

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

**RESOLUTION T-17415
October 17, 2013**

R E S O L U T I O N

Resolution T- 17415 Approval of Funding for the Grant Application of Race Telecommunications Inc. (U-7060-C), from the California Advanced Services Fund (CASF) in the Amount of \$12,583,343 for the Kern County High Desert Underserved Broadband Project

I. Summary

This Resolution approves funding in the amount of \$12,583,343¹ from the California Advanced Services Fund (CASF) for the CASF grant application of Race Telecommunications Inc. (Race) for its Kern County High Desert Underserved Broadband Project (Kern County High Desert Project). The Kern County High Desert Project will extend high-speed internet service to 72.5 square miles covering Springs, Bear Valley Springs, and a portion of Golden Hills in Kern county.

II. Background

On December 20, 2007, the Commission in Decision (D.) 07-12-054 established the CASF program as a two-year program to provide funds for the deployment of broadband infrastructure in unserved and underserved areas in California.

On September 25, 2010, Governor Schwarzenegger signed Senate Bill (SB) 1040² which codified the CASF program and expanded it to include three accounts: (1) the Infrastructure Grant Account, (2) the Consortia Grant Account, and (3) the Revolving Loan Account. The latter two accounts are intended to address the needs that were unmet under the original CASF program. Specifically, the purpose of the Revolving Loan Account is “to finance capital costs of broadband facilities not funded by a grant

¹ This funding amount includes up to \$1,982,380 in Contribution In Aid of Construction (CIAC). The CIAC represents potential funding in the event that the CASF grant award is subject to federal and/or state income taxes.

² Stats. 2010, c. 317, codified at Public Utilities (P.U.) Code § 281.

from the Broadband Infrastructure Grant Account.”³ SB 1040 also expanded the CASF fund from \$100 million to \$225 million with the addition of \$100 million to the Infrastructure Grant Account, and allocation of \$10 million and \$15 million to the Consortia Grant Account and the Revolving Loan Account, respectively.⁴

On February 1, 2012, the Commission approved D.12-02-015 to implement new guidelines for the Infrastructure Grant and Revolving Loan Accounts. Key provisions of the Decision include:

- A maximum CASF grant award of 70 percent of project costs for unserved areas and 60 percent for underserved areas;
- A definition of an underserved area, “where broadband is available, but no wireline or wireless facilities-based provider offers service at advertised speeds of at least 6 mbps download and 1.5 mbps upload;” and
- A Revolving Loan Program to provide supplemental financing for projects also applying for CASF grant funding (up to 20% of projects costs, with a maximum of \$500,000), utilizing the same project and applicant eligibility requirements as the Infrastructure Grant Program.

Consequently, on May 10, 2012, the Commission approved Resolution T-17362 which established the application deadlines for the CASF Broadband Infrastructure Grant Account and the Revolving Loan Account as follows:

- October 1, 2012, for unserved areas;
- February 1, 2013, for underserved areas not previously funded by the CASF and hybrid projects that cover both unserved and underserved areas; and,
- A date to be determined for projects in underserved areas where the existing broadband infrastructure was partially funded by a CASF grant.

On February 1, 2013, Race, a California Local Exchange Carrier (CLEC), submitted an application for CASF funding in the underserved area of High Desert in Kern County.

III. Notice/Protests

Communications Division (CD) staff posted the proposed area project map, census block groups (CBGs) and zip codes lists by county for the Kern County High Desert Project on

3 P.U. Code § 281(e).

4 P.U. Code § 281(b)(1).

the Commission's CASF website page under "Pending New CASF Applications to Offer Broadband as of February 11, 2013." CD received two challenges, as described below, to the proposed project areas.

IV. Discussion

This Resolution adopts CD's recommended CASF funding award of \$12,583,343 for the Kern County High Desert Project. This award represents 60% of the total project cost of \$19,650,652. Key project information and maps are shown on pages A-1 through A-4 of Appendix A.

