

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

**RESOLUTION T-17392
March 21, 2013**

R E S O L U T I O N

Resolution T-17392. Approval of a New Fiscal Agent for the Eastern Sierra Connect Regional Broadband Consortium Under the California Advanced Services Fund's Rural and Urban Regional Broadband Consortia Grant Account

Summary

This resolution approves the Desert Mountain Resource and Development Council to be the new fiscal agent for the Eastern Sierra Connect Regional Broadband Consortium (ESCRBC) of Mono, Inyo, and Eastern Kern Counties, in accordance with procedures and guidelines set forth in Decision (D.)11-06-038, Section (§) 6.4.4. The Commission had previously approved a California Advanced Services Fund Rural and Urban Regional Broadband Consortia grant and budget allowance to ESCRBC amounting to \$450,000 over a three-year grant period in Resolution T-17355 (February 16, 2012) pursuant to California Public Utilities (P.U.) Code § 281 and D.11-06-038.

Background

The California Advanced Services Fund (CASF), established in D.07-12-054, promotes the deployment of broadband infrastructure in unserved and underserved areas by providing grants representing 40% of the total construction costs to eligible broadband projects. Senate Bill (SB) 1040 (Stats. 2010, c. 317, codified at 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

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. The Commission implemented the CASF program in D.07-12-054. The CASF funds 40% of a broadband infrastructure total project costs

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.” (P.U. Code § 281(d).) SB 1040 also increased the CASF fund from \$100 million to \$225 million as follows: funding for the Broadband Infrastructure Grant Account was 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. (P.U. Code § 281(b)(1).)

In D.11-06-038 (June 23, 2011), the Commission adopted administrative procedures, guidelines, and a selection process for the Consortia Grant Account. The decision limited consortia grants to only one regional consortium per geographic region, and capped grant funding at \$150,000 per year for each consortium for the first year with a maximum total cap of \$450,000 for three years.² In addition, the Commission adopted a process for any subsequent changes in the fiscal agent of a Regional Consortium, including a requirement that the Commission must approve by resolution a change of fiscal agent.

On December 2, 2011, the Commission approved Resolution T-17349 which awarded grant funding to a group of seven consortia. On February 16, 2012, Resolution T-17355 awarded funding to another group of seven consortia that includes the ESCRBC. The lead applicant for the ESCRBC, Desert Mountain Resource Conservation and Development Council (Desert Mountain RC&D Council), requests Commission consideration to become the fiscal agent and, in accordance with D.11-06-038 § 6.4.4, this resolution approves a new fiscal agent.

Discussion

With the Commission’s approval of Resolution T-17355, the ESCRBC began its first-year operations on March 1, 2012. The Commission also approved the Humboldt State University Sponsored Programs Foundation as the fiscal agent for the ESCRBC, and approved CASF consortium funding for ESCRBC to promote broadband deployment, access, and adoption in Mono, Inyo, and Eastern Kern Counties. ESCRBC receives consortia funding of \$150,000 in its current Year 1, and has the option to renew Years 2 and 3 for \$150,000 each year subject to satisfactory performance and submission of annual work plans.

The ESCRBC’s work plans focus on assessing broadband demand and supply in rugged and rural Mono, Inyo, and Eastern Kern Counties. Begun in 2009, ESCRBC’s primary work has been spent identifying unserved and underserved communities which led to its

and 10% of the broadband infrastructure total project costs in the case of projects funded by CASF and the American Recovery and Reinvestment Act.

² With exception to the Los Angeles County region where the Commission adopted a higher funding level per D.11-06-038 and D.11-07-034.

conclusion that the region lacks middle-mile facilities needed to support last-mile infrastructure. With that in mind, ESCRBC's main goals are to do the following:

- Maintain up-to-date regional data based on statewide and national information;
- Develop a list of high-priority broadband infrastructure projects by county and share the list with prospective service providers to promote infrastructure expansion interest and opportunities in the region;
- Work with local service providers with the goal to develop at least one infrastructure project plan for the region during the life of the consortium;
- Develop solutions to advance projects that will fill critical gaps in the availability of broadband service, including training organizations and providers about local resources to self-build; and,
- Increase broadband demand and adoption within communities where service exists and with anchor institutions.

ESCRBC members represent all three counties' chambers of commerce, local and regional government, education and public safety, community-based organizations, tourism, parks/recreation, and agriculture, tribal lands in Kern and Inyo, communication and water utilities, and the California Broadband Cooperative/Digital 395 project which received NTIA and CASF broadband infrastructure grant funding in 2010. In anticipation of the completion of the Digital 395 middle-mile project, ESCRBC is poised to undertake outreach activities in its counties which will advance the expansion of critical broadband veins into its regional communities along the strip.

On November 26, 2012, the Desert Mountain RC&D Council, the original applicant for the ESCRBC, submitted a letter to Communications Division's (CD) interim director requesting Commission approval as the fiscal agent for the ESCRBC. In addition, the Desert Mountain RC&D Council included its executive board's resolution dated December 5, 2012, approving its application request for Commission approval. Other attachments included the CASF-required notarized Attachment E affidavit, Attachment H consent form, and standard form 204 payee data record.

