



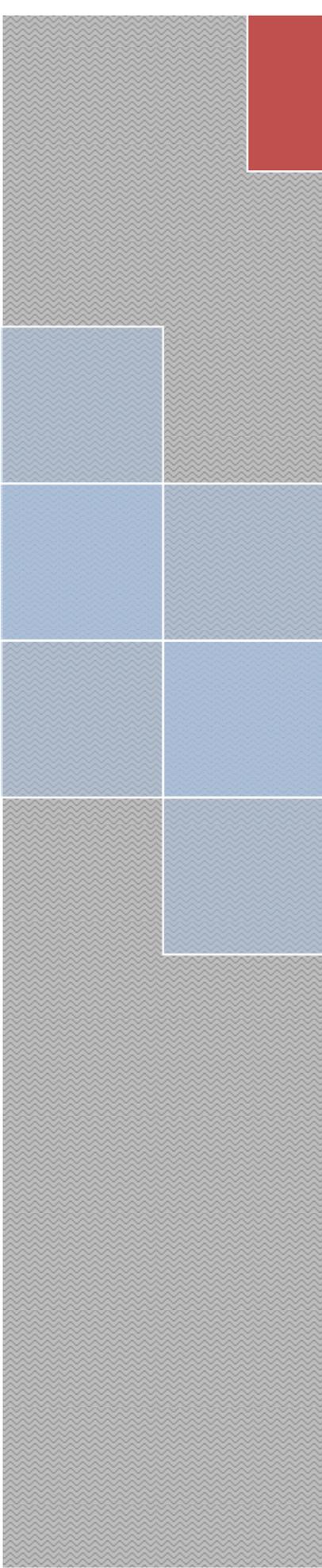
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## **ATTACHMENT 2**

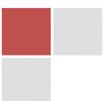
# **Proposed Revisions to Application Requirements and Guidelines for Broadband Grant Account**



# **CASF - The Broadband Infrastructure Grant Account**

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## **Proposed Revisions to Application Requirements and Guidelines**



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

*Date: Aug. 2, 2011  
Version 3.0*

---

## **Table of Contents**

---

## Table of Contents

I.	Background .....	- 5 -
II.	Amount Available for Grants .....	- 5 -
III.	Definitions .....	- 6 -
IV.	Who May Apply .....	- 7 -
V.	Information Required From Applicants .....	- 7 -
VI.	Submission and Timelines.....	- 14 -
VII.	Proposal Checklist .....	- 17 -
VIII.	Scoring Criteria .....	- 17 -
IX.	Selection.....	- 22 -
X.	Reporting.....	- 22 -
XI.	Payment .....	- 22 -
XII.	Execution and Performance.....	- 23 -

### Appendices

Appendix A - Information Sheet

Appendix B - Application Checklist

Appendix C - Notarized Affidavit

Appendix D - Sample Scoring Scenario Analysis

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

*Date: Aug. 2, 2011  
Version 3.0*

---

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

*Date: Aug. 2, 2011  
Version 3.0*

**I. Background**

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

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

**II. Amount Available for Grants**

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

The grant funding limits are as follows:

Unserved areas are eligible for a 70% CASF matching grant amount as the Commission

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

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

*Date: Aug. 2, 2011*  
*Version 3.0*

---

---

Underserved areas	60%	0%	40%
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considers unserved areas as having the highest priority. Typically, these areas are totally devoid of broadband service, are sparsely populated, characterized by difficult terrain and geography, with high broadband infrastructure development cost and thus, not financially attractive to private investors. The Commission hopes that the higher CASF matching funds will attract private investments to these areas as the funds required from the private investor will only be 10-30%, (depending on whether the applicant will avail of CASF loan facility).

Underserved areas are eligible for 60% CASF grants, 10% less than that allocated to unserved areas, as these areas already have broadband speed and the funding from CASF will be used to construct broadband infrastructure projects geared towards increasing the broadband speed to combined advertised speed of 10 mbps.

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

In areas where 10 or 40% CASF funding has already been granted, new CASF funding for broadband projects in the same area will be available only after 3 years from the start of broadband service of the CASF funded project in order to ensure that grantee(s) are able to realize returns on their investment.

