

D R A F T

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Carrier Oversight and Programs Branch ***

**RESOLUTION T- 17268
July 8, 2010**

R E S O L U T I O N

Resolution T- 17268 Approval of Funding for the Siskiyou County Economic Development Council (SCEDC) Middle Mile Project, from the California Advanced Services Fund (CASF), Amounting to \$1,697,029.

Summary

This Resolution adopts contingent funding for the Siskiyou County Economic Development Council (SCEDC) project, amounting to \$1,697,029 from the California Advanced Services Fund (CASF). This amount represents 10% of the project costs to provide broadband service to underserved areas in accordance with Commission Resolution T-17143 and Decision (D.) 09-07-020.

Background

On December 20, 2007, the Commission approved D.07-12-054 which established the two-year CASF program to provide matching funds of up to 40% of the total project costs for the deployment of broadband infrastructure in unserved and underserved areas in California.¹ Resolution T-17143, approved on June 12, 2008, adopted application requirements, scoring criteria for the award of funds, and a prescribed timeline for other filings and notifications including a projected Commission Meeting date for final approval of award(s).

¹ SB 1193 (Chapter 393, Stats. of 2008) established the California Advanced Services Fund as a new public purpose program.

D.07-12-054 limited the extension of CASF funding to:

- Entities with a Certificate of Public Convenience and Necessity (CPCN) that qualify as “telephone corporations” as defined in § 234 of the Public Utilities Code (PU Code);
- Wireless carriers registered with the Commission that have been granted a Wireless Identification Number (WIR);
- Entities who have pending applications for a CPCN; and
- A consortium with a member holding a CPCN or a WIR who will serve as the fiscal agent of the consortium (D.07-12-054 at pgs. 33-35, mimeo).

On July 9, 2009, the Commission issued D.09-07-020 establishing new schedules and plans for the filing, review and approval of an additional round of broadband project requests. This decision also provides the potential for the applicants to seek CASF program funding while pursuing funding for broadband deployment grants issued under the Recovery Act.² Also, because federal grants under Recovery Act can fund up to 80% of the project cost, D.09-07-020 allowed applicants to seek an additional 10% funding coverage from the CASF, leaving only 10% of the project cost for the applicant to provide.

On July 29, 2009, Governor Schwarzenegger signed Assembly Bill (AB) 1555 (Chapter 24, Statutes of 2009), amending Section 281 of the PU Code to expand CASF eligibility to any entity applying for CASF funding in conjunction with their Recovery Act funding request, provided that entity satisfies the eligibility requirement for CASF funding. AB 1555 also provides that the Commission establish requirements and guidelines for non-certificated applicants.

On October 29, 2009, the Commission approved Resolution T-17233 establishing application requirements and guidelines for non-CPUC certificated applicants and broadband providers applying for CASF grant money, in conjunction with an application for Recovery Act funding, to develop and deploy broadband infrastructure.

Notice/Protests

The Census Block Group (CBG) list for the SCEDC project appeared by county on the Commission’s CASF website page under “UNDERSERVED areas proposed to be served as of July 17, 2009: Census Block Groups (CBGs).” The Communications Division (CD) proceeded to review and analyze these project areas to verify that they were indeed underserved as of the applicants’ filing date.

² The American Recovery and Reinvestment Act (Recovery Act) appropriates \$7.2 billion for grants and loans to support national broadband deployment. The Recovery Act 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.

Discussion

This Resolution adopts contingent funding of \$1,697,029 for the SCEDC project in Siskiyou County. Key project information is on pages A-1 and A-2 of Appendix A. A Shapefile of SCEDC's proposed project can be found on page A-3 of Appendix A.

Siskiyou County is a remote area of California with harsh weather and difficult terrain. The only service currently offered to the majority of residents in the area is dial-up or very low speed Digital Subscriber Line (DSL). While California Broadband Task Force (CBTF) maps show large areas of Siskiyou County as being served with broadband, much of this territory is uninhabited forest.

On November 13, 2009, SCEDC submitted its original application. The application provided a preliminary cost estimate of \$20,000,000 including middle mile and last mile elements. On May 18, 2010, SCEDC updated its application and provided a complete project cost breakdown with an updated total cost of \$16,970,290 for middle mile only, of which 10% or \$1,697,029 is being requested from CASF as a match to a Round 2 Recovery Act fund request.

