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**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**Communications Division  
Carrier Oversight and Programs Branch**

**RESOLUTION T- 17241  
November 20, 2009**

**R E S O L U T I O N**

**Resolution T-17241 Funding Approval for the Race Telecommunications (U-7060-C) Last Mile Project, from the California Advanced Services Fund (CASF), Amounting to \$9,500,864.**

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**Summary**

This Resolution adopts contingent funding for the Race Telecommunications, Inc. (Race) Last Mile project, amounting to \$9,500,864 from the California Advanced Services Fund (CASF). The amount granted represents 10% of the project costs to provide broadband service to unserved and underserved areas in accordance with Commission Resolution T-17143 and Decision (D.) 09-07-020.

**Background**

On December 20, 2007, the Commission approved D.07-12-054 which established the two-year CASF program to provide matching funds of up to 40% of the total project costs for the deployment of broadband infrastructure in underserved and underserved areas in California.<sup>1</sup> Resolution T-17143, approved on June 12, 2008, adopted application requirements, scoring criteria for the award of funds, and a prescribed timeline for other filings and notifications including a projected Commission Meeting date for final approval of award(s). Resolution T-17143 directed interested applicants seeking funding for unserved and underserved projects, to file their project proposals and funding requests beginning July 24, 2008 and August 25, 2008, respectively.

On July 9, 2009, the Commission issued D.09-07-020 establishing new schedules and plans for the filing, review and approval of an additional round of broadband project requests. This decision also provides the potential for the applicants to seek CASF program funding while pursuing funding for broadband deployment grants issued under the American Recovery

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<sup>1</sup> SB 1193 (Chapter 393, Stats. of 2008) established the California Advanced Services Fund as a new public purpose program.

and Reinvestment Act (ARRA).<sup>2</sup> Because the federal grants under ARRA can fund up to 80% of the project, the Commission provided applicants in D.09-07-020 the opportunity to seek an additional 10% funding coverage from the CASF, leaving only 10% for the applicant to provide.

As of October 29, 2009, \$15.12 million has been granted for 30 projects covering 4,942 square miles, benefiting 41,209 potential households as follows:

- Unserved- \$11.64 million, 16 projects, 4,284 square miles, and 32,284 households
- Underserved- \$3.48 million, 14 projects, 658 square miles, 8,925 households.

### **Notice/Protests**

The Census Block Group (CBG) list for the Race Last Mile project appeared by county on the Commission's CASF website page under "(1) UNSERVED areas proposed to be served as of August 14, 2009: Census Block Groups (CBGs)," and (2) UNDERSERVED areas proposed to be served as of August 14, 2009: Census Block Groups (CBGs)". Comcast and AT&T filed challenges against all thirty-three (33) of the proposed CBGs. Communications Division (CD) proceeded to review and analyze these project areas to verify that they were indeed unserved and/or underserved as of the applicants' filing date.

### **Discussion**

This resolution adopts contingent funding of \$9,500,864 for the proposed Race Last Mile project in Kern County. This project is described in detail in Appendix A, pages A-1 and A-2. Maps of the proposed project can be found on pages A-3 and A-4 of Appendix A. Race submitted its Last Mile application on August 14, 2009. The total project cost is estimated at \$95,008,638 of which 10%, or \$9,500,864, is being requested from CASF as a match to their 80% ARRA fund request.

Race's Last Mile project proposes to deploy a long-haul fiber optic backbone network from Los Angeles to a regional data center and central office with collocation facilities in Kern County, to serve five markets within the county. Once the fiber optic facilities are placed and the data center and central office are established near the center of the regional network, a fiber optic backbone network will be built from the data center to the five markets. Five local distribution rings will be built from the data center and central office to serve the residents and businesses in the designated markets of California City, the Boron and Rosamond Census Designated Places (CDPs), the Mojave, Golden Hills, Bear Valley Springs, and Stallion Springs CDPs, and the cities of Tehachapi and Arvin.

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<sup>2</sup> The American Recovery and Reinvestment Act (ARRA) appropriates \$7.2 billion for grants and loans to support broadband deployment on a national level. ARRA offers a unique and ground breaking opportunity for California to partner with the federal government and other state agencies in advancing the goal of bridging the digital divide.

