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## APPENDIX A

### AB 1665 CHANGES TO CASF PROGRAM

- Extends the date of the CASF goal from 2015 to 2022 and modifies the goal to approve funding for broadband infrastructure projects that will provide broadband access to no less than 98 percent of California households in each consortia region, as identified by the Commission as of January 1, 2017, instead of just 98 percent statewide.
- Creates the Broadband Adoption Account within CASF and eliminates the Loan Account.
- Authorizes the Commission to collect up to \$330 million beginning January 1, 2018 through the 2022 calendar year, in an amount not to exceed \$66 million dollars per year. Requires the \$330 million collected to be allocated, as follows:
  - \$300 million into the Infrastructure Account (“Line Extension” \$5 million included)
  - \$10 million into the Consortia Account
  - \$20 million into the Broadband Adoption Account
- Codifies that the CASF program should be technologically neutral—requires the Commission to recognize that broadband advanced communication services include both wireline and wireless technologies.
- Requires the Commission to identify unserved rural and urban areas (areas with speeds below 6 Mbps download/1 Mbps upload) and delineate the areas in the annual reports prepared pursuant to Section 914.7.
- Requires the Commission to consult regional consortia, stakeholders, and consumers regarding priority areas and cost-effective strategies to achieve the broadband access goal through public workshops conducted at least annually no later than April 30 of each year.
- Requires the Commission to offer annually existing facility-based broadband providers the opportunity to demonstrate that they will provide broadband access at speeds at or above 10 Mbps download/1 Mbps upload to delineated unserved areas within 180 days and prohibits the Commission from approving funding for a project in those areas.
- Requires the provider to provide the Commission with information to demonstrate what progress has been made or challenges faced in completing the deployment if the existing facility-based broadband provider is unable to

complete the deployment of broadband within the delineated unserved area within 180 days.

- Requires projects eligible for grant awards to meet both of the following requirements: (a) deploy infrastructure capable of providing broadband access at speeds of a minimum of 10 megabits per second (Mbps) downstream and 1 Mbps upstream to unserved households in census blocks where no provider offers access at speeds of 6 Mbps downstream and 1 Mbps upstream; and (b) all or a significant portion of the project deploys last-mile infrastructure to provide service to unserved households.
- Specifies that until July 1, 2020, the project is not located in a census block where an existing facility-based broadband provider has accepted federal funds for broadband deployment from Phase II of the Connect America Fund (CAF II), unless the existing facility-based broadband provider has notified the Commission before July 1, 2020, that it has completed its CAF deployment in the census block.
- Requires that upon the accomplishment of the 98 percent goal as specified in paragraph (1) of subdivision (b),<sup>1</sup> not more than \$30 million of the moneys remaining the Infrastructure Grant Account be available for infrastructure projects that provide last-mile broadband access to households to which no facility-based broadband provider offers broadband service at speeds of at least 10 Mbps downstream and 1 Mbps upstream.
- Requires an individual household or property owner to be eligible to apply for a grant to offset the costs of connecting the household or property to an existing or proposed facility-based provider.
- Authorizes the Commission to award grants to fund all or a portion of the project on a case-by-case basis, with consideration for specified factors.
- Changes Consortia eligibility to require that monies in the Consortia Account are available and utilized for assisting infrastructure applicants in the project development and/or grant application process.
- Requires each consortium conduct an annual audit of its expenditures and submit to the Commission an annual report.
- Authorizes a publicly supported community eligible for funding via the Public Housing Account to submit an application for funding from the

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<sup>1</sup> Section 281 (b)(1)(A) states, "The goal of the program is, no later than December 31, 2022, to approve funding for infrastructure projects that will provide broadband access to no less than 98 percent of California households in each consortia region, as identified by the commission on or before January 1, 2017. The commission shall be responsible for achieving the goals of the program."

Infrastructure and/or Broadband Adoption Accounts, only after all funds available for the Public Housing Account have been awarded.

- Requires that moneys in the Broadband Adoption (Adoption) Account are to be available to the Commission to award grants for digital literacy training programs and public education and outreach programs to increase broadband adoption by consumers in low-income, disadvantaged communities, senior communities, schools, and public libraries.
- Requires the Commission develop, by June 30, 2018, criteria for awarding grants and a process and methodology for verifying outcomes. Requires the Commission to accept applications for grants from the Adoption Account no later than July 1, 2018.

(END OF APPENDIX A)

## APPENDIX B

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## **1. Proposals for Broadband Adoption Account**

### **1.1. Background**

On October 15, 2017, Governor Brown signed AB 1665, directing the Commission to create the new Broadband Adoption Account within CASF. Moneys in the Broadband Adoption Account are available to the Commission to award grants to increase publicly available or after-school broadband access and digital inclusion, such as grants for digital literacy training programs and public education to communities with limited broadband adoption, including low-income communities, senior communities, and communities facing socioeconomic barriers to broadband adoption. Moneys in the Broadband Adoption Account shall not be used to subsidize the costs of providing broadband service to households.<sup>1</sup>

### **1.2. Amount Available for Grants**

The \$20 million will be available through the Broadband Adoption Account, although some may be used for publicly supported communities (PSCs) otherwise eligible to submit an application for funding from the Broadband Public Housing Account (BPHA) in the event that all monies in that account are exhausted.

### **Preference**

AB 1665 requires the Commission to give preference to programs in communities with demonstrated low broadband access, including low-income communities, senior communities, and communities facing socioeconomic barriers to broadband adoption. Staff proposes that staff review projects submitted in communities with demonstrated low broadband access, but invites parties to comment on how best to further prioritize projects for funding pursuant to AB 1665.

### **1.3. Definitions**

Communities with demonstrated “low broadband access” are defined as communities or areas having low broadband subscription rates (a.k.a., low broadband adoption) relative to the statewide average<sup>2</sup> and/or communities facing socioeconomic barriers to broadband and adoption.

“Communities facing socioeconomic barriers to broadband adoption” means low-income communities, communities with a high percentage of residents with limited English Proficiency, communities with a high percentage of residents with disabilities, communities with a high percentage of residents with limited educational

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<sup>1</sup> Pub. Util. Code, § 281 (j)(6).

<sup>2</sup> According to the annual survey conducted for the California Emerging Technology Fund (CETF), as of July, 2016, California has an overall adoption rate of 84% (<http://www.cetfund.org/node/9318>).

attainment, or communities with some other demonstrated disadvantage which affects broadband adoption.<sup>3</sup>

“Low-income communities” means those communities with a median household income below the threshold set by the Commission for a family of four in the California Alternate Rates for Energy (CARE) program.<sup>4</sup> “Communities” can be geographically defined by a political or US Census geographic extent (such as a city or county boundary, or a census tract/block or designated place), by location (such as a public housing complex or senior center) or by the class or category of people served (such as disadvantaged youth). Income information provided by the applicant must be for the designated community.

#### **1.4. Eligible Applicants**

Pursuant to AB 1665, eligible applicants are local governments, senior centers, schools, public libraries, nonprofit organizations, and community-based organizations with programs to increase publicly available or after school broadband access and digital inclusion, such as digital literacy training programs.

Further, AB 1665 authorizes PSCs eligible to submit an application for funding from the Broadband Adoption Account, only after all funds available for adoption projects from the BPHA have been awarded.<sup>5</sup>

No grant recipient is allowed to charge for these classes nor make a profit of any kind from these funds.

#### **1.5. Eligible Projects**

##### **Digital Literacy Project**

For digital inclusion such as digital literacy training programs and public education to communities with limited broadband adoption, including low-income communities, senior communities, and communities facing socioeconomic barriers to broadband adoption, consistent with the adoption projects of the Public Housing Account, staff recommends that the Commission fund up to 85 percent of the costs and reimburse the following:

- Education and outreach efforts and materials;
- Acceptable devices (does not include smartphones) and software;
- Printers;

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<sup>3</sup> CALIFORNIA BROADBAND REPORT, A Summary of Broadband Availability and Adoption in California as of June 30, 2011, Pages 22-28, show correlation of factors relative to adoption. See <http://www.cpuc.ca.gov/General.aspx?id=5753>

<sup>4</sup> As of February, 2018, set at \$49,200 (<http://www.cpuc.ca.gov/General.aspx?id=976>).

<sup>5</sup> Pub. Util. Code, § 281 (i)(4)(A).

- Routers;
- Provision of technical support for the installation of equipment subsidized through this program;
- Desks and chairs to furnish a designated space for digital literacy;
- Gathering, preparing and distributing digital literacy curriculum (not creating new curriculum);
- and digital literacy instructors.

### **Broadband Access Project**

In order to increase publicly available or after-school broadband access, staff also recommends that the Commission fund projects that provide free broadband access in community training rooms or other public space, such as local government centers, senior centers, schools, public libraries, nonprofit organizations, and community-based organizations. The Commission will also fund community outreach, such as analysis and comparison of Internet plans within the community that will increase broadband access and adoption. The Commission shall fund up to 85 percent of the costs and reimburse the following:

- Education and outreach efforts and materials;
- Acceptable devices (does not include smartphones) and software;
- Printers;
- Routers;
- Provision of technical support for the installation of equipment subsidized through this program;
- Desks and chairs to furnish a designated space for broadband access;
- and staffing for monitoring the designated space.

### **1.6. Subsidy Level**

Staff recommends limiting Broadband Adoption Account proposed projects for expedited review to \$50,000 per project. If the proposed adoption project includes the distribution of computing devices to program participants, each device may cost no more than \$250. A smartphone is not an eligible device. For computing devices used in community training rooms or other public space, such as local government centers, senior centers, schools, public libraries, nonprofit organizations, and community-based organizations, each device may cost no more than \$1,000, with a cap of 20 devices per designated space or project. Staff requests comments from parties on this proposed limit and subsidy level.

### **1.7. Information Required from Applicants**

Applicants must complete and submit a project application form, which will be available on the Commission's website. Staff will post the application descriptions submitted by the deadline on the CASF webpage.



Staff proposes that the applicants are required to submit the following information to the Commission for each proposed project:

**Digital Literacy Project**

1. Project Description
  - a. Applicant's name, description of organization;
  - b. Applicant's non-profit designation, if applicable;
  - c. Applicant's experience in providing digital literacy instruction;
  - d. Contact person, title, address, e-mail, phone;
  - e. Project title;
  - f. Proposed Project Area Location (Community / County / Census Block(s)) including address (if applicable);
  - g. CASF Funding Requested (Amount of Grant);
  - h. Efforts to leverage non-CASF moneys;
  - i. Community, adoption levels, income, demographics;
  - j. Description of the need for this project: Does the community have low broadband adoption relative to the statewide average? Does the community face socioeconomic barriers to broadband access and adoption?
  - k. Description of planned outreach efforts, including sample promotional material, planned community events, volunteer recruitment or any other relevant materials;
  - l. Projected number of participants reached through outreach activities;
  - m. Description of any planned improvements to the training space, including the purchase of computing devices and any installation or set-up activities;
  - n. Description of any purchase of computing devices to be distributed to program participants, including any device warranty information and any technical support plan;
  - o. Description of partnership with carriers and any existing affordable plans that will be offered in the community;
  - p. Curriculum for training;
  - q. Description of the type of training to be provided (on-site instructor and/or tutoring);
  - r. Projected number of participants to be trained by the project;
  - s. Projected number of participants who will receive tutoring or other digital literacy instruction (such as the assistance of knowledgeable volunteers during open computer lab hours) outside of the 8-hour training;
  - t. Projected number of new residential broadband subscriptions resulting from the project (including documentation of all assumptions and data sources used to compile estimates).
2. Work Plan
  - a. The Work Plan (see Attachment A) will include detailed functions, activities, and deliverables related to implementing the adoption program. The Work Plan should include a timeline identifying milestone dates for completion of key Work Plan activities and deliverables proposed to be funded; the timeline



- should describe each of the monthly milestones, including performance metrics to be accomplished;
  - b. The schedule may incorporate a ramp-up period (a maximum of six months), followed by project deployment (a maximum of 12 months);
  - c. The ramp-up period will incorporate any training room set-up activities as well as community outreach; it does not include any kind of digital literacy instruction;
  - d. The project deployment period is where activities to increase digital inclusion occur; community outreach may be ongoing.
3. Budget
- a. A detailed breakdown of cost elements for the proposed project;
  - b. A detailed breakdown of the instructor pay rate relative to projected number of training hours and prep time;
  - c. Availability of matching funds to be supplied by applicant and/or other sources.

### **Broadband Access Project**

1. Project Description
- a. Applicant's name, description of organization;
  - b. Applicant's non-profit designation, if applicable;
  - c. Applicant's experience in providing broadband access;
  - d. Contact person, title, address, e-mail, phone;
  - e. Project title;
  - f. Proposed Project Area Location (Community / County / Census Block(s)) including address (if applicable);
  - g. CASF Funding Requested (Amount of Grant);
  - h. Efforts to leverage non-CASF moneys;
  - i. Community, adoption levels, income, demographics
  - j. Description of the need for this project: Does the community have low broadband adoption relative to the statewide average? Does the community face socioeconomic barriers to broadband access and adoption?
  - k. Description of planned outreach efforts, including sample promotional material, planned community events, to let the community know about the provided broadband access;
  - l. Projected number of participants reached through outreach activities;
  - m. Description of any planned improvements to an existing space for broadband access, including the purchase of computing devices and any installation or set-up activities;
  - n. Description of any set up of a new space for broadband access, including the purchase of computing devices and any installation or set-up activities. Note that the Adoption Account does not pay for any inside network setup other than to connect computers purchased with fund money to an existing inside network (inclusive of any required routers);

- o. Projected number of participants served by the project and the projected number of hours of access to be provided;
  - p. Projected number of participants who receive information regarding broadband plans in the community;
  - q. Projected number of new residential broadband subscriptions resulting from the project (including documentation of all assumptions and data sources used to compile estimates).
2. Work Plan
  - a. The Work Plan (see Attachment A) will include detailed functions, activities, and deliverables related to implementing the adoption program;
  - b. The schedule may incorporate a ramp-up period (a maximum of six months), followed by a 12-month period for monitoring access. The ramp-up period will incorporate any computer room set-up activities as well as community outreach; The Work Plan should detail the work to be done during the ramp-up period;
  - c. The ramp-up period is followed by a period where broadband access will be monitored; the Work Plan should detail any activities to be included during the monitoring period.
3. Budget
  - a. A detailed breakdown of cost elements for the proposed project;
  - b. Availability of matching funds to be supplied by applicant.

Any devices purchased with money from this fund must meet the following qualifications:

- A smartphone is not an eligible device;
- New or refurbished devices may be used, but if it is refurbished it must not be more than five years old;
- Devices must come with office productivity software, such as word-processing software, an internet browser and anti-virus software;
- Any entity providing refurbished devices should provide a warranty of at least six months and any seller of new products should provide a warranty of at least 30 days;
- Any technical support for devices, either by phone or in person, must be able to respond within 48 hours.

The applicant may submit endorsements or letters of support from the state or local government, community groups, and anchor institutions supporting their proposed adoption project.

### **1.8. Evaluation Criteria**

#### **Digital Literacy Project (100 points total):**

- Established project need, actual adoption numbers/targets (a maximum of 20 points)

- Projected number of participants receiving 8 hours or more of training (a maximum of 20 points)
- The type of training provided (on-site teacher and/or tutoring) and the complexity of the curriculum (does the curriculum only provide instruction in basic internet skills, or does it also provide instruction beyond basic knowledge?); on-site instruction and curriculum that can be provided to students with different skill sets garner more points (a maximum of 20 points)
- Projected number of participants who receive tutoring or other digital literacy instruction (such as the assistance of knowledgeable volunteers during open computer lab hours) outside of the 8-hour training (a maximum of 20 points)
- Funding requested per project participant trained (i.e. cost per participant trained) plus the funding request per participant who receive tutoring or other digital literacy instruction outside of the 8-hour training (a maximum of 20 points)

Proposed projects that meet a minimum score of 70 points (out of a possible 100 points) will be considered for funding.

**Broadband Access Project (100 points total):**

- Established project need, actual adoption numbers/targets (a maximum of 25 points)
- Projected number of participants to be provided broadband access (a maximum of 25 points)
- Projected number of participants who receive tutoring or other digital literacy instruction (such as the assistance of knowledgeable volunteers during open computer lab hours) (a maximum of 25 points)
- Funding requested per project participant (i.e. cost per participant) (a maximum of 25 points)

Proposed projects that meet a minimum score of 70 points (out of a possible 100 points) will be considered for funding.

**1.9. Submission and Timelines**

AB 1665 states that the Commission must develop criteria for awarding grants and a process and methodology for verifying outcomes by June 30, 2018. The Commission shall be ready to accept applications for grants from the Broadband Adoption Account no later than July 1, 2018.

Applicants should electronically file their completed applications using the Commission's FTP file server available at <http://www.cpuc.ca.gov/puc/> and submit an electronic copy to the Office of Ratepayers Advocates Director. Since applications are not filed with the Commission's Docket Office, they will not be assigned proceeding number(s).

Applications may be submitted at any time. However, staff will consider applications submitted on or before each deadline listed below as a batch, until all funds have been awarded.

