project~~

The Commission assigns to staff the task of approving applications that meet all of the following criteria:

1. Applicant is proposing to serve a low income population;
2. An eligible applicant is a local government, senior centers, school, public library, nonprofit organization, or community based organization with programs to increase publicly available or after school broadband access and digital inclusion, such as digital literacy training programs;
3. Applicant requests a grant of \$100,000 or less;
4. Applicant will provide broadband access to the community;
5. Applicant has identified a designated space for broadband access;
6. Requested grant for devices is \$750 or less per device.
 - a. If the applicant will be provisioning the training space with ~~computing devices for community training rooms or other public space~~ such as local government centers, senior centers, schools, public libraries, nonprofit organizations, and community based organizations, the requested reimbursable cost should be no more than \$750 per device, with a maximum of 15 devices per location.—
7. ~~Project provides device technical support responses within 24 hours.~~

Additional Criteria for Digital Literacy Projects only

- a. ~~Device technical support (not network), either by phone or in person, will be able to respond within 24 hours. Refurbished devices will have at least a six month warranty. New devices will have at least a 30-day warranty. Applicant or partner organization possesses at least one-year experience in digital literacy training or has previously carried out at least one digital literacy project;~~
- b. ~~Applicant must provide at least eight hours of digital literacy training to each participant, through digital literacy classes, one on one tutoring or self-paced instruction;~~

1.11. Resolution Review

An application that does not meet the above expedited review criteria may still be considered for a grant via the traditional Commission Resolution approval process.

1.12. Staff Review

Staff shall notify an applicant by letter specifying reasons for rejection should an application fail to meet the Commission criteria or other factors.

1.13. Reporting

~~During the ramp-up period:~~ A “ramp-up period report” is necessary only if the ramp-up period is longer than six months. ~~If the ramp-up period is less than six months, then a “ramp-up period report” is not required unless~~ payment is requested.

Staff will provide a template for all necessary reports in the Administrative Manual which will be posted on the CPUC CASF website, along with the Adoption Account Instructions and Application forms. Three reports will be required throughout the course of the project:

Ramp-up period report: A “ramp-up period report” is required after completion of the ramp up activities and when deployment is set to begin. In this report, recipients will report on the completion of the ramp up activities per the work plan, milestones met, as well as request payment for relevant expenses to date. The ramp up period may not exceed 6 months from the time the application is approved.

The “ramp-up period report” should include:

1. Any purchase of equipment or supplies, with cost breakdown;
2. Status of computer installation (if applicable);
3. Community outreach plan; and
4. Explanation of why ramp-up period cannot be completed in less than six months, if applicable.

Year 1 Progress Report: The Year 1 progress report is required at the end of the first year of deployment. In this report, recipients will report on the status of Year 1 milestones per the work plan, as well as request payment for relevant expenses to date.

~~During the deployment period (digital literacy projects only):~~

~~A~~ **Year 2 Completion Report:** The Year 2 completion report is required at the end of the 24-month period, or after the work plan milestones/deliverables have been accomplished. ~~A milestone~~ if earlier than the 24 month period. In this report (e.g., a report after 6 months of deployment) is required when

payment is requested, see Attachment B., recipients will report on the completion of the overall project, milestones met per the work plan, as well as request payment for final and remaining relevant expenses. This report shall be submitted no later than 90 days after completion of the project.

The “milestone/completion report” ~~must~~ may include:

- a. ~~1-~~A summary of all work done for the digital literacy project including an itemized list of materials purchased and money spent;
- b. ~~2-~~A description of each milestone in the period and how that milestone was met.
- c. ~~3-~~The total number of participants trained; or hours of access provided, (if applicable); and
- d. ~~4-~~The total number of hours for which access has been provided to the community and the number of participants served; and that subsequently subscribe to a broadband Internet service provider to use a device in their home.
5. The number of participants that subsequently subscribe to a broadband Internet service provider to use a device in their home.

~~During the monitoring period (broadband access projects only):~~

~~A completion report is required at the end of the 24-month period.~~

The “completion report” ~~must~~ include:

1. A summary of all work done to create broadband access including an itemized list of materials purchased and money spent;
2. A summary of all community outreach completed and the number participants reached through the outreach effort;
3. The total number of hours for which access has been provided to the community and the number of participants served; and
4. The number of participants that subsequently subscribe to a broadband Internet service provider to use a device in their home.

Grantees must maintain files, invoices, and other related documentation for three years after final payment. Grantees shall make these records available to the Commission upon request and agree that these records are subject to audit and review by the Commission at any time within three years after the Grantee incurred the expense being audited.