The 152-mile network will be built using 288 strand single-mode fiber. The total proposed project of 444 square miles surrounds unserved and underserved areas of 24,352 households and 1,274 businesses, and Race proposes to deploy the network so that it passes and has the capacity to serve every household and business in the specified markets. Some portion of the capacity will be reserved for public benefit organizations such as fire and police departments, hospitals, and educational institutions who desire to have their own fiber optic network to improve community services. Race estimates that the project would be completed within 36 months from the beginning of construction, expected to start upon approval of this resolution.

Race proposes to offer high-speed internet access service at speeds of up to 100 mbps download and up to 25 mbps upload. The following table outlines Race’s initial product and pricing service strategy. Race’s proposal includes a commitment to honor these prices for at least 24 months from initial service deployment, with no term commitments required of customers who subscribe to the entry broadband package. Race did not propose a list of non-recurring charges. Standard business terms and conditions will apply to all customer accounts, and accounts will be required to remain current and comply with the Race Acceptable Use Policy.

**Race Telecommunications Inc., Product and Pricing Proposal**

Tier Designation	Advertised Speeds		Average Speeds		Pricing Plan \$ per Month
	Downstream mbps	Upstream mbps	Downstream mbps	Upstream mbps	
<b>Residential</b>					
Entry-Level	1	1	0.84	0.84	<b>\$15.00</b>
Mid-Grade	25	15	21	12.6	<b>\$45.00</b>
Maximum	100	25	84	21	<b>\$100.00</b>
Other Residential Tiers	50	20	42	16.8	<b>\$65.00</b>
<b>Non-Residential</b>					
Entry Level	25	15	21	12.6	<b>\$60.00</b>
Maximum	100	25	84	21	<b>\$200.00</b>

Race asserts that the CBG areas within their proposal have been historically unserved and underserved by the region’s Local Exchange Carriers (LECs). Race describes Kern County as generally sparsely populated and somewhat remote, with investor-owned carriers prioritizing capital deployment to the more populated areas of Kern County, so that by serving these markets the LECs can yield greater returns for their investors. Race cites that it is ironic that Kern County is a center for renewable energy, soon to host what will be the largest wind farm in California, while also possessing an aeronautical research center and being home to both Edwards Air Force Base and the Mojave Airport, yet all of these facilities have limited broadband technology access. As a result, economic development suffers and

where available, its residents pay some of the highest prices in the state for broadband services.

Among those public benefit organizations and anchor institutions that have a collaborative interest in Race receiving project approval are the City of Arvin, the Arvin Police Department, City of Tehachapi, Tehachapi Police Department, Bear Valley Community Services District,

Bear Valley Police Department, and the Mojave Air and Space Port. All of these organizations have provided documented support to Race for this project.

For qualification purposes under the CASF program, unserved areas are defined as areas not served by any form of facilities-based broadband, or where internet connectivity is available only through dial-up service or satellite. Likewise, underserved areas are defined as areas where broadband is available but no facilities-based provider offers service at speeds of at least 3 mbps download and 1 mbps upload.

Communications Division (CD) reviewed this project's eligibility through analysis of the required submitted data. These data include, but are not limited to: proof of Certificate of Public Convenience and Necessity (CPCN) registration; descriptions of current and proposed broadband infrastructure; Geographic Information System (GIS) formatted Shapefiles mapping the subject areas; assertion that the area is unserved and/or underserved; potential subscriber size and household incomes; project construction schedule; project budget; proposed pricing and commitment period for new subscribers; and, financial qualifications of the applicant. In addition, CD reviewed the submitted Shapefiles, which mapped the broadband deployment proposed using United States 2000 Census data, the January, 2008, Broadband Task Force Report (BBTF) including its on-line maps, and the revised August 10, 2009, California Broadband Task Force (CBTF) maps, among others. CD conducted its independent review and analysis of the Race Last Mile project to verify that the areas proposed to be served by Race did not coincide with areas shown as served and not unserved or underserved on the updated broadband availability maps.