Deadlines:

- July 1, 2018
- January 1, 2019
- July 1, 2019
- January 1, 2020
- July 1, 2020
- January 1, 2021
- July 1, 2021
- January 1, 2022
- July 1, 2022

Any deadline falling on a holiday or a weekend will be extended to the following business day.

### **1.10. Expedited Review**

#### **Digital Literacy Project**

The Commission assigns to staff the task of approving applications that meet all of the following criteria:

- Applicant is proposing to serve a low-income population.
- An eligible applicant is either a local government, senior centers, school, public library, nonprofit organization, or community-based organization with programs to increase publicly available or after-school broadband access and digital inclusion, such as digital literacy training programs.
- Applicant requests a grant of \$50,000 or less.
- Applicant agrees to perform education and outreach to educate the community of available broadband Internet services.
- Applicant or partner organization possesses at least one-year experience in digital literacy training or has previously carried out at least one digital literacy project.
- Applicant must provide at least eight hours of digital literacy training to each participant, through digital literacy classes, one on one tutoring or self-paced instruction.
- Applicant has identified a designated space for digital literacy training.
- If the applicant or partner organization provides participants to be used as part of its digital literacy training, the cost should be no more than \$250 per device. If the applicant will be provisioning the training space with computing devices for community training rooms or other public space such as local government centers, senior centers, schools, public libraries, nonprofit organizations, and community-based organizations, the cost should be no more than \$1,000 per device.
- Device technical support (not network), either by phone or in person, must be able to respond within 24 hours. A refurbished device supplier must provide a warranty of at least six months and seller of new products should provide a warranty of at least 30 days.

- Applicants must be ready to provide classes within six months of being selected for a CASF grant and must submit a work plan with major milestones showing how they propose to meet this deadline.
- Applicants must sustain the adoption project for 12 months or until work plan milestones/deliverables have been accomplished. The applicant must submit a work plan with major milestones showing how they propose to meet all of the milestones and deliverables.

### **Broadband Access Project**

The Commission assigns to staff the task of approving applications that meet all of the following criteria:

- Applicant is proposing to serve a low-income population.
- An eligible applicant is either a local government, senior centers, school, public library, nonprofit organization, or community-based organization with programs to increase publicly available or after-school broadband access and digital inclusion, such as digital literacy training programs.
- Applicant requests a grant of \$50,000 or less.
- Applicant agrees to provide broadband access to the community.
- Applicant has identified a designated space for broadband access.
- If the applicant will be provisioning the training space with computing devices for community training rooms or other public space such as local government centers, senior centers, schools, public libraries, nonprofit organizations, and community-based organizations, the cost should be no more than \$1,000 per device.
- Device technical support (not network), either by phone or in person, must be able to respond within 24 hours. A refurbished device supplier must provide a warranty of at least six months and seller of new products should provide a warranty of at least 30 days.

#### **1.11. Resolution Review**

Where an application does not meet the above expedited review criteria, it may still be considered for a grant, but it must go through the traditional Commission Resolution approval process.

#### **1.12. Other Issues for Comments**

Among the foreseeable issues which may need to be addressed are several questions regarding the efficacy of the Adoption Account. These issues include:

- How can the Commission gather metrics on the program's results?
  - How should the Commission quantify or report on the actual broadband adoption levels from funds expended from the CASF in the prior year?
  - How should the Commission gather and report the number of subscriptions resulting from the Broadband Adoption Account? How can grantees help track performance metrics for the program?

- There is no way to guarantee that education and outreach will effect adoption levels. How can applicants guarantee that their program will result in increased adoption rates among their community?
- How best can we measure the need of a particular community in comparison to any other community with barriers to digital access? How can we compare the different barriers of different socioeconomic groups?
- How can the Commission determine the socioeconomic benefits of the program to the low-income community?

### **1.13. Reporting**

**During the ramp-up period:** Staff recommends that a “ramp-up period report” is necessary only if the ramp-up period is longer than six months. If the ramp-up period is less than six months, then a “ramp-up period report” is not required, unless payment is requested.

The “ramp-up period report” should include:

1. Any purchase of equipment or supplies, with cost breakdown.
2. Status of computer installation.
3. Community outreach plan.
4. Explanation of why ramp-up period cannot be completed in less than six months, if applicable.

**During the deployment period (digital literacy projects only):**

Staff recommends that a completion report is required at the end of the 12-month period, or after the work plan milestones/deliverables have been accomplished. A milestone report (e.g. a report after 6 months of deployment) is required when payment is requested, see Attachment B.

The “milestone/completion report” must/shall include:

- A summary of all work done for the digital literacy project including an itemized list of materials purchased and money spent;
- A description of each milestone in the period and how that milestone was met.
- The total number of participants trained;
- The total number of hours that access has been provided to the community and the number of participants served;
- The number of participants that subsequently subscribe to a broadband Internet service provider to use a device in their home.

**During the monitoring period (broadband access projects only):**

Staff recommends that a completion report is required at the end of the 12-month period.

The “completion report” must/shall include:

- A summary of all work done to create broadband access including an itemized list of materials purchased and money spent;
- A summary of all community outreach completed and the number participants reached through the outreach effort;

- The total number of hours that access has been provided to the community and the number of participants served;
- The number of participants that subsequently subscribe to a broadband Internet service provider to use a device in their home.

Grantees are required to maintain files, invoices, and other related documentation for three years after final payment. Grantee shall make these records available to the Commission upon request and agrees that these records are subject to a financial audit by the Commission at any time within three years after the Grantee incurred the expense being audited.

#### **1.14. Payment**

- Grantees must submit a project completion report before submitting a full payment request.
- Grantees may submit payment request after the ramp-up period, along with a “ramp-up period” report.
- Grantees may also submit payment request after six months of deployment, along with a “milestone” report
- Payment can be made for the entire project on the submission of the completion report if the grantee prefers to wait until the completion of the project for payment request. Payment to the project grantee will be made upon project completion and the submission of a project completion report.
- Grantees shall submit final requests for payment no later than 90 days after completion of the project.
- Payment will be based upon receipt and approval of invoices/other supporting documents showing the expenditures incurred for the project are in accordance with their application.
- Grantees must notify the Commission as soon as they become aware that they may not be able to meet project deadlines.
- Payment will be made in accordance with, and within the time specified in California Government Code § 927 et seq.
- The Commission has the right to conduct any necessary audit, verification, and discovery during project implementation/construction to ensure that CASF funds are spent in accordance with the terms of approval granted by the Commission.
- The recipient’s invoices will be subject to a financial audit by the Commission at any time within three years of final payment.

#### **1.15. Execution and Performance**

Grantees shall start the project within six months after the grant approval (after the ramp up time) and complete the project within a 12-month timeframe or until work plan milestones/deliverables have been accomplished. The Commission may withhold or terminate grant payments if the grantee does not comply with any of the requirements set forth in its application and compliance with the CASF. In the event that the grantee fails to complete the project in accordance with the terms of approval granted by the Commission and this Resolution, the grantee, represented by the Fiscal



Agent, will be required to reimburse some or all of the CASF funds that it has received.

The CASF grant recipient must complete all performance under the award on or before the termination date of the award.

Material changes in the entries for this application, such as discontinuing operation or bankruptcy, or change of name (DBA), change of address, telephone, fax number or E-mail address should be reported by a letter to the CPUC, Director of the Communications Division, 505 Van Ness Avenue, San Francisco, CA 94102

**1.16. Attachments 1.A-1.B**

To assist prospective applicants for Adoption grants in preparing their requests in a manner that meets Commission requirements, staff has provided a series of sample attachments that illustrate various key informational requirements and documents that must be properly completed with the application in order to be considered for approval. The purpose and contents of each of these forms and information requirements is discussed in detail below. The attachments provided are summarized as follows:

- A. Sample of Work Plan Format
- B. Sample of Report and Payment Request Summary

Attachment 1.A

Sample of Work Plan Format  
[Name of Grantee]  
WORK PLAN – [MONTH, YEAR]

Milestone Description	Milestone Risks	Milestone Start Date	Milestone End Date	Performance Measures

Activity(ies)	Timeline	Responsible Party(ies)	Performance Measure(s)
Conducted Digital Literacy Training <ul style="list-style-type: none"><li>Introductory course</li></ul>	1/1/18 – 2/21/18 <ul style="list-style-type: none"><li>Training: 1/9/18-2/15/18</li></ul>	<ul style="list-style-type: none"><li>Instructor</li></ul>	<ul style="list-style-type: none"><li>Number of participants</li><li>Number of hours</li></ul>

**Attachment 1.B**

**Sample of Progress Report Format**  
**[Name of Grantee]**  
**WORK PLAN Milestone – [MONTH, YEAR]**

Grantee Name:	
Project Name:	
Project #:	
Award Amount (Grant):	
CASF Payments received to date (\$):	
Date of Report (MM/DD/YY):	
Current Reporting Period (MM/YY – MM/YY):	
Certification:  I certify to the best of my knowledge that all statements and representations made in this report are true and correct under penalty of perjury.	

**Project Progress Summary**

1. Describe project accomplishments during this reporting period
2. Identify project milestones and the percent complete to date. Provide a narrative description if the percent complete is different from the estimated targeted milestones as issued in your CASF application.

### Sample Payment Request Summary

Please itemize all expenses claimed for this reimbursement request in the table below. Include also all source documentation, receipts and invoices along with any other necessary forms of substantiation.

<i>Adoption Activities/Items</i>	<i>Description</i>	<i>Quantity</i>	<i>Grant Funds</i>
<b>Education and outreach efforts and materials</b>	Designing, printing, and distributing the flyers and door hangers...	1	1,000

## **2. Proposals for Public Housing Account**

Assembly member Steven Bradford introduced AB 1299 on February 22, 2013. Governor Jerry Brown signed it into law on October 3, 2013. AB 1299 expanded the CASF Program by adding a fourth account, the Broadband Public Housing Account (BPHA) dedicated to broadband access and adoption in publicly supported communities (PSCs). In 2016 the Legislature passed SB 745 (Hueso) that extended the date remaining funds from the BPHA are transferred back to other CASF Accounts from December 31, 2016 to December 31, 2020. SB 745 further requires the Commission, in its review of applications for funds from the BPHA, to award grants only to unserved housing developments

In 2017 the Legislature passed AB 1665 that authorizes PSCs eligible for funding via the BPHA, only after all funds available for the BPHA have been awarded, to submit a CASF application for funding from the Broadband Infrastructure Account and/or Broadband Adoption Account.

### **2.1. Amount Available for Grants**

The BPHA provides \$20 million for grants and loans to finance infrastructure projects connecting PSCs with broadband Internet. The Account provides \$5 million for adoption projects for residents in PSCs.

The Commission will award grants and loans to finance up to 100 percent of the costs to install inside wiring and equipment, but will not finance maintenance or operation costs. Grantees must maintain and operate the network for a minimum of five years after receiving Commission funding. The Commission will reimburse for the following expenses:

- All networking equipment, both hardware and software, including wireless access points;
- Low voltage contracting (including the installation of conduit, panels and cabling required to provide power for the equipment funded as part of the project), provided it does not include major rehabilitation, demolition or construction;
- Modems or routers, but not computers or human interface devices;
- Engineering & design;
- Hardware warranty;
- Installation labor from the Minimum Point of Entry (MPOE) to the individual unit; and
- Taxes, shipping and insurance costs directly related to broadband equipment deployed under the BPHA.

The Commission will fund up to 85 percent of the costs for adoption projects for residents in PSCs and will reimburse the following expenses:

- Education and outreach efforts and materials;

- Desks and chairs to furnish a designated space for digital literacy;
- Acceptable computers and devices (excluding smartphones) and software intended for use either in a computer lab or their household;
- Digital literacy instructors;
- Printers for a computer lab or other designated space for digital literacy;
- Routers; and
- Provision of residential (not network) technical support.

## **2.2. Definitions**

“Project” is a publicly subsidized multifamily housing development which is requesting funds under one application from the BPHA.

“Publicly subsidized” means either that the housing development receives financial assistance from the United States Department of Housing and Urban Development (HUD) pursuant to an annual contribution contract or is financed with low income housing tax credits, tax exempt mortgage revenue bonds, general obligation bonds, or local, state, or federal loans or grants and the rents of the occupants, who are lower income households, do not exceed those prescribed by deed restrictions or regulatory agreements pursuant to the terms of the financing or financial assistance.

“Publicly supported community” (PSC) is a publicly subsidized multifamily housing development that is wholly owned by either of the following:

- (i) A public housing agency that has been chartered by the state, or by any city or county in the state, and has been determined an eligible public housing agency by the United States Department of Housing and Urban Development.
- (ii) An incorporated nonprofit organization as described in Section 501 (c)(3) of the Internal Revenue Code (26 U.S.C. Sec. 501(c)(3)) that is exempt from taxation under Section 501 (a) of that code (16 U.S.C. Sec. 501(a)), and that has received public funding to subsidize the construction or maintenance of housing occupied by residents whose annual income qualifies as “low-” or “very low” income according to federal poverty guidelines.

A “minimum point of entry” (MPOE) is either the closest practicable point to where the wiring crosses a property line or the closest practicable point to where the wiring enters a multiunit building or buildings.

An “unserved” housing development is a housing development where at least one housing unit within the housing development is not offered broadband Internet service.<sup>6</sup> A housing unit “is not offered broadband Internet service” if the unit does

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<sup>6</sup> Pub. Util. Code, § 281(i)(3)(B)(i) and (ii)

not have access to a commercially available broadband Internet service, such as Digital Subscriber Line (DSL), a cable modem, or another protocol, available at the unit.<sup>7</sup>

### **2.3. Eligible Applicants**

CASF Broadband Public Housing Account funding is limited to publicly subsidized, multifamily housing developments owned by either of the following two entities:

- 1) A public housing agency that has been chartered by the state, or by any city or county in the state, and has been determined an eligible public housing agency by the United States Department of Housing and Urban Development.
- 2) An incorporated nonprofit organization as described in Section 501 (c)(3) of the Internal Revenue Code (26 U.S.C. Sec. 501(c)(3)) that is exempt from taxation under Section 501 (a) of that code (16 U.S.C. Sec. 501(a)), and that has received public funding to subsidize the construction or maintenance of housing occupied by residents whose annual income qualifies as “low”-or “very low” income according to federal poverty guidelines.

Non-profit housing developers involved in limited partnerships with for-profit entities participating may also be eligible, since the IRS considers an exempt organization's participation as a general partner in a limited partnership with for-profit limited partners as consistent with the organization's exempt status under Internal Revenue Code Section 501(c)(3).

For PSCs applying for infrastructure funds, a PSC may be eligible for funding only if the PSC can verify to the Commission that the PSC has not denied a right of access to any broadband provider that is willing to connect to a broadband network to the facility for which the grant or loan is sought<sup>8</sup> and the publicly supported community is unserved as defined in Section 2.1.3.9

For PSCs applying for adoption funds, a PSC may be eligible for funding only if the residential units in the facility to be served have access to broadband services or will have access to broadband services at the time the funding for adoption is implemented.

### **2.4. Information Required from Applicants**

Applicants must submit the following information to the Commission for each proposed project. Applications and supporting material must be submitted online with a hard copy mailed to the CASF Housing Account Coordinator and one sent to the Office of Ratepayer Advocates.

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<sup>7</sup> Resolution T-17575, Appendix A - Implementation of changes in the California Advanced Services Fund program enacted by Senate Bill 745.

<sup>8</sup> Pub. Util. Code, § 281(i)(3)(A)

<sup>9</sup> Pub. Util. Code, § 281(i)(3)(A).



## **1. Infrastructure Project Application**

Applicants must complete and submit a project application form, which will be available on the Commission's website. Staff will post all applications submitted by the quarterly deadline on the CASF webpage, allowing ISPs two weeks to challenge the applications. Additional supporting documentation will not be posted online.

A housing authority applying for BPHA funds must include in its submission its Annual HUD Contributions Contract and HA Code, allowing staff to verify its certification, along with its most recent HUD Public Housing Assessment System (PHAS) score.

Non-profit applicants must submit an IRS letter approving the applicant's status as a 501(c)(3) entity incorporated for the purposes of providing affordable housing, which must include the applicant's Tax Identification Number, along with an award letter from a public agency such as the California Tax Credit Allocation Committee (TCAC), proving its receipt of public funding for affordable housing purposes.

Applications must contain the following information.

### **1.1. Funds Requested**

The applicant must indicate the amount of funding requested.

### **1.2. Project Location**

The applicant must include each address it intends to serve along with an image of the location on the map. The Commission will accept a screen shot image from Google maps or similar image.

### **1.3. Key Contact Information**

- First name
- Last name
- Mailing Address
- Email
- Phone

### **1.4 Key PSC Management**

- Position title
- First name
- Last name
- Email
- Phone

**1.5 Key vendor contact information** (if applicant already has identified its vendor)

- First name
- Last name
- Company name
- Mailing address
- Email
- Phone

**1.6 Assertion of Unserved**

The applicant must attest to whether or not the property it proposes to serve under its grant request is unserved, as defined in Section 2.1.3. The applicant also must verify that it has not denied an ISP access to its property in order to provision broadband service to any unit. An applicant's previous denial of access for cause (e.g., the ISP's costs to residents or the applicant were unreasonably high) does not constitute a denial of a right of access.