### **III. Definitions**

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

An “underserved” area is an area where broadband is available, but no facilities-based provider offers service at speeds of at least combined speed of 10 mbps.

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

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

*Date: Aug. 2, 2011*  
*Version 3.0*

---

A California Broadband Interactive map and a National Broadband Interactive map are also made available showing the existing provider, the technology, and speeds available in specific areas.

#### **IV. Who May Apply**

CASF funding is limited to entities with a Certificate of Public Convenience and Necessity (CPCN) that qualify as a “telephone corporation” as defined under Public Utilities Code §234 or wireless carriers who are registered with the Commission. Wireless carriers need not obtain a CPCN to qualify for CASF funding. An entity who has a pending CPCN application to provide service as a “telephone corporation” may submit a request for CASF funding subject to approval of its CPCN. CASF funding is also available to a consortium as long as the lead financial agent for the consortium is an entity holding a CPCN or a wireless carrier registered with the CPUC.

Applicants are also encouraged to offer basic voice service to customers within the service area of the broadband deployment subject to the CASF award. Any such voice service offering must, at a minimum, meet FCC standards for E-911 service and battery back-up supply.<sup>1</sup> For purposes of the CASF, “basic service” is defined to include any form of voice-grade service including that offered through a wireless or VOIP service.

#### **V. Information Required From Applicants**

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

Each item will be listed and submitted as a document, unless otherwise specified, and in some cases also as data entered directly. A checklist (attached as Appendix \_\_\_ ) is also required to be filled out by the applicant in submitting the application online and included in the hard copy of the proposal. As the application will be required to be submitted online (with a hard copy sent to the CASF), the checklist will serve as a tool when submitting the application electronically.

##### **1. Funding Requested**

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

##### **2. Area applied for**

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<sup>1</sup> D.07-12-054, OP 16, pp. 62-63

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

*Date: Aug. 2, 2011  
Version 3.0*

---

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

**3. CPCN/ U-Number / CPUC Registration Proof**

*(As a single document)*

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

**4. Information sheet**

Applicant is required to submit the application sheet attached as Appendix A and a Certificate of Good Standing issued by the Secretary of State.

**5. Organizational Chart and Background**

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

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

**6. CASF Key Contact Information**

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

**7. Key Company Officers (list up to 5):**

- Position Title

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

*Date: Aug. 2, 2011*  
*Version 3.0*

---

- First Name
- Last Name
- Email
- Phone Number

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

### **8. Current Broadband Infrastructure Description**

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

### **9. Current Broadband Infrastructure Shapefile**

Shapefile (.shp) 2 of current service area. A shapefile is not a single file, but a collection of seven files - .dbf, .prj, .sbn, .sbx, .shx, .shp, .xml. Without all of these, the data cannot be read.

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

### **10. Proposed Broadband Project Description**

- Description of proposed broadband project plan for which CASF funding is being requested, including the type of technology to be used
- Project size (in square miles)
- Download speed capabilities of proposed facilities
- Upload speed capabilities of proposed facilities

The proposed broadband description should include a description of the type of technology to be provided in the proposed service areas.

The Commission established benchmark speed standards of combined speed of 10 mbps. Applicants may propose lower speeds; speed will be a criteria considered in evaluating the applications with higher speeds being preferable.

### **11. Proposed Broadband Project Location**

- Geographic locations by CBG(s) where broadband facilities will be deployed
- List of CBG(s),
- Number of households per CBG,

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<sup>2</sup> This file format is compatible with ArcGIS software used by the Commission.

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

*Date: Aug. 2, 2011  
Version 3.0*

---

- Median household income for each CBG that intersects the proposed project, to be based on most current Census data available, and
- List of ZIP Code(s) that intersect the proposed project.

## **12. Proposed Broadband Project Location Shapefile**

Shapefile (.shp) showing boundaries of the specific area to be served by the project. A shapefile is not a single file, but a collection of seven files - .dbf, .prj, .sbn, .sbx, .shx, .shp, .xml. Without all of these, the data cannot be read.