Comcast and AT&T formally challenged all thirty-three (33) of the CBGs in this project. Race responded to all challenges by submitting extensive data along with testimonial letters from a number of residents, businesses, and public benefit organizations, attesting to the lack of broadband facilities or their inability to gain broadband access. Race then resubmitted a proposal to serve thirty-two (32) of the 33 CBGs, including parts of two of the CBGs where approval is already pending for Inyo Networks, Inc.'s (Inyo) Last Mile proposal to serve some, but not all, areas of those two CBGs. Under the resubmitted proposal, the areas Race proposes to serve within these two CBGs do not overlap with the areas within these two CBGs that Inyo proposes to serve. Should Inyo fail to complete broadband service to these two CBGs, the Commission may consider Race as an alternative provider of broadband service.

Race's resubmitted proposal eliminated one CBG within which approval is already pending for Inyo's Last Mile project to serve that entire CBG. Should Inyo fail to complete broadband service in this CBG, the Commission may consider Race as an alternative provider of broadband service to customers for this entire CBG.

Race's resubmitted proposal took into consideration recalculated costs resulting from the changes. CD determined that the CBGs covering the proposed area are qualified as unserved and/or underserved as defined in Resolution T-17143.

When necessary, CD performed verification with applicants, which included requests for additional data and/or other communication with applicants in order to clarify their project proposals. CD has determined that the Race Last Mile project covers unserved and underserved broadband areas and is eligible to receive CASF funding.

Race Telecommunications, Inc. is certified by the Commission as a Competitive Local Exchange Carrier (CLEC), U-7060-C, with eight years of experience building fiber to the premise facilities. In accordance with Appendix A, IV.13, "Performance Bond Documentation" of Resolution T-17143, Race should be required to post a performance bond equal to the total amount payable under this CASF award, or 10% of the project cost, and provide a copy of the bond to CD in accordance with the existing CASF funding rules.

This project is the only proposal submitted for these unserved and underserved areas of California after the adoption of D.09-07-020. As such, the project will provide for an improved network that will deliver internet access to thousands of potential new subscribers, deliver broadband at faster speeds, and create a self-sufficient, sustainable capacity infrastructure for Race. The Race Last Mile project is, therefore, recommended for approval and award of CASF funding.

Race should be required to comply with all the guidelines, requirements and conditions associated with the granting of CASF funds as specified in Resolution T-17143, including submitting Form 477. As this project is subject to the California Environmental Quality Act (CEQA), the Commission must complete CEQA review prior to disbursing CASF funds to Race for project construction. Race continues to identify any other special permit requirements and will provide those with a cross-reference to the government agencies from which the permits will be or have been required for this project in compliance with all other guidelines, requirements, and conditions associated with the granting of CASF funds as specified in T-17143 including the submission of FCC Form 477.

### **Payments to CASF Recipients**

Submission of invoices from and payments to Race shall be made in accordance with Section IX of Appendix A of Resolution T-17143 and according to the guidelines and supporting documentation required in Resolution T-17143.

Payment to Race shall essentially follow the process adopted for funds created under Public Utilities Code §270. The following table describes the timeline for processing CASF payments.

<b>Event</b>	<b>Payment Cycle 1 (Day/Month)</b>	<b>Payment Cycle 2 (Day/Month)</b>
Invoices due from Race Telecommunications, Inc. to CD	5 <sup>th</sup> of Month 1	20 <sup>th</sup> of Month 1
Payment letters from CD to Information and Management Services Division (IMSD) <sup>3</sup>	On 19 <sup>th</sup> of Month 1	On 4 <sup>th</sup> of Month 2
Invoices submitted from IMSD to State Controller's Office (SCO) for payments	20 <sup>th</sup> through 26 <sup>th</sup> of Month 1	5 <sup>th</sup> through 13 <sup>th</sup> of Month 2

Race may submit its invoices under Payment Cycle 1 or 2.

If any date in this payment schedule falls on a weekend or holiday, that date will be advanced to the next business day but the remaining dates in the payment schedule will remain unchanged. The SCO requires 14 to 21 days to issue payment from the day that requests are received by SCO. Approval and disbursement of the first 25% CASF payment is contingent upon Race Telecommunications, Inc. receiving (1) ARRA funding approval, and (2) completion of the Commission's CEQA review.

