

**PUBLIC UTILITIES COMMISSION**505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298**FILED**

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TO PARTIES OF RECORD IN RULEMAKING 06-06-028

This is the proposed decision of Commissioner Chong. It will not appear on the Commission's agenda for at least 30 days after the date it is mailed. The Commission may act then, or it may postpone action until later.

When the Commission acts on the proposed decision, it may adopt all or part of it as written, amend or modify it, or set it aside and prepare its own decision. Only when the Commission acts does the decision become binding on the parties.

Parties to the proceeding may file comments on the proposed decision as provided in Article 14 of the Commission's Rules of Practice and Procedure (Rules), accessible on the Commission's website at www.cpuc.ca.gov. Pursuant to Rule 14.3, opening comments shall not exceed 15 pages.

Comments must be filed either electronically pursuant to Resolution ALJ-188 or with the Commission's Docket Office. Comments should be served on parties to this proceeding in accordance with Rules 1.9 and 1.10. Electronic and hard copies of comments should be sent to ALJ Thomas Pulsifer at trp@cpuc.ca.gov and Commissioner Chong's advisor Robert Haga at rwh@cpuc.ca.gov. The current service list for this proceeding is available on the Commission's website at www.cpuc.ca.gov.

/s/ KAREN V. CLOPTONKaren V. Clopton, Chief
Administrative Law Judge

KVC:jyc

Attachment

Decision **PROPOSED DECISION OF COMMISSIONER CHONG**
(Mailed 6/9/2009)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking into the Review of
the California High Cost Fund B Program.

Rulemaking 06-06-028
(Filed June 29, 2006)

**DECISION ESTABLISHING NEW FILING PLAN
FOR CALIFORNIA ADVANCED SERVICES FUND PROJECTS**

1. Introduction

We hereby establish a new schedule and plan for filing, review, and approval of an additional round of broadband project requests under the “California Advanced Services Fund” (CASF) program. We adopt the new schedule as an overlay to the schedule for review and award of broadband grants under the American Recovery and Reinvestment Act (ARRA), the federal government’s recently enacted economic stimulus plan.¹ As a key part of its program for economic stimulus, ARRA appropriates \$7.2 billion for grants and loans to support broadband deployment on a national level.²

¹ The ARRA, Pub. Law No. 111-5, was signed by President Obama on February 17, 2009.

² Of the total \$7.2 billion, the Rural Utility Service (RUS) is responsible for \$2.5 billion for loans, loan guarantees, and grants. The National Telecommunications Information Administration (NTIA) is responsible for \$4.15 billion for broadband deployment, adoption, and mapping, and another \$650 million related to the digital television transition.

ARRA offers a unique and ground breaking opportunity for California to partner with the federal government and other state agencies in advancing the goal of bridging the digital divide. This decision initiates the next steps to achieve this goal by leveraging the remaining funding from the CASF program together with funding available for broadband deployment under the ARRA.³ By coordinating the process for review, approval, and funding of broadband projects utilizing a combination of CASF and ARRA money, the potential exists to more efficiently maximize the reach of broadband deployment within California.

The ARRA broadband grant program is designed to spur economic stimulus to the national economy while advancing other important technological and social goals, including increasing the levels of high-speed communications subscribership or adoption in low-income, unemployed, rural, aged and otherwise vulnerable communities. The ARRA program also is designed to deploy broadband facilities for public safety agencies, and to stimulate

³ Another potential broadband funding source to supplement ARRA grants for certain qualified entities comes from the California Emerging Technology Fund (CETF). The CETF was created by the Commission in 2005, after the mergers of SBC and AT&T, and Verizon and MCI, respectively. AT&T and Verizon agreed to voluntarily donate a total of \$60 million over five years to help bridge the “digital divide” in California. The CETF is a non profit organization, which is dedicated to making grants to existing community based organizations in California who perform projects consistent with the CETF “digital- divide” goals. Grantees are expected to match the CETF funds in a three to one ratio. The Commission’s President is the Chairman of the CETF’s board. The CETF has been designated by the Governor to assist in the review of the California broadband applications along with the Commission. The CETF Board has voted \$16 million (consisting of \$1 million for the California Telehealth Network and \$15 million for other broadband) to provide matching grants not to exceed 10% of any project’s cost for ARRA applications by California applicants. More information may be obtained at <http://cetfund.org>.

