

D R A F T

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Carrier Oversight and Programs Branch**

**RESOLUTION T-17197
July 9, 2009**

R E S O L U T I O N

Resolution T-17197 Conditional Approval of Funding for the Mother Lode Broadband Project of Rapid Link Inc. and Mother Lode Internet from California Advanced Services Fund (CASF) Amounting to \$2,771,341

Summary

This Resolution adopts conditional funding for the Mother Lode Broadband project of Telenational Communications Inc./Rapid Link Inc. and Mother Lode Internet (collectively referred to here as MLI) from the California Advanced Services Fund (CASF) amounting to \$2,771,341. This resolution is conditioned on Commission approval of, and Rapid Link Inc.'s (Rapid Link) compliance with, any requirements in the decision on pending Application (A.) 09-02-021 by Rapid Link to acquire Telenational Communications Inc. (TNC). The \$2,771,341 grant amount represents 40% of the total project cost of this unserved area application filed in accordance with Resolution T-17143.

Background

On December 20, 2007, the Commission approved Decision (D.) 07-12-054 which established the 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 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. The Commission has

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

received fifty three (53) project proposals that sought CASF funding for unserved and underserved areas on July 24, 2008 and August 25, 2008, respectively. As of April 16, 2009, the Commission has approved 25 CASF grants totaling \$9.5 million in funds awarded. Grants for unserved areas amount to \$8.5 million for 13 projects while underserved area grants amount to \$1 million for 12 projects.

Notice/Protests

The Census Block Group (CBG) list by county was placed on the Commission's CASF website under the heading "UNDERSERVED areas proposed to be served as of August 25, 2008: Census Block Groups (CBGs)." Of the 126 CBGs Mother Lode submitted, AT&T, Comcast, and GSC formally submitted challenges to a total of 103 CBGs. Therefore, CD proceeded with a review and an analysis of these project areas to verify that they were indeed unserved as of the applicants' filing date.

Discussion

CD has completed its review and analysis of the project areas included in MLI's application. As a result, this Resolution conditionally adopts a total of \$2,771,341 in CASF funding support for the Mother Lode Broadband project. The project is described in detail in Appendix A.

For purposes of the CASF program, the Commission has defined "unserved areas" 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 MLI's project eligibility in the unserved review phase by analyzing required data which the applicants submitted. These data include, but are not limited to: proof of Certificate of Public Convenience and Necessity (CPCN) registration; descriptions of current and proposed broadband infrastructure, Geographic Information System (GIS) formatted Shapefiles² mapping the subject areas; assertion that the area is underserved; potential size of the subscriber base and household incomes; project construction schedule; project budget; proposed pricing and commitment period for new subscribers; and, financial qualifications of the applicant.

Rapid Link, Inc., a national voice and data carrier and Mother Lode Internet (MLI), a leading Internet Service Provider in Southern and Central California (CA) submitted their application using TNC's valid CPCN registration which authorizes TNC to provide interLATA and intraLATA services in CA. MLI's proposal is to provide wireless broadband services in portions of the Alpine, Amador, Calaveras, Tuolumne and Mariposa Counties.

MLI plans to leverage local broadband provider experience, support and presence by expanding a network of fixed wireless broadband services. MLI's network will include two

² A shapefile is a digital vector storage format for storing geometric location and associated attribute information. Shapes (points/lines/polygons) together with data attributes can create infinitely many representations about geographical data.

redundant 300 Mega Bits per Second (MBPS) links from Stockton and Sacramento to increase backhaul capacity. This backhaul is expected to feed the MLI network of primary and repeater towers with sufficient bandwidth. The network will include 44 primary towers each feeding two repeater towers with each primary tower, equipped with three radios in three different frequencies offering Line of Site and Non-Line of site capability. Primary towers will feed up to two repeater towers similarly equipped with 180 degree antennas to propagate signal into targeted markets. The system will have 132 towers equipped with over 1000 access points. The receiver radios located at the customer's premises will have a Line of Site capacity of up to 14 MBPS for both upload and download and Non Line of Site capacity of up to 8 MBPS.