### **Comments on Draft Resolution**

In compliance with PU Code § 311(g), a notice letter was emailed on October 21, 2009, informing a) all CASF applicants filing under D.09-07-020, and b) parties on the service list of R.06-06-028 of the availability of the draft of this resolution for public comments at the Commission's website <http://www.cpuc.ca.gov/static/documents/index.htm>. This letter also informed parties that the final conformed resolution adopted by the Commission will be posted and will be available at this same website.

The Commission's Division of Ratepayer Advocates (DRA) submitted comments on November 3, 2009. DRA's comments address concerns involving the need for more granular information from CASF applicants and greater transparency in the evaluation process. DRA stated that (A) project costs are too high on a "per household" basis, (B) project costs are confusing, and (C) the CASF program requires an audit. We limit our response below to the first and last of these three statements. The second of DRA's three comments regarding

<sup>3</sup> The above schedule is contingent on the CASF recipient submitting clear, complete, and error-free invoices to CD. Additional time to process payments may be necessary if CD finds problems with the submitted invoices.

confusing project costs is specific to Mid-Mile applications and is not applicable in this resolution addressing Race's Last Mile project.

*Project Costs Are Too High on a "Per-Household" Basis*

DRA recommended that the Commission set a benchmark to determine the reasonableness of project costs and commented on the following:

- No justification is required from the applicant on the project cost
- A purported "competitive bidding" process is relied on to keep project costs in check
- No competition is evident except in the area covered by Resolution T-17197.

Further, DRA recommended that the Commission should perform a cost review of applications for areas where there are no competitive bids since it believes the market cannot constrain costs and cannot check on cost reasonableness where competition does not exist.

DRA also suggesting using a benchmark cost per household from past CASF projects to compare costs of various pending CASF projects as a proxy to determine whether costs are reasonable. DRA calculated the cost per household to be \$956 based on projects approved as of September 24<sup>th</sup> and it has taken issue with those pending resolutions (e.g. Race, Ponderosa Cablevision) with DRA-calculated cost per household figures for these pending resolutions above this level.

In reviewing DRA's comments, we note that its comments are flawed. DRA miscalculated the cost per household relying on total costs rather than CASF costs and has erroneously assumed that all of the CASF projects approved as of September 24, 2009 are seeking 40% funding. The Lookout Project, for instance, only requested for 10% CASF funding to match their request for 80% funding from ARRA. Also, some of the projects include Contribution in Aid of Construction costs in addition to the 40% CASF funds. Thus, if the total CASF funds approved to date as of September 24, 2009 of \$12.6 million is divided by the total number of households at 32,943, the result would be \$384 per household, not \$956.

Additionally, DRA has miscalculated reported cost for household figures. As examples, the actual CASF cost per household for Ponderosa is \$389 while that for Race Communications is \$390 not \$3,889 and \$3,901, respectively, as DRA has computed. DRA erred in using total project costs instead of CASF funds granted in computing cost per household.

More importantly, DRA misses the point in seeking to analyze costs of individual projects. The Commission has already determined that CASF cost per household data cannot be standardized for all areas. In fact, the latest response to this issue is on page 12 of Resolution T-17233, where the Commission states that:

“TURN and DRA comments seem to miss the overriding goal of the CASF program - that is to provide broadband service to areas where there is none or to improve the quality of broadband service to areas that currently suffer from unreliable, spotty and inferior speeds not geared towards the present economic and business need. It was not the intent of the Commission to set a ceiling or an absolute minimum that applicants need to meet in order to qualify for funding. As the Commission has stated in several CASF resolutions adopting funding for projects, “low speed is better than no speed”. Likewise, the areas that are being funded and will be funded by CASF are areas that have no broadband precisely because these are high cost areas that are characterized by rugged terrain and low population density, which would not otherwise be economically viable or make business sense for private entities to invest in without CASF funding assistance.”

In summary, CASF project costs cannot be standardized precisely because not all areas have the same topographical characteristics, the same demographics or can be served by the same technology or infrastructure. Accordingly, we do not agree with the DRA recommendation that past approved CASF projects covering different areas should be used as an absolute basis to deny pending CASF projects, as it would unfairly prevent residents in areas of the state from receiving broadband service simply because they live in areas that are more costly to serve.