Staff will post all application forms (but not the supporting materials that accompany the application) on its website after the date of submission, whereby ISPs may within two weeks challenge an application.

**1.7 Proposed project description**

An applicant must provide a detailed description of its proposed project, including the elements discussed below.

- Description of proposed broadband project plan which the Commission will fund using the BPHA, including:
  - The type of technology to be used (attach engineering documents/schematics)
  - Project size (number of units and residents to be connected)
  - Entities that will provide service. (E.g., Wi-Fi provided by property management or named subcontractor, and/or, Internet service offered by a named ISP, etc.)
  - Download speed capabilities for an average user during the peak hours of 7p.m. and 11p.m.
  - Upload speed capabilities for an average user during the peak hours of 7p.m. and 11p.m.
- Project budget outlining a detailed breakdown of cost elements and the availability of matching funds to be supplied by applicant (including bandwidth, maintenance and operation costs).
  - Breakdown of projected cost of items funded by grant:
    - All networking equipment, both hardware and software, including wireless access points;
    - Low voltage contracting, provided it does not include major rehabilitation, demolition or construction;

- Modems or routers, but not computers or human interface devices;
  - Engineering and design;
  - Hardware warranty;
  - Installation labor from the MPOE to the individual unit; and
  - Taxes, shipping, insurance costs directly related to broadband equipment deployed under the BPHA.
- Matching funds provided by applicant
  - Bandwidth costs on a monthly basis for the five-year project period
  - Maintenance and operations costs to ensure network is operational for at least five years
- Project schedule
  - A delineated deployment schedule with commitment to complete project within 12 months of Commission approval of the application. The schedule should identify major prerequisite(s), construction and any other milestones that can be verified by Commission staff. Milestones will be listed using the following format:
    - Milestone Description
    - Milestone Start and End Date
    - Milestone Risks
  - Included in its proposed schedule, the applicant must submit its plan to encourage adoption of the broadband Internet service it proposes, in particular what activities it will employ to encourage residents to sign up for the service.
  - In developing the schedule, applicant must include the timeline required for California Environmental Quality Act (CEQA) or other relevant government agency permit review, if needed.
  - If the applicant is unable to complete the proposed project within the required 12-month timeframe, it must notify the Commission as soon as it is aware of this prospect. The Commission reserves the right to reduce payment for failure to satisfy this requirement.

## **1.8 Organizational Chart and Background**

The applicant must submit an organizational chart showing the parent organization, subsidiaries and affiliates.

## **1.9 Economic Useful Life of Assets to be Funded**

The applicant must identify the expected economic useful life of the assets funded by the BPHA grant.

## **1.10 Current Condition of Property**

An applicant must attest that (1) it expects its property to be in residential use for at least the next 10 years, and (2) the buildings included in the application meet standards for acceptable basic living conditions as determined under HUD's

Uniform Physical Condition Standards or similar guidelines provided by other housing funding agencies in the States.

### **1.11 Proposed Pricing**

An applicant must commit to charging residents no more than \$20 per month for broadband Internet service.

### **1.12 Financials**

Applicants must submit the most recently prepared annual reports and audits that it submitted to its respective reporting authority, ie. HUD, the California Tax Credit Allocation Committee, etc.).

A housing authority applying for BPHA funds must include in its submission its Annual HUD Contributions Contract and HA Code, allowing staff to verify its certification, along with its most recent HUD Public Housing Assessment System (PHAS) score.

Non-profit applicants must submit an IRS letter approving the applicant's status as a 501(c)(3) entity incorporated for the purposes of providing affordable housing, which must include the applicant's Tax Identification Number, along with an award letter from a public agency such as the California Tax Credit Allocation Committee (TCAC), proving its receipt of public funding for affordable housing purposes.

### **1.13 Permitting Compliance**

An application should state whether the project is statutorily or categorically exempt from CEQA requirements and cite the relevant authority, as applicable. If a project does require review under CEQA, the grantee must provide the Proponent's Environmental Assessment (PEA) prior to the first 25 percent payment. The PEA submission should include information on any land crossing sites requiring discretionary or mandatory permits or environmental review pursuant to CEQA (include the type of permit required, the name of the permitting agency/agencies and the Lead Agency if an environmental review is required). Additionally, applicants must include any applicable permit review timeline in its construction schedule, with a reference to the government agencies that will issue the permits. Grantees must provide staff with proof of permit approvals before seeking reimbursement.

### **1.14 Affidavit**

An applicant must submit an affidavit, under penalty of perjury, that to the best of their knowledge all the statements and representations made in the application information submitted is true and correct (Attachment A). Additionally, an applicant must also agree to abide by the Commission's Rules of Practice and Procedure, be subject to Public Utilities Code sections 2108 and 2111 and to submit quarterly reports and annual recertification or audit documents.

## **2. BPHA PSC Adoption Project Application**

Applicants must complete and submit a project application form, which will be available on the Commission's website. Staff will post the all applications submitted by the quarterly deadline on the CASF webpage.

Attestation that all units have or will have access to broadband Internet service at the time for the funding for adoption is implemented.

Applications must contain the following information:

### **2.1. Funds Requested**

The applicant must indicate the amount requested. As stated in Section 2.1.2, the Commission will fund up to 85 percent of the costs for adoption projects for residents in PSCs, including reimbursement of the following adoption activities/items:

- Education and outreach efforts and materials;
- Desks and chairs to furnish a designated space for digital literacy;
- Acceptable computers and devices (excluding smartphones) and software intended for use either in a computer lab or their household;
- Digital literacy instructors;
- Printers for a computer lab or other designated space for digital literacy;
- Routers; and
- Provision of residential (not network) technical support.

In order to obtain reimbursement, grantees must also provide sufficient documentation, such as a receipt for the goods or documentation of hours worked.

### **2.2. Project Location**

The applicant must provide the location it intends to serve along with an image of the location on the map (the Commission will accept a screen shot image from Google maps or similar image).

### **2.3. Key Contact Information**

- First name
- Last name
- Mailing Address
- Email
- Phone

### **2.4 Key PSC Management**

- Position title

- First name
- Last name
- Email
- Phone

## **2.5 Key vendor contact information**

- First name
- Last name
- Company name
- Mailing address
- Email
- Phone

## **2.6 Proposed Project Description**

An applicant must provide a detailed description of its proposed project, including the elements discussed below.

- Description of proposed activities the Commission will fund using the BPHA, such as education and outreach efforts.
- Project budget outlining a detailed breakdown of cost elements funded by the grant (85 percent) and provided as match by the Applicant (15 percent). The grant will reimburse for the activities and items listed in section 2.1.
- The Applicant may provide the 15 percent match using the following (1) donations from residents in exchange for devices; (2) donations of devices or software from third parties; and (3) volunteer personnel hours worked to train residents. Applicants must identify the goods and/ or hours worked and its monetary value.
- Project schedule -- A delineated deployment schedule with a commitment to begin the project within six months of Commission approval of the application (the ramp-up period) and to complete project within 12 months thereafter.
  - Milestone Description
  - Milestone Start and End Date
  - Milestone Risks

If the applicant is unable to complete the proposed project within the required 12-month timeframe, it must notify the Commission as soon as it becomes aware of this prospect. The Commission reserves the right to reduce payment for failure to satisfy this requirement.

## **2.7 Assertion of Property Having Access to Broadband Services**

The applicant must attest that all PSC units on the project's property have access to broadband Internet service, or that all PSC units will have access at the time the funding for adoption is implemented.

## **2.8 Organizational Chart and Background**

The applicant must submit an organizational chart showing its parent organization, subsidiaries and affiliates.

## **2.9 Economic Useful Life of Assets to be Funded**

The applicant must identify the expected economic useful life of the assets funded by the BPHA CASF adoption grant.

## **2.10 Financials**

Applicants must submit the most recently prepared annual reports and audits that it submitted to HUD, in the case of chartered public housing authorities, or another government entity, in the case of non-profits (for example, the California Tax Credit Allocation Committee).

A housing authority applying for BPHA funds must include in its submission its Annual HUD Contributions Contract and HA Code, allowing staff to verify its certification, along with its most recent HUD Public Housing Assessment System (PHAS) score.

Non-profit applicants must submit an IRS letter approving the applicant's status as a 501(c)(3) entity incorporated for the purposes of providing affordable housing, which must include the applicant's Tax Identification Number, along with an award letter from a public agency such as the California Tax Credit Allocation Committee (TCAC), proving its receipt of public funding for affordable housing purposes.

## **2.11 Affidavit of Application's Accuracy**

Applicants must submit an affidavit, under penalty of perjury, that to the best of their knowledge all the statements and representations made in the application information submitted is true and correct (Attachment B). Additionally, an applicant must also agree to abide by the Commission's rules of practice and procedure, be subject to Public Utilities Code sections 2108 and 2111 and to submit quarterly reports and annual recertification or audit documents.

## **2.5. Submission and Timelines**

Applicants should electronically file their completed applications using the Commission's FTP file server available at <https://kwftp.cpuc.ca.gov> and mail a separate hard copy to the Communications Division, Attn: California Advanced Services Fund, Housing Coordinator, and mail another hard copy to the Office of Ratepayers Advocates. Since applications are not filed with the Commission's Docket Office, they will not be assigned proceeding number(s).

Applications may be submitted at any time, until all funds available for the BPHA have been awarded. However, staff will consider applications submitted on or



before each deadline listed below as a batch. Additionally, after each deadline, staff will post all applications on its website to give ISPs two weeks from the date of posting to challenge applications.

Deadlines:

- July 1, 2018
- January 1, 2019
- July 1, 2019
- January 1, 2020
- July 1, 2020
- January 1, 2021
- July 1, 2021
- January 1, 2022
- July 1, 2022

Any deadline falling on a holiday or a weekend will be extended to the following business day. Staff will notify the CASF Distribution List when all funds available for the BPHA have been awarded, and an eligible PSC may submit an application for funding from the Infrastructure and/or Adoption accounts using the same criteria set forth here.

## **2.6. Expedited Review**

The Commission assigns staff the task of approving applications that meet all of the following criteria:

### Infrastructure Projects

- Applicant meets the eligibility requirements under Pub. Util. Code, § 281(i)(1), § 281(i)(2) and (i)(3).
- Applicant attests that the housing development is “unserved” as defined in Section 2.1.3, which is a housing development where at least one housing unit within the housing development is not offered broadband Internet service.<sup>10</sup>
- Applicant declares that it has not denied an ISP access to its property to provide broadband Internet service and no ISP challenged this statement; if an ISP challenged an application alleging it was denied access to a PSC, staff determined the denial was reasonable.
- Applicant requests a grant of less than \$75,000 in BPHA infrastructure grant funds per project.
- For projects connecting 51-100 PSC units, proposed project costs \$450 per unit or less.
- For projects connecting 101 PSC units and more proposed project costs \$300 per unit or less.

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<sup>10</sup> Pub. Util. Code, § 281(i)(3)(B)(i) and (B)(ii).

- The buildings included in the application meet standards for acceptable basic living conditions as determined under HUD's Uniform Physical Condition Standards or similar guidelines provided by other housing funding agencies in the State.
- Applicant expects property to be in residential use for at least the next 10 years.
- Property qualifies for an exemption pursuant to CEQA Guidelines § 15300.2.
- For wireless networking projects equipment will at least meet the 802.11n standard.
- Applicant attests it will operate and maintain project equipment and technology for at least five years after completion and that it has sufficient funds and warranty to do so, including replacing equipment as needed, and a maintenance agreement and budget have been submitted.
- Proposed project network is capable of offering residents Internet service speeds of at least 6 Mbps downstream/1 Mbps upstream which is supported with appropriate documentation.
- Applicant commits to provide residents with minimum download speeds of 1.5 mbps per unit, during average peak utilization periods, subject to reasonable network management practices.
- Residents will be charged no more than \$20 per month for Internet service.
- Applicant has signed an affidavit agreeing to abide by Commission rules of practice and procedure; Pub. Util. Code, §§ 2111 and 2108; and to quarterly reports and submission of annual recertification/audit documents.
- Applicant agrees to complete project within 12 months.
- Applicant has identified its bandwidth source, either at the MPOE or its wireless equivalent.
- Applicant agrees to secure project funded hardware to prevent theft and vandalism.

#### Adoption Projects

- Applicant meets the eligibility requirements under Pub. Util. Code, § 281(i)(1), § 281(i)(2) and (i)(4).
- Applicant requests a grant of \$50,000 or less
- Applicant agrees to perform education and outreach to educate residents of best practice use of available broadband Internet services.
- Applicant or partner organization possesses at least one-year experience in digital literacy training or has previously carried out at least one digital literacy project.
- Applicant must provide at least eight hours of digital literacy training to participating residents.
- Applicant or partner organization will use existing curriculum.
- Applicant has identified onsite designated space for digital literacy training.
- If the applicant or partner organization provides residents computers or other devices to be use as part of its digital literacy training, the devices cost no more than \$250 per device. New or refurbished computers or devices may be

used; if the computer or device is refurbished, it must not be more than two years old. Additionally, a Smartphone is not an eligible device.

- Technical support, either by phone or in person, must be able to respond within 48 hours. A refurbished device supplier should provide a warranty of at least six months and seller of new products should provide a warranty of at least 30 days.
- Applicants must be ready to provide classes within six months of being selected for a BPHA /CASF grant and must submit a work plan with major milestones showing how they propose to meet this deadline.
- Applicants must sustain the adoption project for 12 months or until work plan milestones/deliverables have been accomplished. The applicant must submit a work plan with major milestones showing how they propose to meet this deadline.

## **2.7. Resolution Review**

Where an application does not meet the above expedited review criteria, eligible applicants as defined in Section 2.1.4 may still be considered for a grant, but it must go through the normal Commission Resolution approval process.

## **2.8. Reporting**

Infrastructure project grantees must submit a progress report six months after the project award date if the project has not been completed, irrespective of whether grantees request reimbursement or payment. The progress reports shall include both the schedule for deployment; it shall include major milestones and costs submitted in the proposals and it shall indicate the completion date of each task/milestone as well as problems/issues encountered, and the actions taken to resolve these issues/problems during project implementation and construction. Grantees must certify that each progress report is true and correct under penalty of perjury.

Infrastructure project grantees must submit a project completion report describing the total project costs, including engineering, planning, material costs, and an assessment of the average speed the network is delivering to a resident during the peak hours of 7 p.m. to 11 p.m. The grantee must include speed test results in its completion report.

A “ramp-up period report” is necessary only if the ramp-up period is longer than six months. If the ramp-up period is less than six months, then a “ramp-up period report” is not required, unless payment is requested.

The “ramp-up period report” shall include:

1. Any purchase of equipment or supplies, with cost breakdown.
2. Status of computer installation.
3. Community outreach plan.
4. Explanation of why ramp-up period cannot be completed in less than nine months, if applicable.

Adoption project grantees must submit a completion report at the end of the 12-month period, or after the work plan milestones/deliverables have been accomplished. A milestone report (e.g. a report after 6 months of deployment) is required when payment is requested, see Attachment B.

The “milestone/completion report” shall include:

- A summary of all work done for the digital literacy project including an itemized list of materials purchased and money spent
- A description of each milestone in the period and how that milestone was met.
- The total number of participants trained
- The total number of hours that access has been provided to the community and the number of participants served
- The number of participants that subsequently subscribe to a broadband Internet service provider to use a device in their home.

An infrastructure project grantee is required to maintain the broadband network for five years after it has been installed. After installation, for a five-year period, grantees must report for every project awarded on a biennial basis the average monthly percentage of up time, the average monthly number of individual devices that access the system and the average amount of data transferred over the network. This data must be reported by email.

Grantees are required to maintain files, invoices, and other related documentation for three years after final payment. Grantee shall make these records available to the Commission upon request and agrees that these records are subject to a financial audit by the Commission at any time within three years after the Grantee incurred the expense being audited.

## **2.9. Payment**

Payment to the project grantee will be made upon project completion and the submission of a project completion report. The infrastructure project grantee may request payment for expenditures incurred during the first six months if the grantee submits a six-month progress report, and certifies that the progress report is true and correct under penalty of perjury. The adoption project grantee may request payment for expenditures incurred during the ramp up time if the grantee submits a ramp up report.

Payment will be based upon receipt and approval of invoices/other supporting documents showing the expenditures incurred for the project in accordance with the CASF funding submitted by the BPHA CASF recipient in their application.

- Grantees must submit a project completion report before submitting a full payment request.
- Grantees may submit a payment request after six months of deployment, along with a “milestone” report

- Payment can be made for the entire project on the submission of the completion report if the grantee prefers to wait until the completion of the project for payment request. Payment to the project grantee will be made upon project completion and the submission of a project completion report.
- Grantees shall submit final requests for payment no later than 90 days after completion of the project.
- Payment will be based upon receipt and approval of invoices/other supporting documents showing the expenditures incurred for the project are in accordance with their application.
- Grantees must notify the Commission as soon as they become aware that they may not be able to meet project deadlines.
- Payment will be made in accordance with, and within the time specified in California Government Code § 927 et seq.
- The Commission has the right to conduct any necessary audit, verification, and discovery during project implementation/construction to ensure that CASF funds are spent in accordance with the terms of approval granted by the Commission.
- The recipient's invoices will be subject to a financial audit by the Commission at any time within three years of final payment.