In follow-up discussions with CD, ESCRBC explained further that the efficiencies realized from having a fiscal agent which could perform the fiscal duties and be in close proximity to the region would provide the benefit of a shorter lag time in the reimbursement process. The current fiscal agent, Humboldt State University Sponsored Programs Foundation (HSU-SPF), requires as much as 30 days to close its quarterly books before it can attend to preparing reimbursements for ESCRBC to the CASF program. The proposal of a new fiscal agent was mutually agreeable to ESCRBC and HSU-SPF. Further HSU-SPF documented its consent to be replaced via a letter sent on January 11, 2013, to CD's interim director stating that the HSU-SPF agrees to release ESCRBC from the remainder of its fiscal agreement contingent upon Commission approval of this resolution.

In its role as project applicant for the consortium, the Desert Mountain RC&D Council, a 501(c)(3) approved organization, currently oversees the activities and operations of the ESCRBC, including maintaining expense records for the grant, and it possesses the experience and ability to manage the fiscal requirements set forth in D.11-06-038.

Examples of recent grant awards it has administered and funding it has managed include two California Department of Conservation grants for Kern Valley watersheds totaling \$477,231; a Department of the Navy, Naval Air Weapons Station's Tui Chub contract of \$251,123; and, several Sierra Nevada Conservancy studies and grants totaling \$174,410.

Therefore, CD staff recommends Desert Mountain RC&D Council to be ESCRBC's new fiscal agent to perform the required fiscal duties including, but not limited to, preparing and administering payment requests, filing quarterly activity reports, and maintaining and producing expense documentation for the CASF program. With the Commission's approval of Desert Mountain RC&D Council as the new fiscal agent, the ESCRBC will continue its work plans for Year 2 and will submit to the CASF consortia coordinator for review and approval a revised Year 2 budget revising funding allocations accordingly for the fiscal agent expense allowance from Humboldt State University Sponsored Programs Foundation to the Desert Mountain Resource and Development Council.

While no direct or quantifiable safety impact is associated with approving a new fiscal agent for this CASF consortium grantee, this resolution has an indirect positive impact on public safety as it would allow CASF consortium activities to continue to promote broadband service in the Eastern Sierra. With broadband service, the public can access interactive health and safety websites.

Comments on Draft Resolution

In compliance with PU Code § 311(g), on February 13, 2013, 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>. This letter also informed parties that the final resolution adopted by the Commission will be posted and available at the same web site.

No opening or reply public comments were submitted on this resolution.

Findings

1. In D.11-06-038 (June 23, 2011), the Commission adopted administrative procedures, guidelines, and a process for any subsequent changes in the fiscal agent of a regional consortium. A change in the fiscal agent must be approved by a Commission resolution.

2. With the Commission's approval of Resolution T-17355 (February 16, 2012), the Eastern Sierra Connect Regional Broadband Consortium began its first-year operations on March 1, 2012.
3. Humboldt State University Sponsored Programs Foundation was approved as the fiscal agent for the Eastern Sierra Connect Regional Broadband Consortium.
4. Desert Mountain Resource Conservation and Development Council officially requested approval to become the Eastern Sierra Connect Regional Broadband Consortium's fiscal agent in a letter to CD's interim director dated November 26, 2012. Desert Mountain Resource Conservation and Development Council agrees to comply with the Commission's directives and conditions relating to the review, approval, and administration of any consortium application grants, as per D.11-06-038 and the CASF Consortia Administrative Manual.
5. Humboldt State University Sponsored Programs Foundation submitted a letter to Communications Division's interim director dated January 11, 2013, stating it agrees to release Eastern Sierra Connect Regional Broadband Consortium from the remainder of its fiscal agreement contingent upon Commission approval of this resolution.
6. Communications Division staff recommends that Desert Mountain Resource Conservation and Development Council be the Eastern Sierra Connect Regional Broadband Consortium's new fiscal agent to perform the fiscal duties including, but not limited to, preparing and administering payment requests, filing quarterly activity reports, and maintaining and producing expense documentation for the CASF program.
7. With the Commission's approval of Desert Mountain Resource Conservation and Development Council as the new fiscal agent, the Eastern Sierra Connect Regional Broadband Consortium will continue its approved work plans project schedule and will submit a revised budget to reflect adjustments to the fiscal agent expense allowance.
8. While no direct or quantifiable safety impact is associated with approving a new fiscal agent, this resolution has an indirect positive impact on public safety as it would allow consortium activities to continue to promote broadband service in the Eastern Sierra.
9. Communications Division emailed a notice letter on February 13, 2013, informing the parties of record in 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 resolution for public comments at the Commission's web site <http://www.cpuc.ca.gov>.
10. No opening or reply public comments were submitted on this resolution.

THEREFORE, IT IS ORDERED that:

1. Desert Mountain Resource Conservation and Development Council is approved as the fiscal agent for the Eastern Sierra Connect Regional Broadband Consortium.
2. Desert Mountain Resource Conservation and Development Council shall administer the fiscal responsibilities of the Eastern Sierra Connect Regional Broadband Consortium in accordance to Commission Decision 11-06-038 and the California Advanced Services Fund Regional Consortia Administrative Manual.
3. To receive Year 3 of the budget allowances authorized by this resolution, the Eastern Sierra Connect Regional Broadband Consortium shall submit work plans for approval by October 1, 2013.
4. The disbursement of funds shall be subject to the requirements set forth in Decision 11-06-038 including the submission of quarterly progress reports and supporting documentation for payment reimbursement.

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CD/ABA

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This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on March 21, 2013. The following Commissioners approved it:

PAUL CLANON
Executive Director