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

## **13. Assertion of Unserved or Underserved Area**

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

This includes figures, in mbps, of the current:

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

## **14. Estimated Potential Subscriber Size**

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

## **15. Deployment Schedule**

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

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

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

*Date: Aug. 2, 2011*  
*Version 3.0*

---

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

#### **16. Proposed Project Budget**

Proposed budget for the project including:

- a detailed breakdown of cost elements;
- amount of cost elements;
- availability of matching funds to be supplied by applicant;
- amount of available funds from each individual funding source; and
- the amount of CASF funds requested.

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

#### **17. Economic Life of all assets to be funded**

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

#### **18. Local Government and Community Support (optional)**

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

#### **19. Performance Bond Documentation**

An executed bond, equal to the total amount payable under the CASF award, should be addressed to the Executive Director and to the Director of Communications Division within five business days after the completion of the CEQA review. An applicant who certifies that 10, 20 30 or 40% of the total project costs they are providing comes from their capital budget and is not obtained from outside financing sources is not required to post a performance bond. The performance bond should be callable for failure to complete the CASF funded broadband project.

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

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

*Date: Aug. 2, 2011  
Version 3.0*

---

## **20. Proposed Pricing**

Proposed (two - years fixed) monthly subscription fee for applicant's proposed broadband service(s). The monthly subscription fee should be the sum of all recurring rates and non-recurring charges the customer must pay to receive service during the initial year of service, expressed as a monthly average. All services upon which the monthly subscription fee is based should be clearly itemized. The monthly subscription fee should not include discounts or any other promotional offerings. The monthly subscription fee should represent the maximum amount that customers will pay, on average, for the duration that this price is committed (according to Item 21).

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

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

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

## **21. Price Commitment Period**

The required Period of Commitment to which the initial price (listed in Item 20) is applicable for all households within the service area of the project. Minimum price guarantee period for each customer is two years.

If the applicant proposes to require customer commitments to more than one monthly subscription fee (i.e., one amount for six months and a different amount for the six month intervals, thereafter), list the duration and amount of each price guarantee separately (Note: you must make a separate showing for each amount in Item 20).

## **22. Financials - Financial Qualifications to Meet Commitments**

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

✓ Balance Sheet

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

*Date: Aug. 2, 2011*  
*Version 3.0*

---

- ✓ Income Statement
- ✓ Statement of Cash Flows
- B.** Pro Forma Financial Forecast over the life term of the loan (i.e. 5 years) that includes a list of assumptions supporting the data. For projects applying for a grant only, the pro forma financial forecast will be over 5 years. Future projections must include the following financial statements:
  - ✓ Balance Sheet
  - ✓ Income Statement
  - ✓ Statement of Cash Flows
- C.** Annual EBIT (Earnings Before Income and Tax) projection over 5 years
- D.** Schedule of all outstanding and planned debt
- E.** Collateral Documentation
  - i. Include Depreciation Schedule of Assets (applicable to an applicant applying for a grant / loan combination only).

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

**23. Providing Voice Service:**

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

**24 CEQA Compliance**

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

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

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

*Date: Aug. 2, 2011  
Version 3.0*

---

## **25 Affidavit of Application's Accuracy**

Applicants are required to 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 (Appendix C).

## **VI. Submission and Timelines**

Completed applications should be filed electronically at <http://www.cpuc.ca.gov/puc/> and a copy mailed separately to the Communications Division, Attn: California Advanced Services Fund. Since applications are not filed with the Commission's Docket Office, they will not be assigned proceeding number(s).