With respect to DRA competitive bidding comments, again this issue has been previously raised by DRA and addressed by the Commission. The Commission has already stated in Resolutions T-17234 and T-17229:

“as the CASF/ARRA process relies on a competitive bidding process to keep an applicant’s costs and proposed installation fees in check, rather than a cost reasonableness review requiring the applicant to justify details of specific project costs and proposed installation fees. Under the established CASF/ARRA process, an applicant risks not receiving a CASF/ARRA award if its costs are too high and other carriers bid at



lower costs.”

Page 13 of Resolution T-17233 also states:

“We also take exception to the statement of parties that there is no competition. Under existing rules, CBGs and Zip Codes are posted on the CASF webpage 7 days after an application is received. Any party who wishes to submit a competing application may do so by submitting a letter of intent to submit a counter-proposal and / or submit a counter-proposal directly within the prescribed timelines as stated in Resolution T-17143 and D.09-07-020. As Resolution T-17197 and draft Resolution T-17225 demonstrate, competition does exist.”

Where there is no counter-proposal or competing proposal submitted for an area, this implies that the broadband cost for developing broadband infrastructure in the area is too high that even with the 40% or 10% CASF funds match, broadband providers are not confident that it would make business sense for them to invest in the area.

In summary, we believe the CASF competitive bidding process renders cost reasonableness review as an unnecessary step in our program and one that will cause unserved and underserved communities in the state a delay in receiving broadband service.

#### *The CASF Program Requires an Audit*

DRA commented that all resolutions should include an audit requirement as provided in the CASF legislation and D.07-12-054. However, we note that all resolutions have an Ordering Paragraph to the effect that they will comply with all the guidelines, requirements and conditions associated with the CASF funds award as specified in resolution T-17143 and D.07-09-020. Page A-14 of Resolution T-17143 describes the payment procedure, which includes the submission of progress reports and invoices, as well as the right of the Commission to conduct any necessary audit, verification, and discovery during project implementation / construction to ensure that CASF funds are spent in accordance with Commission approval. Thus, the audit requirement and all other requirements applicable to CASF fund recipients as specified in Resolution T-17143 are already addressed the Ordering Paragraph.

Likewise, as DRA pointed out, the Commission, in SB 1193 and AB 1555, financial and performance audits of the implementation and effectiveness of the CASF are required and a report on the said audits submitted to the Legislature by December 31, 2010. The Commission will comply with this requirement.

#### **Conclusion**

The Commission finds CD’s recommended contingent CASF funds award for unserved and underserved areas in the Race Last Mile project as discussed in this resolution and summarized in Appendix A to be reasonable and consistent with Commission orders, and,

therefore, adopts such award. Race's contingent funding is based on receiving ARRA funding. If Race is unable to obtain ARRA funding and as a result will not build the Last Mile project, then Race should notify the CD Director that the project will not be built so that CASF funds earmarked for Race may be reallocated. Race is also required to post a performance bond and provide a copy of the bond to CD as directed in this resolution.

## Findings

1. The California Advanced Services Fund (CASF) was implemented by Decision (D.) 07-12-054.
2. The CASF was established as a two-year program that will provide matching funds of up to 40% of the total project costs for the deployment of broadband infrastructure in unserved and underserved areas in California.
3. Resolution T-17143, approved on June 12, 2008, adopts the application requirements and scoring criteria for the award of funds, a prescribed timeline for other filings, and notifications including a projected Commission Meeting date for final approval of award(s). T-17143 directed interested applicants seeking funding for unserved and underserved projects to file their project proposals and funding requests beginning July 24, 2008.
4. On July 9, 2009, the Commission issued D.09-07-020 approving a new CASF schedule and plan for an additional round of broadband projects that would complement broadband grants awarded under the federal government's American Recovery and Reinvestment Act (ARRA). While retaining the 40% matching grant process, the Commission in this Decision authorized providers an option of seeking a 10% grant from the CASF concurrent with efforts to seek an 80% grant from the ARRA fund.
5. A list of census block groups (CBGs) appeared by county on the Commission's CASF website page under "UNSERVED areas proposed to be served as of August 14, 2009: Census Block Groups (CBGs)", and "UNDERSERVED areas proposed to be served as of August 14, 2009: Census Block Groups (CBGs)." CD proceeded with an independent review and analysis of this project area to verify that it was unserved and/or underserved as of the applicant's filing date.
6. Race Telecommunications, Inc. submitted a CASF application on August 14, 2009.
7. Race's Telecommunications, Inc.'s Last Mile project proposes to deploy a long-haul fiber optic backbone network from Los Angeles to a regional data center and central office with collocation facilities in Kern County.
8. Five local distribution rings would be built from the data center and central office to serve residents and businesses in five markets. The project proposes fiber-to-the-premise construction to 24,352 houses and 1,274 businesses in the communities of Boron, California City, Rosamond, Mojave, Golden Hills, Bear Valley Springs, Stallion Springs, Tehachapi, and Arvin, in Kern County.

