

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Broadband, Policy and Planning Branch**

**RESOLUTION T- 17440
May 15, 2014**

R E S O L U T I O N

Resolution T-17440. Approval of a \$167,000 grant to fund the Gold Country Consortium Tahoe Basin Project under the California Advanced Services Fund's Rural and Urban Regional Broadband Consortia Grant Account

Summary

This resolution approves a \$167,000 grant to fund the Gold Country Consortium Tahoe Basin Project under the California Advanced Services Fund Rural and Urban Broadband Consortia grant program. Specifically, the Commission approves the Year 1 budget of \$112,150 and a Year 2 budget of \$54,750, for a two-year budget allowance totaling \$167,000, subject to conditions as specified in this resolution. This grant will supplement the Gold Country Consortium's existing budget and provide it with the necessary resources to manage the new work required to implement this proposal. The Commission awards these grants pursuant to California Public Utilities Code Section 281 and Decision (D.) 11-06-038, which approved the implementation of the Rural and Urban Regional Broadband Consortia grant program and the funding of activities that promote broadband deployment, access and adoption.

Background

The California Advanced Services Fund (CASF), established in D. 07-12-054, promotes the deployment of broadband infrastructure in unserved and underserved areas. Senate Bill (SB) 1040 (Stats. 2010, c. 317, codified at California Public Utilities (P.U.) Code § 281) extended CASF indefinitely and expanded it to include three accounts: (1) Broadband Infrastructure Grant Account¹, (2) Rural and Urban Regional Broadband Consortia Account, and (3) Broadband Infrastructure Revolving Loan Account. The purpose of the Rural and Urban Regional Broadband Consortia Account (Consortia Grant Account) is "to fund the cost of broadband deployment activities other than the capital cost of facilities, as specified by the Commission."² SB 1040 also increased the CASF fund from

¹ Senate Bill 1193 (Stats. 2008, c.393) established the CASF as a new universal service program geared towards the deployment of broadband infrastructure in unserved and underserved areas in California.

² P.U. Code § 281(d).

\$100 million to \$225 million, with funding for the Broadband Infrastructure Grant Account increased by \$100 million, while funding for the Consortia Grant Account and the Broadband Infrastructure Revolving Loan Account was set at \$10 million and \$15 million, respectively.³

In D.11-06-038 (June 23, 2011), the Commission adopted procedures and guidelines for administering the Consortia Grant program, including the application, evaluation and the selection process. Applicants must submit detailed Action Plans, Work Plans and budgets outlining projects that will promote ubiquitous broadband deployment in unserved and underserved areas and advance broadband adoption throughout California. D.11-06-038 limited consortia grants to only one regional consortium per geographic region to avoid duplication and capped grant funding at \$150,000 per year for each consortium for the first year and a maximum cap of \$450,000 total for three years. In D.11-07-034 (July 18, 2011), the Commission clarified that within in the Los Angeles region, the adopted annual and three-year funding caps apply to each separate umbrella consortium. The Commission approved 14 consortia when it passed Resolutions T-17349 (December 2, 2011) and T-17355 (February 16, 2012).

D.11-06-038 required the Communications Division (CD) to schedule a new application round seeking proposals for the remaining unencumbered Consortia Grant program funds before the end of the initial Consortia Grant funding period. Previously awarded Consortia Grant recipients were eligible for renewed funding, though staff was instructed to consider, as part of its determination on whether to renew funding, how efficiently and cost-effectively the grantee spent previously granted consortia funds.

On September 26, 2013, CD announced that it would accept applications for Consortia Grant funding. CD set a deadline of January 17, 2014. At that time, CD estimated that roughly \$965,000 remained in CASF Consortia Grant Account. The Commission received five proposals. CD evaluated the applications in accordance with the scoring criteria in D.11-06-038. Applicants meeting the minimum threshold scoring criteria of 70 points (out of a possible 100) may be eligible for funding. In the September 2013 announcement, CD noted that proposals for new consortia groups covering geographic areas in California that are not represented by the 14 existing Consortia would receive priority consideration.

Notice

The Commission received five applications by the January 17, 2014 deadline. In compliance with D.11-06-038, CD posted the following information regarding the consortia applications on the CPUC's Consortia Grant Account webpage: the proposed consortium's name, contact information, and coverage area by county.

Discussion

³ P.U. Code § 281(b)(1).

CD reviewed the five applications according to the guidelines, requirements, and evaluation criteria adopted in D.11-06-038⁴, using the following categories:

1. Regional Consortium Representation and Endorsements;
2. Regional Consortium / Members' Experience;
3. Action Plan;
4. Work Plan; and
5. Budget

CD rated and ranked the applications. Three applicants met the minimum score of 70 points; two did not. The two other applications that scored 70 points or higher require further clarification and/or development before staff can consider them for Commission approval. The Gold Country Tahoe Basin Project scored 92 points, and, after some additional clarification, CD determined it qualified for funding.