There will be three application windows, as follows:

- First application window – for unserved projects
- Second application window – for underserved projects in areas with broadband service and where the existing infrastructure or broadband infrastructure under construction was not partially funded by CASF and broadband speed is less than combined advertised speed of 10 mbps
- Third application window – in underserved areas with broadband service and where the existing infrastructure or broadband infrastructure under construction was partially funded by CASF and broadband speed is less than combined advertised speed of 10 mbps

The timeline for application submission and evaluation is as follows:

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

*Date: Aug. 2, 2011  
 Version 3.0*

<u>TIMELINE FOR SUBMISSION AND EVALUATION</u>		
Start date	# of days	Description
<b>For Unserved and Underserved Areas</b>		
Day 1		Initial deadline to submit funding requests for unserved areas
Day 7	7 days after submission of applications	Areas applied for, by Applicant Name, CBG's and shapefile, will be posted on the Commission's CASF website
Day 22	14 days after web posting of CBGS, zip codes and maps	Deadline for submitting letter challenges
Day 40	40 days from receipt of application	Evaluation of proposals <i>without</i> challenges <sup>3</sup>
Day 42	42 days from receipt of application	CD responds to funding requests <i>without</i> challenges (through letter to applicant informing the applicant that application has been evaluated and that the project qualifies for CASF funding; however, Final Approval will be by Commission resolution)
Day 64	42 days after submission of letter challenges	CD responds to funding requests <i>with</i> challenges (through letter to applicant informing the applicant that application has been evaluated and that the project qualifies for CASF funding; however, Final Approval will be by Commission resolution)
Day 84 or earliest Commission date after 84 days	84 days from date of submission of application	Resolution(s) adopted by Commission approving funding application(s) <i>without</i> challenges
Day 106 or earliest Commission date after 106 days	106 days from submission of application	Resolution(s) adopted by Commission approving funding application(s) <i>with</i> challenges

Subsequent filing periods, not to exceed three months, may be created by CD if applications do not exceed the available funds. After considering all of the unserved applications received by the initial deadlines and if funds are still available, underserved

<sup>3</sup> The evaluation period may be longer for applicants applying for a loan as the evaluation will include financial eligibility review which may be performed by an external government financial institution.

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

*Date: Aug. 2, 2011*

*Version 3.0*

---

area applications will be considered. These proposals will be reviewed and funded subject to the availability of remaining CASF funds.

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

*Date: Aug. 2, 2011  
Version 3.0*

---

## **VII. Proposal Checklist**

The CASF Application Checklist Form (Appendix B) must be completed and attached to *each* project proposal.

## **VIII. Scoring Criteria**

This section describes the method by which applicants will be objectively evaluated on how well they meet the goals of the CASF program outlined in D.07-12-054. Judgment will be rendered in the form of a numerical score. Once applicants are assigned a score, they will be ranked in order from highest to lowest, with CASF money being allocated following this order until the entire fund has been allocated.

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

The following table summarizes the adopted scoring criteria and weights:

### **Scoring Criteria**

<u>Criterion</u>	<u>Weight (Points)</u>
i) Funds Requested per Potential Customers	35
ii) Speed	20
iii) Financial Viability	15
iv) Pricing	10
v) Service Area	5
iv) Timeliness of Completion of Project	5
vii) Guaranteed Pricing Period	5
vii) Low-Income Areas	5
<b>TOTAL:</b>	<hr/> 100

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

*Date: Aug. 2, 2011*  
*Version 3.0*

---

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

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

Example:

Among three applicants, each proposes to serve 100, 75, and 50 square miles respectively. The highest value is 100, therefore, each applicant will be scored relative to that. Thus, the first applicant's score for this factor would be  $(100/100)*15 = 15$ ; the second applicant's would be  $(75/100)*15 = 11.25$ ; and, the third applicant's would be  $(50/100)* 15 = 7.5$ .

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

**i) Funds Requested per Potential Customers**

This will be determined based on the number of customers the applicant will be able to serve divided by the funding amount asked for from the CASF should their proposal be accepted. Points will be determined based on the following formula:

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

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

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

Customers is defined as households and defined in California Public Utilities Code, §5890(j)(3). Data on households can be obtained from the U.S. Census Bureau.

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

*Date: Aug. 2, 2011*  
*Version 3.0*

---

**ii) Speed**

This criterion represents the difference between the current average advertised speed per customer available and the average advertised speed per customer available after the proposal is complete in the proposed areas. Applicants are encouraged to offer a minimum of 3 MBPS download and 1MBPS upload. Points will be determined based on the following formula:

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

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

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

The square root of the average advertised speed increase is used to express the diminishing return to value associated with increasing speed. This encourages speed increases that are more noticeable and therefore valuable to the customer, but still rewards those who offer speeds far above the preferred 3 MBPS download and 1 MBPS upload.