broadband demand, economic growth, and job creation. ARRA is administered through the U.S. Commerce Department's National Telecommunications Information Administration (NTIA), in consultation with the Federal Communications Commission. NTIA has established the Broadband Technology Opportunities Program (BTOP) to provide \$4.7 billion in ARRA grants to accelerate broadband deployment in unserved and underserved areas and to increase the adoption of public computer capacity (e.g., computer centers at community colleges and libraries). The BTOP will provide matching federal funds of up to 80% of the total cost of a qualifying project, with the remaining 20% covered by the project sponsor(s). ARRA also authorizes the U.S. Department of Agriculture Rural Utilities Service (RUS) to make grants and loans for deployment and construction of broadband in areas without service or that lack sufficient high-speed broadband access to facilitate economic development.

Governor Schwarzenegger is prepared to endorse a package of ARRA applications for NTIA and RUS under processes set forth by those agencies after consultation from various state agencies and broadband organizations. He has asked the California Public Utilities Commission to play a role in this process. This decision sets forth an initial plan to coordinate the processing of ARRA applications with existing state-level CASF and CETF programs.

Governor Schwarzenegger has designated the State Chief Information Officer (CIO) with responsibility to coordinate broadband ARRA grants for California. The CIO has asked the Commission to assist in gathering and prioritizing applications for ARRA grants to bring broadband access to unserved or underserved areas. The CIO has also asked the California Emerging Technology Fund (CETF) to perform a similar gathering and prioritizing of

applications that will stimulate the demand for broadband, economic growth, and job creation. The CIO will then consolidate the prioritized applications for submission to NTIA and RUS.

2. Background

In Decision (D.) 07-12-054, we implemented the CASF to encourage broadband deployment by making available high-speed communications service in unserved and underserved areas of California. We allocated \$100 million in grants, to cover a two-year period, to assist in financing qualifying broadband projects through the CASF, by funding up to 40% of qualifying projects. In accordance with D.07-12-054, CASF funding applications are to be accepted until all funds allocated to the CASF have been designated for specific projects, or December 2011, whichever occurs first.⁴ The Commission established two filing windows for projects for unserved and for underserved areas, respectively. Although we have approved funding for various CASF projects to date, we still face the challenge of bridging the digital divide by promoting deployment of broadband in regions of California that still lack access to high-speed communications services.

The CASF was established to support new broadband funding, as a first priority, in areas where no facilities-based provider offers broadband service. A

⁴ Out of 53 CASF proposals for unserved and underserved areas that have been submitted, the Commission has approved 25 grants totaling \$9.5 million. Grants for unserved areas amount to \$8.5 million for 13 projects covering an area of approximately 1,108 square miles with the potential to serve approximately 8,300 households. Grants for underserved areas amount to \$1 million for 12 projects covering an area of approximately 34 square miles with the potential to serve approximately 659 households.

secondary priority was for funding in underserved areas where no facilities-based provider offers broadband service at benchmark download transmission speeds of at least 3 mega bits per second (MBPS) and upload speeds of at least 1 MBPS. By Resolution T-17143, dated June 12, 2008, the Commission adopted filing requirements and scoring criteria for the award of CASF funds, and a timeline for further filings and for final approval of award(s). We reviewed, ranked, and approved qualifying projects based on how well they satisfy prescribed criteria.

After awarding funds to initial rounds of CASF projects, a significant amount of CASF money remains available for further awards. To date, in addition to the \$9.5 million already awarded, there are four pending applications that, if granted, could result in additional grants of up to \$9 million. Assuming the full \$9 million were to be awarded, that would still leave approximately \$80 million for additional CASF grants. Accordingly, the assigned Commissioner pursued additional inquiry as to how best to allocate the remaining CASF money to reach unserved and underserved areas. By ruling dated October 15, 2008, the assigned Commissioner solicited comments as to how the eligibility criteria for CASF funding might be modified to expand the potential range of projects and/or participants eligible to receive CASF money. In particular, the ruling solicited comments on whether entities other than certificated or registered telecommunications carriers should be allowed to participate in the CASF program. The ruling also solicited comments on whether the level of matching funds should be reduced in order to expand participation in the program. Comments in response to the ruling were filed on November 5, 2008, and reply comments were filed on November 20, 2008. We have considered those comments in preparing this decision.

