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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Communications Division **RESOLUTION T- 17195**
Carrier Oversight and Programs Branch * **February 20, 2009**

R E S O L U T I O N

Resolution T-17195 Approval of Funding for AT&T California Advanced Services Fund (CASF) Unserved Area Applications Amounting to $216,832

Summary

This Resolution adopts funding for four (4) AT&T California (AT&T) broadband projects in unserved areas totaling $216,832 from the California Advanced Services Fund (CASF). The amount granted represents 40% of the total project costs of these unserved area applications filed in accordance with Resolution T-17143. The following table identifies the projects and the CASF funding amounts approved.

Project Name	CASF Funding
Comptche	$18,392
Alta	$56,628
Warner Springs	$93,896
Carmel Valley	$47,916
TOTAL	**$216,832**

Background

On December 20, 2007, the Commission approved Decision (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.[3] Resolution T-17143, approved on June 12, 2008, adopted the 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). This same Resolution directed interested applicants, seeking funding for unserved projects, to file their project proposals and funding requests on July 24, 2008. Twenty-three (23) project proposals were received that sought CASF funding for unserved areas. Of these, sixteen (16) were challenged by various parties contending that the areas proposed were already served. One (1) project proposed was not considered since the proponent was not a telephone corporation as defined under Public Utilities Code § 234. Unchallenged applications were approved in Resolution T-17182 on November 21, 2008.

The remaining challenged applications were evaluated by the Communications Division (CD) by determining whether or not each application contained areas that were already served by some form of terrestrial broadband. CD shared its findings with applicants who either modified or withdrew their submitted proposals. This specific resolution addresses four CASF proposals submitted by AT&T. Further details of the AT&T projects are shown in Appendix A and presented in the Discussion section of this resolution.

Notice/Protests

The (Census Block Group (CBG) list appeared by county on the Commission's CASF website page under "UNSERVED areas proposed to be served as of July 24, 2008: Census Block Groups (CBGs)". CBGs believed to be already served at speeds of 3 Megabits Per Second (MBPS) or more download and 1 MBPS or more upload were challenged pursuant to Resolution T-17143. CD received challenges to AT&T's proposed CBGs from interested parties and challenged proposed areas itself based on information in the January 2008 Broadband Task Force Report (BBTF).

Discussion

This Resolution adopts a total of $216,832 in CASF funding support for four (4) AT&T broadband projects in unserved areas. The actual award amounts for these four (4) projects are described in detail in Appendix A.

For qualification purposes under the CASF program, unserved areas are defined as areas not served by any form of facilities-based broadband, or where Internet connectivity is available only through dial-up service or satellite. CD reviewed each project's eligibility in the unserved review phase by analyzing the required data submitted. These data include, but are not limited to: proof of CPCN registration; descriptions of current and proposed broadband infrastructure; Geographic Information System (GIS) formatted Shapefiles mapping the subject areas; assertion that the area is unserved; potential subscriber size and household incomes; project construction schedule; project budget; proposed pricing and

[3] SB 1193 (Chapter 393, Statutes of 2008) established the California Advanced Services Fund as a new public purpose program.

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 and the BBTF including its on-line maps, among others. Comparisons of submitted maps to that of the BBTF verified the existence or non-existence of broadband service as well as speeds in areas where broadband services are available.

When necessary, CD performed further verification with applicants which included the submission of additional data and/or meetings with the applicants in order to clarify their project proposals.

AT & T – Comptche, Pages A-1 and A-2 of Appendix A

AT&T submitted a project proposal for the Comptche area of Mendocino County. AT&T plans to offer high speed, stand alone, internet access service, where technically feasible, using existing DSL technology and where it has wire line facilities. This project will be able to serve 97 households covering an area of 11.51 square miles in 2 CBGs. The 40% CASF subsidy for the project is $15,200 plus Contribution in Aid of Construction (CIAC) of $3,192 for a total CASF award of $18,392.

AT & T – Alta, Pages A-3, and A-4 of Appendix A

AT&T submitted a project proposal for the Alta/Blue Canyon area of Nevada/Placer Counties. AT&T plans to offer high speed, stand alone, internet access service, where technically feasible, using existing DSL technology and where it has wire line facilities. This project will be able to serve 236 households covering an area of 10.84 square miles in 4 CBGs. The 40% CASF subsidy for this project is $46,800 plus CIAC of $9,828 for a total CASF award of $56,628.