9. Race Telecommunications, Inc.'s project proposal includes a commitment to reserve a portion of its network capacity for public benefit organizations who desire to have their own fiber optic network to improve community services.
10. Several public benefit organizations and anchor institutions with a collaborative interest in Race Telecommunications, Inc., receiving project approval, including hospitals, city administrations, fire, and police departments, have provided documented support in favor of this application.
11. Unserved areas are defined as areas not served by any form of facilities-based broadband, or where internet connectivity is available only through dial-up service or satellite.
12. Underserved areas are defined as areas where broadband is available but no facilities-based provider offers services at speeds of at least 3 mbps download and 1 mbps upload.
13. CD reviewed the Race Telecommunications, Inc., Last Mile project eligibility through the analysis of required data submitted. These data include, but are not limited to: proof of Certificate of Public Convenience and Necessity (CPCN) registration; descriptions of current and proposed broadband infrastructure; Geographic Information System (GIS) formatted Shapefiles mapping the subject areas; assertion that the area is underserved; potential subscriber size and household incomes; project construction schedule; project budget; proposed pricing and commitment period for new subscribers; and, financial qualifications of the applicant.
14. Shapefiles, which mapped the broadband deployment, were reviewed by CD using sources including, but not limited to, the United States 2000 Census data, the January, 2008, Broadband Task Force Report, and the revised August 10, 2009, California Broadband Task Force map, among others. These maps helped to verify the existence or non-existence of broadband service areas and broadband speeds, where available.
15. CD verified this project, and, when necessary, requested additional information and/or meetings with the applicant to clarify its project proposal. Comcast and AT&T formally challenged all of the thirty-three (33) Census Block Groups (CBGs) in Race Telecommunications, Inc.'s proposal. Race then addressed all challenges by submitting extensive data along with testimonial letters attesting to the lack of broadband facilities or the complete inability of households and businesses to gain broadband access in these areas.
16. CD conducted an independent review and analysis of the Race Telecommunications, Inc. proposal, which included discussion with Race regarding their proposal. Race Telecommunications, Inc. then resubmitted their proposal, withdrawing their proposal for 1 CBG and redrawing the boundaries of their proposal within 2 CBGs to account for another carrier's previously submitted Last Mile proposal for portions of those CBGs, while recalculating project costs based on the withdrawal and redrawing of boundaries. Race Telecommunications, Inc. resubmitted a proposal to serve all or part of thirty-two (32) CBGs, under recalculated costs.
17. CD determined that the CBGs covering the proposed area are qualified as unserved and underserved as defined in Resolution T-17143.

18. After its review, CD determined the Race Telecommunications, Inc. Last Mile project application for unserved and underserved areas covering thirty-two (32) CBGs as eligible to receive funding under CASF.
19. Race Telecommunications, Inc., is certified as a Competitive Local Exchange Carrier (CLEC), U-7060-C, with eight years of experience building fiber to the premise facilities.
20. Race Telecommunications, Inc. should be required to post a performance bond equal to the total amount payable under this CASF award, or 10% of the project cost, and provide a copy of the bond to CD in accordance with the existing CASF funding rules.
21. Race Telecommunications, Inc. should comply with all guidelines, requirements, and conditions associated with the granting of CASF funds as specified in Resolution T-17143 including the submission of FCC Form 477.
22. The Commission can neither approve nor disburse the first 25% CASF payment and Race cannot conduct ground breaking activities until the Commission has completed Environmental Quality Act (CEQA) review.
23. A notice letter was emailed on October 21, 2009, informing a) all applicants filing for unserved and underserved areas and, b) parties on the service list of R.06-06-028 of the availability of the draft of this Resolution for public comments at the Commission's website <http://www.cpuc.ca.gov/static/documents/index.htm>. This letter also informed parties that the final conformed Resolution adopted by the Commission will be posted and available at this same website.
24. The Commission's Division of Ratepayer Advocates (DRA) submitted timely comments on November 5, 2009. The comments are addressed in this resolution.
25. The contingent CASF award for Race for unserved and underserved areas in the Race Last Mile project, and as discussed in this resolution and summarized in Appendix A, is reasonable and consistent with Commission orders.
26. Race Telecommunications, Inc.'s contingent funding is based on Race first receiving ARRA funding.
27. If Race is unable to obtain ARRA funding and will not build the Last Mile project, then Race Telecommunications, Inc. should notify the CD Director that the project will not be built so that CASF funds earmarked for Race may be reallocated.