*Where:*

NSU = New Speed Upload

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

OSU = Old Speed Upload

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

NSD = New Speed Download

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

OSD = Old Speed Download

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

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

*Date: Aug. 2, 2011*  
*Version 3.0*

---

**iii) Financial Viability**

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

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

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

**iv) Pricing**

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

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

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

**v) Service Area**

Service area is the applicant's proposed area coverage including a list of CBGs and ZIP Codes, the total square miles, and any other appropriate geographical information. Points will be determined based on the following formula:

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

Where "c" is the amount of area (Sq. Mi.) for the specific project being scored and Max(c) is the highest amount of area among all the eligible projects submitted.

**vi) Timeliness of Completion of Project**

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

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

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

*Date: Aug. 2, 2011*  
*Version 3.0*

---

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

$$d = 24 - TT$$

*where:*

TT = Total Time (Mo.) to complete

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

**vii) Guaranteed Pricing Period**

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

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

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

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

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

*Date: Aug. 2, 2011  
Version 3.0*

---

**viii) Low Income Areas**

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

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

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

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

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

**IX. Selection**

Projects that receive the highest number of points based on the scoring criteria described above will be granted CASF funding. Individual awards for CASF funding will be authorized by the Commission in a separate Commission resolution.

**X. Reporting**

Grantees are required to submit quarterly progress reports on the status of the project irrespective of whether reimbursement or payment is requested.

**XI. Payment**

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

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

*Date: Aug. 2, 2011  
Version 3.0*

---

on the download speed and upload speed on a per CBG and per ZIP Code basis in the final completion report. The progress report will be submitted and certified under penalty of perjury.

CASF recipients shall notify the Commission as soon as they become aware that they may not be able to meet the 24-month timeline. Payment will be reduced if applicants are unable to meet the 24-month timeline, and if they fail to notify the Commission of any delays in project construction or implementation.

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

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

Payment will be made in accordance with, and within the time specified in, California Government Code commencing with Section 927.

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

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

## **XII. Execution and Performance**

Project start date shall be determined by the Commission and the CASF recipient after all approvals have been obtained. Should the recipient or Contractor fail to commence work at the agreed upon time, the Commission, upon five (5) days written notice to the CASF recipient, reserves the right to terminate the award.

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

All performance under the award shall be completed on or before the termination date of the award.

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

*Date: Aug. 2, 2011  
 Version 3.0*

**APPENDIX A**

**Information Sheet to be submitted by Applicants Requesting for CASF Funding**

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

1 Application of:	
Name of Applicant	
for CASF Funding pursuant to Resolution T - 17233	
(Insert the full legal name of applicant in blank above; see instruction 1; attach fictitious names, if any)	
Street address:	
Telephone: (    )	Fax No.: (    )
E-Mail:	

2 Applicant is: (Check only one; see instruction 2.)	A corporation (attach good standing certificate) <input type="checkbox"/> A limited partnership (attach good standing certificate) <input type="checkbox"/> A limited partnership (attach good standing certificate) <input type="checkbox"/> A limited liability company (attach good standing certificate) <input type="checkbox"/> A general partnership <input type="checkbox"/> A sole proprietor <input type="checkbox"/> A trust <input type="checkbox"/> Other (describe) <input type="checkbox"/>
	Attach name, street address, and telephone number of applicant's registered agent for service of process <b>Attach list of the names, titles, and street addresses of all officers and directors, general partners, trustees, members, or other persons authorized to conduct the business of applicant at a similar level</b> <i>Attach list of all affiliated entities (see instruction 2)</i>