AT & T – Warner Springs, Pages A-5 and A-6 of Appendix A

AT&T submitted a project proposal for the Warner Springs area of San Diego County. AT&T plans to offer high speed, stand alone, internet access service, where technically feasible, using existing DSL technology and where it has wire line facilities. This project will be able to serve 66 households covering an area of 3.5 square miles in 3 CBGs. The 40% CASF subsidy for this project is $77,600 plus CIAC of $16,296 for a total CASF award of $93,896.

AT & T - Carmel Valley, Pages A-7 and A-8 of Appendix A

AT&T submitted a project proposal for the Carmel Valley area of Monterey County. AT&T plans to offer high speed, stand alone, internet access service, where technically feasible, using existing DSL technology and where it has wire line facilities. This project will be able to serve 83 households covering an area of 4.44 square miles in 2 CBGs. The 40% CASF subsidy for this project is $39,600 plus CIAC of $8,316 for a total CASF award of $47,916.

A map of all AT&T's approved projects can be found on page A-9 of Appendix A.

All of the above projects were evaluated using the scoring criteria adopted in Resolution T-17143. While these projects' metrics did not meet the 3 MBPS download and 1 MBPS upload speed or did not score highly in the each of the scoring criterion, these projects were the only proposals received for these proposed unserved areas. As such these proposals will expand broadband service into new unserved communities.

The Application Requirements and Guidelines on the awarding of CASF funds[4] provide that the execution of a Performance Bond is not required if 60% of the total project costs comes from the applicant's capital budget and is not obtained from outside financing sources. AT&T has established a track record with the Commission and has satisfied this requirement. Therefore, they will not be required to post a performance bond. However, a performance bond may be required in future awards in order to protect the interests of the Commission, and the public, in the event that CASF fund recipients do not complete the broadband projects approved by the Commission.

AT&T is required to comply with all the guidelines, requirements and conditions associated with the granting of CASF funds as specified in Resolution T-17143 including the submission of Form 477 and compliance with the California Environmental Quality Act.

Payments to CASF Recipients

Submission of invoices and payments to CASF recipients 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.

Since CASF funding is limited to entities with a Certificate of Public Convenience and Necessity (CPCN) that qualify as a "telephone corporation" as defined under P. U. Code §234 or wireless carriers registered with the Commission over which the Commission has jurisdiction, payment to recipients shall essentially follow the process adopted for funds created under Public Utilities Code §270. The following table describes the timeline for processing CASF payments.

[4] Resolution T-17143

Event	Payment Cycle 1 (Day/Month)	Payment Cycle 2 (Day/Month)
Invoices due from CASF recipients to CD	5th of Month 1	20th of Month 1
Payment letters from CD to Information and Management Services Division (IMSD) [5]	On 19th of Month 1	On 4th of Month 2
Invoices submitted from IMSD to State Controller's Office (SCO) for payments	20th through 26th of Month 1	5th through 13th of Month 2

AT&T may submit their 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. SCO requires 14 to 21 days to issue payment from the day that requests are received by SCO.

Comments on Draft Resolution

In compliance with PU Code § 311(g), a notice letter was emailed on January 20, 2009 informing a) all applicants filing for unserved 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 will be available at this same website.

On February 4, 2009, comments were received from Division of Ratepayer Advocates (DRA) and various individual members of community associations in and around some of the proposed areas.

DRA recommends the following changes to the Draft Resolution (Resolution):

- First, to the extent a CASF funding recipient seeks a high per-household subsidy amount (e.g., an amount greater than $1,000 per household), the Resolution should cap the subsidy per household allowable under the CASF. DRA notes that the proposed per-household subsidies vary by a a wide range. DRA believes that a more in-depth evaluation is warranted to ensure that ratepayer money is spent wisely.

[5] The above schedule is contingent on the CASF recipient submitting clear, complete and error free invoices to CD. Additionally time to process payments may be necessary if CD finds problems with the submitted invoices.

- Second, the Resolution should not approve CASF funding simply because the amount requested is small in proportion to the $100 million CASF budget. Rather, the Resolution should determine whether the proposed expenditure, standing alone, is reasonable and prudent.