A. Project Overview

Race has a Certificate of Public Convenience and Necessity (CPCN) (U-7060-C) and has been a fiber-based CLEC provider of next generation VoIP/Digital telephone, video, IPTV as well as traditional cable/satellite TV for the past 10 years.

The proposed Kern County High Desert Project area is an underserved area that currently does not have access to wireline broadband service at served speeds and where wireless broadband speeds are less than 6 Mbps download and 1.5 Mbps upload. When completed, the project will provide broadband access to households at speeds of 1 Gigabits per second (Gbps) download and 100 Mbps upload.

The Kern County High Desert Project is intended to extend high-speed internet service over a 72.5 square mile area through the expansion of fiber-to-the-premises (FTTP) Last Mile network deployment into the remote area of Kern County. This expansion will bring high speed internet access to 4,371 households in the Kern County High Desert of Springs, Bear Valley Springs, and a portion of Golden Hills areas. The Census Block Group (CBGs) impacted by the project are: 60290060021, 60290060031, 60290060041, 60290060061, 60290060062, 60290060063, 60290060071, 60290060072, 60290060073, 60290060081, 60290060082, 60290060083, and 60290060084.

Race has targeted these areas for broadband deployment because of the existence of customer demand and because it determined the project is economically feasible with the assistance of the 60% CASF grant of \$12,583,343 to join Race funding of \$7,067,309. The CASF grant that Race requested includes \$1,982,380 for Contribution In Aid of Construction (CIAC), which is intended to fund any federal and/or state income taxes that may apply on the CASF grant award. The applicant will not receive the CIAC, if the CASF grant is not taxed. CD staff will be contacting the federal and state taxing authorities to obtain confirmation regarding the applicability of CIAC on CASF grant awards and will notify the applicant of the outcome.

The network will be a complete end-to-end fiber optic network from the internet source at One Wilshire in Los Angeles to the end-user premises. The network will be entirely standards-based and will be designed upon Open Systems Interconnection (OSI) standards which enable any vendors' equipment using OSI standards, to interconnect seamlessly and operate compatibly with other OSI network elements. Race will have a fiber connection from the Mojave Air and Space Port central office to the project area. A regional fiber network will be deployed in the proposed project area to serve residents and businesses.

Race has committed to a broadband pricing plan under the terms shown below for two-years, starting from the beginning date of service:

Monthly Recurring Rate:

Residential

Entry Level Speed 25 Mbps Down and 15 Mbps Up	\$25
Mid-Level Speed 100 Mbps Down and 50 Mbps Up	\$100
Max Level Speed 1000 Mbps Down and 100 Mbps Up	\$150
Other Optional Tier Speed 50 Mbps Down and 25 Mbps Up	\$65

Business

Entry Level Speed 25 Mbps Down and 15 Mbps Up	\$60
Mid-Level Speed 100 Mbps Down and 50 Mbps Up	\$200

B. Project Qualification

To qualify under the CASF program, the applicant is required to submit proof that the area is unserved or underserved by submitting shapefiles of the proposed project. CD reviews the submitted shapefiles by comparing them with United States 2010 Census data and the revised January 1, 2012, California Broadband Availability maps. Once CD determines that the area is eligible either as an unserved or underserved area, CD staff evaluates all other information submitted by the applicant to determine if the project meets the requirements as outlined in D.12-02-015. Other information CD review includes: proof of a CPCN from the Commission; descriptions of current and proposed broadband infrastructure; number of potential subscriber household and average incomes; project construction schedule; project budget; proposed pricing and commitment period for new subscribers; and financial viability of the applicant.