In view of the potential opportunities for extending broadband as a result of the enactment of ARRA legislation early in 2009, the assigned Commissioner set, as a new priority, the goal of leveraging the remaining CASF resources to provide matching funds to applicants of the NTIA and RUS ARRA programs in order to further extend broadband to remaining unserved and underserved areas. By ruling dated March 13, 2009, the assigned Commissioner served notice of an all-party meeting to consider this issue in cooperation with the California Chief Information Officer and senior representatives of the CETF. The meeting was held on March 23, 2009, as a forum for input from a broad spectrum of interests, including broadband providers, public agencies, community based organizations providing technology assistance, consumer groups, and other interested stakeholders. The Commission gathered useful input on how to integrate and leverage California's existing broadband funding programs into a larger federal broadband program, tapping into the availability of federal stimulus funds, while assisting applicants seeking ARRA grants. We have considered this input in formulating the steps implemented in today's decision.

The March 23, 2009 meeting also addressed the updating of mapping of unserved and underserved areas in light of the \$350 million appropriated in ARRA to implement the Broadband Data Improvement Act (BDIA).⁵ The CIO and Commission intend to make use of mapping grants from the BDIA to improve and update the mapping of unserved and underserved areas in California. Although applicants have previously documented broadband service only by census block group, we expect that as the quality of mapping data

⁵ Pub. Law No. 110-385 (2008).

improves, it will become feasible to assess broadband service coverage within a census block group at a more granular level, even down to the individual street level. We believe this more granular approach yields greater accuracy in reflecting unserved and underserved areas.

California has done extensive broadband mapping through its Broadband Task Force in 2006-2007, and the Commission has implemented the Digital Infrastructure and Video Competition Act, which involves the collecting and mapping of broadband availability and subscription data. California also has a major grant from the Federal Communication Commission Rural Healthcare Pilot Project for the California Telehealth Network that will connect between 500 to 860 healthcare sites, many of which are in rural areas of the state.

3. Adopted Process for New Broadband Filings

In order to provide prospective applicants with sufficient lead time to begin formulating broadband funding proposals in coordination with the ARRA program, we hereby establish a filing schedule for the next round of CASF broadband applications to begin July 17, 2009. The adopted schedule is set forth in Appendix 1 of this decision, generally designed to coordinate with the filing window that the federal government has announced as applicable to requests for ARRA funding. The schedule in Appendix 1, however, will apply to CASF filings both for unserved and underserved areas, but priority will go toward funding of unserved areas first. Applications received by July 17, 2009 will be prioritized for consideration for approval by the second CPUC agenda meeting in September 2009. Applications submitted between July 18 and August 14, 2009 will receive second priority for consideration for approval at the second CPUC agenda meeting in October 2009. Those applicants with currently pending CASF

proposals before the Commission may elect to withdraw their existing applications and to file under the new process adopted in this decision.

The U.S. Commerce Department intends to award a contract by early Summer 2009, to obtain third-party assistance in distributing ARRA funds devoted to broadband expansion. There will be three cycles during which the NTIA will provide Notice of Funds Availability (NOFA) and then evaluate and fund projects. NTIA has announced the NOFA schedule in its quarterly report to the U.S. Senate:

The initial ARRA grant applications may be submitted to NTIA from July through September 2009, with a decision on the initial awards made by NTIA in the fourth quarter of 2009.

All NTIA funds must be awarded by September 30, 2010, and projects must be completed within two years from the time funds are awarded. In order to work within this schedule, we hereby authorize prospective broadband applicants to file a new round of CASF project proposals between the period July 17 through August 14, 2009, as set forth under the schedule set forth in Appendix 1 of this decision. We expect to award the first round of CASF grants under this revised schedule by the second Commission meeting in September, 2009. For any pending CASF projects that require additional review extending beyond this date, we shall process them as soon as possible thereafter.

We recognize that the adopted schedule calls for more expedited review and processing than we have applied previously, but this expedited schedule is necessary to ensure that applicants are able to utilize the matching funds provided by the CASF program to support their ARRA funding requests. By coordinating our schedule with the ARRA program in this manner, we seek to maximize the potential synergies in the review and approval process for project

funding through both state and federal programs. Although an entity is not required to apply to the CPUC for approval merely to receive ARRA funding, an entity that seeks to obtain matching CASF funds is required to apply to the CPUC through the CASF process. For any projects that are awarded CASF funding in conjunction with an ARRA grant, we shall promptly notify the NTIA and coordinate as necessary, to provide the opportunity for matching ARRA funds to be promptly provided.