Individuals from Mendocino Coast Broadband Alliance, Redwood Coast Rural Action, Redwood Coast Connect, and Humboldt Area Foundation protest the adoption of this Resolution. These individuals claim to represent areas including, but not limited, to the Mendocino coast areas such as Albion, Little River, Caspar, Mendocino, Fort Bragg, Elk and Point Arena. These parties point out that the broadband speeds proposed by AT&T are insufficient and that the Commission should compel AT&T to increase its proposed speed. Likewise, they urge the CPUC to deny telecommunications companies such as AT&T CASF funds to deliver significantly less than the minimum speeds identified in the CPUC's Interim Opinion Implementing the program (R.06-06-028). They believe that substandard service is not better than no service. Further, they state that pending Federal legislation will require far faster service for rural communities compared to the CASF 1 MBPS upload and 3 MBPS download recommendation. Lastly, they state that telecommunications companies are able to block competing CASF applications from smaller service providers which could provide faster service for rural communities.

Randal Stuart MacDonald representing the Comptche Broadband Committee filed comments supporting the Draft Resolution. He believes that broadband is needed in their community immediately. He also stated that his Committee has been working since 1995 to bring high-speed internet access to their rural community. The objections received by the Commission on the award to one of the proposed areas, particularly the Comptche project, represent outside interests and their objections should not be considered.

Kathleen E. Moxon of Redwood Coast Rural Action and the Humboldt Area Foundation replied to the comments filed by Mr. MacDonald. She reiterated the positions filed in her original protest and further stated "we could bring in a WISP that could give Comptche faster service than AT&T in a shorter timeframe. Comments also state that AT &T is able to block applications from other providers."

On February 9, 2009, AT&T filed a response to the comments of DRA. AT&T believes that DRA's request is not procedurally appropriate and should be rejected. AT&T likewise states that DRA's analysis of per-household subsidy is misleading because the number of households in the proposed area is based on census data which may be inaccurate due to growth that has occurred since the last census was conducted. Likewise, AT&T points out that the DRA proposed cap is best addressed in the October 15, 2008, Assigned Commissioner's Ruling (ACR) soliciting comments on revisions to the CASF.

In response to the comments regarding insufficient speeds, the Commission has indeed urged carriers to offer speeds as high as possible. However, the Commission has no control

over what applicants ultimately offer. As stated in Resolution T-17143, 3 MBPS download and 1 MBPS upload are guidelines not requirements. We believe that broadband speeds below 3/1 still offer large benefits to communities that have no broadband service at all and does not hinder the possibility of upgrades by incumbents or competitors.

As for comments regarding large telecommunications companies blocking the applications of smaller carriers, no such blocking has occurred and no such ability to block exists. Any telephone corporation is welcome to apply for any eligible area.

We disagree with the idea of a per-household subsidy cap as proposed by DRA. Preliminary investigation into the variance in per-household funding suggests that differences between proposals are due to a combination of factors including fixed costs, area served, and speed offered. Proposals are considered, as long as they meet the requirements outlined in Resolution T-17143, which includes whether the area is indeed unserved at the time of application. Where the area is found to be unserved, there is no question that households in the proposed project area will benefit. These households will have access to broadband internet connections and all the positive effects it brings to the community, such as increase in productivity, e-learning, telemedicine, and entertainment, among others.

With respect to DRA's second comment that projects should not be approved for CASF funding simply because the amount requested is small in relation to the $100 million CASF budget, the Commission clarifies that all projects are evaluated based on the guidelines, requirements and scoring criteria as set forth in Resolution T-17143. Funding is not contingent on the amount requested vis-a-vis the $100 Million but rather on whether or not the project meets the requirements as set forth in Resolution T-17143. All eligible and approved project funding will be charged against the $100 million allocated for CASF.

We concur with AT&T's comments that suggested changes in the CASF parameters set forth in Resolution T-17143 are best addressed in the October 15, 2008 ACR.

Findings

1. The California Advanced Services Fund (CASF) was implemented by Decision (D.) 07-12-054. 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 unserved and underserved areas in California.
2. 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 unserved projects to file their project proposals and funding requests on July 24, 2008.