The Commission has the right to conduct any necessary audit, verification, and discovery during project implementation/construction to ensure that CASF funds are spent in accordance with Commission approval.

The recipient's invoices will be subject to a financial audit by the Commission at any time within three years of completion of the project.

## **2.10. Execution and Performance**

The infrastructure project grantee shall start the project soon after grant approval and complete the project within a 12-month timeframe. The adoption project grantee shall start the project within six months after the grant approval (after the ramp up time) and complete the project within a 12-month timeframe or until work plan milestones/deliverables have been accomplished. The Commission may withhold or terminate grant payments if the grantee does not comply with any of the requirements set forth in its application and compliance with the CASF. In the event that the project grantee is unable to complete the proposed project within the required 12-month timeframe, it must notify the Commission as soon as it becomes aware of this prospect. The Commission reserves the right to reduce payment for failure to satisfy this requirement.

In the event that the BPHA CASF recipient fails to complete the project, in accordance with the terms of approval granted by the Commission, the CASF recipient must reimburse some or all of the BPHA CASF funds that it has received.

The BPHA CASF grant recipient must complete all performance under the award on or before the termination date of the award. Material changes in the entries for this application, such as discontinuing operation or bankruptcy, or change of name (DBA), change of address, telephone, fax number or E mail address should be reported by a letter to the CPUC, Director of the Communications Division, 505 Van Ness Avenue, San Francisco, CA 94102.

Submit completed applications online at <https://kwftp.cpuc.ca.gov> with hard copies mailed separately to:

Communications Division  
Attn: California Advanced Services Fund  
California Public Utilities Commission  
505 Van Ness Ave.  
San Francisco, CA 94102

Office of Ratepayer Advocates  
Re: California Advanced Services Fund  
California Public Utilities Commission  
505 Van Ness Ave.  
San Francisco, CA 94102

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## 2.11. Attachment A

### NOTARIZED AFFIDAVIT

Name of Publicly Supported Community (PSC) \_\_\_\_\_

My name is \_\_\_\_\_. I am \_\_\_\_\_ [Title] of \_\_\_\_\_ [PSC]. My personal knowledge of the facts stated herein has been derived from my employment with \_\_\_\_\_ [Company]

I swear or affirm that I have personal knowledge of the facts stated in this Application for the California Advanced Services Fund, I am competent to testify to them, and I have the authority to make this Application on behalf of and to bind the Company.

I further swear or affirm that \_\_\_\_\_ [Name of PSC] agrees to comply with all federal and state statutes, rules, and regulations, covering broadband services and state contractual rules and regulations, if granted funding from the California Advanced Services Fund.

I swear or affirm that I agree to comply with Rules 1.11 and 2.2 of the California Public Utilities Commission's Rules of Practice and Procedure.

I swear or affirm, under penalty of perjury, and under Rule 1.1 of the California Public Utilities Commission's Rules of Practice and Procedure, that, to the best of my knowledge, all of the statements and representations made in this Application are true and correct.

If \_\_\_\_\_ [Grantee Name] violates the terms and conditions of a CASF award or other program and project compliance requirements, it shall be subject to Public Utilities Code Sections 2108 and 2111. The Commission may impose the maximum penalties allowed under Public Utilities Code Sections 2108 and 2111 for failure to meet the program and project compliance requirements, as determined by the Commission.

Adoption project applicants **only**: I attest that the \_\_\_\_\_ [PSC] is wired and broadband Internet service is available to all PSC units on the property.

\_\_\_\_\_  
Signature and title

\_\_\_\_\_  
Type or print name and title

**SUBSCRIBED AND SWORN** to before me on the \_\_\_\_ day of \_\_\_\_, 20 \_\_\_\_.

Notary Public In and For the State of \_\_\_\_\_  
My Commission expires \_\_\_\_\_



### **3. Proposals for Broadband Revolving Loan Account**

#### **3.1. Background**

Senate Bill SB 1040 (Padilla )<sup>11</sup> expanded the California Advanced Services Fund (CASF) to include the Broadband Infrastructure Revolving Loan Account (Loan Account). Pursuant to Pub. Util. Code section 281(g), money in the Loan Account “shall be available to finance capital costs of broadband facilities not funded by a grant from the Broadband Infrastructure Grant Account. The Commission shall periodically set interest rates on the loans based on surveys of existing financial markets.”

Assembly Bill AB1665 (Garcia) signed by Governor Brown on October 15, 2017, eliminated the Broadband Infrastructure Loan Account and required the remaining unencumbered moneys in that account as of January 1, 2018, and the deposit of moneys collected that would be owed to that account, to be transferred to the Broadband Infrastructure Grant Account.

#### **3.2. Treatment of Existing Loans and Pending Loan Applications**

To date, there are three existing approved loans. One loan, Willits Online Boonville project, approved on November 7, 2013, through resolution T-17422, has drawn funds of \$40,977 out of \$40,977, and has 22 payments remaining. The Commission’s Fiscal Office states it can help service this loan.

There are two approved loans which have not yet drawn funds. Bright Fiber Network project, T-17565, approved May 11, 2017, for \$500,000. The second approved loan is Surfnet Communications Paradise Road project, T-17430, approved April 10, 2014, for \$59,318. The loan funds for both projects have been encumbered but have not been drawn.

Additionally, there are two grant/loan projects whose applications have not been approved and whose loan funds have, therefore, not been encumbered. The Surfnet Communications project, Las Cumbres Fiber, Santa Cruz County, seeks Infrastructure Grant funding of \$729,932 and loan funding of \$243,311. The Renegade Vandyland project, proposed in the residential area of Vandenberg Air Force base in Santa Barbara County, seeks Infrastructure Grant funding of \$352,506.20 and loan funding of \$70,501.24. AB 1665 requires that the remaining unencumbered funds as of January 1, 2018 be deposited into the Broadband Infrastructure Grant Account. Projects approved after January 1, 2018 will not have loan funding available through

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<sup>11</sup> Stats. 2010, c.317, codified at California Public Utilities (Pub. Util. Code section 281), approved by Governor Schwarzenegger on September 25, 2010.

the CASF Infrastructure Revolving Loan account. These applicants may modify their applications accordingly in order to be awarded additional grant funds.

Two projects with loans: Bright Fiber, T-17495 in the amount of \$500,000, and Surfnets Paradise Road T-17430 in the amount of \$59,318 approved through resolutions have not yet requested or drawn loan funds. These loans will be underwritten and serviced by a financing authority, such as The California Infrastructure and Economic Development Bank (iBank). Staff will perform due diligence to establish a loan process for grantees with the chosen financing authority to facilitate the servicing of the CASF loan fund disbursements and repayment processes.

(END OF APPENDIX B)

## APPENDIX C

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## **1. Proposed Changes for Broadband Infrastructure Grant Account**

### **1.1. Background**

AB 1665 was signed into law on October 15, 2017. AB 1665 makes the following changes to the Broadband Infrastructure Grant Account:

- Extends the date of the CASF goal from 2015 to 2022 and modifies the goal to approve funding for broadband infrastructure projects that will provide broadband access to no less than 98 percent of California households in each consortia region, as identified by the Commission as of January 1, 2017, instead of 98 percent statewide.
- Requires the Commission to approve projects that provide last-mile broadband access to households that are unserved by an existing facility-based broadband provider.
- Specifies that projects that only deploy middle-mile infrastructure are not eligible for grant funding. For a project that includes funding for middle-mile infrastructure, the Commission is required to verify that the proposed middle-mile infrastructure is indispensable for accessing the last-mile infrastructure.
- Requires the Commission to give preference to projects in areas where Internet connectivity is available only through dial-up service that are not served by any form of wireline or wireless facility-based broadband service or areas with no Internet connectivity. However, the Commission is not prohibited from approving funding for projects outside of the areas that are designated as prioritized.
- Requires the Commission to recognize that broadband advanced communication services include both wireline and wireless technologies.
- Requires the Commission to annually offer existing facility-based providers the opportunity to demonstrate that they will provide broadband access to delineated unserved areas within 180 days and prohibits the Commission from approving funding for a project in those areas also known as right of first refusal (ROFR), provided the existing provider demonstrates that it will deploy broadband or upgrade existing broadband service throughout the project area.
- Specifies that Connect America Fund Phase II (CAF II) areas are ineligible for CASF funding until July 1, 2020, unless the existing facility-based broadband provider has notified the Commission before July 1, 2020 that it has completed its CAF deployment in the census block however, an existing facility-based broadband provider is eligible to apply for CASF funding pursuant to the CAF II fund to expand broadband service within identified census blocks, as needed.
- Requires the provider to provide the Commission with information to demonstrate what progress has been made or challenges faced in completing the deployment if the existing facility-based broadband provider is unable to

complete the deployment of broadband within the delineated unserved area within 180 days and allows the Commission to extend the time to complete the project beyond the 180 days if the Commission finds that the provider is making progress towards completing deployment, if the Commission finds that the provider is not making progress towards completing the deployment, the delineated unserved area shall be eligible for CASF funding.

- Requires the Commission to not disclose publicly information submitted by the facility-based broadband provider that includes plans for future deployment, but allows the Commission to disclose publicly information regarding the area designated for broadband deployment, the number of households or locations to be served, and the estimated date the deployment will be completed.
- Requires projects eligible for grant awards to meet the following requirements: (a) deploy infrastructure capable of providing broadband access at speeds of a minimum of 10 megabits per second (Mbps) downstream and 1 Mbps upstream to unserved households in census blocks where no provider offers access at speeds of 6 Mbps downstream and 1 Mbps upstream; and (b) all or a significant portion of the project deploys last-mile infrastructure to provide service to unserved households.
- Prohibits the Commission from granting projects that are already funded by the Connect America Fund program or other similar federal public program that funds that infrastructure, except for funding from the federal high-cost support programs that support operations, including High Cost Loop Support, Connect America Fund-Broadband Loop Support (CAF-BLS), or the Alternative Connect America Cost Model (A-CAM).
- Specifies that the Commission may award grants to fund all or a portion of the project, and the Commission shall determine funding on a case-by-case basis.
- Specifies that the Commission may require each infrastructure grant applicant to indicate steps taken to first obtain any available funding from the CAF program or similar federal public programs.
- Allocates \$30 million remaining in the Infrastructure Grant account for projects that provide last-mile broadband access to households at speeds of at least 10/1.
- Requires the Commission to post on the homepage of the CASF on its Internet website a list of all pending applications, application challenge deadlines, and notices of amendments to pending applications.
- Requires the Commission to establish a service list of interested parties to be notified of any CASF applications. Any application and any amendment to an application for project funding shall be served to those on the service list and posted on the Commission's Internet website at least 30 days before publishing the corresponding draft resolution.

## **1.2. Amount Available for Grants**

AB 1665 provides \$300 million for grants to the Broadband Infrastructure Grant Account.<sup>1</sup> As of November 30, 2017, \$33,443,763 remains in the Broadband Infrastructure Grant Account.<sup>2</sup>

Upon the accomplishment of the goal, AB 1665 also directs the Commission to reserve not more than \$30 million of Infrastructure grant funds for infrastructure projects that provide last-mile broadband access to households to which no facility-based broadband provider offers broadband service at speeds of at least 10/1.

The Commission may award grants to finance up to 100 percent of eligible project costs in low-income area census block groups. Eligible projects with areas exceeding the low-income standard may be awarded 80 percent of total project costs. Total project funding will be evaluated and apportioned on a case by case basis. Factors that will be taken into consideration include, but are not limited to, the location and accessibility of the area, the existence of communication facilities that may be upgraded to deploy broadband, the ability of the applicant to earn a reasonable return on its investment and whether the project makes a significant contribution to achieving the program goal.

The Commission will approve projects that provide last-mile broadband access to households that are unserved by an existing facility-based broadband provider. Projects that only deploy middle-mile infrastructure are not eligible for grant funding. For an application requesting funding for middle-mile infrastructure, the applicant is required to prove that the proposed middle-mile infrastructure is indispensable for accessing the last-mile infrastructure. Examples of proof shall include a detailed explanation of existing middle-mile facilities, if any, and how and why the existing middle-mile facilities cannot meet the needs of the last-mile infrastructure and/or the needs of the community.

**Set-Aside:** In order to ensure that broadband infrastructure reaches eligible unserved low-income communities, Staff is proposing a minimum of \$100 million to benefit low-income communities through all forms of applications.

The Commission will give preference to projects in areas where Internet connectivity is available only through dial-up service that are not served by any form of wireline or wireless facility-based broadband service or areas with no Internet connectivity, and it does not prohibit the Commission from approving funding for projects outside of these specified areas.

The Commission will also require where possible that projects leverage existing networks and existing infrastructure. Special consideration will also be given to projects that optimize ‘dig once’ infrastructure projects, such as gas line digs and highway projects.

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<sup>1</sup> This includes \$5 million set aside for the Line Extension program.

<sup>2</sup> The \$3,158,286 remaining in the Broadband Infrastructure Revolving Loan Account unencumbered as of January 1, 2018, will be transferred to the Broadband Infrastructure Loan Account.

Per AB 1665, the Commission will reimburse for the following expenses:

- Costs directly related to the deployment of infrastructure;
- Costs to lease access to property or for Internet backhaul services for a period not to exceed five years; and
- Costs incurred by an existing facility-based broadband provider to upgrade its existing facilities to provide for interconnection.

The Commission will not fund costs for broadband infrastructure already funded by the CAF program or other similar federal public program that funds that infrastructure, except for funding from the federal high-cost support programs that support operations, including High Cost Loop Support, Connect America Fund-Broadband Loop Support, or the Alternative Connect America Cost Model.

### **1.3. Definitions**

“Baseline Data” means the reported served status of broadband at or above 6 Mbps downstream and 1 Mbps upstream in California by Consortium as of December 31, 2016, published by the Commission. [www.cpuc.ca.gov/General.aspx?id=6442455975](http://www.cpuc.ca.gov/General.aspx?id=6442455975)

“Broadband Map” means the California Interactive Broadband Map showing served status and eligibility, maintained by the Commission. <http://www.broadbandmap.ca.gov/>

“Consortium Map” means a static (pdf) map showing eligible areas in a Consortium’s region published by the Commission. [www.cpuc.ca.gov/General.aspx?id=6442455975](http://www.cpuc.ca.gov/General.aspx?id=6442455975)

“Eligible Project” means an area containing unserved households and that is not within a CAF II, ROFR or existing CASF project area. CAF II areas remain project eligible to the corresponding existing facilities based provider to extend service within its CAF II area. Eligible projects must be capable of offering broadband service at or above 10/1 Mbps, irrespective of the project’s technology.

“Low-income areas” means areas identified by the median income within a Census Block Group having median income less than \$49,200.<sup>3</sup>

“Unserved household” means a household for which no facility-based broadband provider offers broadband service at speeds of at least 6 mbps downstream and 1 mbps upstream.<sup>4</sup>

“Unserved households with slow-service” means households’ having service at speeds less than 6 Mbps down or 1 Mbps up.

“Unserved households with no-service” means households’ having speeds less than

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<sup>3</sup> The Commission’s CARE program standard applies per household. We assume a household size of four persons. <http://www.cpuc.ca.gov/General.aspx?id=976>

<sup>4</sup> Pub. Util. Code section 281(b)(1)(B)



768 Kbps down or 200 Kbps up, no service, or dial-up service.

“Priority Area” means an area recognized by the Commission in Resolution T-17443, Appendix 4 “Broadband Infrastructure Priority Areas”.

“High-Priority Area” means an area deemed by the Commission in an order that it should receive a broadband CASF grant with preference given to projects having low-income census tracts.

#### **1.4. Eligible Applicants**

The following entities are CASF infrastructure grant eligible:

- Entities with a Certificate of Public Convenience and Necessity (CPCN) that qualify as a “telephone corporation” as defined under Public Utilities (Pub. Util.) Code section 234; or
- Wireless carriers who are registered with the Commission (i.e., hold a WIR)—wireless carriers need not obtain a CPCN to qualify for CASF funding; or
- Non-telephone corporations, which are facilities based broadband service providers—The Commission uses the National Telecommunications and Information Administration’s (NTIA) definition of a facilities-based broadband service provider, which is generally defined as any entity providing internet access service or middle mile transport, over its own fixed or wireless facilities to residence, businesses, or other institution—must meet the CASF eligibility requirements and comply with program requirements. (D.14-02-018 and T-17443)
- A local governmental agency if no other eligible entity applied.

In addition, the Commission will consider applications from satellite service providers provided that the applicants are able to prove functionality, and are able to meet the speeds required. A local governmental agency may be eligible for an infrastructure grant only if the infrastructure project is for an unserved household or business, the Commission has conducted an open application process, and no other eligible entity applied.

AB 1665 allows a Public Supported Community (PSC) eligible for funding via the Public Housing Account to submit an application for funding from the Infrastructure Account only after all funds available for the Public Housing Account have been awarded.<sup>5</sup>

#### **1.5. Application Process**

A completed eligible application will be reviewed by staff and may be recommended to the Commission for approval during a public Commission meeting. Two alternatives to this Commission Resolution process are available: (1) Projects meeting specific criteria are eligible for Expedited Ministerial approval by Staff in lieu of a Commission

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<sup>5</sup> Pub. Util. Code section 281(i)(3)(C)

resolution. (2) Projects deemed “hi-priority” by the Commission for which no subsequent applications have been received are eligible for Staff to engage Request for Proposal contracts. The Request for Proposal process will follow the State Contract Process.