1.14. Payment

- a. ~~1-~~Grantees ~~must submit a project completion report before submitting a full payment request.~~ may submit payment requests at 3 points

- throughout the project period. Payment requests will accompany the 3 reports required above (Ramp Up Period, Year 1, Year 2).
- b. The relevant project report must be submitted in order for a payment request to be granted.
 - c. ~~2. Grantees may submit payment~~ Payment request ~~before or after~~ for the ramp-up period ~~(up to may not exceed 25% of grant amount), along with a "ramp up period" report upon completion of ramp up.~~
 - d. ~~3. Payments after the "ramp up period"~~ All payments requests require documentation of outcome in "milestone" report.
 4. ~~Grantees may also submit payment request after six months of deployment, along with a "milestone" report.~~
 5. ~~Payment can be made for the entire project on the submission of the completion report if the grantee prefers to wait until the completion of the project for payment request. Payment to the project grantee will be made upon project completion and the submission of a project completion report.~~
 - e. ~~6.~~ Grantees shall submit final requests for payment no later than 90 days after completion of the project.
 - f. ~~7.~~ Payment will be based upon receipt and approval of invoices and other supporting documents showing the expenditures incurred for the project are in accordance with their application.
 - g. ~~8.~~ Grantees must notify the Commission as soon as they become aware that they may not be able to meet project deadlines.
 - h. ~~9.~~ Payment will be made in accordance with, and within the time specified in California Government Code § 927 et seq.
 - i. ~~10.~~ 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 the terms of approval granted by the Commission.
 - j. ~~11.~~ The recipient's invoices will be subject to audit by the Commission at any time within three years of final payment.

1.15. Execution and Performance

Grantees shall start the project within six months after the grant approval (after the ramp-up time) and complete the project within a 24-month timeframe or ~~until work plan milestones/deliverables have been accomplished~~ earlier. The Commission may withhold or terminate grant payments if the grantee does not comply with any of the requirements set forth in its application and compliance with the CASF. In the event that the

grantee fails to complete the project in accordance with the terms of approval granted by the Commission, the ~~grantee, represented by the Fiscal Agent,~~ ~~will~~grantee will be required to 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.

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 California Public Utilities Commission, Director of the Communications Division, 505 Van Ness Avenue, San Francisco, CA 94102 and CDCompliance@cpuc.ca.gov.

~~1.16. Attachments 1.A-1.B~~ Attachment 1.

~~A series of sample attachments illustrating various key informational requirements and documents that must be properly completed with the application follow to assist prospective applicants for Adoption grants in preparing requests that meet Commission requirements. The purpose and contents of each of these forms and information requirements is discussed in detail below. A summary of the attachments:~~

~~A. Sample Work Plan Format~~

~~B. Sample Report and Payment Request Summary~~

~~C. Sample Preference Checklist~~ **Attachment 1.A**

Sample of Work Plan Format

[Name of Grantee]

WORK PLAN – [MONTH, YEAR]

PROPOSED DECISION (Rev. 1)

Milestone Description	Milestone Risks	Milestone Start Date	Milestone End Date	Performance Measures

Activity(ies)	Timeline	Responsible Party(ies)	Performance Measure(s)
Conducted Digital Literacy Training <ul style="list-style-type: none"> • Introductory course 	1/1/18 — 2/21/18 <ul style="list-style-type: none"> • Training:— 1/9/18-2/15/18 	<ul style="list-style-type: none"> • Instructor 	<ul style="list-style-type: none"> • Number of participants • Number of hours

Attachment 1.B

Sample of Progress Report Format

[Name of Grantee]

WORK PLAN Milestone — [MONTH, YEAR]

Grantee Name:	
Project Name:	
Project #:	
Award Amount (Grant):	
CASF Payments received to date (\$):	

PROPOSED DECISION (Rev. 1)

Date of Report (MM/DD/YY):	
Current Reporting Period (MM/YY – MM/YY):	
Certification: I certify to the best of my knowledge that all statements and representations made in this report are true and	

Project Progress Summary

1. Describe project accomplishments during this reporting period
2. Identify project milestones and the percent complete to date. Provide a narrative description if the percent complete is different from the estimated targeted milestones as issued in your CASF application.

Sample Payment Request Summary

Please itemize all expenses claimed for this reimbursement request in the table below. Include also all source documentation, receipts and invoices along with any other necessary forms of			
<i>Adoption</i>	<i>Description</i>	<i>Quantity</i>	<i>Grant Funds</i>
Education and outreach efforts and materials	Designing, printing, and distributing the flyers and door hangers...	1	1,000

PROPOSED DECISION (Rev. 1)

Attachment 1.C

Sample Preference Checklist

~~“See Definition Section of Guidelines”~~

- Project is serving a low-income community.**
The community with a ~~medium~~ median household income at or below the CARE income limits for a household of four⁴⁸
- Project is serving a community with a high percentage of residents with limited English proficiency.**
More than 50% of residents have limited English proficiency
- Project is serving a community with a high percentage of residents with limited educational attainment.**
More than 50% of residents have only a high school diploma or less.
- Project is serving a rural community.**
A project is located in a "rural" area if it meets one of the following criteria:
 - 1) It is in area that is eligible for federal program under the United States Department of Agriculture (USDA) Section 515 program;
 - 2) It is in a city with a population of 40,000 or less or in a non-urbanized area; or
 - 3) It is in an unincorporated area of a county and is not in an urbanized area.
- Project has community support, endorsements and/or partnerships.**
- Project is serving a community with some other demonstrated disadvantage which affects broadband adoption, documented by applicant.**
- Project considers coordination with other public purpose programs and funding sources.**

(End of Appendix 1)

⁴⁸ CARE income limits can be found here: <http://consumers.cpuc.ca.gov/lowincomerates/>.