As an initial step in the review of Race's application, CD checked the CBGs as submitted in the project application and corrected the CBGs as submitted to conform to the 12-digit format and the 2010 Census. Race agreed with these adjustments. Additionally, CD checked the CBGs submitted in the project application to determine that the project was indeed underserved. In doing so, CD found broadband availability at served speeds by

Satellite providers such as Skycasters, Hughes, and ViaSat. However, as adopted in D.12-02-015, the Commission does not consider satellite broadband service in CASF project evaluation, unless the satellite project in an area was previously funded by the CASF.⁵ CD also found that the northwest and northeast portions of the project show broadband availability from Verizon Wireless and Bright House Networks, respectively, at served speeds, based on data found in the California Interactive Broadband Map. These Census Blocks on the Northwest side are: 060290060081117, 060290060081113, 060290060081119, 060290060081106, 060290060081115, 060290060081107, and the Census Blocks on the Northeast side are: 060290060031011, 060290060031012, 060290060031013, 060290060031014, 060290060031017, and 060290060031023. Race Telecommunications agreed to remove these served areas from its proposal and submitted a revised project area on April 4, 2013, including an updated proposed project budget and deployment schedule. The proposed project budget slightly changed to take into account the removal of areas specified above and latest cost of the equipment and labor which resulted to the requested CASF funds of \$12,583,343.

On March 11, 2013, Verizon challenged the application stating that wireless carriers continue to build-out their 4G LTE networks. Verizon's challenge was very vague and did not contain information sufficient to determine if Verizon was challenging the entire project proposal or just a specific area of the project. On March 27, 2013, CD staff requested that Verizon clearly identify what areas of the project, by census block, it was challenging and to provide CD with the following information: number of subscribers by census block and speed tier, speed tests with a description on how the speed tests were conducted and what tools were used, and the address of the location of where the speed tests were performed to help determine if in fact the area is served. Verizon did not provide a response or any further information on the challenge and therefore CD staff considers Verizon's challenge unsubstantiated. On April 2, 2013, CD staff e-mailed Verizon confirming that Verizon did not provide a response and informed Verizon that CD will continue to consider the majority of the project as eligible for CASF funding. Subsequently, on June 7, 2013, CD issued a letter to the applicant, with a copy to Verizon, stating that the majority of the project is eligible for CASF funding after removal of minor areas that are served. Verizon did not contest the conclusion.

Since Race's submission of its CASF project application, Round 7 broadband availability data, which contains information up to December 31, 2012, shows reported maximum advertised mobile broadband availability in the project area from Verizon at speeds greater than 6 Mbps down and 1.5 Mbps up.⁶ However, CD staff has not been able to

⁵ This determination was based on the limited speed capabilities of satellite services, the cost to the consumer, high latency, and unreliability known at the time of the decision, D. 12-02-015 at 13-15. Since that time, like other technologies, satellite services have improved.

⁶ The California Interactive Broadband Map will reflect Round 7 data in the near future.

validate the reported maximum advertised mobile broadband speeds for the majority part of the proposed project area. CD validates reported advertised speeds by conducting drive tests at 1,200 points within the state. CD inputs these tests into an interpolation model to predict speeds in areas outside of the drive tested points. The model will report a “not-validated” status where the predicted speeds are slower than the advertised speeds. There are two test points located in the proposed project area, of which one point validates Verizon’s maximum advertised speed in a very small portion of the project area, while the second test point shows speeds of less than 6 Mbps down and 1.5 Mbps up. The predictive model reported most of the project area as “not-validated”. Although the Commission in D.12-02-015 did not include broadband performance measures other than speed, the wireless broadband service offerings located in the project area are subject to restrictive data caps and higher prices than the proposed project’s service offering which contain no explicit data caps. Appendix B indicates wireless and satellite broadband service data caps and prices advertised in the project area.

C. Project Evaluation and Recommendation for Funding

CD evaluated the application with respect to the scoring criteria defined in D.12-02-015, Appendix 1, Section VIII (Scoring Criteria). The Scoring Criteria includes: (i) Funds Requested per Potential Customer, (ii) Speed, (iii) Financial Viability, (iv) Pricing, (v) Total Number of Households in the Proposed Area, (vi) Timeliness of Completion of Project, (vii) Guaranteed Pricing Period, and (viii) Low-Income Areas. In addition, five (5) bonus points are added to the score of an applicant who is able to submit local government and community endorsements or letters of support.