Of the 126 CBGs MLI has included in its proposal, AT&T, Comcast, and GSC formally submitted challenges to a total of 103 CBGs. These challenging parties asserted that portions of the CBGs in the proposed area are already served. CD reviewed and overlaid the Shapefiles submitted by MLI to the California Broadband Task Force Report (CBTF) maps and challenged areas. MLI's shapefiles mapped the broadband deployment proposed using United States 2000 Census data and the January, 2008 CBTF maps. The overlay result is a misalignment of data layers in the maps (Appendix B).

CD's staff with subject matter expertise in GIS mapping explained that the misalignment of data layers may be due to one or more of the following reasons:

- The layers were created by different individuals using different spatial standards (i.e. the coordinate system, projection, and scale at which the data was originally created);
- The original CASF data was generalized (converted from individual data points to aggregate one-kilometer pixels) before publication, due to non-disclosure agreements, and
- The generalized, published CBTF data (maps) had to be recreated by CD GIS staff.

CD staff used the following process to recreate the CBTF data (maps):

- Acquired regional broadband maps from CBTF website;
- Exported pdf maps to jpeg;
- Inserted jpeg images into an ArcGIS map project;
- Manually georeferenced images (i.e. assign them correct Earth coordinates according to the California State Plane coordinate system and Lambert Conformal Conic projection);
- Converted images to polygon shapefile;
- Removed non-data polygons and
- Classified data by speed tier.

While a more granular map and availability of the data underlying the CBTF maps would have been ideal for analysis, the generalized, published CBTF maps CD staff used is still the most accurate statewide data set of broadband service available. CD also overlaid the CBTF map onto the territories that the challenging parties assert were served, and identified which areas within the CBGs (060430001005 and 060430003005) are served with broadband (Appendix C).

On September 29, 2008, MLI submitted a revised application proposing to provide service to 103 CBGs in the unserved areas of Alpine, Amador, Calaveras, Tuolumne and Mariposa Counties. However, after additional analysis and review, CD established that an additional 55 CBGs were partially served, 31 CBGs were 100% served as indicated in the CBTF maps and 17 CBGs were 100% unserved. MLI explained that the CBTF maps are inaccurate, because a "served" grid can appear on the map if as few as one customer with broadband service is present within a 1 Kilometer (Km) by 1 Km or 0.6 miles by 0.6 miles grid area. Thus, MLI concludes that based on this, the CBTF map is useful for large, more populous regions not low-density, rural areas and the CBTF map overestimates existing service coverage for these areas. While CD found some merit in this, CD still requested MLI to remove those areas that appear as already served per the CBTF map and challenged by other parties for CASF funding purposes. Since the underlying data source set for the CBTF maps were not available for verification, CD used this same type of method of overlaying shapefiles submitted by applicants onto the CBTF maps to determine which areas in a CBG are served, unserved or underserved with all the other applicants.

MLI once again reviewed the 55 CBGs and made modifications to its application and resubmitted it. This resulted in the appearance of CBGs with 97-99% broadband coverage and pockets of unserved areas within a CBG (Appendix B, CBGs 60090002103 & 60090003002). In summary, CD determined that out of the 103 CBGs MLI submitted, 72 CBGs covering the proposed areas of Alpine, Amador, Calaveras, Tuolumne and Mariposa Counties qualify as "unserved area", as defined in Resolution T-17143.

Comparisons of MLI's submitted maps with the CBTF maps verified the non-existence of Broadband service in some of the CBGs applied for. Appendix A-1 to A-3 lists these CBGs.