For purposes of preparing the next round of CASF filings, applicants should conform to the eligibility and procedural guidelines that are currently in place.⁶ We recognize, however, that the eligibility and ranking criteria yet to be finalized by the federal government for awarding ARRA money may differ in various respects from the eligibility and ranking criteria that currently apply for awarding CASF or money. Accordingly, we anticipate issuing further guidance and procedural orders at a later date as appropriate to coordinate the ARRA and CASF review and approval process as more detailed guidance becomes available from the federal government.

Subject to further guidance from the federal agencies, we envision tailoring the CASF application process to facilitate submission of CASF-

⁶ We wish to clarify the rules governing nondisclosure of confidential information contained in CASF filings. Once a CASF application has been submitted to the Commission, the broad area proposed to be served will be available on the CPUC web site. All other information contained in the application will be treated as confidential pursuant to General Order 66-C until the Commission issues a resolution awarding grants to successful applicants. After grants have been awarded, any information contained in the applications which falls within an exception in the Public Records Act, Govt. Code §§ 6250 *et seq.* will continue to be treated as confidential.

approved projects to the NTIA or RUS for a matching award of federal stimulus funds as to

broadband infrastructure projects located in California.⁷ At this point, we shall make only one specific modification relating to the matching funds requirement.

The current CASF grant program covers up to 40% of broadband infrastructure project costs with the applicant matching with 60%. Under the federal ARRA program, it appears that the federal match is going to be up to 80%. The remaining 20% of project cost could be supported from CASF in whole or in part.

Accordingly, based on these maximum funding levels available through ARRA, we shall correspondingly modify the CASF matching requirements to achieve the maximum leverage from the ARRA program. Specifically, for CASF applicants concurrently applying for ARRA funding, we shall only require such applicants to match up to 10% of the total project cost. We shall match such qualifying projects with an additional 10% of the project cost from CASF money, with ARRA covering the remaining 80% of the project cost. Otherwise, if an applicant does not seek to qualify for funding under the ARRA criteria, we shall

⁷ As mentioned before, CETF's Board has approved some of its remaining funds to be provided for matching up to 10% of ARRA grants for California broadband projects. The Commission shall focus this round of CASF grants on ARRA related broadband infrastructure projects to serve unserved and underserved areas, while the CETF is focusing on other broadband projects, such as its existing rural consortium broadband projects involving 35 rural California counties and computer adoption, affordability, accessibility projects throughout the state (including urban disadvantaged and rural/remote/tribal settings). Applicants for CASF grants may still apply for non-ARRA related grants under our normal CASF criteria but such non-ARRA related applications will not be put on the expedited processing time frame of the ARRA-related CASF applications.

continue to apply the previously adopted matching requirements of 40% of total project cost.

As a starting point for targeting potential ARRA funds, we will rely on the unserved and underserved definitions currently being used today that start with the California Broadband Task Force Maps. However, we note that NTIA is currently considering the definitions for “unserved” and “underserved” areas, and that its final definitions may differ from the definitions we have relied upon previously. The NTIA definitions, once adopted, will govern any CASF applications seeking ARRA grants. The Commission will also issue updated maps with “unserved” and “underserved” areas based upon the NTIA definitions by mid to late June. Any projects seeking funds under CASF (and also seeking to apply for ARRA grants) should, therefore, be focused on providing broadband access in “unserved” and “underserved” territories, based on NTIA definitions and the updated California broadband map from the Commission. In order to ensure that new applications are evaluated based on the most accurate mapping data, we encourage all broadband providers that have not already done so to promptly provide the State CIO with updated mapping data on the areas in which they offer service.

For all projects seeking CASF funds, we shall apply the definitions adopted by the NTIA. To the extent that the NTIA definitions differ from those we have previously applied, the NTIA definitions shall supersede the previously applied definitions in our subsequent ranking and awarding of CASF grants. We expect to focus priority on projects that could not be funded under existing CASF matching funds requirement (with 40% of funds from CASF and 60% from the applicant). While the CASF process should work to assist in prioritizing projects for consideration by the Governor’s office, technology neutral standards

in the new law may drive changes in CASF rules. ARRA requires that the applications be granted on a technology neutral basis, while our current CASF rules and CASF statute⁸ require that the applicant have a certificate of public convenience and necessity (CPCN) or be a registered wireless provider.⁹ The State Legislature is considering amendments Pub. Util. Code § 281 to allow for broadband provider/applicants other than holders of CPCNs and registered wireless providers to be allowed to participate in the CASF program. Absent legislation, we cannot grant CASF funds to an entity with an ARRA application that does not have a CPCN or wireless registration. Nonetheless, for CASF applicants that *do* have a CPCN or wireless registration, we can go ahead and provide 10% CASF matching funds in support of their ARRA applications.