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

*Date: Aug. 2, 2011  
 Version 3.0*

3 Legal domicile of applicant is:	California <input type="checkbox"/> Other (identify): <input type="checkbox"/> <i>(Check only one; see instruction 3.)</i>	<input type="checkbox"/> <input type="checkbox"/>
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4 Applicant is a:	State political subdivision <input type="checkbox"/> Local government <input type="checkbox"/> Non-profit foundation, corporation or entity <input type="checkbox"/> For-profit organization <input type="checkbox"/> Limited liability companies <input type="checkbox"/> Cooperative or mutual organization <input type="checkbox"/> <i>(Check only one; see instruction 4.)</i>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
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5 Applicant will provide service:	In specific portions only (attach description and map) <input type="checkbox"/> <i>(Check only one; see instruction 5.)</i>	<input type="checkbox"/>
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6 Applicant will provide broadband service only	True <input type="checkbox"/> Not true <input type="checkbox"/> <i>(Check only one; see instruction 6.)</i>	<input type="checkbox"/> <input type="checkbox"/>
-------------------------------------------------	-------------------------------------------------------------------------------------------------------------------	------------------------------------------------------

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

8 To the best of applicant's knowledge, neither applicant, any affiliate, officer, director, partner, nor owner of more than 10% of	True <input type="checkbox"/> Not true <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
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*CASF - The Broadband Infrastructure Grant Account  
 ---Proposed Revisions to Application Requirements and Guidelines---*

*Date: Aug. 2, 2011  
 Version 3.0*

applicant, or any person acting in such capacity whether or not formally appointed, has been sanctioned by the Federal Communications Commission, or any state regulatory agency for failure to comply with any regulatory statute, rule or order, or convicted by any court for any criminal activity.

9 Applicant has the required financial capability and technical expertise to build a broadband infrastructure and operate and maintain a broadband service.	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px 5px;">True</td> <td style="text-align: right; padding: 2px 5px;"><input type="checkbox"/></td> </tr> <tr> <td style="padding: 2px 5px;">Not true</td> <td style="text-align: right; padding: 2px 5px;"><input type="checkbox"/></td> </tr> </table>	True	<input type="checkbox"/>	Not true	<input type="checkbox"/>
True	<input type="checkbox"/>				
Not true	<input type="checkbox"/>				

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

Signed:

\_\_\_\_\_  
**Name**  
 :  
**Title:**  
**Dated**  
 :

**Street  
 Address**

**Telephone No.  
 Fax No.**

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

**Street Address  
 City  
 State  
 ZIP Code  
 Telephone No.**

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

*Date: Aug. 2, 2011  
Version 3.0*

**APPENDIX B**

**CASF APPLICATION CHECKLIST**  
(Required for EACH proposed project)

To assist the Commission in verifying the completeness of your proposal, mark the box to the left of each item submitted.

	1. TYPE of FUNDS Requested (Check one only):
	<input type="checkbox"/> Grant
	Grant Amount: _____
	<input type="checkbox"/> Grant/Loan Combination
	Grant Amount: _____
	<input type="checkbox"/> Loan Amount: _____
	2. Area Applied for
	<input type="checkbox"/> Unserved
	<input type="checkbox"/> Underserved, with existing broadband service below advertised speed of 4 mbps download and 1 mbps upload, Broadband infrastructure whether existing or ongoing construction not CASF funded
	<input type="checkbox"/> Underserved, with existing broadband service below advertised speed of 4 mbps download and 1 mbps upload, Broadband infrastructure whether existing or ongoing construction CASF funded
	3. CPCN / U-Number / CPUC Registration Proof (As a single document)
	<input type="checkbox"/> Applicant's U-Number and/or Proof of applicant's Certificate of Public Convenience and Necessity (CPCN)
	<input type="checkbox"/> Proof of CPCN application pending approval, or CPCN Application Number (in the absence of a CPCN)
	<input type="checkbox"/> CPUC registration Number (wireless carriers)
	4. Information Sheet with a Certificate of Good Standing issued by the CA Secretary of State attached
	5. Organizational Chart, Company History and Readiness to Build, Manage and Operate Broadband
	<input type="checkbox"/> Organizational Chart
	<input type="checkbox"/> Company History
	<input type="checkbox"/> Readiness to Build, Manage and Operate Broadband
	6. CASF Key Contact Information