SCEDC plans to access Qwest Communications' high capacity fiber optic network, which runs through Siskiyou County, in two locations: Dunsmuir and Montague. Modifications inside existing regeneration sites at these locations can provide up to 10 Gbps internet access. These modifications to existing equipment will take place within existing structures at these sites. The proposed system extends multiple very high speed (2.5 Gb+) points of presence from access sites on Qwest's fiber backbone to new remote aggregation points using microwave trunking equipment capable of providing high bandwidth, high availability and long reach (70+ miles). The remote aggregation points are existing radio facilities and should require no further construction. From the remote aggregation points, lower bandwidth (600 Mb and below) microwave systems are used to complete the middle mile access connection. These remote distribution points can also be collocated on existing facilities.

This project will be able to deliver service to 18,573 households covering an area of about 62.7 square miles in 37 CBGs at maximum speeds of 10 megabits per second (mbps) download / 1 mbps upload retail, and average speeds of 100 mbps minimum wholesale.

For qualification purposes under the CASF program, underserved areas are defined as areas in which broadband is available but no facilities-based provider offers service at speeds of at least 3 mbps download and 1 mbps upload. CD reviewed this project's eligibility through analysis of the required submitted data. These data include, but are not limited to: descriptions of current and proposed broadband infrastructure; Geographic Information

System (GIS) 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. In addition, CD reviewed the Shapefiles submitted which mapped the broadband deployment proposed using United States 2000 Census data, the January, 2008, CBTF Report including its on-line maps, and the revised August 10, 2009, CBTF maps, among others.

CD received no challenges to the project CBGs. However, upon review, CD discovered that portions of nine of the proposed 37 CBGs, specifically the areas around Mount Shasta, Weed, and Yreka overlapped with areas shown as being served with broadband at speeds greater than 3/1 mbps download/upload on the CBTF maps. In response, SCEDC removed the non-qualifying areas and submitted revised shapefiles. The changes in the proposed area did not change the project's alignment and infrastructure requirements. Thus, there was no reduction in the project costs. CD determined that the CBGs covering the revised proposed area are qualified as underserved as defined in Resolution T-17143. Accordingly, CD recommends that the Commission approve a CASF funding award for the SCEDC project.

Since the proposed project will be constructed on existing infrastructure, SCEDC has asserted that the proposed project does not require California Environmental Quality Act (CEQA) review. The Commission's CEQA group agrees that the proposed project as submitted does not require CEQA review. However, if such review is subsequently determined to be required, SCEDC may not conduct ground breaking until the Commission has completed this review. If any special permits are required, SCEDC has agreed to notify the Commission, as appropriate.

SCEDC is required to comply with all the guidelines, requirements, and terms and conditions associated with the granting of CASF funds for non-licensed broadband providers as specified in the ordering paragraphs of Res. T-17233, including the requirements to 1) post a performance bond equal to the total amount payable under this CASF award, or 10% of the project costs, 2) submit the performance bond within five business days after the completion of the CEQA review, if required and within five business days after Commission approval, if CEQA review is not required; 3) submit the information sheets in Appendices 1 and 2 of Res. T-17233 as part of SCEDC's application; 4) agree in writing to allow the Commission to inspect the applicant's accounts, books, papers, and documents related to the application and award of CASF funds; and 5) comply with all the guidelines, requirements and conditions associated with the granting of CASF funds as specified in Resolution T-17143, including, but not limited to, the annual submission of Form 477 to the Federal Communications Commission as discussed in Res. T-17143.

The receipt of the CASF grant is contingent on SCEDC's 1) compliance with the requirements in Resolution T-17233 and Resolution T-17143; and 2) receipt of Recovery Act funding for this project. If the applicant is not successful in its request for the Recovery Act grant or if the Recovery Act grant is less than 80%, then SCEDC may request additional CASF funds in accordance with Ordering Paragraph No. 7 of D.09-07-020. The granting of additional funds will be contingent on the availability of CASF funds.

If the applicant is not successful in its request for the Recovery Act grant, and as a result will not build its project, SCEDC must notify the Director of the Communications Division within thirty (30) days of receiving notification that their Recovery Act application has been rejected so that the Commission may reallocate CASF funds to other grants.

Payments to CASF Recipients

Submission of invoices from and payments to SCEDC shall be made in accordance with Section IX of Appendix A of Resolution T-17143 and according to the guidelines and supporting documentation required in Resolution T-17143.

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

Event	Payment Cycle 1 (Day/Month)	Payment Cycle 2 (Day/Month)
Invoices due from SCEDC to CD	5 th of Month 1	20 th of Month 1
Payment letters from CD to Information and Management Services Division (IMSD) ³	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

SCEDC 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

³ 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.

payment from the day that requests are received by SCO. Approval and disbursement of the first 25% CASF payment is contingent upon SCEDC's (1) compliance with the requirements in Resolutions T-17233 and T-17143; and (2) receiving Recovery Act funding approval.