In scoring applications, CD's staff confirmed the accuracy of the coverage of the total project area in square miles. This was done through a three-step process in the NAD83 coordinate systems³ and California State Plane Zone 3 projection (appropriate for central California) using the Arc GIS software. First, the square footage of each closed polygon in the applicant's submitted shapefile (GIS boundary file) was calculated using the Calculate Areas function in the ArcToolbox. The result was then calculated to six decimal places (one-millionth of a square foot). Next, the square footage of each closed polygon was divided by 27,878,400 (number of square feet in a square mile) using the Field Calculator in ArcMap, to

³ North American Datum of 1983 (NAD83) is an earth-centered datum based on the Geodetic Reference System of 1980. The size and shape of the earth was determined through measurements made by satellites and other sophisticated electronic equipment; the measurements accurately represent the earth to within two meters.

arrive at the square mileage. Finally, the area of the polygons was summed to arrive at the total area. CD staff confirmed that this method is the standard procedure used for calculating the size of an area for geographic analysis.

The Application Requirements and Guidelines on the awarding of CASF Funds ⁴ put forth the information required for each proposed broadband project filed including, but not limited to, each applicant's possession of a CPCN or a U-Number. Further, applicants who do not have a CPCN or U-number and are not registered wireless carriers may partner with or apply through a consortium, so long as the financial agent for the consortium is an entity with a CPCN or U-number. In this joint venture, MLI used TNC's CPCN, and accordingly, TNC will be the financial agent for the consortium.

CD staff investigated the application further and discovered that Rapid Link acquired TNC on May 3, 2006. Rapid Link, however, did not seek, pursuant to PU Code § 854(a)⁵, Commission approval for the acquisition of TNC. Accordingly, on February 25, 2009, Rapid Link filed a formal application, A.09-02-021, to acquire TNC. Since Rapid Link's Section 854 application is still pending before the Commission, CD recommends that the Mother Lode Broadband project be approved conditionally, pending final Commission review of and disposition of Rapid Link's application. In addition, approval of the CASF application is conditioned on Rapid Link's compliance with any requirements or mandates the Commission imposes in a final decision on A.09-02-021. Further, CD recommends that MLI provide CD with a copy of the final decision resolving Rapid Link's application to acquire TNC, as well as proof of Rapid Link's compliance with any conditions the decision imposes.

The Mother Lode Broadband Project was evaluated using the scoring criteria adopted in Resolution T-17143 vis-a-vis a proposal submitted by another applicant for some of the areas proposed by Mother Lode. Of the two applicants for these unserved areas, MLI scored the higher. Pursuant to Resolution T-17143, the scoring criterion is comprised of seven elements, with "funds requested per potential customer" assigned the highest weight of 40 points followed by "speed" with 20 points. Even if the two competing applications were scored without the speed element, MLI will still have scored the higher of the two.

MLI proposes to provide an average speed of up to 11.9 MBPS both download and upload which will be able to serve approximately 28,235 potential customers (14,629 households) covering an area of approximately 3,063 sq. miles. MLI plans to complete its project within 20 months. The Mother Lode Broadband Project is, therefore, recommended for conditional approval and award of CASF funding of \$2,771,341.

⁴ Resolution T-17143

⁵ Public Utilities Code §854(a) states that "[n]o person or corporation, whether or not organized under the laws of this state, shall merge, acquire, or control either directly or indirectly any public utility organized and doing business in this state without first securing authorization to do so from the commission".

The Application Requirements and Guidelines on the awarding of CASF funds ⁶ provide that the execution of a Performance Bond is not required if 60% of the total project costs comes from the applicants' capital budget and is not obtained from outside financing sources. In its application, MLI certified in writing that 60% of the total project costs will come from its existing capital budget and believes that a performance bond is not necessary. However, in view of issues raised in A.09-02-021 pertaining to MLI's financial viability and in light of MLI's lack of a sufficient track record by which the Commission can assess MLI's viability, MLI is required to post a performance bond equal to the total amount payable under this CASF award, or 40% of the project costs. The performance bond will only ensure completion of the project and does not extend to ensuring continued operations. MLI agrees to provide a copy of the executed bond within five business days after the effective date of this award.

MLI's application indicates that all proposed antennas will be mounted on existing facilities and no new towers will need to be constructed. Therefore, we conclude that the project will have no physical impact on the environment, and thus, is exempt from a California Environmental Quality Act (CEQA) review.

MLI is required to comply with all other guidelines, requirements and conditions associated with the granting of CASF funds as specified in Resolution T-17143 including but not limited to, the submission of Form 477.