All CASF Grant Applications and supporting material must be submitted online via the web portal. ([https://apps.cpuc.ca.gov/cpuc\\_notices/CASF\\_Home\\_Page.htm](https://apps.cpuc.ca.gov/cpuc_notices/CASF_Home_Page.htm)) Should the web portal not be functional, a hard copy of the application materials may be submitted to the CASF Infrastructure Grant Coordinator and another copy sent to the Office of Ratepayer Advocates.

### **1.6. Information Required of Applicants**

A single CASF Grant Application is to be submitted by each applicant for any eligible project areas. An application can include non-contiguous project areas. Non-contiguous project areas can be considered as a single project. Project applications can include either or both wireline and wireless technologies. Projects with middle-mile infrastructure must show that it is indispensable for accessing the last-mile infrastructure.

**Proposed Application Item 1 – Project Summary (Distributed Publicly):** Staff recommends that the applicant must submit a Project Summary, which the Communications Division (CD) will post on the CASF webpage, under Pending New Applications to Offer Broadband. The applicant must also submit the Project Summary to the CASF Distribution List. The summary must include the following information:

- Company/Applicant’s name.
- CPCN/U-Number or WIR or pending CPCN/WIR application number.<sup>6</sup>
- Contact person.
- Project title.
- Named project location (Community/County).
- Project type (Last-mile or Hybrid Last-mile/Middle-mile).
- Amount of CASF grant funding requested and project cost.
- Map of the proposed project area.
- The number of unserved households with no-service and the number of unserved households with slow-service for which the project will provide service.
- The maximum Mbps downstream and upstream speed currently offered to households.
- Median Household Income
- The number of businesses, anchor institutions and public safety locations in the project area that will receive new or improved service.
- Description of proposed broadband project plan for which CASF funding is being requested, including the type of technology to be provided in the proposed service areas.

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<sup>6</sup> A CPCN or WIR authority is not necessary to apply or be awarded a CASF grant. CPCN/WIR information is available at [www.cpuc.ca.gov/General.aspx?id=1019](http://www.cpuc.ca.gov/General.aspx?id=1019)

- Download speed capabilities of proposed facilities.
- Upload speed capabilities of proposed facilities.
- The project description should provide enough construction detail to enable a preliminary indication of the need for a California Environmental Quality Act (CEQA) review. For example, when trenching is required, the applicant should so state and describe the manner in which the site is to be restored, post-trenching.
- Identification of leveraging existing available facilities (e.g., interconnection in lieu of overbuilding existing facilities of another provider).

The applicant may also use this summary information in its adoption and outreach efforts, i.e., in soliciting local government and community support for the proposed project, in disseminating information to their proposed communities/areas.

**Proposed Application Item 2 – Applicant Entity Information:** Staff proposes the following information be provided, as necessary:

- Information Sheet (Attachment C) with a Certificate of Good Standing issued by the Secretary of State.
- Organizational Chart, Company History, and Statement of Readiness to Build, Manage, and Operate Broadband
- Key Contact Information (Name, Title, Address, Email Address, and Phone number).
- Key Company Officers

**Proposed Application Item 3 – Description of the Applicant’s Current Broadband Infrastructure and Existing Infrastructure in the Area:** Staff proposes the applicant provide:

- A description of the provider’s current broadband infrastructure and service within five miles of the proposed project.
- The geographic location of the key network equipment, such as; DSLAMs, wireless towers, router facilities and network interconnection. (Format to be determined by Staff)
- A description of other provider’s infrastructure within the project area which can be leased, purchased or accessed via interconnection.

**Proposed Application Item 4 – Project Location Data:** Staff proposes the applicant provide the following:

- The geographic location of all households. This information should be provided in a plain-text, comma-separated values (CSV format) file, that contains geo-located street address information, including latitude and longitude coordinates.<sup>7</sup> (Format to be determined by Staff)

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<sup>7</sup> There are a several possibilities for acquiring geolocated street address level data. This document from USAC provides an overview of geolocation methods:

[http://www.usac.org/\\_res/documents/hc/pdf/tools/HUBBGeolocationMethods.pdf](http://www.usac.org/_res/documents/hc/pdf/tools/HUBBGeolocationMethods.pdf)

- The geographic location of the project related key network equipment, such as; DSLAMs, wireless towers, router facilities, network interconnection, etcetera. (Format to be determined by Staff)

**Proposed Application Item 5 - Median Income:** Staff proposes the applicant report median household income for each Census Block Group (CBG) that intersects the project area. The California Broadband Map (<http://www.broadbandmap.ca.gov/>) includes census derived population and income data and information regarding existing service providers and their reported service speeds. Using the census block group layer data return, the medium income and CBG code can be obtained. For reference, CBG codes are formatted as follows:

- CBG(s) must be based on the latest decennial census. CBG(s) must be in a twelve digit format, as follows:<sup>8</sup>

<u>State CA</u>	<u>County</u>	<u>Tract</u>	<u>Block Group</u>
2 digits	3 digits	6 digits	1 digit

**Proposed Application Item 6 – Project Eligibility:** Staff proposes that the applicant rely on the Broadband Map to identify project eligibility and that the project reported households (CSV file reference in Item 6) are within eligible census blocks (unserved blocks that are not within a CAF II, ROFR or existing CASF project area). Eligible projects must offer broadband service at or above 10 Mbps downstream and 1 Mbps upstream, irrespective of the project’s technology. Staff proposes that the applicant:

- Provide an assertion that the applicant reviewed the wireline, fixed-wireless and mobile served status on the Broadband Map and determined that the broadband project area being proposed is eligible.
- The applicant may provide CalSPEED tests to show actual speeds or denials of service or other public feedback as evidence on unserved status. The Commission’s public feedback tools are available on the CASF website: [www.cpuc.ca.gov/General.aspx?id=5868](http://www.cpuc.ca.gov/General.aspx?id=5868). Such evidence may be used to dispute the Broadband Map depictions of served status.

**Proposed Application Item 7 - Deployment Schedule:** The current program requires the applicant to complete the project within two years following receipt of grant authorization. However, many projects are delayed by the CEQA permitting process. Staff recommends the project be required to be completed following receipt of grant authorization and all construction permits, including CEQA. Staff requests the applicant provide:

- A schedule for obtaining necessary permits prior to construction. The schedule must include the timeline required for the California Environmental Quality Act (CEQA) review, as applicable.
- A schedule for project construction following receipt of permits, to complete the project within 24-months. The schedule shall identify and describe construction milestones and include start and end dates for each milestone.

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<sup>8</sup> For example, a census block in the town of Fort Bidwell in Modoc County is 060490040001.

- If the applicant is unable to construct and complete the proposed project within 24-months, it must notify CASF staff as soon as it becomes aware and explain reasons for the delay and when the project will be completed.

**Proposed Application Item 8 - Proposed Project Expenditures:** Staff proposes that the applicant provide:

- Identification of expense categories; direct and or indirect expenses.
- Identification of direct expenses; equipment/materials, labor/construction wages and permitting/CEQA review.
- Identification of individual cost elements and their cost amount. The applicant must identify all the equipment to be funded by the CASF by category, (buildings, towers and poles, network and access equipment, operating equipment, customer premise equipment, materials), and the type of equipment (new building, prefabricated building, rehab of existing building, new towers or poles, modification towers and poles, broadband switching equipment, cable, etc.).
- Identification of allocated indirect costs; General and Administrative expenses, such as; repair & maintenance expenses for equipment and facilities, utilities, rent of equipment and facilities, administrative costs, indirect materials and supplies, insurance on equipment & machinery, indirect labor and contract supervisory wages, production period interest expense

**Proposed Application Item 9 - Performance Bond Relief:** A performance bond is currently required from applicants who are non-telephone corporations, in order to protect taxpayers from risks like fraud and default. A performance bond is also required from CPCN/WIR holders, unless they certify that the percentage of total project costs it is providing comes from their capital budget and is not obtained from outside financing. However, some applicants have criticized the requirement as unnecessarily burdensome, both because of the difficulty for surety corporations to guarantee a CASF performance bond, and because the CASF program already has several tools at its disposal to ensure that projects are completed. Further, there have been project delays and significant provider and staff resources dedicated to additional Commission resolutions to address bond implementation subsequent to the granting of a CPCN to a provider. The burden is not just to the industry.

Staff recommends in the interest of promoting the deployment of broadband infrastructure some risk of default may need to be accepted, which should be substantively mitigated thorough Staff review of financial statements and performing the project viability test. There are project progress report requirements that are subject to penalty of perjury. Grant monies are reimbursable to costs, where the project must be completed and operational before final payment is made. Further, it is not clear that the risk of default is any greater with a small company that has a CPCN versus one that does not, and to date, there have been no program defaults. Staff seeks comments on whether the performance bond requirement should be maintained.

**Proposed Application Item 10 – Pricing Commitment:** Staff proposes that applicants submit fixed monthly service subscription rates that it will offer to all consumers during a 24 month period following completion of the project. To encourage adoption, Staff proposes installation charges be waived during the commitment period. After this 24 month period, the service provider may revise their generally applicable service rates and reinstate installation/connection charges for new service connections. The applicant should identify in its application:

- Fixed monthly service level subscription rates.
- Waived installation/service connection charges.
- Specify any commitments and/or requirements that the customer must agree to pursuant to receipt of equipment during the commitment period, such as return of equipment.

**Proposed Application Item 11 – Marketing/Outreach plan:** Staff proposes that the applicant provide a plan to encourage subscription of the broadband service in the project location. The submission should explain the marketing and outreach plans the applicant will employ to attract residents to sign up for service during the pricing commitment period.

**Proposed Application Item 12 – Government and Community Support:** The applicant may submit endorsements or letters of support from state and local government, community groups, and anchor institutions supporting the deployment of the broadband infrastructure.

**Proposed Application Item 13 – Funding Sources:** Staff proposes the applicant identify each applicable project funding source, such as; loans, financial contributions from the service provider, public or private broadband adoption or deployment program funds, federal and state grants or loans.

**Proposed Application Item 14 - Financial Qualifications:** Staff proposes the following be submitted by applicant regarding the company:

- CPA Audited/Attested Financial Statements for the last three years:
  - Balance Sheet
  - Income Statement
  - Statement of Cash Flows
- Pro Forma Financial Forecast for a five year period, including a list of assumptions supporting the forecast. Projections must include:
  - Balance Sheet
  - Income Statement
  - Statement of Cash Flows
- Five year annual EBIT (Earnings Before Income and Tax) projection.

CPA Audited or Attested Financial Statements will be accepted from parent companies in lieu of financial statements from subsidiaries that have no audited or attested financial statements. If applicant has been in existence for less than three years, financial



statements for as long as applicant has been in existence, e.g. one or two years, will be accepted.

**Proposed Application Item 15 – Project Viability:** Staff recommends the applicant provide:

- A Five-year projected project business plan showing project profitability, revenues and expenses. The project viability forecast must include projected revenue from customers, showing changes in subscriptions and service rates and charges through the pricing commitment period and the period thereafter, years three through five, as applicable.

**Proposed Application Item 16 – CEQA Attestation:** Some grant recipients have not considered impacts of CEQA, nor requested adequate funds within their application, and have subsequently requested funds to cover CEQA costs following the approved project grant. This oversight results in additional project delays and workload for the Commission in order to approve additional CEQA funding.

Staff recommends that the applicant provide information about their project such that determinations of how CEQA compliance is to be obtained.

- The applicant should attest that they have contacted the Commission's Energy Division CEQA section in advance of the filing and have consulted with CEQA Staff regarding the process of developing and filing a PEA or other CEQA documents and are aware of their responsibilities if their proposed project is not exempt from CEQA. Information on PEA and CEQA requirements is available on the Commission's website, [www.cpuc.ca.gov/ceqa](http://www.cpuc.ca.gov/ceqa)

**Proposed Application Item 17 – Affidavit:** Applicants must submit an affidavit, under penalty of perjury, that to the best of their knowledge all the statements and representations made in the application information submitted is true and correct. (See Attachment D)

### **1.7. Low-Income Communities - Expedited Ministerial Review**

**Problem:** Commission project review, from application filing to approval date has taken a minimum of 6 months for only a few projects, whereas the majority of projects have taken several years. Frequently, review delay has provided opportunities for additional challenges and new problems to arise at the resolution publication phase. Further, for projects that are non-controversial, Staff must prepare a resolution adding months to the approval process. Currently, staff does not have an expedited process to quickly review low-cost projects and approve without a resolution.

**Proposed Solution:** Staff recommends that the Commission delegate to Staff the authority to approve applications that meet all of the following criteria:

1. Applicant meets the program eligibility requirements herein and pursuant to Pub. Util. Code sections 281.
2. Costs per household are below CASF program average:<sup>9</sup>
  - a. For project upgrades using existing infrastructure, proposed project costs \$1,212 per household or less.
  - b. For projects building new fiber to the home, proposed project costs \$15,650 per household or less.
  - c. For fixed wireless projects, proposed project costs \$1,285 per household or less.
3. The project serves low-income areas.

### **1.8. Hi-Priority Areas - Request for Proposal Ministerial Review**

**Problem:** Currently, the program relies solely on a passive approach for providers to select eligible areas they wish to serve and to submit applications. Though Staff engaged consortia to identify priority areas and the Commission subsequently adopted and published a list of priority communities to attract applicants, there has been limited success.<sup>10</sup> There are few projects from existing facilities based providers to utilize the CASF program and apply for grants.

**Proposed Solution:** Staff proposes implementing a “Request for Proposal” (RFP) process, which would be a more proactive approach for directing applicants towards “high-priority” areas where no applications have been received. The RFP would enable grantees to bid on the projects that Staff determines will maximize broadband availability at served speeds, given scarce resources. The RFP shall follow the state contract process. A similar program, which began in November, 2016, through the Massachusetts Broadband Institute (MBI),<sup>11</sup> effectively identifies providers with established financial and technical track records who are willing to meet program specifications.

Contracts will be deliverable-based, to be compensated following project completion and reporting that the project meets the specifications identified in the RFP. Proposals received will be scored based on best value and meeting RFP requirements. The proposal will be reviewed and approved by the Commission’s Contracts Office for the Non IT Goods & Services.

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<sup>9</sup> CASF Workshop on Reform Report May 25, 2017, presented average project cost per household by technology type, Page 72, Table 11. <http://www.cpuc.ca.gov/General.aspx?id=9226>

<sup>10</sup> See Resolution T-17443, “Priority Areas” section beginning on p. 10 and Finding of Fact 8. CASF Regional Consortia and four unrepresented counties designated 182 areas as priorities for broadband infrastructure projects.

<sup>11</sup> Massachusetts Broadband Institute Press Release, [MBI Launches RFP to Identify Private Sector Options to Close ‘Last Mile’ Broadband Gaps](#), November 21, 2016.



Requests for bids for identified projects will be published and any interested prospective provider may submit a bid. The RFP process is as follows:

1. Staff identifies projects areas that the Commission identified as “high-priority” for which no CASF grant applications have been received.
2. Staff prepares one or more RFPs inclusive of “high-priority” areas.
3. RFPs are published.
4. Providers submit scope of work and budget proposals that enable it to provide a minimum of 10 Mbps download /1 Mbps upload to all households in the project area within 24 months after environmental reviews have been completed.
5. Staff review and verify that selected bids meet the qualifications and expectations of the program
6. The Director of CD approves and signs contracts with selected providers.

Staff requests comment on the approach outlined above. Should the Commission use a RFP contracting process to encourage Internet service providers to offer service in a given area? How should or does the RFP contract process provide a sufficient difference from the existing application process? Should it provide additional incentives, such as no-matching funds required? Are there potential negative consequences to using this process such as increasing delay in achieving program goals? Are there other approaches that would allow the Commission to meet program goals in a more efficient manner, such as reducing the number of application elements?

### **1.9. Right of First Refusal**

AB 1665 requires that the Commission annually offer an existing facility-based broadband provider the opportunity to demonstrate that it will deploy broadband or upgrade existing facilities to a delineated unserved area within 180 days. If the existing facility-based broadband provider (existing provider) is unable to complete the deployment of broadband within the delineated unserved area within 180 days, the provider shall provide the Commission with information to demonstrate what progress has been made or challenges faced in completing the deployment. If the Commission finds that the provider is making progress towards the completion of the deployment, the Commission shall extend the time to complete the project beyond the 180 days. If the Commission finds that the provider is not making progress towards completing the deployment, the delineated unserved area shall be eligible for CASF funding.

On December 14, 2017, the Commission adopted Resolution T-17590, which establishes new processes and timelines for an existing provider to invoke its “right of first refusal” (ROFR)<sup>12</sup> pursuant to AB 1665, and defers to this proceeding the adoption of a final

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<sup>12</sup> Resolution T-17590 does not prohibit existing providers from submitting the ROFR letter indicating an intent to build in a given area beyond the 180 days and before the next ROFR process begins. However, Commission receipt of the letter will not bar the Commission from approving a grant to build in the same area.”

