

Date of Issuance: May 14, 2012

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

**Communications Division  
Broadband Programs & Policy Branch**

**RESOLUTION T-17362  
May 10, 2012**

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

**Resolution T-17362. Extension of California Advance Services Fund  
Broadband Infrastructure Grant and Revolving Loan Program  
Application Deadlines**

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**Summary**

This resolution revises the deadlines set forth in Decision (D.) 12-02-015 for filing project applications for the California Advanced Services Fund (CASF) Broadband Infrastructure and Revolving Loan Accounts. Specifically, the new deadline for the first application window for projects in unserved areas is October 1, 2012. The new deadline for the second application window for projects in underserved areas not previously funded by CASF, as well as hybrid projects covering unserved and underserved areas (not partially funded by CASF) encompassing a single contiguous group of CBGs, is February 1, 2013. These changes in application dates are necessary to coordinate the application filing date and staff review with updated mapping data to be published on or around June 1, 2012.

**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 to fund capital costs of eligible broadband infrastructure 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 Account<sup>1</sup> (Infrastructure Grant), (2) Rural and Urban Regional Broadband Consortia Grant Account (Consortia Grant), and (3) Broadband Infrastructure Revolving Loan Account (Loan Account). The latter two accounts are intended to address the needs that are unmet under the

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<sup>1</sup> 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.

current CASF program. In particular, the purpose of the Consortia Grant 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). The purpose of the Loan Account is to finance capital costs of broadband facilities not funded by a grant from the Infrastructure Grant Account. P.U. Code § 281(e). SB 1040 also increased the CASF fund from \$100 million to \$225 million as follows: funding for the Infrastructure Grant Account increased by \$100 million while funding for the Consortia Grant Account and the 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 procedures and guidelines for administering the Consortia Grant program which included the application, evaluation, and the selection process. The Commission envisioned a regional consortium to serve as the umbrella organization, coordinating efforts across public, private, and community-based parties as set forth in SB 1040, to close gaps and leverage opportunities aimed at increasing broadband deployment, access, and adoption. Key consortia responsibilities to be funded by the Consortia Grant include increasing the sustainability of broadband infrastructure and projects in unserved and underserved areas and promoting broadband deployment. Fifteen consortia applicants applied for Consortia Grant funding in August 2011. The Commission approved funding for a total of fourteen consortia applicants in Resolution T-17349 (December 2, 2011) and Resolution T-17355 (February 21, 2012).

In D.12-02-015 (February 1, 2012), the Commission adopted rules to implement provisions of Senate Bill (SB) 1040 relating to the Infrastructure Grant and Loan Accounts. Appendices 1 and 2 of that decision set forth details of the application requirements and guidelines for the Grant Account and the Loan Account, respectively. Among the key provisions that the Commission adopted in D.12-02-015 include:

- A new maximum CASF grant award of 70 percent of project costs for unserved areas and 60 percent for underserved areas;
- A new 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 new 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.

Furthermore, the Commission set forth the following application deadlines for CASF project applications for the Grant and Loan Accounts:

- May 15, 2012, for unserved areas;
- September 11, 2012, 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.

## **Discussion**

The Commission is extending the CASF Infrastructure Grant and Loan Account application deadlines adopted in D.12-02-015 for the following reasons.

First, postponing the initial application deadline to October 1 will allow interested stakeholders and prospective applicants to use the latest available mapping information on broadband availability in the state in preparing project proposals. On or around June 1, 2012, the Commission's broadband mapping section in the Communications Division plans to release revised broadband availability maps reflecting data collected from California broadband providers as of December 31, 2011, pursuant to the State Broadband Data and Development Grant that the Commission obtained from the National Telecommunications and Information Administration (NTIA) and funded by the American Recovery and Reinvestment Act (ARRA). Without a change in schedule, prospective applicants would not be able to consider the more accurate and up to date information regarding where broadband services are available, the maximum advertised speeds, and the technology used to provide them. These factors are all critical to establishing which areas of the state are grant-eligible.

In addition, the Commission's broadband mapping section also plans to deploy in May 2012 its mobile broadband verification project to test actual speeds of various mobile broadband providers in 1,200 locations across the state using an Android smartphone application developed through its NTIA/ARRA grant. The information generated through this project will be highly useful for prospective CASF applicants, potential challengers to CASF project applications, the Commission staff reviewing project applications, and other interested stakeholders to confirm or refute mobile provider data shown on the state's broadband availability maps which currently show only advertised speeds. The information may well result in the recharacterization of some areas from underserved to unserved, making them not only eligible for grant applications in the earlier window, but also for a grant that can reimburse 70% of a project's cost, not just 60%.

Moving the filing date thus avoids a potential conflict between the mapping data applicants rely on to apply on or before May 15, 2012 and the mapping data available two weeks later on or around June 1, 2012, which staff will use for evaluating those applications.

Second, the extension of the application deadline will give the Commission the time needed to enter into a contract with a partnering public agency for loan underwriting/servicing and set up the implementation details for the Loan Account. Commission staff is currently working on putting that contract in place and obtaining approval from control agencies. Staff anticipates that a final contract will not be in place until after the May 15 initial CASF application deadline adopted in D.12-02-015. Once on board, the contractor will provide program mobilization services and prepare detailed implementation procedures, guidelines, and documents for the administration of the Loan Account, in coordination with Commission staff. Furthermore, as indicated in D.12-02-015, the Commission expects to issue a resolution approving loan application and other fees that CASF loan applicants will have to pay. Extending the initial CASF application deadline will allow for all of these activities to occur and ensure that both CASF infrastructure grants and loans will be available to prospective applicants needing both funding sources to make their projects viable.