Appendix 2

APPENDIX 2**Broadband Public Housing Account
Revised Application Requirements and Guidelines**

AB 1299 (Bradford) was signed into law on October 3, 2013. AB 1299 expanded then in existence CASF Program by adding a fourth account, the Broadband Public Housing Account (BPHA) dedicated to broadband access and adoption in publicly supported communities (PSCs).

In 2016 the Legislature passed SB 745 (Hueso) that extended the date remaining funds from the BPHA are transferred back to other CASF Accounts from December 31, 2016 to December 31, 2020. SB 745 further required the Commission, in its review of applications for funds from the BHPA, to award grants only to unserved housing developments

In 2017 the Legislature passed AB 1665 that authorized PSCs eligible for funding via the BPHA, only after all funds available for the BPHA have been awarded, to submit a CASF application for funding from the Broadband Infrastructure Account and/or Broadband Adoption Account.

Amount Available for Grants

The BPHA provides \$20 million for grants and loans to finance infrastructure projects connecting PSCs with broadband Internet. The Account provides \$5 million for adoption projects for residents in PSCs.

The Commission will award grants and loans to finance up to 100 percent of the costs to install inside wiring and equipment, but will not finance maintenance or operation costs. Grantees must maintain and operate the network for a minimum of five years after receiving Commission funding. The Commission will reimburse for the following expenses:

- All networking equipment, both hardware and software, including wireless access points;
- Low voltage contracting (including the installation of conduit, panels and cabling required to provide power for the equipment funded as part of the project), provided the work does not include major rehabilitation, demolition or construction;
- Modems or routers, but not computers or human interface devices;
- Engineering & design;
- Hardware warranty;

- Installation labor from the Minimum Point of Entry (MPOE) to the individual unit; and
- Taxes, shipping and insurance costs directly related to broadband equipment deployed under the BPHA.

The Commission will fund up to 85 percent of the costs for adoption projects for residents in PSCs and will reimburse the following expenses:

- Education and outreach efforts and materials;
- Desks and chairs to furnish a designated space for digital literacy;
- Acceptable computers and devices (excluding smartphones) and software intended for use either in a computer lab or an adoptee's household;
- Digital literacy instructors;
- Printers for a computer lab or other designated space for digital literacy;
- Routers; and
- Provision of residential (not network) technical support.

Definitions

"Project" is a publicly subsidized multifamily housing development which is requesting funds under one application from the BPHA.

"Publicly subsidized" means either that the housing development receives financial assistance from the United States Department of Housing and Urban Development (HUD) pursuant to an annual contribution contract or is financed with low income housing tax credits, tax exempt mortgage revenue bonds, general obligation bonds, or local, state, or federal loans or grants and the rents of the occupants, who are lower income households, do not exceed those prescribed by deed restrictions or regulatory agreements pursuant to the terms of the financing or financial assistance.

"Publicly supported community" (PSC) is a publicly subsidized multifamily housing development that is wholly owned by either of the following:

- (i) A public housing agency that has been chartered by the state, or by any city or county in the state, and has been determined an eligible public housing agency by the United States Department of Housing and Urban Development.

(ii) An incorporated nonprofit organization as described in Section 501 (c)(3) of the Internal Revenue Code (26 U.S.C. Sec. 501(c)(3)) that is exempt from taxation under Section 501 (a) of that code (16 U.S.C. Sec. 501(a)), and that has received public funding to subsidize the construction or maintenance of housing occupied by residents whose annual income qualifies as “low-” or “very low” income according to federal poverty guidelines.

A “minimum point of entry” (MPOE) is either the closest practicable point to where the wiring crosses a property line or the closest practicable point to where the wiring enters a multiunit building or buildings.

An “unserved” housing development is a housing development where at least one housing unit within the housing development is not offered broadband Internet service.¹ A housing unit “is not offered broadband Internet service” if the unit does not have access to a commercially available broadband Internet service, such as Digital Subscriber Line (DSL), a cable modem, or another protocol, available at the unit.²

Eligible Applicants

CASF Broadband Public Housing Account funding is limited to publicly subsidized, multifamily housing developments owned by either of the following two entities:

- 1) A public housing agency that has been chartered by the state, or by any city or county in the state, and has been determined an eligible public housing agency by the United States Department of Housing and Urban Development.
- 2) An incorporated nonprofit organization as described in Section 501 (c)(3) of the Internal Revenue Code (26 U.S.C. Sec. 501(c)(3)) that is exempt from taxation under Section 501 (a) of that code (16 U.S.C. Sec. 501(a)), and that has received public funding to subsidize the construction or maintenance of housing occupied by residents whose annual income qualifies as “low-”-or “very low” income according to federal poverty guidelines.