3. Unserved areas are defined as areas which are not served by any form of facilities-based broadband, or where Internet connectivity is available only through dial-up or satellite service.
4. A list of census block groups (CBGs) appeared by county on the Commission's CASF website page under "UNSERVED areas proposed to be served as of July 24, 2008: Census Block Groups (CBGs)". The Communications Division (CD) proceeded with its independent review and analysis of these AT&T challenged project areas to verify that they were unserved as of the applicants' filing date.
5. CD reviewed each application's eligibility in the unserved review phase through the analysis of required data submitted. These data include, but are not limited to: proof of CPCN registration; descriptions of current and proposed broadband infrastructure; geographic information system (GIS) formatted Shapefiles mapping the subject areas; assertion that the area is unserved; 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. Shapefiles, which mapped the broadband deployment, were reviewed by CD using sources including, but not limited to, the United States 2000 Census data and the January, 2008, Broadband Task Force Report and its available on-line maps. These maps helped to verify the existence of or non-existence of broadband service areas and broadband speeds, where available.
7. CD verified each project and, when necessary, requested additional information and/or meetings with applicants to clarify/modify their project proposals.
8. After its review, CD determined that four (4) AT&T applications for unserved areas were eligible to receive funding under CASF.
9. The four projects proposed that have been found to be eligible for CASF funding are as follows:

Project Name	**CASF Funding**
Comptche	$18,392
Alta	$56,628
Warner Springs	$93,896
Carmel Valley	$47,916
TOTAL	**$216,832**

10. AT&T should not be required to post a performance bond as AT&T has a proven track record with the Commission and 60% of the total project cost will be financed through AT&T's capital budget.

11. AT&T should comply with all guidelines, requirements and conditions associated with the granting of CASF funds as specified in Resolution T-17143 including the submission of Form 477 and compliance with the California Environmental Quality Act, among others.
12. A notice letter was emailed on January 20, 2009 informing: a) all applicants filing for unserved 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 will be available at this same website.
13. Comments on the Draft Resolution were filed by the Division of Ratepayers' Advocates (DRA), individuals representing the Mendocino Coast Broadband Alliance, Redwood Coast Rural Action, Redwood Coast Connect, the Co-Chair of the Comptche Broadband Committee and AT&T. These comments are addressed in the Comments Section of this Resolution.
14. The Commission finds CD's recommended CASF awards for unserved areas for the four (4) projects, as summarized in Appendix A of this Resolution, reasonable and consistent with Commission orders and should be adopted.

THEREFORE, IT IS ORDERED that:

1. The California Advanced Services Fund award for four (4) AT&T projects for unserved areas, as described in the Discussion portion and summarized in Appendix A of this Resolution and as summarized below, is adopted.

Project Name	CASF Funding
Comptche	$18,392
Alta	$56,628
Warner Springs	$93,896
Carmel Valley	$47,916
TOTAL	**$216,832**

2. AT&T shall not be required to post a performance bond.
3. The program fund payment of $216,832 for the four (4) Commission-approved unserved projects shall be paid out of the CASF fund in accordance with the guidelines adopted in Resolution T-17143.
4. Payments to AT&T 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.
5. AT&T shall comply with all guidelines, requirements and conditions associated with the CASF funds award as specified in Resolution T-17143.

This Resolution is effective today.