Moreover, if legislation is enacted to lift the CPCN restriction and extend CASF eligibility to all eligible entities on a technology-neutral basis, we will promptly conform our CASF review and selection criteria accordingly. In any event, to mitigate concerns about the potential for waste, fraud, and abuse in the administration of the CASF program, applicants who are not certificated or registered by the Commission should still be required to meet eligibility standards, just as required by certificated applicants, such as providing maps,

⁸ See Pub. Util. Code §§ 270(a)(7), and 270(b) identifying the California Advanced Services Fund (CASF) as one of the funds created in the State Treasury from “proceeds of rates and [which] are held in trust for the benefit of ratepayers and to compensate telephone corporations for their costs of providing universal service.” See also Pub. Util. Code § 281, stating the Commission “shall develop, implement, and administer the California Advanced Services Fund to encourage deployment of high-quality advanced communications services to all Californians that will promote economic growth, job creation, and the substantial social benefits of advanced information and communications technologies, as provided in D.07-12-054.”

financial and technical information, etc., as warranted to justify their CASF request. These projects, if approved, would be subject to audits, similar to the requirements that will be enacted by NTIA for the BTOP grants.

Other considerations in ARRA may require revisions in our standard of review of CASF applications. Given that the ARRA goals are similar to those under CASF, we expect that the application requirements for CASF grants will satisfy many of the potential requirements for an ARRA application. However, there may be additional information required for an ARRA grant that is not currently required under our CASF Resolution. One of the goals of ARRA is to stimulate economic growth and create jobs. Therefore, an applicant for an ARRA grant may be required to provide an estimate of the number of potential jobs created under the project. To the extent that the CASF applicant seeks ARRA funding, information required under adopted ARRA criteria, such as potential jobs created by the project, should also be provided for our consideration in the CASF application.¹⁰

Therefore, if an applicant is seeking ARRA funding in conjunction with the CASF award, the applicant should provide information in their CASF applications as to how their projects also meet ARRA application requirements once these are published. Moreover, even if an applicant seeks only a CASF grant without concurrently seeking ARRA support as well, we will still evaluate

⁹ See D.07-12-054 at 13, and Ordering Paragraph 13.

¹⁰ Additionally, other potential showings that may be relevant for an ARRA grant could include demonstration that the project will increase affordability of and subscribership to service to the greatest number of users in the area; that the project will not receive support for non-recurring costs through any other Federal program for

Footnote continued on next page

the applicant's project in terms of how well the project satisfies ARRA criteria in addition to CASF criteria. Those applicants seeking only ARRA funding – with no CASF request – will be provided separate guidance once further details on the ARRA filing process are published, consistent with the CPUC's role in relation to that of the State CIO.

We intend to quickly score and rank the new rounds of CASF applications and award funds in accordance with the applicable project rankings and funding availability.

4. Comments on Proposed Decision

The proposed decision of Commissioner Rachelle B. Chong in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on _____ and reply comments were filed on _____.

5. Assignment of Proceeding

Rachelle B. Chong is the assigned Commissioner and Thomas R. Pulsifer is the assigned ALJ in this proceeding.

Findings of Fact

1. Pursuant to D.07-12-054, the Commission inaugurated the California Advanced Services Fund whereby eligible entities may obtain funding to help finance the deployment of broadband facilities in regions of California that are not currently being served, or that are underserved.

service in the area; and a showing that the applicant is a socially and economically disadvantaged small business concern (as defined by the Small Business Act).

2. Ubiquitous deployment of broadband holds tremendous opportunities for consumers, technology providers, and content providers, and is important to the continued health and economic development in California.

3. Encouraging deployment of additional broadband services within areas of California that are underserved or not served at all is consistent with universal service policies aimed at enhancing deployment of advanced services and bridging the “digital divide” as articulated in Pub. Util. Code §§ 709(c) and (d).

4. The American Recovery and Reinvestment Act provides for economic stimulus in response to recent contractions in the national economy and includes an appropriation of \$7.2 billion for grants and loans related to broadband deployment and adoption on national level.