Staff recommends this project for funding, because it has an above average overall score relative to the other projects. It scored high in the areas of funds requested per customer, total number of households in the proposed area and speeds offered. This project requested \$2,879 per potential customer household with a total of 4,371 potential customer households in its project area. Additionally, it is offering maximum advertised speeds of 1 Gigabits per second (Gbps) download and 100 mbps upload. The project also encompasses over twenty anchor institutions which may benefit from this project. The fiber network will pass all the anchor institutions in the project area and will give them access to broadband services.

The Eastern Sierra Connect Regional Broadband Consortium submitted a letter supporting Race’s Kern County High Desert Project, which states that this broadband project will serve the rural and business communities and it helps to close the digital divide in the area.

CD concluded that the Kern County High Desert Project meets CASF funding requirements with respect to the following factors:

- Speed- the proposed speed offering of 1 Gbps download and 100 mbps upload complies with the benchmark set by the Commission
- Cost per household- the \$2,879 per potential customer household
- Service area- is determined to be underserved and covers 72.5 square miles
- Matching Funds of 40% of project cost- the applicant has certified that the matching funds will come from their capital budget; the submitted balance sheet, income and cash flow statements show that the applicant is overall financially viable and has the financial capability to match the funds
- Price commitment period- the applicant has committed to a pricing plan of two years as required
- Deployment schedule- the project will be completed within 23 months, within the 24 month period construction timeline required

Based on its review, CD determined that Race's grant application qualifies for funding as an underserved area and meets the requirements of D.12-02-015. CD recommends Commission approval of CASF funding for Race's Kern County High Desert Project.

CD staff finds that funding the Race's Kern County High Desert Project aligns with CASF's goal to encourage the deployment of high-quality advanced information and communications technologies to all Californians to promote economic growth, job creation, and substantial social benefits.

D. Safety Impact

The deployment of this project will improve connectivity to the surrounding areas and a number of anchor institutions. The project will deliver high speed Internet connections that will facilitate the transmission of data and communications amongst first responders and to the public. There are a number of community anchor institutions in the project area that includes emergency first responder services, police and fire departments, schools, library, hospitals, ambulance services, and a prison that will potentially benefit from the broadband project. The following lists such institutions:

Tehachapi Unified School District

- District Office
- 3 Elementary schools
- 1 Junior High
- 1 High school

Valley Oaks Charter School (Kern County Superintendent of schools site)

Tehachapi City

- City Hall
- Police Department
- Water Department
- Airport

Bear Valley Community Service District

- Office
- Bear Valley police department
- Water department

Stallion Springs Community Service District

- Office
- Stallion Springs Police department
- Water department

Alpine Forest Home Owners Association

- Office
- Water district

Golden Hill Community Service District

- District office
- Water department

California Correctional Institute (State prison)

Kern County Public Library

Kern County Fire Department

- Airport
- City of Tehachapi
- Bear Valley
- Stallion Springs

Hall Ambulance - 2 locations

V. Compliance Requirements

Race is required to comply with all the guidelines, requirements, and conditions associated with the granting of CASF funds as specified in D.12-02-015. Such compliance includes, but is not limited to the following:

A. California Environmental Quality Act (CEQA)

All CASF grants are subject to CEQA requirements unless the project is statutorily or categorically exempt pursuant to the CEQA Guidelines.

Race proposes a complete end-to-end fiber optic network from the internet source at One Wilshire in Los Angeles to the end-user premises. This Project will deploy long haul fiber from the Mojave Air and Space Port to the local region and it will establish a regional Central Office and collocation facility build a regional backbone and establish local fiber rings. Race has provided the Commission with construction plans for the Kern County High Desert Project area. The project consists of laying regional backbone fiber, which will be Corning brand or equivalent, 48-144 count Single Mode OSP, and provisioning inner-city distribution and backbone fiber consisting of 48-96 Single Mode OSP. Race will use 21 miles of available Dark Fiber, install 12 Calix ODC-1000 FTTP Pedestal Cabinets and 11 Clearfield 864 Panel Pedestal Cabinets, install an additional 21 miles of regional backbone fiber, and build three local distribution rings. The project would be capable of serving 100% of the residents and businesses in the designated markets. At this time final engineering is not complete, but Race's best estimate based on preliminary engineering is possible to locate between 70%-90% of the fiber aerially on existing facilities. The remainder would be installed in roadside trenches.