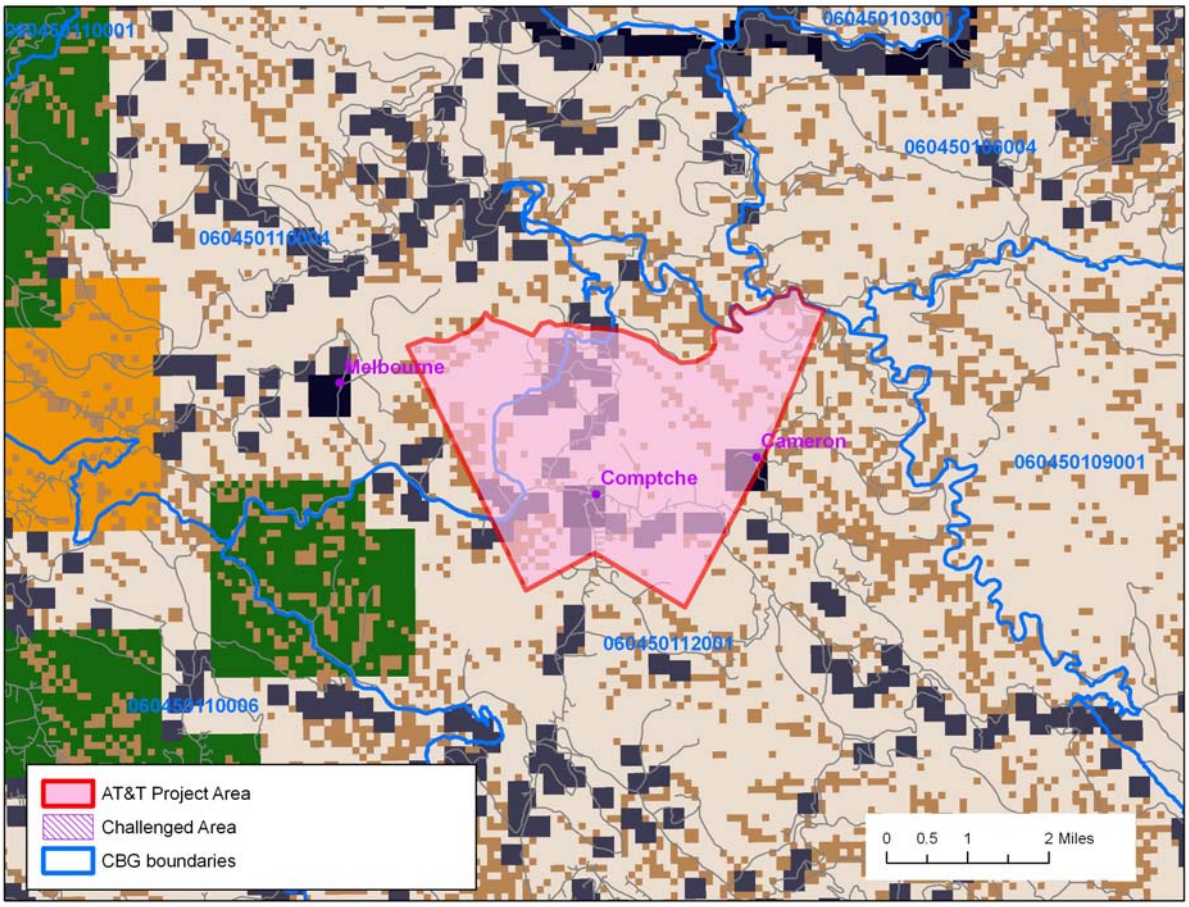
I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on February 20, 2009. The following Commissioners approved it:

PAUL CLANON
Executive Director

APPENDIX A
Resolution T- 17195
Comptche Project Key Information

1	*Project ID*	**ATT 2008-03**	
2	*Project Name*	**Comptche**	
3	*Project Plan*	high speed, stand alone, internet access service, , where technically feasible using existing DSL technology and where AT&T-CA has wire line facilities	
4	*Project Size (in square miles)*	11.51	
5	*Download speed*	up to 1.5 MBPS	
6	*Upload speed*	up to 384 KBPS	
7	*Location*	Mendocino	
a)	*Community Name*	Comptche	
b)	*CBGs/Household Income*	060450110004	$45,952
		060450112001	$42,500
c)	*Zip Codes*	95460	
		95427	
8	*Estimated Potential Subscriber Size*		
a)	*Households*	97	
9	*Deployment Schedule (from Commission approval)*	18 - 20 months	
10	*Proposed Project Budget*		
	CASF (40%)	$15,200	
	CIAC	$3,192	
	Amount of CASF Funds Requested	**$18,392**	