Payments to CASF Recipients

Submission of invoices and payments to TNC 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.

CASF funding can only be awarded to an entity with holding a CPCN as a " telephone corporation" pursuant to P.U. Code §234 or to wireless carriers registered with the Commission. For this reason, payments to TNC shall essentially follow the process adopted for funds created under P.U. Code §270. The following table describes the timeline for processing CASF payments.

⁶ Resolution T-17143

Event	Payment Cycle 1 (Day/Month)	Payment Cycle 2 (Day/Month)
Invoices due from CASF recipients to CD	5 th of Month 1	20 th of Month 1
Payment letters from CD to Information and Management Services Division (IMSD) ⁷	On 19 th of Month 1	On 4 th of Month 2
Invoices submitted from IMSD to State's Controller Office (SCO) for payments	20 th through 26 th of Month 1	5 th through 13 th of Month 2

TNC 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. 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 P.U. Code § 311(g), a notice letter was emailed on June 9, 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.

Responses to timely filed comments will be addressed in this resolution.

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

⁷ 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 invoice

award(s). T-17143 directed interested applicants seeking funding for underserved projects to file their project proposals and funding requests on August 25, 2008.

3. Unserved areas are defined as areas those 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)". Communications Division (CD) proceeded with its independent review and analysis of the areas proposed in this project to verify that they were unserved as of the applicants' filing date.
5. Rapid Link Inc. and Mother Lode Internet (MLI) submitted an unserved area application using the CPCN of Telenational Communications Inc. (TNC), in portions of Alpine, Amador, Calaveras, Tuolumne and Mariposa counties.
6. CD reviewed MLI's Mother Lode Broadband Project 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 commitment period for new subscribers; and, financial qualifications of the applicant.
7. 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.
8. CD verified MLI's project and, when necessary, requested additional information and/or meetings to clarify the project proposal.
9. Since TNC holds a valid CPCN, TNC should be the financial agent for the consortium.
10. After its review, CD determined that the Mother Lode Broadband Project application for unserved areas covering 72 CBGs as eligible to receive funding under CASF.
11. The posting of a performance bond by MLI should be required for this recipient in order to compensate the CASF in the event of project failure.

12. MLI is exempt from the CEQA review since MLI's application indicates that all the antennas will be mounted on existing facilities and no new towers will need to be constructed. Therefore, the project will have no physical impact on the environment.
13. On February 25, 2009, Rapid Link filed a formal application, Application (A.) 09-02-021 for the acquisition of TNC because its acquisition of TNC on May 3, 2006 was never filed.
14. Conditional approval of funding for the Mother Lode Broadband Project from CASF amounting to \$2,771,341 should be granted pending final Commission approval of Rapid Link's application and Rapid Link's compliance with, conditions imposed in the decision in A.09-02-021, if any.
15. MLI should provide CD with a copy of the final decision resolving Rapid Link's application to acquire TNC, as well as proof of Rapid Link's compliance with any conditions the decision imposes.
16. MLI should comply with all other requirements and conditions such as, but not limited to, the submission of Form 477 associated with the granting of CASF funds as specified in Resolution T-17143.
17. A notice letter was emailed on June 9, 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.
18. The Commission finds CD's recommended conditional CASF award of \$2,771,341 for unserved areas for the Mother Lode Project, 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 amount of \$2,771.341 from the California Advanced Services Fund shall be awarded to Telenational Communications Inc./Rapid Link Inc. and Mother Lode Internet pending final Commission disposition of application and Rapid Link's compliance with any conditions set forth in a final decision on Application 09-02-021.
2. Telenational Communications Inc. shall be the financial agent for the Mother Lode Broadband project.
3. Telenational Communications Inc./Rapid Link Inc. and Mother Lode Internet shall be required to post a performance bond and provide a copy of the performance bond within five business days after the effective date of this resolution.