Race proposes to conduct all work in already disturbed land, active right of ways and on and in existing infrastructure with no forest, agricultural land or landmarks disturbed. Race included the following measures to ensure that cultural or archeological sites are not disturbed during trenching activities: Race will hire an archeologist prior to final engineering in order to ensure that cultural resources are avoided; Race will perform a records search at the Southern San Joaquin Valley Information Center at California State University Bakersfield, archival research to identify any areas with high potential for buried historical-period archeological sites, geoarcheological research to identify areas with high potential for buried prehistoric archeological sites, and prepare a report to be submitted to Commission staff documenting the study results. Race will use the study results in designing the final project to avoid cultural resources by either rerouting planned trenching or delivering the fiber aerially instead of trenching.

Based on the above information, the project qualifies for the following categorical exemptions from CEQA: CEQA Guidelines Section 15303 - New Construction or Conversion of Small Structures, involving construction, installation, and/or conversion of limited numbers of new and/or existing facilities/structures, and CEQA Guidelines Section 15304 - Minor Alterations to Land, involving minor trenching and backfilling where the surface is restored.

B. Deployment Schedule

The Commission expects Race to complete the project in 23 months from the start date. If the applicant is unable to complete the proposed project within the 23-month timeframe requirement established by the Commission, Race must notify the CPUC as soon as it becomes aware of this prospect. The Commission may reduce payment for failure to notify the CD Director and timely complete the project.

C. Execution and Performance

CD staff and the CASF grant recipient shall determine a project start date after the CASF grant recipient has obtained all approvals. 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 must reimburse some or all of the CASF funds that it has received.

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

D. Performance Bond

The Commission does not require a performance bond if the applicant certifies that the percentage of the total project costs it is providing comes from their capital budget and is not obtained from outside financing. In its application, Race certified that the percentage of the total project costs it is providing will come from its existing capital budget. Therefore, a performance bond is not required for this project.

E. Price Commitment Period

The minimum required price commitment period for broadband service to all households within the project area is two years. Race guarantees the price of service offered in the project area for two years.

F. Project Audit

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.

G. Providing Voice Service

If the grantee is providing voice service in the project area, it must meet the FCC standards for E-911 service and utilize battery backup power.

H. Reporting

Grantees must submit quarterly progress reports on the status of the project irrespective of whether grantees request reimbursement or payment. Before full payment of the project, the CASF recipient must submit a project completion report. Progress reports shall use both the schedule for deployment; major construction milestones and costs submitted in the proposals, 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; and identify future risks to the project. Recipients shall also include test results on the download speed and upload speed on a per CBG and per ZIP Code basis in the final completion report. Recipients must certify that each progress report is true and correct under penalty of perjury.

I. Submission of Form 477

The Federal Communications Commission currently requires broadband providers to submit Form 477 biannually and include speed data. While there is an imperfect match between the current reporting areas for the Form 477 and CASF, Form 477 information will be useful in documenting CASF deployment for the specific new service area(s) of the carrier. CASF recipients shall submit a copy of their Form 477 data directly to the Commission, under General Order 66-C, when they submit this data to the FCC for a five year period after completion of the project.⁷

VI. Payments to CASF Recipients

Submission of invoices from and payments to Race shall be made in accordance with Section XI of Appendix 1 of D.12-02-015 and according to the guidelines and supporting documentation required in that decision.

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

⁷ *Approval of the California Advanced Services Fund (CASF) Application Requirements and Scoring Criteria for Awarding CASF Funds* (2008) Cal. P.U.C. Res. No. T-17143 at 4.

Event	Payment Cycle 1 (Day/Month)	Payment Cycle 2 (Day/Month)
Invoices due from Race to CD	5 th of Month 1	20 th of Month 1
Payment letters from CD to Information and Management Services Division (IMSD) ⁸	On 19 th of Month 1	On 4 th of Month 2
Invoices submitted from IMSD to State Controller's Office (SCO) for payments	20 th through 26 th of Month 1	5 th through 13 th 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 State Controller's Office (SCO) requires 14 to 21 days to issue payment from the day that requests are received by SCO.