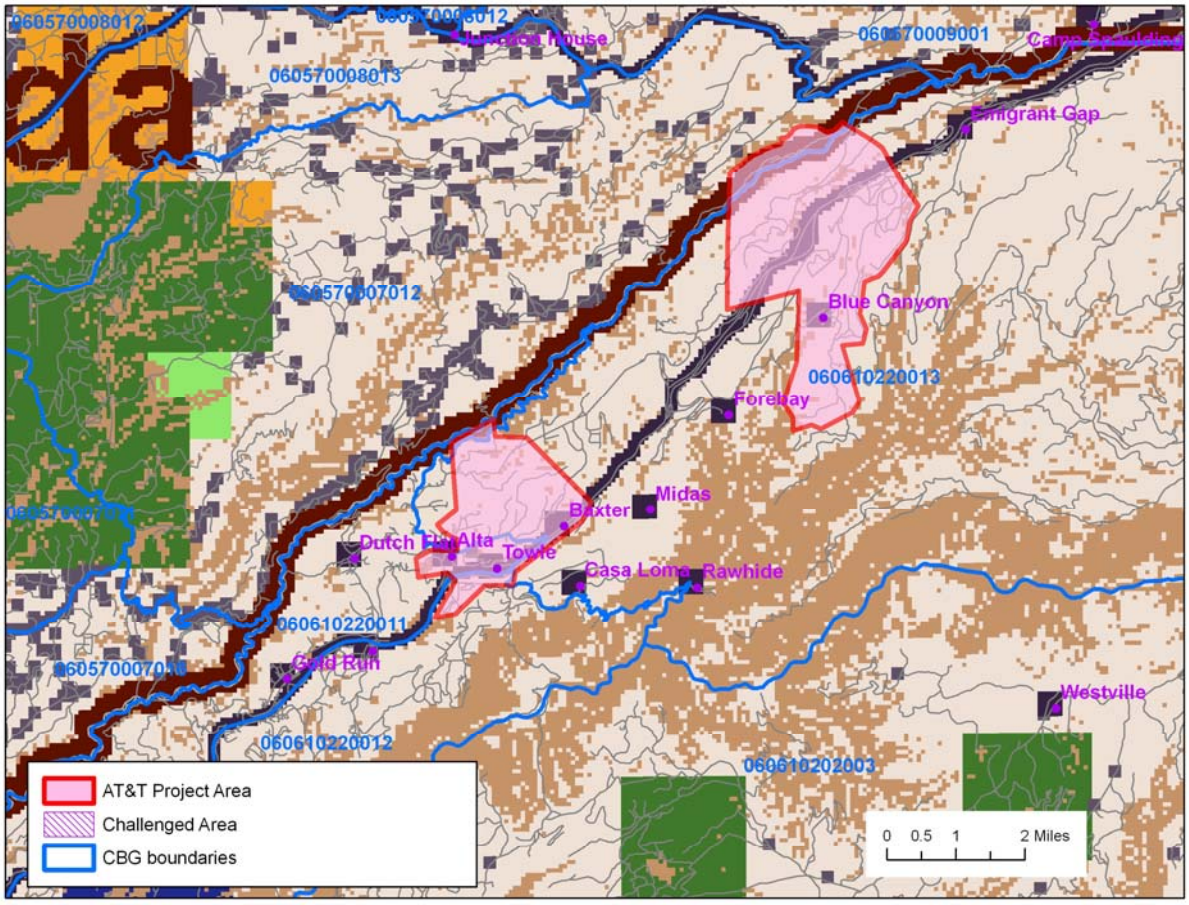
APPENDIX A
Resolution T- 17195
Comptche Project Shapefile



APPENDIX A
Resolution T- 17195
Alta Project Key Information

1	*Project ID*	**ATT 2008-05**	
2	*Project Name*	**Alta**	
3	*Project Plan*	high speed, stand alone, internet access service, , where technically feasible, using existing DSL technology and where AT&T-CA has wire line facilities	
4	*Project Size (in square miles)*	10.84	
5	*Download speed*	up to 1.5 MBPS	
6	*Upload speed*	up to 384 KBPS	
7	*Location*	Nevada/Placer	
a)	*Community Name*	Alta/Blue Canyon	
b)	*CBGs/Household Income*	060610220011	$64,563
		060570007012	$64,817
		060610220013	$44,620
		060610220012	$45,588
c)	*Zip Codes*	95945	
		95701	
		95714	
		95715	
8	*Estimated Potential Subscriber Size*		
a)	*Households*	236	
9	*Deployment Schedule (from Commission approval)*	18 - 20 months	
10	*Proposed CASF Funding*		
	CASF (40%)	$46,800	
	CIAC	$9,828	
	Amount of CASF Funds Requested	**$56,628**	