Third, we recognize that various consortia groups will be undertaking activities designed to promote and/or assist in the development of infrastructure project proposals in their respective regions as a major focus of their Year 1 work plans. A number of consortia representatives have informally approached Commission staff and raised the need for more time to be able to work with the constituencies and broadband providers in their areas in preparing infrastructure project proposals. We hope that extending the initial first-round applications by more than three months will provide the consortia groups sufficient time to undertake their planned activities in relation to infrastructure projects in their respective regions.

Furthermore, we expect this time extension for CASF applications to make a significant difference in the quality and cost-effectiveness of the project applications that the Commission will receive, while also being timely with respect to both the use of funds and the availability of more accurate mapping information. With this new October 1, 2012 first-round filing deadline, we anticipate that we will likely modify the estimated timeline for the evaluation and approval via resolution(s) of CASF infrastructure grants/loans (as envisioned in Appendix 1 of D.12-02-015, p.17), given the intervening holidays in November and December, such that we would approve CASF projects early in 2013. Nevertheless, we believe it necessary to resolve potential map use conflicts and to allow for more time for prospective applicants and interested parties to be able to

prepare well thought-out and planned cost-effective CASF projects than otherwise would happen if we retain the initial May 15 filing date.

With the October 1, 2012, filing deadline for the first application window, the filing deadline for the second application window is extended to February 1, 2013, to remain consistent with the four-month period between the two deadlines adopted in D.12-02-015.

### **Comments on Draft Resolution**

In compliance with PU Code § 311(g), a notice letter was emailed on April 6, 2012, to parties on the service lists of Rulemaking (R.) 10-12-008 and R.06-06-028, to CASF applicants, and to 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. On April 23, 2012, the Small Local Exchange Carriers (Small LECs) submitted comments supporting the extension of the application deadlines proposed in the draft resolution. No other parties submitted comments and reply comments.

### **Findings and Conclusions**

1. Senate Bill (SB) 1040 (Stats. 2010, c. 317, codified at California Public Utilities (P.U.) Code section 281) extended CASF indefinitely and expanded it to include three accounts: (1) Broadband Infrastructure Grant Account; (2) Rural and Urban Regional Broadband Consortia Account, and (3) Broadband Infrastructure Revolving Loan Account.
2. Pursuant to P.U. Code Section 281(d), the purpose of the Rural and Regional Urban Consortia Grant Account (Consortia Grant) is to fund the cost of broadband deployment activities other than the capital cost of facilities, as specified by the Commission.
3. Pursuant to P.U. Code Section 281(e), the purpose of the Broadband Infrastructure Revolving Loan Account (Loan Account) is to finance capital costs of broadband facilities not funded by a grant from the Broadband Infrastructure Grant Account (Infrastructure Grant).
4. SB 1040 increased the CASF fund from \$100 million to \$225 million as follows: funding for the Infrastructure Grant Account increased by \$100 million while funding for the Consortia Grant Account and the Loan Account was set at \$10 million and \$15 million, respectively. P.U. Code § 281(b)(1).

5. In Decision (D.)11-06-038 (June 23, 2011), the Commission adopted procedures and guidelines regarding the Consortia Grant Account's application, evaluation, and selection processes. Key consortia responsibilities to be funded by the Consortia Grant include increasing the sustainability of broadband infrastructure and projects in unserved and underserved areas and promoting broadband deployment.
6. The Commission approved funding for a total of fourteen consortia applicants in Resolution T-17349 (December 2, 2011) and Resolution T-17355 (February 21, 2012).
7. In D.12-02-015 (February 1, 2012), the Commission adopted rules to implement provisions of SB 1040 relating to the Infrastructure Grant and Loan Accounts. Appendices 1 and 2 of that decision set forth details of the application requirements and guidelines for the Grant Account and the Loan Account, respectively.
8. In D.12-02-015, the Commission set forth the following application deadlines for CASF project applications for the Grant and Loan Accounts: May 15, 2012, for unserved areas; September 11, 2012, 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.
9. Extending the deadlines for the CASF infrastructure grant and loan applications is reasonable for the reasons discussed in this resolution, including that it is necessary to resolve potential map use conflicts and allow for more time for prospective applicants and interested parties to be able to prepare well thought-out and planned cost-effective CASF projects.
10. A notice letter was emailed on April 6, 2012, 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>.
11. On April 23, 2012, the Small Local Exchange Carriers (Small LECs) submitted comments supporting the extension of the application deadlines proposed in the draft resolution. No other parties submitted comments and reply comments.

**THEREFORE, IT IS ORDERED that:**

1. The deadlines set forth in Decision (D.) 12-02-015 for filing project applications for the California Advanced Services Fund (CASF) Broadband Infrastructure Grant and Revolving Loan Accounts are hereby revised as follows.
  - a. October 1, 2012 – for the first application window for projects in unserved areas.
  - b. February 1, 2013 – for the second application window for projects in underserved areas with broadband service where the existing infrastructure or broadband infrastructure under construction was not partially funded by CASF and no wireline or wireless facilities-based provider offers service at advertised speeds of at least 6 mbps download and 1.5 mbps upload. This window will also include hybrid projects covering unserved and underserved areas (not partially funded by CASF) encompassing a single contiguous group of CBGs.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting, held in Fresno, California on May 10, 2012. The following Commissioners approved it:

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/s/Paul Clanon

PAUL CLANON  
Executive Director

MICHAEL R. PEEVEY  
President  
TIMOTHY ALAN SIMON  
MICHEL PETER FLORIO  
CATHERINE J.K. SANDOVAL  
MARK J. FERRON  
Commissioners