¹ Pub. Util. Code, § 281(i)(3)(B)(i) and (ii)

² Resolution T-17575, Appendix A - Implementation of changes in the California Advanced Services Fund program enacted by Senate Bill 745.

Non-profit housing developers involved in limited partnerships with for-profit entities participating may also be eligible, since the IRS considers an exempt organization's participation as a general partner in a limited partnership with for-profit limited partners as consistent with the organization's exempt status under Internal Revenue Code Section 501(c)(3).

For PSCs applying for infrastructure funds, a PSC may be eligible for funding only if the PSC can verify to the Commission that the PSC has not denied a right of access to any broadband provider that is willing to connect to a broadband network to the facility for which the grant or loan is sought³ and the publicly supported community is unserved as defined in Section 2.1.3.4

For PSCs applying for adoption funds, a PSC may be eligible for funding only if the residential units in the facility to be served have access to broadband services or will have access to broadband services at the time the funding for adoption is implemented.

Information Required from Applicants

Applicants must submit the following information to the Commission for each proposed project. Applications and supporting material must be submitted online with a hard copy mailed to the CASF Housing Account Coordinator and one sent to the Office of Ratepayer Advocates.

1. Infrastructure Project Application

Applicants must complete and submit a project application form. Staff will post a list of applicants and projects submitted by the deadline on the CASF webpage and will notify the CASF Distribution List⁵ of the submission(s), allowing ISPs two weeks to challenge the applications. Additional supporting documentation will not be posted online.

A housing authority applying for BPHA funds must include in its submission its Annual HUD Contributions Contract and HA Code, allowing staff to verify its certification, along with its most recent HUD Public Housing Assessment System (PHAS) score.

³ Pub. Util. Code, § 281(i)(3)(A)

⁴ Pub. Util. Code, § 281(i)(3)(A).

⁵ The CASF Distribution List is maintained by Communications Division staff and is generally used for informal CASF matters (e.g. draft resolutions, notice of applications/project summaries. The CASF Distribution List is available at <http://www.cpuc.ca.gov/General.aspx?id=8246>.

Non-profit applicants must submit an IRS letter approving the applicant's status as a 501(c)(3) entity incorporated for the purposes of providing affordable housing, which must include the applicant's Tax Identification Number, along with an award letter from a public agency such as the California Tax Credit Allocation Committee (TCAC), proving its receipt of public funding for affordable housing purposes.

Applications must contain the following information.

1.1. Funds Requested

The applicant must indicate the amount of funding requested.

1.2. Project Location

The applicant must include each address it intends to serve along with an image of the location on the map. The Commission will accept a screen shot image from Google maps or similar image.

1.3. Key Contact Information

- First name
- Last name
- Mailing Address
- Email
- Phone

1.4 Key PSC Management

- Position title
- First name
- Last name
- Email
- Phone

1.5 Key vendor contact information (if applicant already has identified its vendor)

- First name
- Last name
- Company name
- Mailing address

- Email
- Phone

1.6 Assertion of Unserved

The applicant must attest to whether or not the property it proposes to serve under its grant request is unserved, as defined in Section 2.1.3. The applicant also must verify that it has not denied an ISP access to its property in order to provision broadband service to any unit. An applicant's previous denial of access for cause (e.g., the ISP's costs to residents or the applicant were unreasonably high) does not constitute a denial of a right of access.

Staff will post all application forms (but not the supporting materials that accompany the application) on its website after the date of submission, whereby ISPs may within two weeks challenge an application.

1.7 Proposed project description

An applicant must provide a detailed description of its proposed project, including the elements discussed below.

- Description of proposed broadband project plan which the Commission will fund using the BPHA, including:
 - The type of technology to be used (attach engineering documents/schematics)
 - Project size (number of units and residents to be connected)
 - Entities that will provide service. (E.g., Wi-Fi provided by property management or named subcontractor, and/or, Internet service offered by a named ISP, etc.)
 - Download speed capabilities for an average user during the peak hours of 7p.m. and 11p.m.
 - Upload speed capabilities for an average user during the peak hours of 7p.m. and 11p.m.
- Project budget outlining a detailed breakdown of cost elements and the availability of matching funds to be supplied by applicant (including bandwidth, maintenance and operation costs).
 - Breakdown of projected cost of items funded by grant:
 - All networking equipment, both hardware and software, including wireless access points;
 - Low voltage contracting, provided it does not include major rehabilitation, demolition or construction;