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

*Date: Aug. 2, 2011  
 Version 3.0*

	First Name
	Last Name
	Address Line1
	Address Line2
	City
	State
	Zip
	Email
	Phone
<b>7. Key Company Officers (list up to 5)</b>	
	Title
	First Name
	Last Name
	Email
	Phone Number
	Resumes of key officers and management personnel
<b>8. Current Broadband Infrastructure Description</b>	
	Description of the provider's current broadband infrastructure within 5 miles of the proposed project, if applicable.
	List showing number of households per CBG and Zip Code
<b>9. Current Broadband Infrastructure</b>	
	Shapefile (.shp) of current service area.
<b>10. Proposed Broadband Project Description</b>	
	Description of proposed broadband project plan for which CASF funding is being requested, including the type of technology to be deployed
	Project size (in square miles)
	Download speed capabilities of proposed facilities
	Upload speed capabilities of proposed facilities
<b>11. Proposed Broadband Project Location</b>	
	Geographic locations by CBG(s) where broadband facilities will be deployed:
	List of CBG(s) and,
	ZIP Codes that intersect the proposed project.
<b>12. Proposed Broadband Project Location Shapefile</b>	
	Shapefile (.shp) showing boundaries of the specific area to be served by the

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

*Date: Aug. 2, 2011  
 Version 3.0*

	project.
13. Assertion that area being proposed is Unserved or Underserved Area. This includes figures, in mbps, of the current:	
	(a) average download speed by CBG(s);
	(b) average download speed by ZIP Code(s);
	(c) average upload speed by CBG(s) and;
	(d) average upload speed by ZIP Code(s).
14. Estimated Potential Subscriber Size	
	Estimated number of potential broadband households in proposed project location.
	Estimated number of potential broadband subscribers in proposed project location.
	Documentation of assumptions and data sources used to compile estimates.
15. Deployment Schedule	
	Milestone Start and Ending Date
	Milestone Description
	Milestone Comments
	Milestone Risks
16. Proposed Project Budget	
	a detailed breakdown of cost elements;
	the source of cost elements;
	amount of cost elements;
	availability of matching funds to be supplied by applicant; and
	the CASF funds requested.
17. Economic Life of Assets to be Funded	
18. Local Government and Community Support ( <b>optional</b> )	
19. Performance Bond Documentation (to be submitted after project award)	
20. Proposed Pricing	
	Proposed recurring retail price per MBPS for applicant's proposed broadband service(s).
	Initial service connection charges, if any and any bundling of equipment in the proposed pricing.
	Other recurring costs
	Other non-recurring costs
21. Price Commitment Period	

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

*Date: Aug. 2, 2011  
 Version 3.0*

22. Financials
a) CPA Audited Financial Statements for the last three years
Balance Sheet
Income Statement
Statement of Cash Flows
b) Proforma Financial Forecast over 5 years
Balance Sheet
Income Statement
Statement of Cash Flows
c) Annual EBIT (Earnings Before Income and Tax) projection over 5 years
d) Schedule of all outstanding and planned debt
e) Collateral Documentation (include depreciation schedule of assets
23. Equity Requirement of 20% of the loan amount <b>(For Grant / Loan Combination only)</b>
24. Minimum TIER Requirement of 1.5 <b>(For Grant / Loan Combination only)</b>
25. Proof of Voice Service
Availability of basic voice service that meets FCC standards for E-911 service and battery, including:
Listing of types of services offered;
Timeframe of offering.
26. CEQA Compliance
Proponent's Environmental Assessment (PEA)
27. Notarized Affidavit

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

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

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

*Date: Aug. 2, 2011  
Version 3.0*

---

**APPENDIX C  
NOTARIZED AFFIDAVIT**

Name of Carrier/Company \_\_\_\_\_

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

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

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

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

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

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

\_\_\_\_\_  
Signature and title

\_\_\_\_\_  
Type or print name and title

**SUBSCRIBED AND SWORN** to before me on the \_\_\_\_ day of \_\_\_\_, 20\_\_.

Notary Public In and For the State of \_\_\_\_\_

My Commission expires: \_\_\_\_\_

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

*Date: Aug. 2, 2011  
Version 3.0*

**APPENDIX D**

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

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

*Date: Aug. 2, 2011  
 Version 3.0*

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

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