4. Telenational Communications Inc./Rapid Link Inc. and Mother Lode Internet shall notify and provide Communications Division with a copy of the decision that approves Rapid Link's acquisition of Telenational Communications Inc. as well as proof of Rapid Link's compliance with the decision.
5. The program fund payment of \$2,771,341 for Mother Lode Broadband project shall be paid out of the CASF fund in accordance with the guidelines adopted in Resolution T-17143.
6. Payments to Telenational Communications Inc./Rapid Link Inc. and Mother Lode Internet 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.
7. Telenational Communications Inc./Rapid Link Inc. and Mother Lode Internet shall comply with all requirements and conditions associated with the CASF funds award such as but not limited to, the submission of Form 477 as specified in Resolution T-17143.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on July 9, 2009. The following Commissioners approved it:

PAUL CLANON
Executive Director

APPENDIX A
Resolution T-17197
Mother Lode Project Key Information

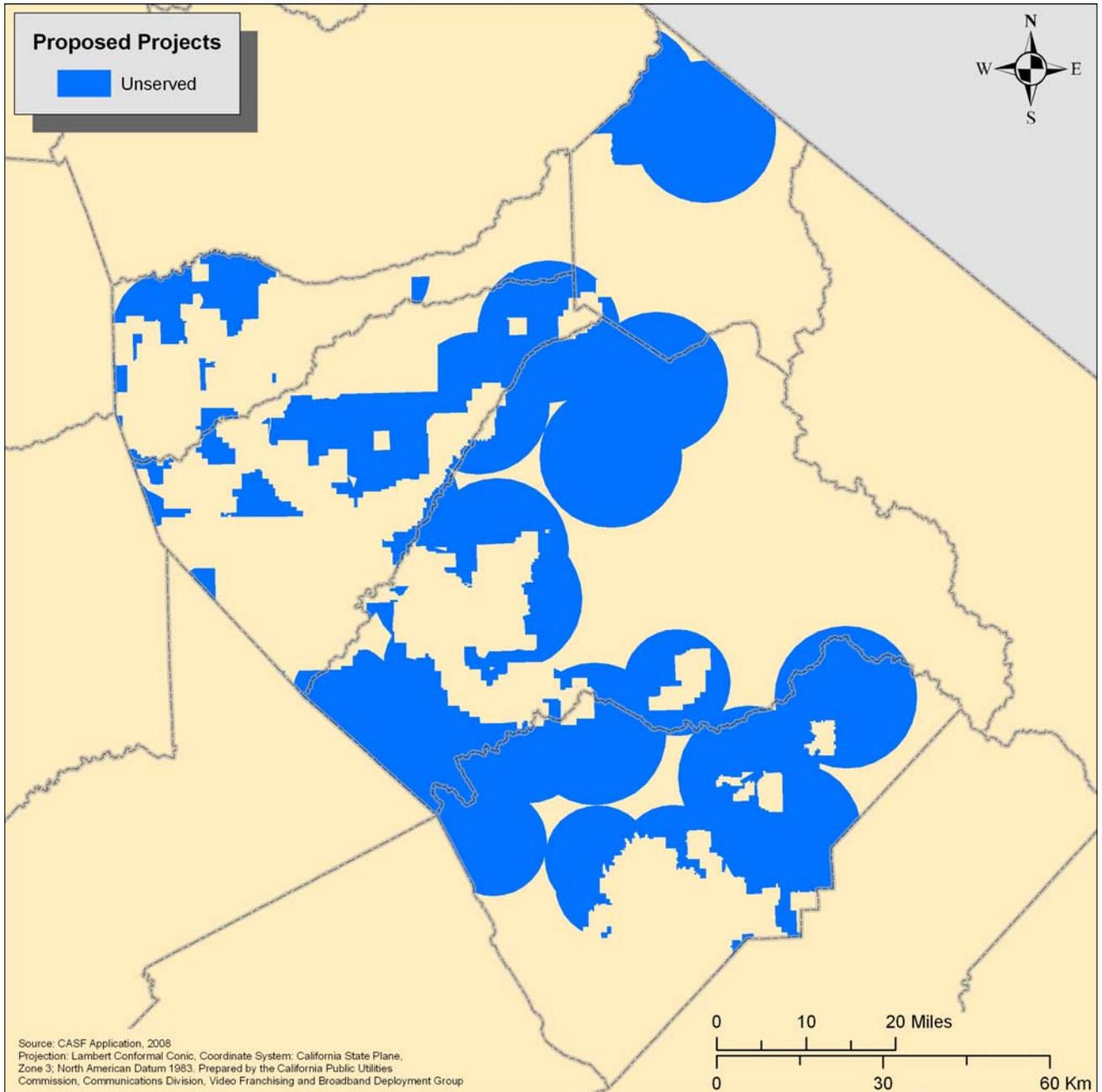
1	Project ID	Rapid Link and Mother Lode Internet	
2	Project Name	Mother Lode Broadband	