VII. Comments on Draft Resolution

In compliance with P.U. Code § 311(g), a notice letter was emailed on September 13, 2013, informing all applicants filing for CASF funding and parties on the service list of R.06-06-028, and the CASF distribution list of the availability of the draft of this Resolution for public comments at the Commission's website <http://www.cpuc.ca.gov/PUC/documents/>. 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.

⁸ 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.

VIII. Findings

1. On May 10, 2012, the Commission approved Resolution T-17362 which established the application deadlines for the CASF Broadband Infrastructure Grant Account and the Revolving Loan Account as follows: October 1, 2012, for unserved areas; February 1, 2013, for underserved areas not previously funded by the CASF and hybrid projects that cover both unserved and underserved areas; and, a date to be determined for projects in underserved areas where the existing broadband infrastructure was partially funded by a CASF grant.
2. Race, filed an application for CASF funding for its Kern County High Desert Project on February 1, 2013. The Kern County High Desert Project is intended to extend high-speed internet service over a 72.5 square mile area through the expansion of fiber-to-the-premises (FTTP) Last Mile network deployment into the remote area of Race rural exchanges. This expansion will bring high speed internet access to 4,371 households in the Kern County High Desert of Springs, Bear Valley Springs, and a portion of Golden Hills areas. The CBGs impacted by the project are: 60290060021, 60290060031, 60290060041, 60290060061, 60290060062, 60290060063, 60290060071, 60290060072, 60290060073, 60290060081, 60290060082, 60290060083, and 60290060084.
4. CD posted the map, CBGs and zip codes lists by county for the Race Kern County High Desert Project on the Commission's CASF website page under "Pending New CASF Applications to Offer Broadband as of February 11, 2013." CD received one challenge from Verizon Wireless which asserted that it provides Internet service in this area at served speeds. However, Verizon did not respond to CD staff inquiries to validate its challenge, and neither CD staff's mobile drive tests nor the interpolation model based on these tests validated Verizon's maximum advertised speed in the majority part of the project area; therefore CD staff considers the challenge unsubstantiated.
5. CD reviewed and analyzed data submitted for the Race Kern County High Desert Project CASF grant application to determine the project's eligibility for CASF funding. These data include, but are not limited to: proof of a CPCN from the Commission; descriptions of current and proposed broadband infrastructure; geographic information system 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.
6. CD reviewed the submitted shapefiles which mapped the proposed broadband deployment using United States 2010 Census data and January 1, 2012, household projections (6th round of the California Broadband Availability maps). These maps

helped to verify the existence or non-existence of broadband service areas and broadband speeds, where available.

7. Based on its review, CD determined that the project qualifies for funding under D.12-02-015 and recommends Commission approval of CASF funding for Race's Kern County High Desert Project.
8. Race is not required to post a performance bond because 40% of the total project cost will be financed through Race's existing capital budget.
9. Race is required to comply with all guidelines, requirements, and conditions associated with the granting of CASF funds as specified in D.12-02-015 and must submit the FCC Form 477, as specified in Resolution T-17143.
10. The Commission finds CD's recommendation to fund the Kern County High Desert Project of Race as summarized in Appendix A to be reasonable and consistent with Commission orders and, therefore, adopts such recommendation.
11. A notice letter was emailed on September 13, 2013 informing all applicants filing for CASF funding, parties on the service list of R.06-06-028, and the CASF distribution list of the availability of the draft of this Resolution for public comments at the Commission's website <http://www.cpuc.ca.gov/PUC/documents/>. This letter also informed parties that the final conformed Resolution adopted by the Commission will be posted and available at this same website.
12. This project is categorically exempt from CEQA review pursuant to CEQA Guidelines Section 15303 - New Construction or Conversion of Small Structures and 15304 - Minor Alterations to Land.
13. Race included funds for Contribution In Aid of Construction (CIAC) in its CASF grant request to pay for federal and/or state income taxes that may apply on the CASF grant award. The applicant will not receive the CIAC, if the CASF grant is not taxed. CD staff will be contacting the federal and state taxing authorities to obtain confirmation regarding the applicability of CIAC on CASF grant awards and will notify the applicant of the outcome.