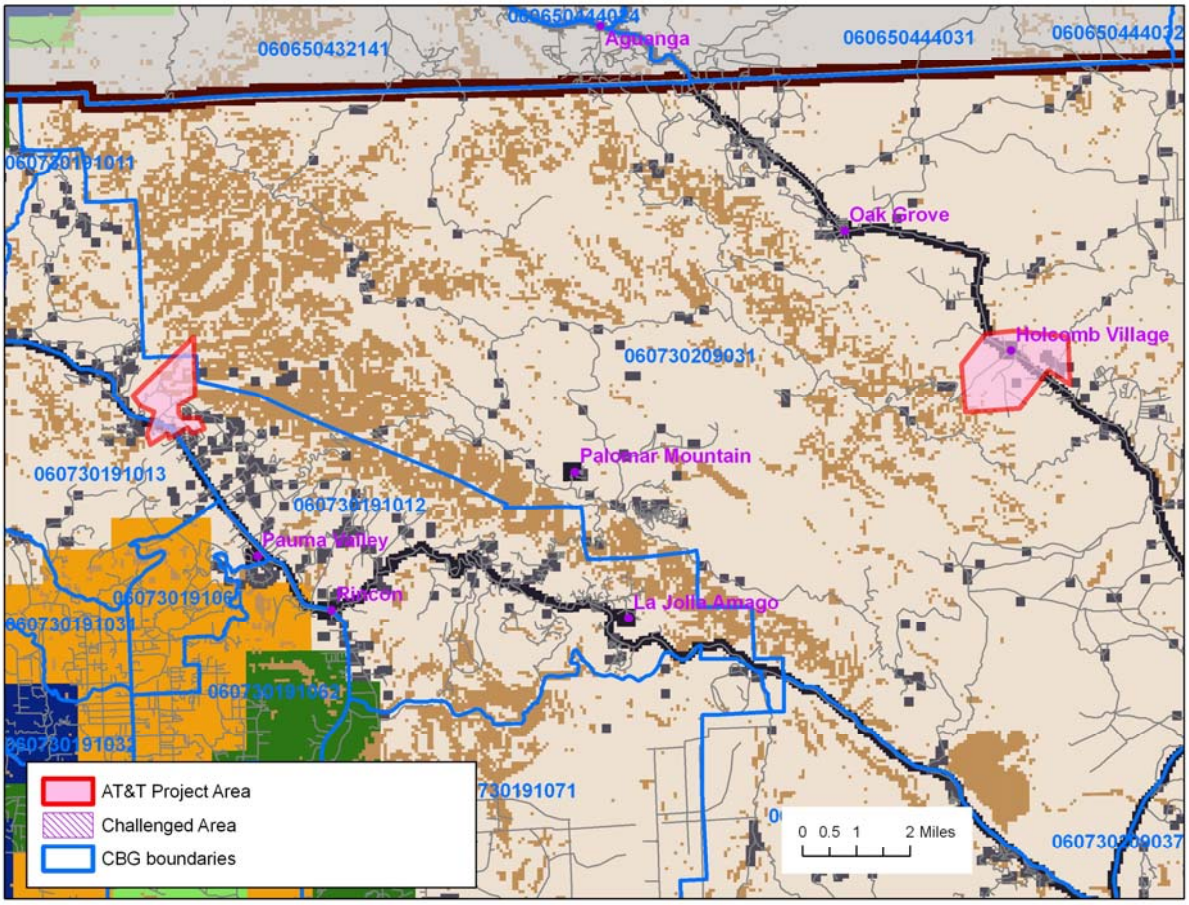
APPENDIX A
Resolution T- 17195
Alta Project Shapefile



APPENDIX A
Resolution T- 17195
Warner Springs Project Key Information

1	*Project ID*	**ATT 2008-06**	
2	*Project Name*	**Warner Springs**	
3	*Project Plan*	high speed, stand alone, internet access service, where technically feasible, using existing DSL technology and where AT&T-CA has wire line facilities	
4	*Project Size (in square miles)*	3.5	
5	*Download speed*	up to 1.5 MBPS	
6	*Upload speed*	up to 384 KBPS	
7	*Location*	San Diego	
a)	*Community Name*	Warner Springs	
b)	*CBGs/Household Income*	060730209031	$42,955
		060730191013	$58,152
		060730191012	$49,063
c)	*Zip Codes*	92086	
		92061	
		92059	
8	*Estimated Potential Subscriber Size*		
a)	*Households*	66	
9	*Deployment Schedule (from Commission approval)*	18 - 20 months	
10	*Proposed CASF Funding*		
	CASF (40%)	$77,600	
	CIAC	$16,296	
	Amount of CASF Funds Requested	**$93,896**	