ROFR procedure including a review of the T-17443 criteria to determine if an ROFR designation should be extended beyond 180 days.

Staff requests comments on the following:<sup>13</sup>

1. Is the ROFR submission and due date, each January 15<sup>th</sup> through 2022, as described in T-17590 appropriate?
2. Is the staff ROFR publication of approved ROFR areas on the Interactive Broadband Map and due date, each January 30<sup>th</sup> through 2022, sufficient and appropriate?
3. Is the ROFR Project Completion Report and due date, each July 31<sup>st</sup> through 2022, as described in T-17590 sufficient?
4. Is the ROFR Extension Request and due date, each July 15<sup>th</sup> through 2022, as described in T-17590 sufficient?
5. What should be the consequences if the ROFR provider fails to timely complete their project?
6. Is it reasonable to grant repeated extensions of a ROFR, and if so, how many and for how long?

#### **1.10. Treatment of CAF II Areas**

AB 1665 specifies that the CAF II areas are eligible to existing facility-based providers and are ineligible for CASF until July 1, 2020, unless the existing facility-based broadband provider has notified the Commission before July 1, 2020, that it has either completed or elected not to build its Connect America Fund deployment in the census block

Staff published on December 22, 2017, the California Interactive Broadband Map which depicts CAF II accepted locations that are CASF grant ineligible to non-existing facilities based broadband providers.<sup>14</sup>

Staff requests comments on the following:

1. How can the Commission incentivize existing facilities based broadband providers to build out their CAF II obligations in a timely manner?
2. How and what is the process for existing providers to notify the Commission before July 1, 2020, that it has either completed or elected not to build its CAF to expand broadband service within identified census blocks?

#### **1.11. Submission and Selection Timelines**

Staff proposes that annual submission of CASF grant applications be due three months following publication of the annual ROFR determinations depicted on the Interactive Broadband Map. Presuming the current ROFR schedule as described in T-17950 was to

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<sup>13</sup> Information about the ROFR and Resolution T-17950 is available at <http://www.cpuc.ca.gov/General.aspx?id=1075>

<sup>14</sup> The list of FCC's accepted blocks is available from the FCC at: [https://transition.fcc.gov/web/CAM43\\_Supported\\_Locations.zip](https://transition.fcc.gov/web/CAM43_Supported_Locations.zip)

continue, CASF applications would be due on April 30<sup>th</sup> following the ROFR publication on each January 31<sup>st</sup>. Staff will select projects for funding prior to the next application submission date. If a project has not been selected or rejected they will compete for the subsequent round(s) of funding and need not reapply. Staff seeks comment:

1. Is 90 days sufficient time for potential applicants following publication of the ROFR areas on the map?
2. Should an additional CASF grant application opportunity be afforded following the July 31<sup>st</sup> ROFR completion dates, thereby permitting submission of applications every 180 days? How will this affect prioritization of projects?

### **1.12. Posting of Applications**

The Commission will post on the homepage of the CASF on its Internet Web site a list of all pending applications, application challenge deadlines, and notices of amendments to pending applications. The Commission already has a CASF distribution list of interested parties, and will continue to notify the distribution list of interest parties for any CASF applications. The Commission will serve applications and any amendment to an application for project funding to those on the service list and posted on the Commission's Internet Web site at least 30 days before publishing the corresponding draft resolution.

### **1.13. Project Challenges**

Pursuant to AB 1665, the Commission shall provide each applicant, and any party challenging an application, the opportunity to demonstrate actual levels of broadband service in the project area, which the Commission shall consider in reviewing the application.

Staff recommends that the challenge period be 21 calendar days from the filing of the application and that challengers have submitted their most current Form 477 filed with the FCC.

Challengers must provide a public notice of the challenge to the CASF Distribution List and submit the confidential challenge report to the CD Director, inclusive of the following:

- a) Identification of the number of served households in the project area that already have broadband availability at or above 6 Mbps download and 1 Mbps upload.
- b) An attestation that the households identified in (a) are offered service and have the capability to receive minimum speeds of 6 Mbps download and 1 Mbps upload.
- c) The geographic location of households that are served. This information should be provided in a plain-text, comma-separated values (CSV) file, that contains geo-located street address information, including latitude and longitude coordinates. (See Appendix 1 for data submission format)

- d) CalSPEED test results indicating download and upload speeds at dispersed locations in the project area, with geographic locations identified. CalSPEED is available at <http://www.calspeed.org/>.

CD will inform the applicant of its determination of the challenge based on the confidential challenge report.

#### 1.14. Scoring Criteria and High-Priority Areas

**Problem:** The current scoring criteria lack a guide to determine a higher project priority area from another when project areas do not overlap. Applications are ranked against other projects in order to determine Staff priorities based on the scoring criteria set forth in D.12-02-015. There are several ranking processes for infrastructure grant/loan projects: (1) Staff ranks new projects with all pending projects. (2) Low-rank projects are delayed relative to higher-ranking projects at the time of assignment of resources. (3) Ranking is most relevant when two or more projects have overlapping areas and a choice is to be made which project to recommend to the Commission for approval. When application project areas are disparate, both projects, when meeting program requirements are recommended to the Commission for approval.

**Staff Proposal:** Staff recommends revising the scoring criteria to give greater weight to areas determined as Low-Income and separately having the Commission identify “high-priority” areas. In the criteria listed below, 5 points have been removed from Speed criteria and added to Low-Income Areas criteria:

• Funds Requested per Potential Customer	30 points
• Speed	20 points
• Financial Viability	15 points
• Low-Income Areas	10 points
• Pricing	10 points
• Total Number of HHs in Proposed Area(s)	5 points
• Timeliness of Project Completion	5 points
• Guaranteed Pricing Period	5 points

The determination of low-income is based on the median household income of the potential customers in the applicant’s proposed area. Five (5) bonus points will be added to the score of an applicant who is able to submit government and community support endorsements or letters-of-support.

“High-priority” areas will be designated by the Commission for special consideration via an RFP should an application not be received for the area. Project applications containing “high-priority” areas will receive ten (10) bonus points. Eligible projects need not contain “high-priority” areas and will be reviewed, scored and considered accordingly.

### **1.15. Compliance Changes Pursuant to CASF Performance Audit**

**Problem:** The CASF Second Interim Performance Audit findings from the State Controller's Office (SCO) questioned whether the resolution, which it refers to as agreements, is sufficient in holding grantees accountable.<sup>15</sup> SCO stated that specific program requirements are not found in the code or in the resolution and are very broad. SCO recommended that the Commission enter into signed, contractual grant agreements with grantees that require them to provide data on job creation.

**Proposed Solution:** In addition to the resolution, that binds the applicant to its terms and address SCO concerns, Staff recommends creating a consent form that is signed by the grantee. The consent form will require the grantees signature acknowledging receipt of the resolution, and will further bind the grantee to the terms and conditions of the resolution authorizing the CASF award.

**Proposed Change:** Require the applicant to sign a consent form agreeing to the terms stated in the resolution authorizing the CASF award. The agreement will provide the name of the applicant, names of officers and members, and must be signed by the applicant. The proposed wording of the consent form is in Attachment Ax.

### **1.16. CEQA Payment**

**Problem:** The current program requires that the applicant provide the Proponent's Environmental Assessment (PEA) prior to the first 25% payment. This is problematic because (1) potential CEQA costs are generally unknown and are not always considered prior to grant approval and (2) because CEQA costs can be substantial and under current rules can only be recovered after 25% of the project is complete, which cannot occur without CEQA first being completed. Because completion of CEQA can take years, cash flow problems have occurred for some grantees.

**Proposed Solution:** CEQA consultant costs should be paid directly by the Commission to the contractor. Following award of a grant the Energy Division CEQA Section Staff will obtain a contractor to review the CEQA documents for the project. The CASF program will pay directly for the cost of the consultant preparation of the CEQA compliance documents in proportion of the awarded project cost grant share. The grantee will be billed for the remaining portion of the cost of the consultant according to that awarded share, award to matching funds.

The applicant may file with the Energy Division's CEQA Section a completed CEQA review conducted by another agency acting as the Lead Agency pursuant to CEQA. Should this occur, grantees may request funds to pay for preparation of a PEA.

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<sup>15</sup> State Controller's Office Audit Report, March 2017, pg. 5.  
[www.cpuc.ca.gov/General.aspx?id=9226](http://www.cpuc.ca.gov/General.aspx?id=9226)

### **1.17. Semi-annual Reporting and Completion Reports**

Currently the program, pursuant to Decision 12-02-015, requires quarterly reports beginning the first quarter following the approval of the resolution approving a grant. However, staff believes that the quarterly reporting requirement is too-frequent and does not provide value. Often reports contain little information from prior reports, in particular when projects are waiting on environmental review.

Staff proposes that reports be due on a bi-annual basis instead of quarterly reporting. This would require a minimum of four reports if the project immediately begins construction following receipt of the grant and is completed within 24-months. Bi-annual reports will reduce the number of reports otherwise received thereby reducing regulatory burden on the applicant and Staff. Bi-annual reports should contain the following:

1. Description of project accomplishments during this quarter
2. Identification of project milestones and the percent complete to date. If the percent completed is different from the estimated target milestones from the CASF application, it is necessary to provide a narrative description explaining what occurred.
3. Description of any challenges or issues and any risks faced during this past quarter in achieving planned progress on the project, including environment compliance and permitting challenges if applicable.
4. Description of significant project milestones or accomplishments planned for next quarter
5. Subscribership information to date.
6. Certification that each progress report is true and correct, under penalty of perjury.

Completion reports must be submitted prior to receiving the final payment, and should contain the following:

1. Comparison of approved versus actual costs of construction
2. Description of the project, including any changes in the project construction and alignment, if applicable.
3. Milestones and completion dates for each milestone
4. Speed test data for the CB
  - a. Test the download and upload speeds
  - b. Sample at dispersed locations in the project area; number of tests will vary based on project
  - c. An attestation that all households with the project area are offered service and minimum speeds of 6 Mbps download and 1 Mbps upload or higher
  - d. Use online CalSPEED speed test tool – <http://calspeed.org/index.html>; take a screen shot of the results and include it with your final report
  - e. Maps of the areas covered



- f. The geographic location of all households that are served. This information should be provided in a plain-text, comma-separated values (CSV) file, that contains geo-located street address information, including latitude and longitude coordinates.
- g. Documentation of advertisements, billing inserts and marketing information; by speed tier and prices
- h. Number of subscribers that actually signed up as of the date of the request for reimbursement versus the projected number of subscribers
- i. Identification of the number of served households in the project area that have broadband availability at or above the aforementioned minimum speeds.
- j. Submit a copy of Form 477 data directly to the Commission

Similarly, Staff recognizes the following issue, and requests comments: Grantees typically want to be paid promptly/frequently, with minimal reporting requirements, but these two issues are intrinsically related. Because more frequent payments imply more frequent reports as well, Staff requests comments on the appropriate balance between the two, particularly as it relates to proposals to adopt bi-annual reporting, or deliverables-based payments (see section 1.8). More specifically, Staff requests comments on the following question: If a project will take a total of less than 24 months, should grantees submit fewer reports and be paid less frequently? For example, if a project is completed within 6 months, should the grantee only submit a completion report (and be paid once)?

#### **1.18. Payment**

Requests for payments are on a progress billing basis. The first payment requires that a progress report be submitted to the Commission showing that at least 25% of the project has been completed. Subsequent payments are made in 25% increments, after demonstrating completion of at least 50%, 75%, and 100%. The grantee must submit a project completion report before full payment will be issued. Payments are based on submitted receipts, invoices and other supporting documentation showing expenditures incurred for the project in accordance with the CASF funding budget submitted by the CASF grantee's application. Grantees shall submit the final request for payment within 90 days after completion of the project. The grantee shall notify the Commission as soon as they become aware that they may not be able to meet the 24-month timeline. Requests for payments for CEQA-related costs, such as PEAs are not subjected to progress billing basis

As an alternative, Staff proposes payments may be made on a deliverable-basis, wherein a grantee indicates in its application that it will submit invoices upon completion of specific construction phases. This imposes upon the grantee an obligation to deliver the phases of construction specified in the resolution. This payment option establishes a single price, or a series of line-item or unit prices, that are not subject to any adjustment, that the grantee may or may not experience during construction. This includes a precise description of what is to be delivered, the costs specific to these deliverables, and the timelines to be met. CASF project deliverables include obtaining permits, consultants,

equipment, lease contracts, completed wiring of cable, and fiber to the pole and to the home.

Projects paid on a deliverable-basis are made when each segment of the project has been completed. The grantee must provide proof of completion, which includes providing copies of receipts, invoices, and permits. Payments are based on submitted receipts, invoices and other supporting documentation showing expenditures incurred for the project in accordance with the CASF funding budget submitted by the CASF grantee with its application.

Grantees shall submit the final request for payment within 90 days after completion of the project. If the grantee cannot complete the project within the 24-month timeline, the grantee shall notify the Commission as soon as they become aware that they may not be able to meet the timeline and provide a new project completion date.

In the event that the recipient fails to notify the Communications Division of any delays in the project completion and the project fails to meet the approved completion date, the Commission may impose penalties to be adopted in a Commission resolution. Invoices submitted will be subject to a financial audit by the Commission at any time within 3 years of completion of project. If portions of reimbursements are found to be out of compliance, Grantees will be responsible for refunding any disallowed amounts along with appropriate interest at rates determined in accordance with applicable Commission decisions.

#### **1.19. Execution and Performance**

Staff and the CASF grant recipient shall determine a project start date after the CASF grant recipient has obtained all approvals, commonly 30 days after approval of the resolution or expedited review approval. Should the recipient or Contractor fail to commence work at the agreed upon time, the Commission, upon five (5) days written notice to the CASF recipient, reserves the right to terminate the award.

In the event that the CASF recipient fails to complete the project, in accordance with the terms of approval granted by the Commission, the CASF recipient must reimburse some or all of the CASF funds that it has received. The CASF grant recipient must complete all performance under the award on or before the termination date of the award.

**Construction Phase:** A grantee must notify the Commission within five days of determining that the grantee is planning to sell or transfer its assets. The grantee shall notify the Director of the Commission's Communications Division in writing of its intent to sell or transfer company assets within five days of becoming aware of these plans. The grantee shall also provide documentation, including an affidavit, stating that the new entity will take full responsibility and ownership to comply with the requirements of the CASF award. The new entity shall agree in writing to such. The grantee shall provide the Commission with any necessary documents requested in its review of the transfer. This will include all documents that are generally required of all entities applying for the



CASF grants and loans. The grantee shall not transfer CASF funds or the built out portion of the project to the new entity prior to Commission approval via a resolution/order. If the Commission does not provide approval, it will rescind the grant.

**Post-Construction Phase:** A grantee must notify the Commission within five days of determining that the grantee is planning to sale or transfer its assets for three years after project completion. The grantee shall notify the Director of the Commission's Communications Division in writing of their intent to sell or transfer company assets within five days of becoming aware of these plans. The grantee shall also provide documentation, including an affidavit, stating that the new entity will take full responsibility and ownership to comply with the requirements of the CASF grant. The new entity shall agree in writing to such.

**1.20. Attachments 1.A through 1.D**

To assist prospective applicants for infrastructure grants in preparing their requests in a manner that meets Commission requirements, below are proposed documents that must be properly completed with the application in order to be considered for approval. The purpose and contents of each of these forms and information requirements is discussed in detail below. The attachments provided are summarized as follows:

- 1.A. Consent Form
- 1.B. Application Checklist
- 1.C. Applicant Information Sheet
- 1.D. Affidavit

**Attachment 1.A—Consent Form**

STATE OF CALIFORNIA

EDMUND G. BROWN JR., *Governor*

PUBLIC UTILITIES COMMISSION

CONSUMER PROTECTION & SAFETY DIVISION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



**CONSENT FORM**

Name of Grantee:

\_\_\_\_\_

The Grantee identified above acknowledges receipt of the California Public Utilities Commission Resolution T-\_\_\_\_\_ and agrees to comply with all grant terms, conditions, and requirements set forth in the Resolution and CASF rules.



Undersigned representative of \_\_\_\_\_

[Name of Grantee] is duly authorized to execute this Consent Form on behalf of the Grantee and to bind the Grantee to the terms, conditions, and requirements set forth in California Public Utilities Commission Resolution T-\_\_\_\_\_.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_

Signature

Printed Name

Title: \_\_\_\_\_

Organization or Name of Company:

\_\_\_\_\_

Business Address (include street address, suite/apt. number, city, state, and ZIP Code):

\_\_\_\_\_

Telephone Number (include area code):      Email Address:

(      ) \_\_\_\_\_

**Attachment 1.B—Application Checklist****CASF APPLICATION CHECKLIST**(Required for EACH proposed project)

To assist the Commission in verifying the completeness of your proposal, mark the box to the left of each item submitted.