Comments on Draft Resolution

In compliance with PU Code § 311(g), a notice letter was emailed on June 8, 2010 informing a) all CASF applicants filing under D.09-07-020, and b) parties on the service list of R.06-06-028 of the availability of the draft of this Resolution for public comments at the Commission's website <http://www.cpuc.ca.gov/static/documents/index.htm>. 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.

The Commission did not receive any comments on this Resolution.

Findings

1. The California Advanced Services Fund (CASF) was adopted in Decision (D.) 07-12-054.
2. The CASF was established as a two-year program that will provide matching funds of up to 40% of the total project costs for the deployment of broadband infrastructure in underserved and underserved areas in California.
3. Resolution T-17143, approved on June 12, 2008, adopts the application requirements and scoring criteria for the award of funds, a prescribed timeline for other filings, and notifications including a projected Commission Meeting date for final approval of award(s). T-17143 directed interested applicants seeking funding for underserved projects to file their project proposals and funding requests beginning July 24, 2008.
4. On July 29, 2009, Governor Schwarzenegger signed Assembly Bill (AB) 1555 (Chapter 24, Statutes of 2009), amending Section 281 of the PU Code to expand CASF eligibility to any entity applying for CASF funding in conjunction with their Recovery Act funding request
5. On July 9, 2009, the Commission issued D.09-07-020 approving a new CASF schedule and plan for an additional round of broadband projects that would complement broadband grants awarded under the federal government's American Recovery and Reinvestment Act (Recovery Act). While retaining the 40% matching grant process, the Commission in this Decision authorized providers an option of seeking a 10% grant from the CASF concurrent with efforts to seek an 80% grant from the Recovery Act fund.

6. A list of census block groups (CBGs) appeared by county on the Commission's CASF website page under "UNDERSERVED areas proposed to be served as of July 17, 2009: Census Block Groups (CBGs)." The Communications Division (CD) proceeded with its independent review and analysis of this project area to verify that it was underserved as of the applicant's filing date.
7. An underserved area is defined as an area in which broadband is available but no facilities-based provider offers service at speeds of at least 3mbps download and 1 mbps upload.
8. SCEDC filed its original CASF project application on November 13, 2009, under D.09-07-020. CD reviewed the SCEDC project eligibility through the analysis of required data submitted. These data include, but are not limited to: descriptions of current and proposed broadband infrastructure; geographic information system (GIS) 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.
9. Shapefiles, which mapped the broadband deployment, were reviewed by CD using sources including, but not limited to, the United States 2000 Census data, the January, 2008, Broadband Task Force Report, and the revised August 10, 2009, California Broadband Task Force map, among others. These maps helped to verify the existence or non-existence of broadband service areas and broadband speeds, where available.
10. CD verified this project and, when necessary, requested additional information and/or meetings with the applicant to clarify its project proposal.
11. Of the 37 CBGs in this proposed project, none were formally challenged. However, CD determined after its review that portions of 9 of the proposed 37 CBGs, specifically the areas around Mount Shasta, Weed, and Yreka overlapped with areas shown as being served with broadband at speeds greater than 3/1 mbps download/upload on the CBTF maps.
12. SCEDC removed the non-qualifying areas and submitted revised shapefiles on May 18, 2010. The changes in the proposed area did not change the project's alignment and infrastructure requirements. Thus, there was no reduction in the project costs. CD determined that the CBGs covering the revised proposed area are qualified as underserved as defined in Resolution T-17143.
13. CD determined the SCEDC project application for underserved areas covering 37 CBGs to be eligible to receive funding under CASF.

14. The Commission finds CD's recommendation for conditional CASF award for SCEDC's proposed project for underserved areas as discussed and summarized in Appendix A, to be reasonable and consistent with Commission orders and, therefore, adopts the award.
15. Pursuant to the ordering paragraphs of Res. T-17233, SCEDC is required to 1) post a performance bond equal to the total amount payable under this CASF award, or 10% of the project costs, 2) submit the performance bond within five business days after the completion of California Environmental Quality Act (CEQA) review, if required and within five business days after Commission approval, if CEQA review is not required.
16. The proposed project does not appear to require CEQA review. However, if such review is required, SCEDC may not conduct ground breaking until the Commission has completed this review. If any special permits are required, SCEDC has agreed to notify the Commission as appropriate.
17. SCEDC must comply with all guidelines, requirements, and conditions associated with the granting of CASF funds as specified in Resolution T-17233 and Resolution T-17143, including the submission of FCC Form 477 and compliance with CEQA, among others.
18. The receipt of the CASF grant should be contingent on SCEDC receiving the 80% Recovery Act grant on its underserved project. If the applicant is not successful in its request for the Recovery Act grant or if of the Recovery Act grant is less than 80%, then SCEDC may request additional CASF funds in accordance with Ordering Paragraph No. 7 of D.09-07-020. The granting of additional funds will be contingent on the availability of CASF funds.
19. If SCEDC is unable to obtain Recovery Act funding and will not construct the underserved project, then SCEDC must notify the Director of the Communications Division within thirty (30) days of receiving notification that their Recovery Act application has been rejected so that the Commission may reallocate CASF funds to other grants.
20. A notice letter was emailed on June 8, 2010, informing a) all applicants filing for underserved areas and, b) parties on the service list of R.06-06-028 of the availability of the draft of this Resolution for public comments at the Commission's website <http://www.cpuc.ca.gov/static/documents/index.htm>. This letter also informed parties that the final conformed Resolution adopted by the Commission will be posted and available at this same website.
21. The Commission did not receive any comments on this Resolution.