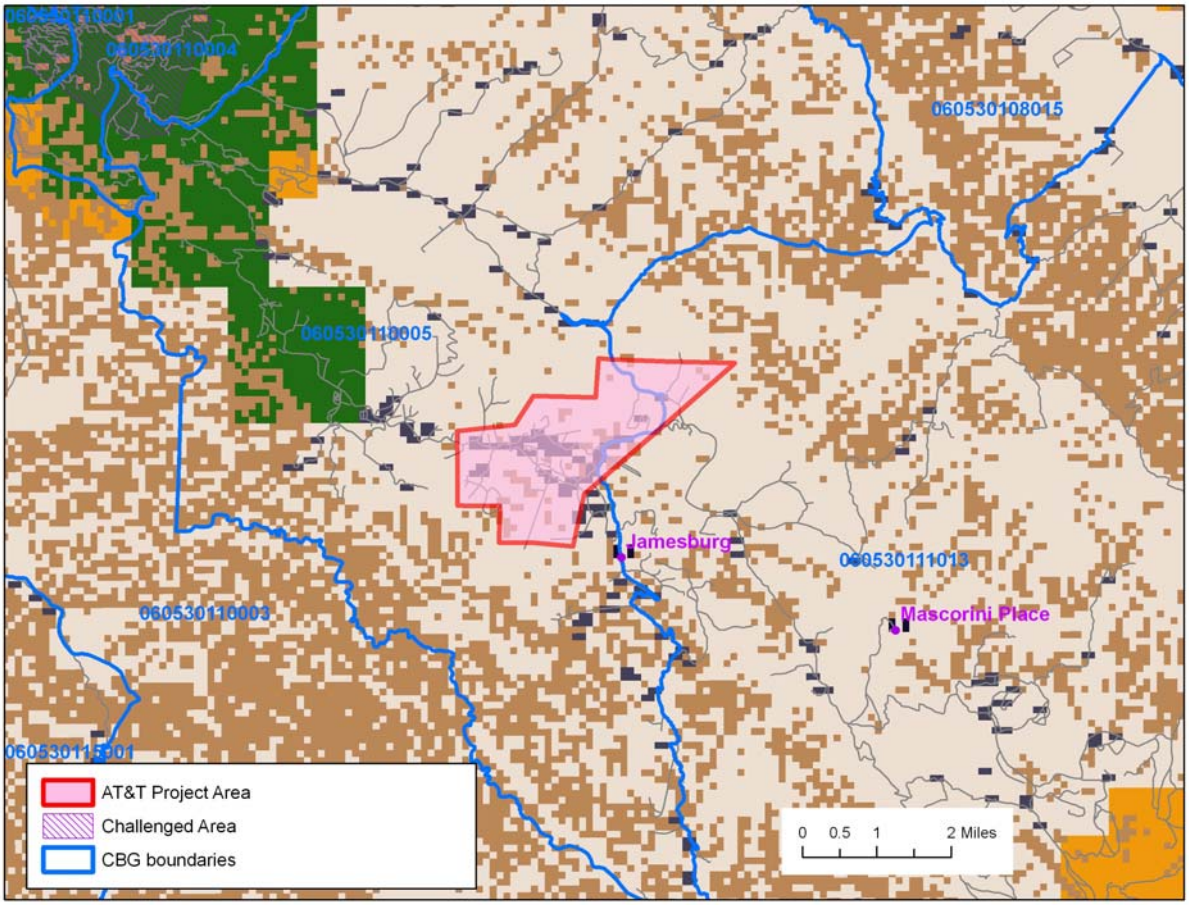
APPENDIX A
Resolution T- 17195
Warner Springs Project Shapefile



APPENDIX A
Resolution T- 17195
Carmel Valley Project Key Information

1	*Project ID*	**ATT 2008-11**	
2	*Project Name*	**Carmel Valley**	
3	*Project Plan*	high speed, stand alone, internet access service, , where technically feasible, using existing DSL technology and where AT&T-CA has wire line facilities	
4	*Project Size (in square miles)*	4.44	
5	*Download speed*	up to 1.5 MBPS	
6	*Upload speed*	up to 384 KBPS	
7	*Location*	Monterey	
a)	*Community Name*	Carmel Valley	
b)	*CBGs/Household Income*	060530111013	$72,500
		060530110005	$58,654
c)	*Zip Codes*	93924	
8	*Estimated Potential Subscriber Size*		
a)	*Households*	83	
9	*Deployment Schedule (from Commission approval)*	18 - 20 months	
10	*Proposed CASF Funding*		
	CASF (40%)	$39,600	
	CIAC	$8,316	
	Amount of CASF Funds Requested	**$47,916**	

APPENDIX A
Resolution T- 17195
Carmel Valley Project Shapefile



APPENDIX A
Resolution T- 17195
Statewide Proposed Project Map