The Gold Country Tahoe Basin Project is a regional initiative under the Gold Country Consortium, organized by the Tahoe Prosperity Center, with the Sierra Economic Development Corporation (SEDCorp) continuing to act as the Consortium fiscal agent. The grant will supplement the existing Gold Country Consortium budget. The Tahoe Basin Project's purpose is to improve and expand broadband infrastructure, provide greater broadband access and help facilitate broadband adoption around the Lake Tahoe Basin, with a particular focus on El Dorado and Placer Counties.

The Tahoe Basin has many unique aspects beyond its environment, including multiple state and local jurisdictions, including the Tahoe Regional Planning Agency, the U.S. Forest Service, five counties in two states, one municipality and multiple local entities. The Tahoe Basin also has a large economic and digital divide separating wealthier residents and tourists from low-income residents. For example, the public school systems within the Basin have experienced exponential increases in the number of students qualifying for the Free and Reduced Lunch program, ranging from 42% in Tahoe Truckee Unified to 64% in Lake Tahoe Unified. Broadband infrastructure is identified in the 2010 Lake Tahoe Basin Prosperity Plan as one of the top barriers to the equitable growth in the area, included in sectors such as e-Health, telemedicine, distance learning, scientific research and resource management, sustainable tourism, hosting of large-scale sporting events, attraction of new environmentally beneficial businesses, export of environmental innovations, e-government and public safety.

The Tahoe Prosperity Center was formed to develop and execute Basin-wide initiatives to address the aforementioned challenges with the collaborative leadership from the public, private and philanthropic entities. To assist in this effort, the Tahoe Prosperity Center submitted a CASF Consortia grant application, under the Gold Country Consortium's fiscal oversight.

The Tahoe Prosperity Center is a 501(c) (3) non-profit organization formed by the Lake Tahoe Basin Prosperity Plan, which presented a framework for environmental stewardship through economic revitalization. The Tahoe Prosperity Center board includes representatives from the Basin's governmental jurisdictions, two Chambers of Commerce, the Tahoe Transportation

⁴ D.11-06-038, Ordering Paragraph 16, adopted a minimum threshold score of 70 points to be considered for funding.

District, the Tahoe Regional Planning Agency, as well as the non-profit, education, science, health and business communities.

The Tahoe Basin Project will involve undertaking the following key activities:

1. Infrastructure Data Collection, Site Survey & Mapping;
2. A Broadband Needs Assessment;
3. Analysis of the assessment; and
4. Broadband Development Plan Implementation, including the development of broadband Internet infrastructure projects.

Although the California portion of the Tahoe Basin is included as an area under the existing Gold Country Broadband Consortium, Gold Country's Commission approved work plan has focused on more rural communities, particularly unserved areas in western Placer and El Dorado Counties. Thus, Tahoe Prosperity Center proponents assert that the area is underrepresented by the current, Commission-approved Consortium structure. During the previous Consortia funding round, the Commission received an application from the proposed CFNC-Central El Dorado County Regional Broadband Consortium, comprised of Camino Fiber Network Cooperative (CFNC), the El Dorado County Office of Education, and the El Dorado Chamber of Commerce, to represent certain communities in the Tahoe Basin. That application scored below the minimum 70-point threshold and the Commission did not award it a grant.

Approving this application for new activities in the Gold Country Broadband Consortium's region would also require the Commission to exempt the Consortium from the funding limits contained in D.11-06-038. CD staff recommends approving both the grant and the exemption because the Tahoe Basin Project scored exceptionally well and presents the Commission with a unique opportunity to leverage the existing capabilities and leadership of the Tahoe Prosperity Center, to provide new economic development opportunities in the area, and also contribute to the Commission's legislatively-mandated goal of awarding by December 31, 2015 CASF infrastructure projects that will serve 98 percent of households in California. After discussions with CD staff, the applicant modified its work plan and budget so that it could assist in developing broadband Internet infrastructure project applications that the Commission could approve by the December 31, 2015 deadline. The applicant will fast track its proposed infrastructure and needs assessment activities so that it will be able to identify the unserved and underserved areas in the region and then prioritize which projects it will seek CASF grants, with the goal of facilitating the development of three CASF-eligible infrastructure projects by the end of 2015. In order to achieve this goal, the applicant requested that the Commission approve the grant in May, 2014 to allow it to plan for seasonal weather constraints.

CD recommends that the Commission award the Golden Country Consortium a grant for work related to the Tahoe Basin Project. This award will cover the project's first-year of operations and allow it to receive CASF funding covering second year operations, subject to satisfactory performance and submission of annual work plans as discussed later in this resolution.

Consortium Administration

With the Commission's approval of this application, the Tahoe Basin Project will need to comply with administrative requirements and guidelines, including those outlined below.