5. Under the federal schedule for ARRA grants, there will be three cycles during which the federal agencies will evaluate and fund broadband projects, with the first cycle to cover July through September of 2009, with a decision by the NTIA on initial awards in the fourth quarter of 2009.

6. California is well positioned to attract a significant share of money available through ARRA through the leveraging offered by state-sponsored broadband funding. Specifically, the California Advanced Services Fund and the California Emerging Technologies Fund provide effective tools to promote additional broadband services in this manner.

7. Coordination between the CASF and ARRA programs can be optimized by adopting the schedule set forth in Appendix 1 of this decision which sets forth a schedule for subsequent filing, review, and approval of a new round of broadband requests in a time frame that corresponds with the first segment of the federal schedule under ARRA. In order to ensure timely coordination in utilizing CASF matching funding to support ARRA funding requests, it is

necessary to adopt a more expedited processing schedule than has previously been applied.

8. The funding of broadband infrastructure in areas where there may be market failure may be the best way to take into account dramatic advances in telecommunications and information technologies and services, while ensuring the continued effectiveness of the universal service policies set forth by the Legislature.

9. Broadband deployment in California has a direct impact on economic output and employment.

10. California has done extensive broadband mapping through its Broadband Task Force, and has two major broadband programs ongoing: the CETF and the CASF. Advances in quality of mapping are expected to improve the precision identifying areas that are unserved and underserved for purposes of subsequent reviews of broadband requests and challenges to those requests.

Conclusions of Law

1. The goal of advancing the deployment of broadband in unserved and underserved areas of California can best be promoted by coordinating the California Advanced Services Fund program with broadband funding available under the federal government's American Revenue Recovery Act.

2. It is in the public interest to establish a new cycle of filing, review, and approval of broadband requests under the California Advanced Services Fund as set forth in Appendix 1 of this decision, in order to coordinate with the federal government's program for awarding funds under the American Revenue Recovery Act.

3. In view of the additional funding potentially available to qualified applicants under the American Revenue Recovery Act, the matching funding

requirements for the California Advanced Services Fund should be modified to require only 10% matching funds from the applicant, with 10% from the CASF, provided that the remaining 80% comes from ARRA.

4. To the extent that standards and criteria adopted by the NTIA for evaluation of ARRA grant requests differ from the standards and criteria adopted for review and evaluation of CASF grant requests, the NTIA standards and criteria should supersede the currently effective CASF standards and criteria to the extent allowed by law.

5. ARRA requires that the applications be granted on a technology neutral basis, while our current CASF rules and CASF statute require that the applicant have a certificate of public convenience and necessity (CPCN) or be a registered wireless provider.

6. The State Legislature is considering amendments Pub. Util. Code § 281 to allow for broadband provider/applicants other than holders of CPCNs and registered wireless providers to be allowed to participate in the CASF program. Absent legislative amendment, current law prohibits granting CASF funds to an entity with an ARRA application that does not have a CPCN or wireless registration.

7. There is no restriction in existing statutes precluding the Commission from revising the matching funds requirement to 10% in order to qualify for a CASF grant for applicants that do possess a CPCN or wireless registration.

8. If the State Legislature enacts laws to allow for broadband provider/applicants other than holders of CPCNs and registered wireless providers to be allowed to participate in the CASF program, the Commission should amend its rules accordingly.

9. In any event, to mitigate concerns about the potential for waste, fraud, and abuse in the administration of the CASF program, any applicants who are not certificated or registered by the Commission should still be required to meet eligibility standards to justify their CASF request, just as required by certificated applicants, such as by providing maps, financial and technical information, etc., as warranted.

10. The CASF program may warrant additional tailoring of its provisions in order to promote better coordination with the ARRA program, subject to the release of additional information from the federal agencies as to how the ARRA program is to be administered.

O R D E R

IT IS ORDERED that:

1. A new schedule for the next round for filing, review, and approval is hereby established as set forth in Appendix 1 of this decision for filing, review, and funding of new applications under the California Advanced Services Fund. Any applications that cannot be approved within the timeframe set forth in Appendix 1 will be considered for approval at the earliest feasible date thereafter.

2. The adopted schedule in Appendix 1 shall apply to filings both for served and unserved areas, but priority will be given to funding unserved areas.