**THEREFORE, IT IS ORDERED that:**

1. The California Advanced Services Fund shall award contingent funding of \$9,500,864 from the California Advanced Services Fund to Race Telecommunications Inc., for the Last Mile project to provide service in unserved and underserved areas as described in the Discussion section and summarized in Appendix A of this resolution. The award is contingent on Race Telecommunications, Inc. receiving an ARRA grant for 80% of the total estimated project cost.



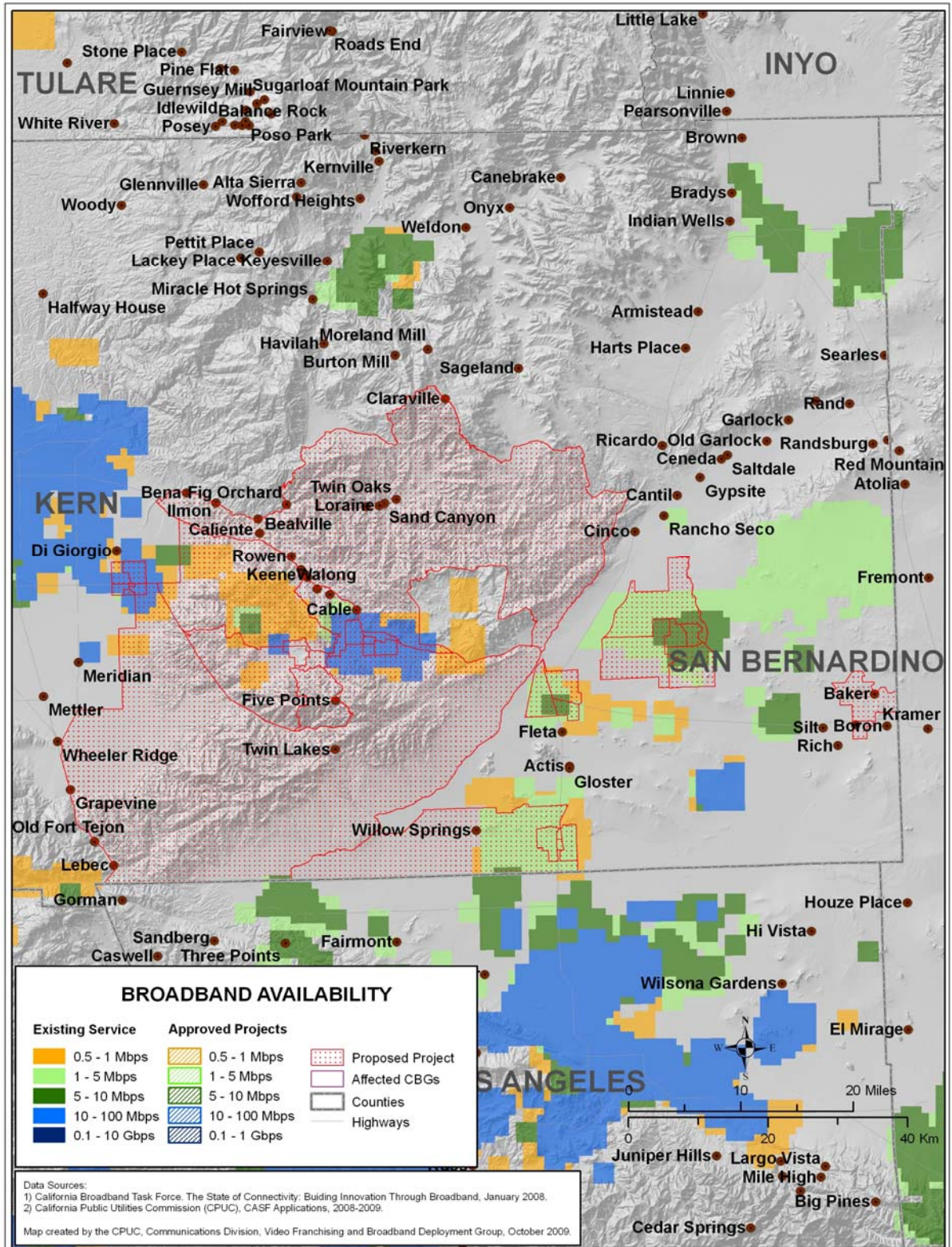
**APPENDIX A**  
**Resolution T- 17241**  
**Race Telecommunications, Inc. Last Mile Project, Key Information**