THEREFORE, IT IS ORDERED that:

1. The California Advanced Services Fund shall award contingent funding of \$1,697,029 from the California Advanced Services Fund to Siskiyou County Economic Development Council (SCEDC) for its project to provide service in underserved areas as described in the Discussion section and summarized in Appendix A of this Resolution.
2. SCEDC shall 1) post a performance bond equal to the total amount payable under this CASF award, or 10% of the project costs, 2) submit the performance bond within five business days after the completion of the CEQA review, if required and within five business days after Commission approval, if CEQA review is not required.
3. SCEDC shall comply with all guidelines, requirements, and conditions associated with the CASF funds award as specified in Resolution T-17143, Resolution T-17233, D.09-07-020 and CEQA.
4. The receipt of the CASF grant shall be contingent on SCEDC receiving the 80% Recovery Act grant on its underserved project. If the applicant is not successful in its request for the Recovery Act grant or if of the Recovery Act grant is less than requested, then SCEDC may request additional CASF funds in accordance with Ordering Paragraph No. 7 of D.09-07-020. The granting of additional funds will be contingent on the availability of CASF funds.
5. SCEDC shall notify the Director of the Communications Division within thirty (30) days of receiving notice that their Recovery Act application has been rejected and as a result, will not construct the underserved project, so that the Commission may reallocate CASF funds to other applicants.
6. The program fund payment of \$1,697,029 for this Commission-approved underserved project shall be paid out of the CASF fund in accordance with the guidelines adopted in Resolution T-17143 and D.09-07-020.
7. Payments to SCEDC shall be in accordance with Section IX of Appendix A of Resolution T-17143 and in accordance with the process defined in the "Payments to CASF Recipients" section of this Resolution.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on July 8, 2010. The following Commissioners approved it:

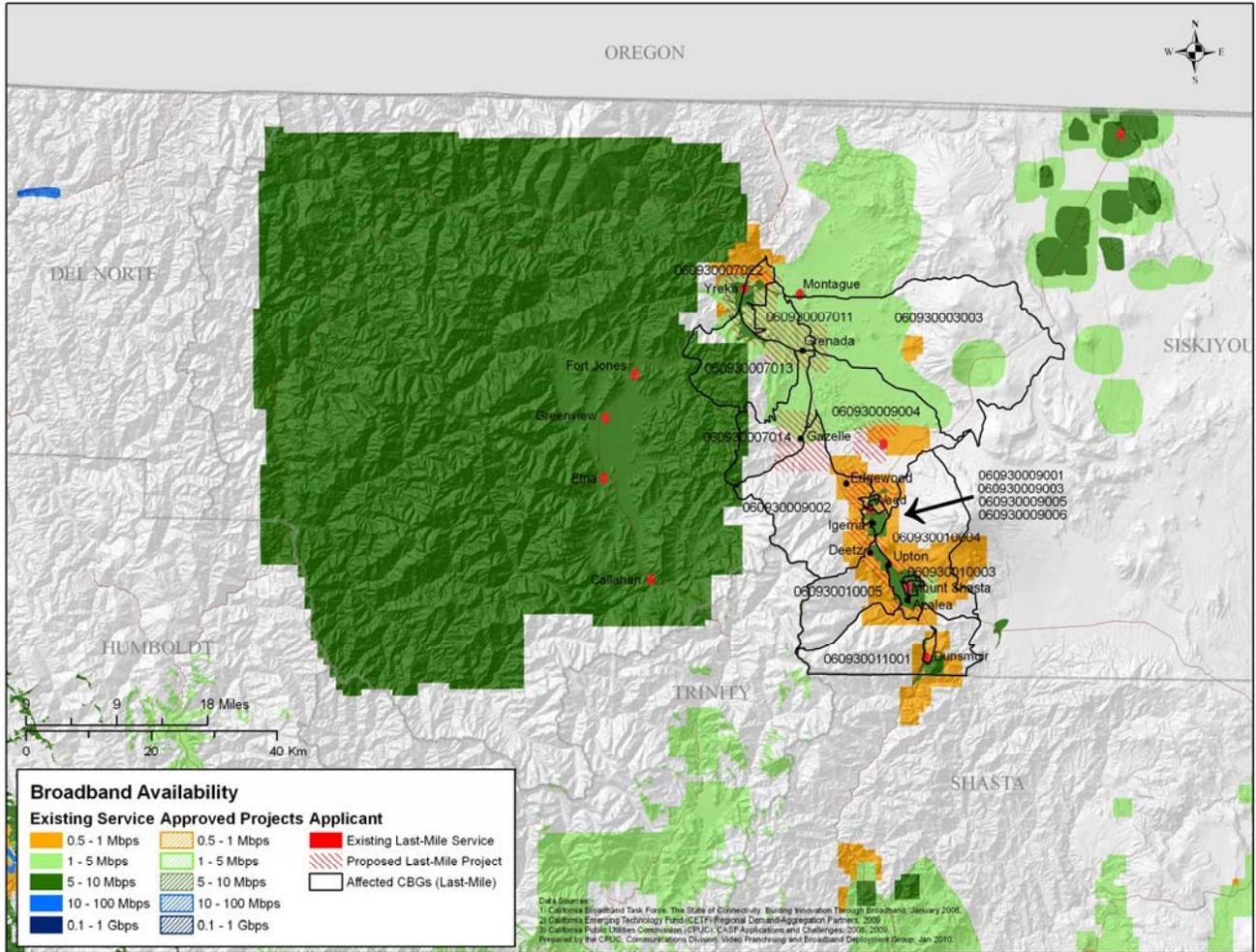
PAUL CLANON
Executive Director

APPENDIX A
Resolution T- 17268
SCEDC Project, Key Information

Siskiyou County Economic Development		
1	Project Name	SCEDC Broadband Project
2	Project Plan	High capacity microwave systems will be used to provide bandwidth to service providers from Qwest's backbone fiber optic network.
3	Project Size (in square miles)	62.7
4	Download speed	10 mbps
5	Upload speed	1 mbps
6	Location	Siskiyou
a)	Community Names	Azelia, Deetz, Edgewood, Gazelle, Grenada, Lake Shastina, South Yreka, Weed, Wizner
b)	CBGs / Household Income	
#		CBG Income
1		060930001001 \$24,464
2		060930002001 \$24,583
3		060930003001 \$27,164
4		060930003002 \$27,164
5		060930003003 \$27,164
6		060930004001 \$26,818
7		060930005001 \$22,679
8		060930005002 \$22,679
9		060930005003 \$22,679
10		060930006001 \$30,076
11		060930701001 \$38,833
12		060930701002 \$38,833
13		060930701003 \$38,833
14		060930701004 \$38,833
15		060930702001 \$21,142
16		060930702002 \$21,142
17		060930703001 \$36,225
18		060930703002 \$36,225
19		060930703003 \$36,225
20		060930008001 \$31,971
21		060930008002 \$31,971
22		060930008003 \$31,971
23		060930009001 \$31,552
24		060930009002 \$31,552
25		060930009003 \$31,552
26		060930009004 \$31,552
27		060930009005 \$31,552
28		060930009006 \$31,552
29		060930010001 \$32,429
30		060930010002 \$32,429
31		060930010003 \$32,429

32		060930010004	\$32,429
33		060930010005	\$32,429
34		060930011001	\$24,182
35		060930011002	\$24,182
36		060930011003	\$24,182
37		060930012001	\$30,242
c)	ZIP Codes		
		96014	
		96023	
		96025	
		96027	
		96032	
		96037	
		96038	
		96039	
		96044	
		96050	
		96057	
		96058	
		96064	
		96067	
		96085	
		96086	
		96094	
		96097	
7	Estimated Potential Subscriber Size		
a)	Households	18,573	
8	Deployment Schedule (from Commission approval date)	4 Months	
9	Proposed Project Budget	\$16,970,290	
a)	CASF (10%)	\$1,697,029	
b)	CIAC	\$0	
c)	Amount of CASF Funds Requested	\$1,697,029	

APPENDIX A
Resolution T- 17268
SCEDC Project Shapefiles



APPENDIX A
Resolution T- 17268
SCEDC Statewide Map



END OF APPENDIX A