3. A Commission resolution awarding CASF money for eligible projects filed by July 17, 2009, pursuant to the adopted schedule shall be placed on the Commission's agenda by the second meeting in September 2009, to coordinate with the federal government's schedule for awarding initial ARRA grant applications. Applications submitted between July 18 and August 14, 2009 will

receive second priority for consideration for approval at the second CPUC agenda meeting in October 2009.

4. Applications filed under the new adopted schedule shall generally conform to the requirements and eligibility ranking criteria as previously adopted in Commission Resolution T-17143, subject to any subsequent modifications that may be adopted to conform to standards and criteria of the NTIA applicable to ARRA grant proposals. Applicants for CASF grants that are concurrently seeking ARRA funding shall only be required to provide a maximum match of 10% of the project cost. Such projects shall be eligible matching funds of up to 10% of project cost from CASF money, on the condition that the remaining 80% of project cost is funded by ARRA money.

5. Although an entity is not required to apply to the CPUC for approval merely to receive ARRA funding, an entity that seeks to obtain matching CASF funds shall be required to apply to the CPUC through the CASF process.

6. For any projects that are awarded CASF funding in conjunction with an ARRA grant, the Commission will promptly notify the NTIA and coordinate as necessary, to provide the opportunity for matching ARRA funds to be provided.

7. The Commission shall provide further procedural guidance in subsequent rulings or orders regarding the coordination of administrative filing processes under the ARRA program in relation to the CASF program.

This order is effective today.

Dated _____, at San Francisco, California.

APPENDIX 1**TIMELINE FOR SUBMISSION AND EVALUATION**

(Column A)	(Column B)	(Column C)	(Column D)
BY	BY	Number of days	Description
I. Unchallenged Proposals			
7/17/2009	8/14/2009		Applicants' window for submission of funding requests
7/28/2009	8/25/2009	7 business days from date of application	Communication Division (CD) to post areas applied for, by Census Block Groups (CBGs) and shapefile, on the Commission's California Advanced Services Fund (CASF) website
8/6/2009	9/03/2009	7 business days from posting on Commission's CASF webpage	Deadline for submitting letter challenges and letters of intent to submit a counter proposal in areas where applications have been received (refer to website posting)
8/21/2009	9/21/2009	25 business days from receipt of application	CD completes evaluation of proposals <i>without</i> challenges and <i>without</i> counter proposals and notifies applicants.
8/25/2009	9/22/2009		For unchallenged or non-counteracted applications, CD submits proposed draft resolution for Commission consideration.
9/24/2009	10/29/2009		Commission meeting date for adoption of Resolution(s) approving funding application(s) without challenges/counter-proposals

II. Challenged Proposals			
7/17/2009	8/14/2009		Applicants' window for submission of funding requests
7/28/2009	8/25/2009	7 business days from date of application	CD to post areas applied for, by CBG's and shapefile, on the Commission's CASF website
8/6/2009	9/3/2009	7 business days from posting on Commission's CASF webpage	Applicants' deadline for submitting letter challenges and letters of intent to submit a counter proposal in areas where applications have been received (refer to website posting)
8/18/2009	9/16/2009	15 business days from posting of CBGs and shapefiles of areas applied for on the CASF website	Applicants' deadline for submitting counter proposals in areas where applications have been received (refer to website posting)
9/23/2009	10/20/2009	25 business days from receipt of counter proposal application	CD completes evaluation of challenged applications and counter-proposals and notifies applicants.
9/25/2009	10/21/2009		CD submits proposed draft resolution for Commission consideration
10/29/2009	11/20/2009		Commission meeting date for adoption of Resolution(s) approving funding application(s) <i>with</i> challenges/counter-proposals

* Applications submitted after July 17 may be considered for approval after the September 24, 2009 Commission meeting. For example, for *unserved* applications submitted on July 18, the resolution approving funding may be adopted in the October 29, 2009 Commission meeting instead of the September 24, 2009 meeting.

(END OF APPENDIX 1)

INFORMATION REGARDING SERVICE

I have provided notification of filing to the electronic mail addresses on the attached service list.

Upon confirmation of this document's acceptance for filing, I will cause a Notice of Availability of the filed document to be served upon the service list to this proceeding by U.S. mail. The service list I will use to serve the Notice of Availability of the filed document is current as of today's date.

Dated June 9, 2009, at San Francisco, California.

/s/ JEANNIE CHANG

Jeannie Chang

***** SERVICE LIST *****

Last Updated on 05-JUN-2009 by: JP4

R0606028 LIST

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