THEREFORE, IT IS ORDERED that:

1. The Commission shall award \$12,583,343 from the CASF to Race for the Kern County High Desert underserved area broadband project as described herein and summarized in Appendix A of this Resolution.

2. The program fund payment of \$12,583,343 for this underserved project shall be paid out of the CASF fund in accordance with the guidelines adopted in D.12-02-015. This CASF grant amount will be reduced by up to \$1,982,380 of Contribution In Aid of Construction if the CASF grant award is not subject to federal and/or state income taxes.
3. Payments to the CASF recipient shall be in accordance with Section XI of Appendix 1 of D.12-02-015 and in accordance with the process defined in the "Payments to CASF Recipients" section of this Resolution.
4. The CASF fund recipient, Race, shall comply with all guidelines, requirements and conditions associated with the CASF funds award as specified in D.12-02-015 and must submit the FCC Form 477, as specified in Resolution T-17143.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on October 17, 2013. The following Commissioners approved it:

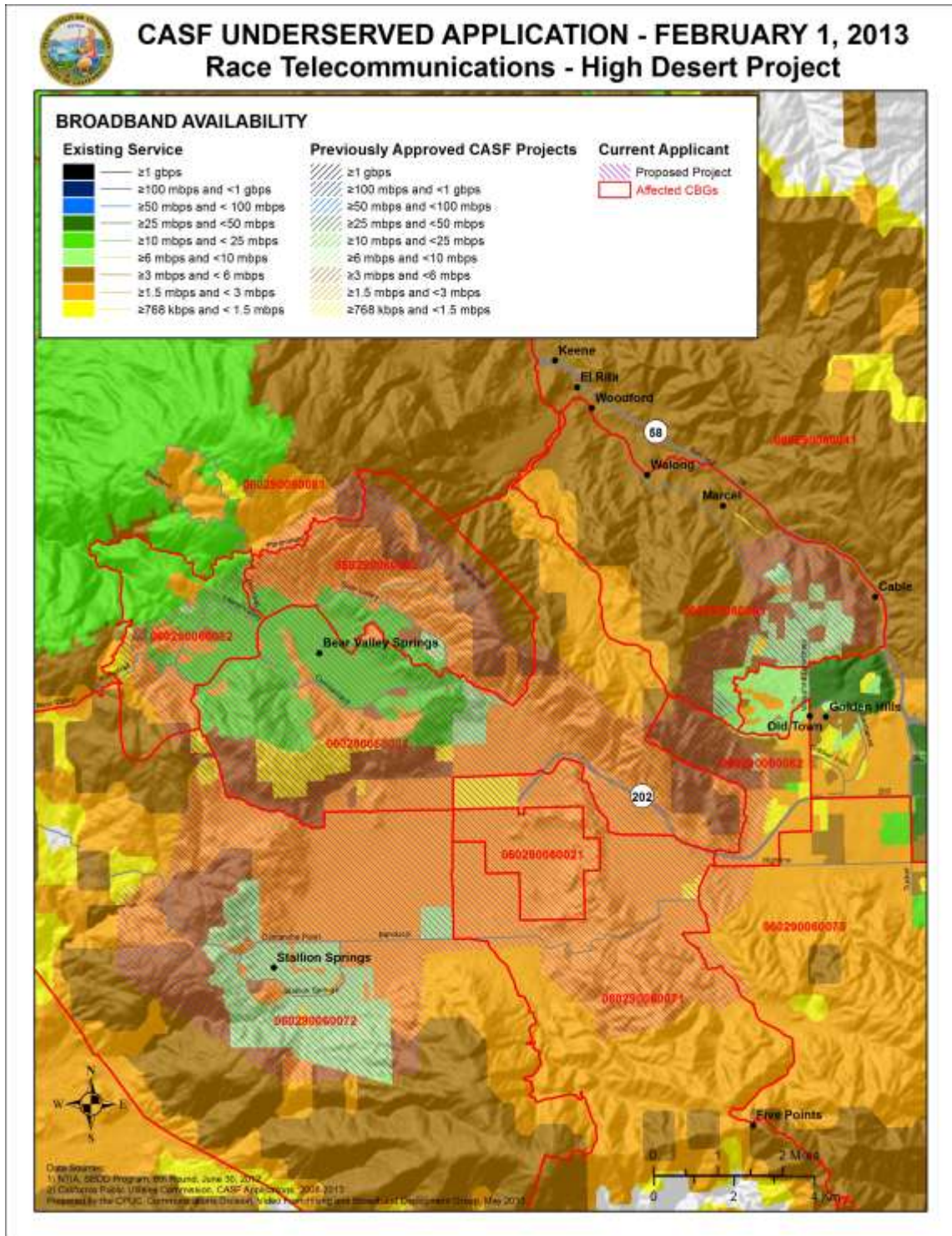
PAUL CLANON
Executive Director

APPENDIX A
Resolution T-17145
Race Telecommunications, Inc. Kern County High Desert Project
Key Information

Project Name	Race Telecommunication, Inc. Kern County High Desert Project	
Project Plan	To deploy a fiber-to-the-premises (FTTP) Last Mile network to serve 100% of the homes	
Project Size (in square miles)	72.5	
Download/upload speed (in Mbps)	1Gbps/100 Mbps	
Location	Kern County High Desert	
Community Name	Springs, Bear Valley Springs, and a portion of Golden Hills	
CBGs/ Household Income	60290060021	\$0