Initial Work Plan Adjustments and Project Start Date

The Tahoe Basin Project will commence work on the date of Commission approval.

Quarterly Progress Reports

Each consortia grantee must submit a written quarterly progress report at the end of each calendar quarter that discusses activities and achievements accomplished. As needed, CD will contact the grantee for follow-up discussions.

Year 2 Budget Renewal

To receive approval of the Year 2 budget allowance authorized by this resolution, the Tahoe Basin Project must submit Work Plans for approval by March 15, 2015.

Payment Process

As previously addressed in D.11-06-038, grantees may request reimbursement of start-up costs equivalent to a maximum of 10% of the award. All subsequent requests for reimbursement must be submitted with the Quarterly Progress Report and must be supported by receipts, invoices, and other financial documentation.

Non-Compliance

Should the grant recipient fail to complete the project, the recipient must reimburse some or all of the Consortia Grant Account moneys that were received. CD may hold grant payments if the consortia grantee does not comply with any of the requirements in this resolution.

Comments on Draft Resolution

In compliance with P.U. Code § 311(g), on April 15, 2014, CD emailed a notice letter to parties on the service lists of Rulemaking (R.) 10-12-008 and R.06-06-028, CASF applicants, and telecommunications carriers registered with the Commission of the availability of the draft of this resolution for public comments at the Commission's web site <http://www.cpuc.ca.gov/PUC/documents>. This letter also informed parties that the final resolution adopted by the Commission will be posted and available at the same web site.

Findings

1. Pursuant to P.U. Code section 281(d), the purpose of the Rural and Regional Urban Consortia Account (Consortia Grant Account) is "to fund the cost of broadband deployment activities other than the capital cost of facilities, as specified by the Commission." Pursuant to P.U. Code section 281(b)(1), the Consortia Grant Account contains \$10 million.
2. In D.11-06-038 (June 23, 2011), the Commission adopted procedures and guidelines regarding the Consortia Grant Account's application, evaluation, and selection processes.

3. Applicants must submit detailed Action Plans, Work Plans and budgets outlining projects that will promote ubiquitous broadband deployment in unserved and underserved areas and advance broadband adoption throughout California.
4. Five prospective consortia applicants submitted proposals by the January 17, 2014 deadline.
5. CD reviewed each application according to the guidelines, requirements, and evaluation criteria adopted in D.11-06-038, which include regional consortium representation and endorsements, regional consortium's/members' experience, action plans and work plans, and budget.
6. Staff rated and ranked the applications to determine eligibility for Consortia grants. Three applications scored sufficiently to merit consideration. CD recommends funding the Tahoe Basin Project at this time while it clarifies work plans with the other two applicants that received sufficient scores. Two applications rated below the minimum passing score and will not receive CD's funding recommendation.
7. D.11-06-038 limited consortia to only one regional consortium per geographic region and capped grant funding at \$150,000 per year for each consortium for the first year and a maximum total cap of \$450,000 for three years. In D.11-07-034 (issued July 18, 2011), the Commission further clarified that within in the Los Angeles region, the adopted annual and three-year funding caps apply to each separate larger umbrella consortium seeking funding. Thus, each eligible umbrella consortium may seek funding up to the adopted \$150,000 per year and \$450,000 three-year funding caps.
8. Approving the new activities proposed in the Tahoe Basin Project application would require the Commission to exempt the Gold Country Consortium from the standard funding limits.
9. CD staff recommends approving both the grant and the exemption because the Tahoe Basin Project scored exceptionally well and presents the Commission with a unique opportunity to leverage the existing capabilities and leadership of the Tahoe Prosperity Center, to provide new economic development opportunities in the area, and also contribute to the Commission's legislatively-mandated goal of awarding by December 31, 2015 CASF infrastructure projects that will serve 98 percent of households in California.
10. This resolution approves \$167,000 in CASF Consortia Grant funding for the Gold Country Tahoe Basin Project.

THEREFORE, IT IS ORDERED that:

1. The Commission awards \$167,000 in CASF Rural and Urban Regional Consortia Grant Account funding for the Tahoe Basin Project, with the Tahoe Prosperity Council as its sponsoring agency, under the already approved Gold Country Consortium, and Sierra Economic Development Corporation as its Fiscal Agent.
2. The Commission exempts the Gold Country Consortium from the maximum \$150,000 annual grant maximum set forth in D. 11-06-038.
3. To receive Year 2 of the budget allowance authorized by this resolution, the consortium shall submit Work Plans for approval by March 15, 2015.

4. The disbursement of funds shall be subject to the requirements set forth in D.11-06-038 including the submission of periodic progress reports and supporting documentation for payment reimbursement.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on May 15, 2014. The following Commissioners approved it:

PAUL CLANON
Executive Director