- Modems or routers, but not computers or human interface devices;
- Engineering and design;
- Hardware warranty;
- Installation labor from the MPOE to the individual unit; and
- Taxes, shipping, insurance costs directly related to broadband equipment deployed under the BPHA.
- Matching funds provided by applicant
 - Bandwidth costs on a monthly basis for the five-year project period
 - Maintenance and operations costs to ensure network is operational for at least five years
- Project schedule
 - A delineated deployment schedule with commitment to complete project within 12 months of Commission approval of the application. The schedule should 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 Description
 - Milestone Start and End Date
 - Milestone Risks
 - Included in its proposed schedule, the applicant must submit its plan to encourage adoption of the broadband Internet service it proposes, in particular what activities it will employ to encourage residents to sign up for the service.
 - In developing the schedule, applicant must include the timeline required for California Environmental Quality Act (CEQA) or other relevant government agency permit review, if needed.
 - If the applicant is unable to complete the proposed project within the required 12-month timeframe, it must notify the Commission as soon as it is aware of this prospect. The Commission reserves the right to reduce payment for failure to satisfy this requirement.

1.8 Organizational Chart and Background

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

1.9 Economic Useful Life of Assets to be Funded

The applicant must identify the expected economic useful life of the assets funded by the BPHA grant.

1.10 Current Condition of Property

An applicant must attest that (1) it expects its property to be in residential use for at least the next 10 years, and (2) the buildings included in the application meet standards for acceptable basic living conditions as determined under HUD's Uniform Physical Condition Standards or similar guidelines provided by other housing funding agencies in the States.

1.11 Proposed Pricing

An applicant must commit to charging residents no more than \$20 per month for broadband Internet service.

1.12 Financials

Applicants must submit the most recently prepared annual reports and audits that it submitted to its respective reporting authority, ie. HUD, the California Tax Credit Allocation Committee, etc.).

A housing authority applying for BPHA funds must include in its submission its Annual HUD Contributions Contract and HA Code, allowing staff to verify its certification, along with its most recent HUD Public Housing Assessment System (PHAS) score.

Non-profit applicants must submit an IRS letter approving the applicant's status as a 501(c)(3) entity incorporated for the purposes of providing affordable housing, which must include the applicant's Tax Identification Number, along with an award letter from a public agency such as the California Tax Credit Allocation Committee (TCAC), proving its receipt of public funding for affordable housing purposes.

1.13 Permitting Compliance

An application should state whether the project is statutorily or categorically exempt from CEQA requirements and cite the relevant authority, as applicable. If a project does require review under CEQA, the grantee must provide the Proponent's Environmental Assessment (PEA)

prior to the first 25 percent 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).

Additionally, applicants must include any applicable permit review timeline in its construction schedule, with a reference to the government agencies that will issue the permits. Grantees must provide staff with proof of permit approvals before seeking reimbursement.

1.14 Affidavit

An applicant 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 A). Additionally, an applicant must also agree to abide by the Commission's Rules of Practice and Procedure, be subject to Public Utilities Code sections 2108 and 2111 and to submit quarterly reports and annual recertification or audit documents.

2. BPHA PSC Adoption Project Application

Applicants must complete and submit a project application form, which will be available on the Commission's website. Staff will post the all applications submitted by the quarterly deadline on the CASF webpage.

Attestation that all units have or will have access to broadband Internet service at the time for the funding for adoption is implemented.

Applications must contain the following information:

2.1. Funds Requested

The applicant must indicate the amount requested. As stated in Section 2.1.2, the Commission will fund up to 85 percent of the costs for adoption projects for residents in PSCs, including reimbursement of the following adoption activities/items:

- Education and outreach efforts and materials;
- Desks and chairs to furnish a designated space for digital literacy;

- Acceptable computers and devices (excluding smartphones) and software intended for use either in a computer lab or their household;
- Digital literacy instructors;
- Printers for a computer lab or other designated space for digital literacy;
- Routers; and
- Provision of residential (not network) technical support.

In order to obtain reimbursement, grantees must also provide sufficient documentation, such as a receipt for the goods or documentation of hours worked.

2.2. Project Location

The applicant must provide the location it intends to serve along with an image of the location on the map (the Commission will accept a screen shot image from Google maps or similar image).

2.3. Key Contact Information

- First name
- Last name
- Mailing Address
- Email
- Phone

2.4 Key PSC Management

- Position title
- First name
- Last name
- Email
- Phone

2.5 Key vendor contact information

- First name
- Last name
- Company name
- Mailing address
- Email

- Phone

2.6 Proposed Project Description

An applicant must provide a detailed description of its proposed project, including the elements discussed below.