3	Project Plan	provide expanded backhaul to a regional network of primarily existing main towers linked via high capacity licensed spectrum which will feed a network of repeater towers focused to deliver broadband to these unserved areas	
4	Project Size (in square miles)	3,063	
5	Download speed	up to 14 MBPS	
6	Upload speed	up to 14 MBPS	
7	Location	Alpine, Amador, Calaveras, Tuolumne and Mariposa	
a)	Community Name		
b)	CBGs/Household Income	060030100001	\$37,857
		060030100002	\$47,188
		060050001006	\$41,250
		060050002001	\$47,083
		060050002002	\$48,750
		060050002003	\$46,316
		060050002004	\$48,500
		060050002005	\$32,708
		060050003011	\$36,442
		060050003014	\$77,847
		060050003021	\$41,842
		060050003022	\$44,375
		060050003023	\$41,862
		060050003024	\$49,271
		060050004021	\$45,726
		060050005001	\$34,554
		060050005002	\$56,364
		060050005003	\$55,197
		060090001102	\$51,250
		060090001105	\$46,711
		060090001201	\$41,375
		060090002101	\$45,069
		060090002102	\$43,594
		060090002103	\$49,833
		060090002104	\$55,662
		060090002203	\$39,250
		060090003001	\$39,716
		060090003002	\$36,250
		060090003004	\$38,333
		060090003005	\$30,469
		060090004003	\$28,966