	1. Project Summary (Distributed Publicly)
	2. Applicant Entity Information (Information Sheet)
	Attach Information Sheet with a Certificate of Good Standing from Secretary of State
	Organizational Chart, Company History, and Statement of Readiness to Build, Manage, and Operate Broadband
	Key Company Officers
	Key Contact Information (Name, Title, Address, Email Address, and Phone number)
	3. Description of the Applicant's Current Broadband Infrastructure and existing Infrastructure in the area
	A description of the provider's current broadband infrastructure and service within five miles of the proposed project.
	The geographic location of the key network equipment, such as; DSLAMs, wireless towers, router facilities and network interconnection. (Format to be determined by Staff)
	A description of other provider's infrastructure within the project area which can be leased, purchased or accessed via interconnection.
	4. Project Location Data
	The geographic location of all households. This information should be provided in a plain-text, comma-separated values (CSV format) file, that contains geo-located street address information, including latitude and longitude coordinates. <sup>16</sup> (Format to be determined by Staff)
	The geographic location of the project related key network equipment, such as; DSLAMs, wireless towers, router facilities, network interconnection, etcetera. (Format to be determined by Staff)
	The geographic location of all households. This information should be provided in a plain-text, comma-separated values (CSV format) file, that contains geo-located street address information, including latitude and longitude coordinates. (Format to be determined by Staff)
	5. Median household
	Income for each Census Block Group (CBG) that intersects the project area. The California Broadband Map ( <a href="http://www.broadbandmap.ca.gov/">http://www.broadbandmap.ca.gov/</a> )

<sup>16</sup> There are several ways of acquiring geolocated street address level data. USAC provides an overview: [www.usac.org/\\_res/documents/hc/pdf/tools/HUBBGeolocationMethods.pdf](http://www.usac.org/_res/documents/hc/pdf/tools/HUBBGeolocationMethods.pdf)

		Using the census block group layer data return, the medium income and CBG code can be obtained. For reference, CBG codes are formatted as follows: <u>State CA</u> <u>County</u> <u>Tract</u> <u>Block Group</u> 2 digits      3 digits      6 digits      1 digit
		6. Project Eligibility
		Provide an assertion that the applicant reviewed the wireline, fixed-wireless and mobile served status on the Broadband Map and determined that the broadband project area being proposed is eligible.
		The applicant may provide CalSPEED tests to show actual speeds or denials of service or other public feedback as evidence on unserved status. The Commission's public feedback tools are available on the CASF website: <a href="http://www.cpuc.ca.gov/General.aspx?id=5868">www.cpuc.ca.gov/General.aspx?id=5868</a> . Such evidence may be used to dispute the Broadband Map depictions of served status.
		7. Deployment Schedule
		A schedule for obtaining necessary permits prior to construction. The schedule must include the timeline required for the California Environmental Quality Act (CEQA) review, as applicable.
		A schedule for project construction following receipt of permits, to complete the project within 24-months. The schedule shall identify and describe construction milestones and include start and end dates for each milestone.
		8. Proposed Project Expenditures
		Identification of expense categories; direct and or indirect expenses.
		Identification of direct expenses; equipment/materials, labor/construction wages and permitting/CEQA review.
		Identification of individual cost elements and their cost amount. All equipment to be funded by the CASF by category, (buildings, towers and poles, network and access equipment, operating equipment, customer premise equipment, materials), the type of equipment (new building, prefabricated building, rehab of existing building, new towers or poles, modification towers, poles, switching equipment, cable, etc.).
		Identification of allocated indirect costs; General and Administrative expenses, such as; repair & maintenance expenses for equipment and facilities, utilities, rent of equipment and facilities, administrative costs, indirect materials and supplies, insurance on equipment & machinery, indirect labor and contract supervisory wages, production period interest expense
		9. Performance Bond to be posted if applicable,
		Required within five business days after completion of the CEQA review.
		10. Pricing Commitment
		Fixed monthly service level subscription rates.
		Waived installation/service connection charges.
		Specify any commitments and/or requirements that the customer must agree to pursuant to receipt of equipment during the commitment period.
		11. Marketing/Outreach Plan

		Provide a plan to encourage subscription of the broadband service in the project location. The submission should explain the marketing and outreach plans the applicant will employ to attract residents to sign up for service during the pricing commitment period.
	12. Government and Community Support	
		The applicant may submit endorsements or letters of support from state and local government, community groups, and anchor institutions supporting the deployment of the broadband infrastructure.
	13. Funding Sources	
		Identify each applicable project funding source, such as; loans, financial contributions from the service provider, public or private broadband adoption or deployment program funds, federal and state grants or loans.
	14. Financial Qualifications	
		CPA Audited/Attested Financial Statements for the last three years: <ul style="list-style-type: none"> <li>○ Balance Sheet</li> <li>○ Income Statement</li> <li>○ Statement of Cash Flows</li> </ul>
		Pro Forma Financial Forecast for a five year period, including a list of assumptions supporting the forecast. Projections must include: <ul style="list-style-type: none"> <li>○ Balance Sheet</li> <li>○ Income Statement</li> <li>○ Statement of Cash Flows</li> </ul>
		Five year annual EBIT (Earnings Before Income and Tax) projection.
		CPA Audited or Attested Financial Statements will be accepted from parent companies in lieu of financial statements from subsidiaries that have no audited or attested financial statements.
		If applicant has been in existence for less than three years, financial statements for as long as applicant has been in existence, e.g. one or two years, will be accepted.
	15. Project Viability	
		A Five-year projected project business plan showing project profitability, revenues and expenses. The project viability forecast must include projected revenue from customers, showing changes in subscriptions, service rates, and charges through the pricing commitment period and three through five years thereafter, as applicable.
	16. CEQA Attestation	
		The applicant should attest that they have contacted the Commission's Energy Division CEQA section in advance of the filing and have consulted with CEQA Staff regarding the process of developing and filing a PEA or other CEQA documents and are aware of their responsibilities if their proposed project is not exempt from CEQA. Information on PEA and CEQA requirements is available on the Commission's website, <a href="http://www.cpuc.ca.gov/ceqa">www.cpuc.ca.gov/ceqa</a>
	17. Affidavit	
		Applicants must submit an affidavit, under penalty of perjury, that to the best of their knowledge all the statements and representations made in the application information submitted is true and correct.

**Attachment 1.C— Applicant Information Sheet****Information Sheet to be submitted by Applicants Requesting for CASF Funding****BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

1 Application of:	
Name of Applicant	
for CASF Funding pursuant to Decision _____	
(Insert the full legal name of applicant in blank above; see instruction 1; attach fictitious names, if any)	
Street address:	
Telephone: (     )	Fax No.: (     )
E-Mail:	

2 Applicant is: (Check only one; see instruction 2.)	A corporation (attach good standing certificate) <input type="checkbox"/>
	A general partnership (attach good standing certificate) <input type="checkbox"/>
	A limited liability partnership (attach good standing certificate) <input type="checkbox"/>
	A limited liability company (attach good standing certificate) <input type="checkbox"/>
	A general partnership <input type="checkbox"/>
	A sole proprietor <input type="checkbox"/>
	A trust <input type="checkbox"/>
	Other (describe) <input type="checkbox"/>
	Attach name, street address, and telephone number of applicant's registered agent for service of process <b>Attach list of the names, titles, and street addresses of all officers and directors, general partners, trustees, members, or other persons authorized to conduct the business of applicant at a similar level</b> <i>Attach list of all affiliated entities (see instruction 2)</i>
3 Legal domicile of applicant is:	California <input type="checkbox"/>
	Other (identify): <input type="checkbox"/>
(Check only one; see instruction 3.)	

4 Applicant will provide service:	In specific portions only (attach description and map)	<input type="checkbox"/>
	<i>(Check only one; see instruction 5.)</i>	

5. Applicant will provide: broadband service only	True	<input type="checkbox"/>
	Not true	<input type="checkbox"/>
<i>(Check only one; see instruction 6.)</i>		

6. For the past 10 years, no affiliate, officer, director, general partner, or	True	<input type="checkbox"/>
	Not true	<input type="checkbox"/>
<p>person owning more than 10% of applicant, or anyone acting in such a capacity whether or not formally appointed, held one of these positions with any company that filed for bankruptcy or has been found either criminally or civilly liable by a court of appropriate jurisdiction for a violation of § 17000 et seq. of the California Business and Professions Code or for any actions which involved misrepresentations to consumers, and to the best of applicant's knowledge, is not currently under investigation for similar violations.</p> <p><i>(Check only one; see instruction 2.)</i></p>		

7. To the best of applicant's knowledge, neither	True	<input type="checkbox"/>
	Not true	<input type="checkbox"/>
<p>applicant, any affiliate, officer, director, partner, nor owner of more than 10% of applicant, or any person acting in such capacity whether or not formally appointed, has been sanctioned by the Federal Communications Commission, or any state regulatory agency for failure to comply with any regulatory statute, rule or order, or convicted by any court for any criminal activity for the past 10 years.</p>		

8. Applicant has the required financial capability and technical	True	<input type="checkbox"/>
	Not true	<input type="checkbox"/>
<p>expertise to build a broadband infrastructure and operate and maintain a broadband service.</p>		



I hereby declare under penalty of perjury under the laws of the State of California that the forgoing information, and all attachments, are true, correct, and complete to the best of my knowledge and belief after due inquiry, and that I am authorized to make this application on behalf of the applicant named above.

Signed:

**Name:** \_\_\_\_\_

**Title:**

**Dated**

**:**

**Street  
Address**

**Telephone No.  
Fax No.**

**Principal Place of Business (if different from address on page 1).**

**Street Address  
City  
State  
ZIP Code  
Telephone No.**

**Attachment 1.D-Affidavit**

**Affidavit**

Name of Carrier/Company \_\_\_\_\_

Utility Identification Number \_\_\_\_\_ or \_\_\_\_\_ check here if Application for CPCN is pending and the CPUC assigned application no., if available.

My name is \_\_\_\_\_. I am \_\_\_\_\_ (Title) of \_\_\_\_\_ (Company). My personal knowledge of the facts stated herein has been derived from my employment with \_\_\_\_\_ (Company)

I swear or affirm that I have personal knowledge of the facts stated in this Application for the California Advanced Services Fund, I am competent to testify to them, and I have the authority to make this Application on behalf of and to bind the Company.

I further swear or affirm that \_\_\_\_\_ [Name of Carrier/Company] agrees to comply with all federal and state statutes, rules, and regulations, covering broadband services and state contractual rules and regulations, if granted funding from the California Advanced Services Fund.

I swear and affirm that I agree to comply with Rules 1.11 and 2.2 of the California Public Utilities Commission's rules of practice and Procedure.

I swear or affirm, under penalty of perjury, and under Rule 1.1 of the California Public Utilities Commission's Rules of Practice and Procedure, that, to the best of my knowledge, all of the statements and representations made in this Application are true and correct.

\_\_\_\_\_  
Signature and title

\_\_\_\_\_  
Type or print name and title

## **2. Proposed Implementation Plan for Line Extension Program**

### **2.1. Background**

AB 1665 introduced the Line Extension Program (LEP) as part of the CASF Broadband Infrastructure Grant Account. Under the LEP, an individual household and/or property owner can apply for an infrastructure grant to offset the costs of connecting a household or property to an existing or proposed facility-based broadband provider.<sup>17</sup> Any infrastructure built with funds provided by the LEP shall become the property of, and part of, the network of the facility-based broadband provider to which it is connected.<sup>18</sup> AB 1665 directs the Commission to consider limiting funds to households based on income so that funds are provided only to households that would not otherwise be able to afford a line extension to the property, to limit grants on a per-household basis and to require a percentage of the project to be paid by the household or owner of the property.<sup>19</sup>

### **2.2. Amount Available for Grants**

Pursuant to AB 1665, the aggregate amount available for awards is \$5 million dollars.<sup>20</sup>

### **Definitions**

Staff seeks comments on the following definitions:

Facilities-based broadband provider: An entity is a facilities-based provider if any of the following conditions are met: (1) it owns the portion of the physical facility that terminates at the end-user premises or obtains the right to use dark fiber or satellite transponder capacity as part of its own network to complete such terminations; (2) it obtains unbundled network element (UNE) loops, special access lines, or other leased facilities that terminate at the end-user premises and provisions/equips them as broadband; (3) it provisions/equips a broadband wireless channel to the end-user premises over licensed or unlicensed spectrum; or (4) it provides terrestrial mobile wireless service using its own network facilities and spectrum for which it holds a license, manages, or has obtained the right to use via a spectrum leasing arrangement.<sup>21</sup>

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<sup>17</sup> Pub. Util. Code, § 281(f)(6)(A).

<sup>18</sup> Id.

<sup>19</sup> Pub. Util. Code, § 281(f)(6)(B)(i).

<sup>20</sup> Pub. Util. Code, § 281(f)(6)(B)(ii).

<sup>21</sup> Federal Communications Commission, <https://transition.fcc.gov/form477/WhoMustFileForm477.pdf> (downloaded November 7, 2017).

**Line Extensions:** Line extensions consist of over-head, underground or wireless extensions of plant from existing distribution facilities to the customer premises network interface device at the demarcation point and exclude additions to plant along existing distribution facilities.

**Service Connection:** Wire or cable or wireless transmission equipment, and associated supporting structure, from the point of connection from the provider's distribution facilities to the customer premises network interface device. A service connection serves only the property on which it is located.

**Telecommunications transmission media (specific to LEP):** Twisted-pair (copper); coaxial cable (copper); fiber optics; wireless solutions such as millimeter wave spectrum may be included.

**Unserved household:** An unserved household is a household for which no facility-based broadband provider offers broadband service at speeds of at least six megabits per second (mbps) downstream and one mbps upstream.<sup>22</sup>

**Non-profit housing organization (NPHO):** An incorporated nonprofit organization as described in Section 501 (c)(3) of the Internal Revenue Code (26 U.S.C. Sec. 501(c)(3)) that is exempt from taxation under Section 501 (a) of that code (16 U.S.C. Sec. 501(a)), and that has received public funding to subsidize the construction or maintenance of housing occupied by residents whose annual income qualifies as "low"-or "very low" income according to federal poverty guidelines.<sup>23</sup>

### **2.3. Income Threshold**

AB 1665 requires the Commission to consider income in determining eligibility for grants and requiring a percentage of the project to be paid for by the applicant.<sup>24</sup>

Applicants who would qualify for the California LifeLine<sup>25</sup> or CARE<sup>26</sup> Programs would automatically meet the qualifying income threshold. Staff proposes that exemptions to qualifying income requirements be made for applicants whose properties are used for such activities as farming, for low-income housing, for educational purposes, among others.

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<sup>22</sup> Pub. Util. Code, § 281(b)(1)(B).

<sup>23</sup> Pub. Util. Code § 281, (i)(1)(B)(ii).

<sup>24</sup> Pub. Util. Code, § 281(f)(6)(B)(i).

<sup>25</sup> [www.cpuc.ca.gov/ults/](http://www.cpuc.ca.gov/ults/)

<sup>26</sup> [www.cpuc.ca.gov/General.aspx?id=976](http://www.cpuc.ca.gov/General.aspx?id=976)

Staff invites parties to comment on what criteria can be used to determine activities which would allow for a project to be exempt from a qualifying income threshold.<sup>27</sup>

#### **2.4. Subsidy Level**

If approved by expedited review (see below), the LEP will subsidize 95% of the cost of the proposed project for those applicants who meet the California LifeLine or CARE Program income thresholds or applicants who are NPHOs. Otherwise the percentage to be subsidized will be determined at the time the project is under review.

The Commission may want to consider a requirement for the facilities-based broadband provider to pay for some minimal amount of the proposed line extension given that the provider will own the constructed infrastructure.

Staff invites parties to comment on what the appropriate subsidy level should be used for the LEP consumer and **that of the non-LEP consumer**, given that AB 1665 requires a percentage of the project to be paid by the household or owner of the property<sup>28</sup> and that any infrastructure built with funds from the LEP become the property of the facilities based broadband provider<sup>29</sup>

#### **2.5. Eligible Applicants**

An eligible applicant is an individual household who resides at the location to be served or the property owner of the location to be served and who either meets the income based requirements or who qualifies for an exemption to the income requirements.

#### **2.6. Eligible Projects**

An eligible project is a project at the property to be served which meets the following:

- The project is to help fund the construction of a line extension or an upgrade to an existing line extension to and on a property which is the residence of the applicant household or which is owned by the applicant property owner.
- This project is for a household that has not received a grant from the LEP.
- The project is for an unserved household.
- The project is for a new service connection or for a service connection to a household that is considered unserved.
- The maximum length of the total line extension and the included service connection length (both maximum and minimum) that could be funded will be limited. Staff invites parties to comment on the maximum and minimum length of a proposed line extension, in context of the transmission media used.

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<sup>27</sup> Pub. Util. Code § 281, (f)(6)(B)(i) “. . .the commission shall consider limiting funding to households based on income so that funds are provided only to households that would not otherwise be able to afford a line extension to the property. . .”

<sup>28</sup> Pub. Util. Code § 281, (f)(6)(B)(i).

<sup>29</sup> Pub. Util. Code § 281, (f)(6)(A).

- The project will be constructed on existing rights of way and on the project property.
- The network that the proposed line extension will connect to will provide served speeds, as defined.