- Description of proposed activities the Commission will fund using the BPHA, such as education, ~~and~~ outreach efforts and a strategy for ensuring new residential broadband subscriptions.
- Project budget outlining a detailed breakdown of cost elements funded by the grant (85 percent) and provided as match by the Applicant (15 percent). The grant will reimburse for the activities and items listed in section 2.1.
- The Applicant may provide the 15 percent match using the following (1) donations from residents in exchange for devices; (2) donations of devices or software from third parties; and (3) volunteer personnel hours worked to train residents. Applicants must identify the goods and/ or hours worked and its monetary value.
- Project schedule -- A delineated deployment schedule with a commitment to begin the project within six months of Commission approval of the application (the ramp-up period) and to complete project within 12 months thereafter.
 - Milestone Description
 - Milestone Start and End Date
 - Milestone Risks

If the applicant is unable to complete the proposed project within the required 12-month timeframe, it must notify the Commission as soon as it becomes aware of this prospect. The Commission reserves the right to reduce payment for failure to satisfy this requirement.

2.7 Assertion of Property Having Access to Broadband Services

The applicant must attest that all PSC units on the project's property have access to broadband Internet service, or that all PSC units will have access at the time the funding for adoption is implemented.

2.8 Organizational Chart and Background

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

2.9 Economic Useful Life of Assets to be Funded

The applicant must identify the expected economic useful life of the assets funded by the BPHA CASF adoption grant.

2.10 Financials

Applicants must submit the most recently prepared annual reports and audits that it submitted to HUD, in the case of chartered public housing authorities, or another government entity, in the case of non-profits (for example, the California Tax Credit Allocation Committee).

A housing authority applying for BPHA funds must include in its submission its Annual HUD Contributions Contract and HA Code, allowing staff to verify its certification, along with its most recent HUD Public Housing Assessment System (PHAS) score.

Non-profit applicants must submit an IRS letter approving the applicant's status as a 501(c)(3) entity incorporated for the purposes of providing affordable housing, which must include the applicant's Tax Identification Number, along with an award letter from a public agency such as the California Tax Credit Allocation Committee (TCAC), proving its receipt of public funding for affordable housing purposes.

2.11 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 B). Additionally, an applicant must also agree to abide by the Commission's rules of practice and procedure, be subject to Public Utilities Code sections 2108 and 2111 and to submit quarterly reports and annual recertification or audit documents.

Submission and Timelines

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

Applications may be submitted at any time, until all funds available for the BPHA have been awarded. However, staff will consider applications submitted on or before each deadline listed below as a batch. Additionally, after each deadline, staff will post all applications on its website to give ISPs two weeks from the date of posting to challenge applications.

Deadlines:

- July 1, 2018
- January 1, 2019
- July 1, 2019
- January 1, 2020
- July 1, 2020
- January 1, 2021
- July 1, 2021
- January 1, 2022
- July 1, 2022

Any deadline falling on a holiday or a weekend will be extended to the following business day. Staff will notify the CASF Distribution List when all funds available for the BPHA have been awarded, and an eligible PSC may submit an application for funding from the Infrastructure and/or Adoption accounts using the same criteria set forth here.

Expedited Review

The Commission assigns staff the task of approving applications that meet all of the following criteria:

Infrastructure Projects

- Applicant meets the eligibility requirements under Pub. Util. Code, § 281 (i)(1), , § 281(i)(2) and (i)(3).
- Applicant attests that the housing development is “unserved” as defined in Section 2.1.3, which is a housing development where at least one housing unit within the housing development is not offered broadband Internet service.⁶
- Applicant declares that it has not denied an ISP access to its property to provide broadband Internet service and no ISP challenged this statement; if an ISP challenged an application alleging it was denied access to a PSC, staff determined the denial was reasonable.
- Applicant requests a grant of less than \$75,000 in BPHA infrastructure grant funds per project.
- For projects connecting 51-100 PSC units, proposed project costs \$450 per unit or less.
- For projects connecting 101 PSC units and more proposed project costs \$300 per unit or less.
- The buildings included in the application meet standards for acceptable basic living conditions as determined under HUD’s Uniform Physical Condition Standards or similar guidelines provided by other housing funding agencies in the State.
- Applicant expects property to be in residential use for at least the next 10 years.
- Property qualifies for an exemption pursuant to CEQA Guidelines § 15300.2.
- For wireless networking projects equipment will at least meet the 802.11n standard.
- Applicant attests it will operate and maintain project equipment and technology for at least five years after completion and that it has sufficient funds and warranty to do so, including replacing equipment as needed, and a maintenance agreement and budget have been submitted.
- Proposed project network is capable of offering residents Internet service speeds of at least 6 Mbps downstream/1 Mbps upstream which is supported with appropriate documentation.
- Applicant commits to provide residents with minimum download speeds of 1.5 mbps per unit, during average peak utilization periods, subject to reasonable network management practices.
- Residents will be charged no more than \$20 per month for Internet service.

⁶ Pub. Util. Code, § 281(i)(3)(B)(i) and (B)(ii).

- Applicant has signed an affidavit agreeing to abide by Commission rules of practice and procedure; Pub. Util. Code, §§ 2111 and 2108; and to quarterly reports and submission of annual recertification/audit documents.
- Applicant agrees to complete project within 12 months.
- Applicant has identified its bandwidth source, either at the MPOE or its wireless equivalent.
- Applicant agrees to secure project funded hardware to prevent theft and vandalism.