<b>1</b>	<b>Project ID</b>	<b>338</b>	
<b>2</b>	<b>Project Name</b>	<b>Race Telecommunications, Inc., Last Mile</b>	
<b>3</b>	<b>Project Plan</b>	(1) <b>Fiber-to-the-premise</b> network; end-to-end fiber optic network from the Internet source in Los Angeles to the end-user premise. System will be standards-based and designed upon Open Systems Interconnection (OSI) standards.	
<b>4</b>	<b>Project Size (in square miles)</b>	<b>444</b>	
<b>5</b>	<b>Download speed</b>	up to 44 mbps	
<b>6</b>	<b>Upload speed</b>	Up to 15 mbps	
<b>7</b>	<b>Location</b>	Kern County	
<b>a)</b>	<b>Community Names</b>	Arvin, Bear Valley Springs CDP, Boron CDP, California City, Golden Hills CDP, Mojave CDP, Rosamond CDP, Stallion Springs CDP, Tehachapi	
<b>b)</b>	<b>CBGs / Household Income</b>	<b>CBG</b>	<b>Income</b>
1		60290056001	\$40,800
2		60290056002	\$40,800
3		60290055051	\$45,868
4		60290055052	\$45,868
5		60290055053	\$45,868
6		60290055054	\$45,868

Resolution T-17241  
 CD/FVR

7		60290055055	\$45,868
8		60290055062	\$42,029
9		60290058001	\$42,029
10		60290058002	\$42,029
11		60290058003	\$42,029
12		60290058004	\$42,029
13		60290059001	\$29,121
14		60290059002	\$29,121
15		60290059003	\$29,121
16		60290060031	\$19,333
17		60290060051	\$19,333
18		60290060052	\$27,388
19		60290060041	n/a
20		60290060053	n/a
21		60290060054	n/a
22		60290060055	\$51,029
23		60290061001	\$47,031
24		60290061002	\$47,031
25		60290061003	\$47,031
26		60290061004	\$47,031
27		60290063011	\$24,577
28		60290063012	\$24,577
29		60290063021	\$24,577
30		60290063022	\$24,577
31		60290063023	\$24,577
32		60290063024	\$24,577
<b>c)</b>	<b>ZIP Codes</b>	93516	
		93505	
		93560	
		93501	
		93561	
		93203	
<b>8</b>	<b>Estimated Potential Subscriber Size</b>		
<b>a)</b>	<b>Households</b>	24,352	
<b>9</b>	<b>Deployment Schedule</b>	Completion within 24 months of resolution approval.	
<b>10</b>	<b>Proposed Project Budget</b>	<b>\$95,008,638</b>	
<b>a)</b>	<b>CASF (10%)</b>	<b>\$9,500,864</b>	
<b>b)</b>	<b>CIAC</b>	<b>(n/a)</b>	
<b>c)</b>	<b>Amount of CASF Funds Requested</b>	<b>\$9,500,864</b>	

**APPENDIX A**  
**Resolution T- 17241**  
**Race Telecommunications, Inc. Last Mile Project Shapefiles**





APPENDIX A  
Resolution T- 17241  
Statewide Map



END OF APPENDIX A