		060090004004	\$38,500
		060090004005	\$41,417
		060090005001	\$43,797
		060090005003	\$61,042
		060090005006	\$47,202
		060430001001	\$30,938
		060430001002	\$35,875
		060430001005	\$43,417
		060430001006	\$36,750
		060430002001	\$46,630
		060430002002	\$21,979
		060430002003	\$25,375
		060430003001	\$36,705
		060430003004	\$39,375
		060430003005	\$35,720
		060430003006	\$27,273
		060430004001	\$41,836
		061090021001	\$39,875
		061090021002	\$38,529
		061090021003	\$37,596
		061090021006	\$42,917
		061090022001	\$52,344
		061090022002	\$60,972
		061090022003	\$31,000
		061090022005	\$43,750
		061090022006	\$34,219
		061090022007	\$49,286
		061090031004	\$49,821
		061090031005	\$24,167
		061090032004	\$57,500
		061090041004	\$39,489
		061090042001	\$27,292
		061090042002	\$41,864
		061090042003	\$21,607
		061090042004	\$26,250
		061090042005	\$90,583
		061090051001	\$36,382
		061090051005	\$40,574
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		061090052013	\$39,306
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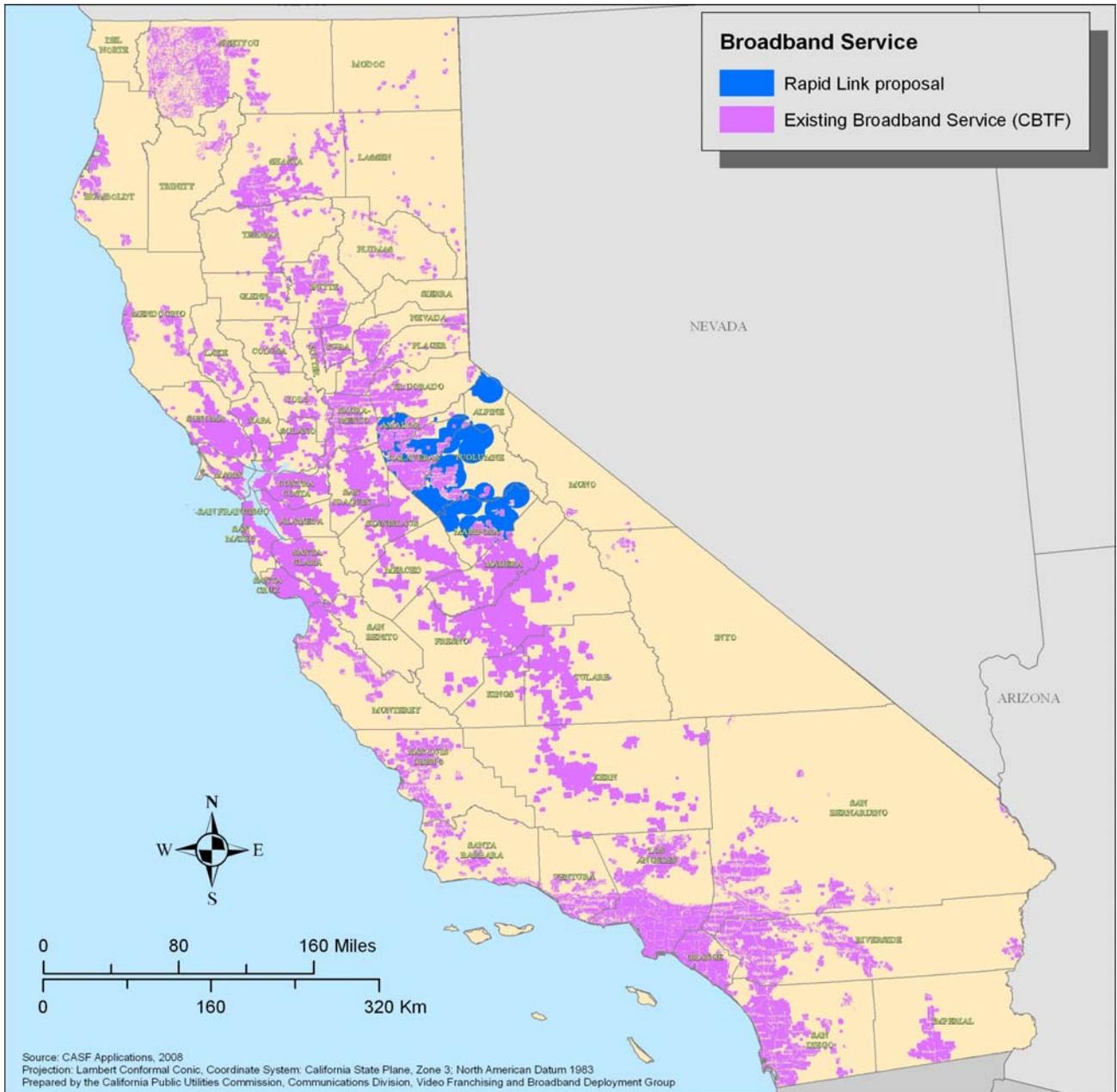
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		95346	
		95364	
		95370	
		95379	
		95383	
8	<i>Estimated Potential Subscriber Size</i>		
a)	<i>Households</i>	14,629	
9	<i>Deployment Schedule (from Commission approval)</i>	20 months	
10	<i>Proposed Project Budget</i>		
	<i>CASF (40%)</i>	\$2,771,341	
	<i>CIAC</i>	(n/a)	

<i>Amount of CASF Funds Requested</i>	\$2,771,341	
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APPENDIX A
Resolution T-17197
Mother Lode Broadband Project Shapefile



APPENDIX A Resolution T-17197 Mother Lode Broadband Statewide Map



APPENDIX B Resolution T-17197 Mother Lode Broadband Regional Map (2)