Adoption Projects

- Applicant meets the eligibility requirements under Pub. Util. Code, § 281 (i)(1), § 281(i)(2) and (i)(4).
- Applicant requests a grant of \$50,000 or less
- Applicant agrees to perform education and outreach to educate residents of best practice use of available broadband Internet services.
- Applicant or partner organization possesses at least one-year experience in digital literacy training or has previously carried out at least one digital literacy project.
- Applicant must provide at least eight hours of digital literacy training to participating residents.
- Applicant or partner organization will use existing curriculum.
- Applicant has identified onsite designated space for digital literacy training.
- If the applicant or partner organization provides residents computers or other devices to be use as part of its digital literacy training, the devices cost no more than \$250 per device. New or refurbished computers or devices may be used; if the computer or device is refurbished, it must not be more than two years old. Additionally, a Smartphone is not an eligible device.
- Technical support, either by phone or in person, must be able to respond within 48 hours. A refurbished device supplier should provide a warranty of at least six months and seller of new products should provide a warranty of at least 30 days.
- Applicants must be ready to provide classes within six months of being selected for a BPHA /CASF grant and must submit a work plan with major milestones showing how they propose to meet this deadline.
- Applicants must sustain the adoption project for 12 months or until work plan milestones/deliverables have been accomplished. The

applicant must submit a work plan with major milestones showing how they propose to meet this deadline.

Resolution Review

Where an application does not meet the above expedited review criteria, eligible applicants as defined in Section 2.1.4 may still be considered for a grant, but it must go through the normal Commission Resolution approval process.

Reporting

Infrastructure project grantees must submit a progress report six months after the project award date if the project has not been completed, irrespective of whether grantees request reimbursement or payment. The progress reports shall include both the schedule for deployment; it shall include major milestones and costs submitted in the proposals and it shall indicate the completion date of each task/milestone as well as problems/issues encountered, and the actions taken to resolve these issues/problems during project implementation and construction. Grantees must certify that each progress report is true and correct under penalty of perjury.

Infrastructure project grantees must submit a project completion report describing the total project costs, including engineering, planning, material costs, and an assessment of the average speed the network is delivering to a resident during the peak hours of 7 p.m. to 11 p.m. The grantee must include speed test results in its completion report.

~~A "ramp-up period report" is necessary only if the ramp-up period is longer than six months. If the ramp-up period is less than six months, then a "ramp-up period report" is not required, unless payment is requested.~~ **Ramp-up period report:** A "ramp-up period report" is required after completion of the ramp up activities and when deployment is set to begin. In this report, recipients will report on the completion of the ramp up activities per the work plan, milestones met, as well as request payment for relevant expenses to date. The ramp up period may not exceed 6 months from the time the application is approved.

~~The "ramp-up period report" shall include:~~

- ~~1. Any purchase of equipment or supplies, with cost breakdown.~~
- ~~2. Status of computer installation.~~

~~3. Community outreach plan.~~

~~4. Explanation of why ramp-up period cannot be completed in less than nine months, if applicable.~~

Adoption project grantees must submit a completion report at the end of the 12-month period, or after the work plan milestones/deliverables have been accomplished. A milestone report (e.g. a report after 6 months of deployment) is required when payment is requested, see Attachment B.

The “milestone/completion report” shall include:

- A summary of all work done for the digital literacy project including an itemized list of materials purchased and money spent
- A description of each milestone in the period and how that milestone was met.
- The total number of participants trained
- The total number of hours that access has been provided to the community and the number of participants served
- The number of participants that subsequently subscribe to a broadband Internet service provider to use a device in their home.

An infrastructure project grantee is required to maintain the broadband network for five years after it has been installed. After installation, for a five-year period, grantees must report for every project awarded on a biennial basis the average monthly percentage of up time, the average monthly number of individual devices that access the system and the average amount of data transferred over the network. This data must be reported by email.

Grantees are required to maintain files, invoices, and other related documentation for three years after final payment. Grantee shall make these records available to the Commission upon request and agrees that these records are subject to a financial audit by the Commission at any time within three years after the Grantee incurred the expense being audited.

Payment

Payment to the project grantee will be made upon project completion and the submission of a project completion report. The infrastructure project grantee may request payment for expenditures incurred during the first six months if the grantee submits a six-month progress report, and certifies that the progress report is true and correct under penalty of perjury. The adoption

project grantee may request payment for expenditures incurred during the ramp-up time if the grantee submits a ramp-up report.

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 BPHA CASF recipient in their application.