	60290060031	\$59,375
	60290060041	\$0
	60290060061	\$53,558
	60290060062	\$46,016
	60290060063	\$94,652
	60290060071	\$101,843
	60290060072	\$68,984
	60290060073	\$51,745
	60290060081	\$69,925
	60290060082	\$94,044
	60290060083	\$62,148
	60290060084	\$84,271
ZIP Codes	93561	
Estimated Potential Subscriber Size Households/ Subscribers	4,371	

<i>Deployment Schedule (from Commission approval date)</i>	23 months
<i>Proposed Project Budget</i>	
<i>Total</i>	\$19,650,652
<i>Amount of CASF Funds Requested (60%)</i>	\$12,583,343
<i>Internally funded (40%)</i>	\$7,067,309

APPENDIX A
Resolution T- 17415
Race Telecommunications Inc., Kern County High Desert Project Shapefiles



APPENDIX A
Resolution T- 17415
Race Telecommunications Inc., Kern County High Desert Project Regional Map



END OF APPENDIX A

**APPENDIX B
Resolution T-17415
Mobile Wireless and Satellite Data Caps and Pricing**

Verizon’s HomeFusion Broadband Plans (Speeds: 5 - 12 Mbps download and 2 - 5 Mbps upload)

Monthly Data Allowance	Monthly Price
10GB	\$60
20GB	\$90
30GB	\$120

Verizon’s Smartphone Share Everything Plans

Monthly Data Allowance	Monthly Price
6GB	\$80
10GB	\$100
20GB	\$150
30GB	\$225

Satellite Provider plans in the area at served speeds

Company	Speeds	Monthly Data Allowance	Monthly Price
Skycasters	6 Mbps download/ 1.5 Mbps upload	15 GB (12 GB down / 3 GB up)	\$999
Hughes	10 Mbps download/ 2 Mbps upload	15 GB	\$80

	15 Mbps download/ 2 Mbps upload	40 GB	\$100
ViaSat (Exede)	12 Mbps download/ 3 Mbps upload	Unlimited Access for Email & Web Pages only. 5 GB for everything else	\$65
	12 Mbps download/ 3 Mbps upload	10 GB	\$50
	12 Mbps download/ 3 Mbps upload	15 GB	\$80
	12 Mbps download/ 3 Mbps upload	25 GB	\$130