- Grantees must submit a project completion report before submitting a full payment request.
- Grantees may submit a payment request after six months of deployment, along with a “milestone” report
- Payment can be made for the entire project on the submission of the completion report if the grantee prefers to wait until the completion of the project for payment request. Payment to the project grantee will be made upon project completion and the submission of a project completion report.
- Grantees shall submit final requests for payment no later than 90 days after completion of the project.
- Payment will be based upon receipt and approval of invoices/other supporting documents showing the expenditures incurred for the project are in accordance with their application.
- Grantees must notify the Commission as soon as they become aware that they may not be able to meet project deadlines.
- Payment will be made in accordance with, and within the time specified in California Government Code § 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 the terms of approval granted by the Commission.
- The recipient’s invoices will be subject to a financial audit by the Commission at any time within three years of final payment.

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 years of completion of the project.

Execution and Performance

The infrastructure project grantee shall start the project soon after grant approval and complete the project within a 12-month timeframe. The adoption project grantee shall start the project within six months after the grant approval (after the ramp-up time) and complete the project within a 12-month timeframe or until work plan milestones/deliverables have been accomplished. The Commission may withhold or terminate grant payments if the grantee does not comply with any of the requirements set forth in its application and compliance with the CASF. In the event that the project grantee is unable to complete the proposed project within the required 12-month timeframe, it must notify the Commission as soon as it becomes aware of this prospect. The Commission reserves the right to reduce payment for failure to satisfy this requirement.

In the event that the BPHA 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 BPHA CASF funds that it has received.

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

Submit completed applications online at <https://kwftp.cpuc.ca.gov> 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

Office of Ratepayer Advocates
Re: California Advanced Services Fund

California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102

Attachment A

NOTARIZED AFFIDAVIT

Name of Publicly Supported Community (PSC)_____

My name is _____. I am _____ [Title] of _____ [PSC]. 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 PSC] 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 or 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.

Adoption project applicants **only**: I attest that the _____ [PSC] is wired and broadband Internet service is available to all PSC units on the property.

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 _____

(End of Appendix 2)

Appendix 3

APPENDIX 3

Broadband Revolving Loan Account Treatment of Existing Loans and Pending Loan Applications

Background

Senate Bill SB 1040 (Padilla)¹ expanded the California Advanced Services Fund (CASF) to include the Broadband Infrastructure Revolving Loan Account (Loan Account). Pursuant to Pub. Util. Code section 281(g), money in the Loan Account “shall be available to finance capital costs of broadband facilities not funded by a grant from the Broadband Infrastructure Grant Account. The Commission shall periodically set interest rates on the loans based on surveys of existing financial markets.”

Assembly Bill AB1665 (Garcia) signed by Governor Brown on October 15, 2017, eliminated the Broadband Infrastructure Loan Account and required the remaining unencumbered moneys in that account as of January 1, 2018, and the deposit of moneys collected that would be owed to that account, to be transferred to the Broadband Infrastructure Grant Account.

Treatment of Existing Loans and Pending Loan Applications

To date, there are three existing approved loans. One loan, Willits Online Boonville project, approved on November 7, 2013, through resolution T-17422, has drawn funds of \$40,977 out of \$40,977, and has 15 payments remaining. The Commission’s Fiscal Office states it can help service this loan.

There are two approved loans which have not yet drawn funds. Bright Fiber Network project, T-17565, approved May 11, 2017, for \$500,000. The second approved loan is Surfnet Communications Paradise Road project, T-17430, approved April 10, 2014, for \$59,318. The loan funds for both projects have been encumbered but have not been drawn.

~~Additionally, there are two grant/loan projects whose applications have not been approved and whose loan funds have, therefore, not been encumbered. The Surfnet Communications project, Las Cumbres Fiber, Santa Cruz County, seeks~~

¹ Stats. 2010, c.317, codified at California Public Utilities (Pub. Util. Code section 281), approved by Governor Schwarzenegger on September 25, 2010.

~~Infrastructure Grant funding of \$729,932 and loan funding of \$243,311. CD will allow Surfnet to modify its request for infrastructure grant funding since loan funds are no longer available. The Renegade Vandyland project, proposed in the residential area of Vandenberg Air Force base in Santa Barbara County, seeks Infrastructure Grant funding of \$352,506.20 and loan funding of \$70,501.24. AB 1665 requires that the remaining unencumbered funds as of January 1, 2018 be deposited into the Broadband Infrastructure Grant Account. Projects approved after January 1, 2018 will not have loan funding available through the CASF Infrastructure Revolving Loan account. These applicants may modify their applications accordingly in order to be awarded additional grant funds.~~

Two projects with loans: Bright Fiber, T-17495 in the amount of \$500,000, and Surfnet Paradise Road T-17430 in the amount of \$59,318 approved through resolutions have not yet requested or drawn loan funds. ~~These~~ If necessary, these loans ~~will~~ may be underwritten and serviced by a financing authority, such as The California Infrastructure and Economic Development Bank (iBank). Staff ~~will~~ may perform due diligence to establish a loan process for grantees with the chosen financing authority to facilitate the servicing of the CASF loan fund disbursements and repayment processes only as necessary. Staff may also draft a resolution recommending revising the resolutions approving these loans to be awarded additional grant funds, instead of loans.

(End of Appendix 3)

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