## **2.7. Information Required from Applicants**

- The applicant must provide a proposed contract (“the contract”) from the facilities broadband provider or its approved contractor for the purpose of the construction of the line extension. This contract must state details of this construction, such as the type of connection, statement of work, cost estimate and the justification for the cost.
- If the applicant is qualifying for the LEP based on his/her enrollment in a qualifying public assistance program,<sup>30</sup> the applicant must provide proof of this enrollment.
- If the applicant is qualifying for the LEP based on income, the applicant must provide proof-of-income.
  - The applicant needs to provide a copy of one or more of the documents below and any other relevant federal tax documents showing income (the applicant or applicant household needs to be listed as filer):
    - Federal Income Tax Form 1040, 1040NR, 1040A, 1040EZ, 1040PC, 1040X (for amended returns) w/original 1040 from previous year, 1040 with Schedule E. If self-employed, Federal Income Tax form 1040 w/ Schedule C or Schedule C-EZ, 1040X (amended returns) with original 1040 & Schedule C.
  - Pay stub:
    - Name of person must be on stub or other identifying information to link to the person (i.e., SSN).
    - Pay stub must be issued within the last 45 days showing the gross amount (include tips, overtime, commission and bonus).
    - A pay stub or check indicating only net amount is not acceptable.
- If the applicant is not the property owner, the applicant must provide a letter from the property owner stating the property owner’s consent for work to be done, as stated in the contract.
- If the applicant is a NPHO, the applicant must provide an IRS letter approving the applicant’s status as a 501(c)(3) entity incorporated for the purposes of providing affordable housing, which must include the applicant’s Tax Identification Number, along with an award letter from a public agency such as the California Tax Credit Allocation Committee (TCAC), proving its receipt of public funding for affordable housing purposes.
- If the applicant is any other entity that has been granted an exemption from income requirements, that applicant must provide documents that support that exemption.

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<sup>30</sup> For a list of qualifying programs, please refer to the California LifeLine webpage on the CPUC website (<http://www.cpuc.ca.gov/ults/>).

## **2.8. Submission and Timelines**

Applicants need to use the Commission provided application form to apply. Applicants should electronically file their completed application, along with required documentation, using the Commission's FTP file server available at <https://kwftp.cpuc.ca.gov> and mail a separate hard copy to the Communications Division, Attn: California Advanced Services Fund, Line Extension Program.

Applications may be submitted at any time. However, CD will consider applications submitted on or before each deadline listed below as a batch, until the funding is exhausted. Staff seeks comments on whether the following deadlines are reasonable.

- October 1, 2018
- January 1, 2019
- April 1, 2019
- July 1, 2019
- October 1, 2019
- January 1, 2020
- April 1, 2020
- July 1, 2020
- October 1, 2020
- January 1, 2021
- April 1, 2021
- July 1, 2021
- October 1, 2021
- January 1, 2022
- April 1, 2022
- July 1, 2022
- October 1, 2022

Any deadline falling on a holiday or a weekend will be extended to the following business day.

## **2.9. Expedited Review**

Staff recommends that the Commission assign to Staff the task of approving applications that meet all of the following criteria:

- The proposed project is an eligible project, as described in Section 2.6 "Eligible Projects."
- The proposed project is for an applicant whose income is at or under the income thresholds, as described in Section 1.1.3 "Income Threshold."
- The proposed project per-foot costs meet the benchmark costs specific to the proposed transmission media. Staff invites parties to comment on what, if any, project per-foot cost benchmark should be used.



- Only project proposals whose total cost is at or below a designated amount could be approved by expedited review. Staff invites parties to comment on the range of total project costs.
- The project is exempt from any environmental review.

#### **2.10. Resolution Review**

When an eligible project does not meet the expedited review criteria, the project may still be considered for a grant, but it must go through the traditional Commission Resolution approval process.

#### **2.11. Reporting**

Upon project completion of the project and before payment, both the applicant and the facilities based broadband provider or its approved contractor must provide signed affidavits stating that the work has been completed. The applicant must submit a signed affidavit stating the line extension has been installed and that they are receiving internet at served speeds. The facilities based broadband provider or its approved contractor must submit a signed affidavit stating that the work has been completed as stated in the contract and that the service has been turned on.

#### **2.12. Payment**

Payment will be made directly to the facilities-based broadband provider or the approved contractor who installed the line extension. Payment will be based upon receipt and approval of the invoice submitted by the provider showing the expenditures incurred for the project along with the affidavit detailed in the Reporting section. The invoice must be supported by documentation of equipment and supplies purchased, cost of labor and any other expense that will be recovered by the subsidy.

Payment from the Commission will only be for the provided subsidy.

#### **2.13. Execution and Performance**

The facilities based broadband provider or its approved contractor has up to one year to complete the proposed line extension in accordance to the terms of its contract and the requirement of the LEP. If the proposed line extension has not been completed within the one-year period, the grant will be rescinded.

The Commission has the right to conduct any necessary audit, verification, and discovery during project implementation/construction for work done under the LEP to ensure that CASF funds are spent in accordance with Commission approval.

Invoices from the facilities based broadband provider or its approved contractor will be subject to financial audit by the Commission at any time within 3 years of completion of the work.

In the event that the facilities based broadband provider fails to complete the work in accordance with the approval granted by the Commission, and as stated in the contract the facilities based broadband provider must reimburse some or all of the CASF funds that it has received.

### **3. Proposed Changes for Rural and Regional Urban Consortia Account**

#### **3.1. Background**

AB 1665 was signed into law on October 15, 2017. This bill would revise the goal of the program to provide that its goal is to approve funding by December 31, 2022, for infrastructure projects that will provide broadband access to no less than 98% of California households in each consortia region, as identified by the commission on or before January 1, 2017.

AB 1665 makes the following changes to the Rural and Urban Regional Broadband Consortia Grant Account:

- Change Consortia eligibility and requires that monies in the Consortia Account are available for assisting infrastructure applicants in the project development or grant application process
- Require each consortium conduct an annual audit of its expenditures and submit to the Commission an annual report

#### **3.2. Amount Available for Grants**

The total Consortia program appropriation as authorized in AB 1665 is \$10 million. To date, the Consortia Account has \$967,372.00 remaining. This includes \$8,523,106 disbursed for the first solicitation process and \$4,611,114 approved for the second solicitation process.<sup>31</sup> AB 1665 will supplement the existing \$15 million authorized for the consortia grants with an additional \$10 million.

#### **Amount of Grant Funding Allocations**

Consistent with Decision (D.) 11-06-038, Staff proposes that the Commission continue to award grants based only upon the budgeted level of program activities approved for each Consortium, subject to a maximum funding cap of \$150,000 per year per Consortium, plus \$10,000 (per consortium for up to 5 representatives) for attendance at one of the annual public workshops as required by AB 1665. The overall combined grant limits for all Los Angeles sub-regional consortia shall not exceed the established caps of \$150,000 per year and \$450,000 for three years. Where an application seeks multi-year funding, however, the application must still present separate year-by-year annual work plans and budgets. Given the program is operating with a limited amount of funding available, the Commission may award more grants of smaller amounts (proposals requesting less funding) and/or that offer services for less than three years. It is likely that awards will be less than the allowed maximum amounts in order to leverage available funding.

Any CASF grants awarded will be limited and apply only to activities and programs that are not already covered by funding from any other public or private sources.

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<sup>31</sup> AB 1262 (Stats. 2015, Ch. 242) redirected \$5 million from the CASF Revolving Loan Account to the Consortia Grant Account. This reflects the balance (net of funds awarded to grantees).

### **3.3. Definitions**

“Unserved household” means a household for which no facility-based broadband provider offers broadband service at speeds of at least 6 megabits per second (mbps) downstream and one mbps upstream.

### **3.4. Account Objective and Activities**

AB 1665 revised the objective of the Rural and Urban Regional Broadband Consortia Grant Account to facilitate deployment of broadband services by assisting infrastructure applicants in the project development or grant application process.<sup>32</sup> The new legislation changed the core of consortia activities from promote “regionally appropriate and cost-effective broadband deployment, access, and adoption”<sup>33</sup> to facilitate deployment of broadband services by assisting infrastructure applicants in project development or grant application process.

Consistent with the revised objective, Staff proposes the Commission fund grantees for activities consistent with the statutory mandate specified in Pub. Util. Code, § 281:

- Collaborating with the Commission to engage regional consortia local officials, internet service providers (ISPs), stakeholders, and consumers regarding priority areas and cost-effective strategies to achieve the broadband access goal.
- Identifying potential CASF infrastructure projects, along with other opportunities, where providers can expand and improve their infrastructure and service offerings to achieve the goal of reaching 98% broadband deployment in each consortia region.
- Assisting infrastructure applicants in the project development or grant application process.

It is important to reiterate, “the California Emerging Technology Fund (CETF) partners or any other external Consortia grantees will have no formal role in the Commission’s review of CASF applications for infrastructure loans or grants. The CASF review and approval function must remain exclusively under Commission authority.”<sup>34</sup> While Consortia shall work with grant recipients and offer input on proposed CASF infrastructure grant projects, a Consortium grant shall not be used for construction of infrastructure facilities.

### **3.5. Eligible Applicants**

Pub. Util. Code section 281 (g)(1) specifies consortium eligibility criteria which states:  
Moneys in the Rural and Urban Regional Broadband  
Consortia Grant Account shall be available for grants to

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<sup>32</sup> Pub. Util. Code, § 218(g)(1).

<sup>33</sup> D.11-06-038, p. 10.

<sup>34</sup> D.11-06-038, p. 12.

eligible consortia to facilitate deployment of broadband services by assisting infrastructure applicants in the project development or grant application process. An eligible consortium may include, as specified by the commission, representatives of organizations, including, but not limited to, local and regional government, public safety, elementary and secondary education, health care, libraries, postsecondary education, community-based organizations, tourism, parks and recreation, agricultural, business, workforce organizations, and air pollution control or air quality management districts, and is not required to have as its lead fiscal agent an entity with a certificate of public convenience and necessity.

SB 745 expanded the eligibility criteria for a consortium to include, air pollution control or air quality management districts.<sup>35</sup> The membership of consortia can be quite broad, encompassing the range of community interests that share the common purpose of promoting greater deployment and adoption of broadband.

With regards to new consortia applications, Staff recommends the Commission allow both existing and newly formed consortia to submit applications. Staff recommends that the Commission not predetermine or mandate the precise number of consortia to receive CASF grants; however, the Commission shall award CASF grants only to one consortium per geographic region. Staff proposes continuing to provide general standards and guidelines to govern the formation and membership of eligible consortia and the details regarding the membership of each consortium should be worked out within each consortia region.

### **3.6. Information Required from Applicants**

AB 1665 does not contain provisions that substantively change information required from applicants except for the annual audit requirement; the following is consistent with D.11-06-038 and Resolution T-1775,<sup>36</sup> with some minor changes from recent Staff proposal.<sup>37</sup>

Each Consortium application shall provide the following required information:

- A. Identification (i.e., name, contact information, etc.) of each Consortium member, including which, if any members are telecommunications carriers that are

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<sup>35</sup> Senate Bill No. 745 - Approved by Governor on September 27, 2016. Pub. Util. Code, § 218 (g)(1), as of September 27, 2016.

<sup>36</sup> Resolution T-17575 Implementation of changes in the California Advanced Services Fund program enacted by Senate Bill 745, August 24, 2017, p. B-2.

<sup>37</sup> Supporting Materials for May 25 Communications Division Staff Workshop on CASF Reform, Communications Division, May 2017.

- certificated by or registered with the Commission, identifying their Utility Identification number in such instances.
- B. Background, description, and role of each member of the Consortium will play in the proposed Consortium project.
  - C. Governing board structure in place that provides for direct representation from affected cities, counties, and tribes; the application must describe the governing board structure.
  - D. Identification and description of the geographical regions/population groups/community interests to be covered by the proposed Consortium project to include a description of the area, maps, and list of Census Blocks (CBs).
  - E. Description of existing and past projects including: (1) budget, timelines, and funding source; (2) demonstration that there will be no overlap and/or duplication of such projects (i.e., provide description of geographic region served and geographic region that will be served, etc.); and (3) best practices learned from said projects.

**Proposed Application Item 1 – Action and Work Plan Requirements:** Each Consortium applicant must submit an Action Plan and Work Plan as part of the application. The Action Plan and the Work Plan will serve as the tools in the initial review of the applications.<sup>38</sup> The Action Plan is an outline of the Consortium’s priorities as they relate to the region’s needs for broadband deployment. The Work Plan should include more detailed functions and activities related to implementing the Action Plan. Given the updated CASF goal and revised Account objective, both the Action and Work Plans should align with the activities outlined in Section 3.4 Account Objective and Activities and Attachment 3.A.

The Action Plan and Work Plan documents are to be tailored to fit the needs of a given consortium region’s constituents and geography, incorporating core responsibilities, including goals, measurable deliverables, expected outcomes, and specific timeline milestones as they relate to broadband deployment.

Given the new consortia account objective, Staff recommends the Action Plan represent the viewpoints of its consensus of stakeholders and anchor institutions, and it should be aimed at increasing broadband deployment, specifically, assisting in infrastructure project applications and identifying priority areas and cost-effective solutions in the Consortium’s respective region. The Action Plan should reflect how the Consortium will carry out the identified activities the Commission will fund (Section 3.4 Account Objective and Activities), and should set forth overall Consortium program goals, outcomes, performance metrics, and strategies to accomplish said goals. Additionally, Staff recommends the Action Plan should broadly describe how the Consortium would

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<sup>38</sup> Metrics is a measurement used to gauge quantifiable components of performance, e.g., survey of 150 community-based organizations, five project application meetings with local ISP, etc.

track and measure performance results with respect to broadband deployment goal of AB 1665.<sup>39</sup>

The Work Plan is an expansion of the Action Plan that shows how each priority in the Action Plan will be carried out. The Work Plan should include more detailed functions, activities, and deliverables related to implementing the Action Plan. The Work Plan should include a timeline identifying milestone dates for completion of key Work Plan activities and deliverables proposed to be funded; the timeline should describe each of the monthly milestones, including performance metrics to be accomplished. The Work Plan should also explain how the performance results from the proposed functions and activities will be tracked and measured following milestone dates and/or completion of functions/activities/deliverables, as described in the Action Plan. The Work Plan should closely conform to the Account objective and activities, specifically, the Plan must demonstrate how many project applicants the consortium plans to assist. A Work Plan for each funding year is to be submitted, e.g., Work Plan Year 1, Work Plan Year 2, Work Plan Year 3. A sample Work Plan format is shown in Attachment3.C.

**Proposed Application Item 2 – Annual Audit:** AB 1665 contains a new requirement for each consortium to conduct an annual audit of its expenditures for programs funded and submit to the Commission an annual report that includes both of the following:

- A description of activities completed during the prior year, how each activity promotes the deployment of broadband services, and the cost associated with each activity.
- The number of project applications assisted.

Any functions and activities necessary for the preparation of the annual audit must be included in the Action and Work Plans. The cost of the annual audits must be included in the budget requirements. Staff asks parties to provide comments on the budget limits for the Annual Audit and whether the CASF should fund for such audit.

**Proposed Application Item 3 – Budget Requirements:** A proposed budget detailing the expected costs to be covered by the Work Plan including explanation of how any other costs related to the Work Plan, if any, will be funded, e.g., matching funds from other sources, is required as part of the application. The requested amount of consortia grant funds shall be based upon and consistent with the budget presented in the application. A yearly budget must be submitted for each funding year. A sample Budget format is included in Attachment D.

Each applicant's proposed consortium budget must expressly exclude any costs for activities or programs within the consortia region that are separately funded from any other sources in order to ensure that CASF grants do not duplicate funding from any other sources. The proposed consortium budget must be accompanied by a description of

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<sup>39</sup> "Supporting Materials for May 25 Communications Division Staff Workshop on CASF Reform," Communications Division, May 2017, p. 11-14.



any existing broadband deployment activities funded by any other state or federal grants within the same region, together with confirmation showing that the CASF consortium budget does not duplicate any other sources of funding.

**Proposed Application Item 4 – Assignment of a Fiscal Agent:** Each regional Consortium must retain at least one Fiscal Agent with lead responsibility and legal authority to represent the Consortium for purposes of sponsoring the application, and for administration of Consortium activities, including receipt and disbursement of Consortium grant funds. In any event, the Fiscal Agent must affirmatively agree, on behalf of the Consortium, to comply with the Commission’s directives and conditions relating to the review, approval, and administration of any consortia application grants. This requirement is to provide assurance that Consortium members or contractors retained by the Consortium are capable and committed to delivering on the commitments to be funded.

The Fiscal Agent may be a local public institution e.g., city, county, academic institution, tribal government, etc., as defined under Section 50001 of the Government Code, or a town, as defined by Section 21 of the Government Code. The Fiscal Agent may also possibly be a certificated telecommunications carrier. The Fiscal Agent must submit a letter stating its commitment to act as a Fiscal Agent for the Consortium. The letter must include:

- The name and contact information of the responsible party within the agency, including the person responsible for the administrative tasks, if different.
- Affirmation that the work outlined in the Consortium Work Plan will be completed and verification by an Annual Audit instead of the previously required Attestation Report,<sup>40</sup> to be prepared by an independent, licensed Certified Public Accountant will be submitted annually to the Communications Division. The letter must also state the Consortium’s acceptance of the Fiscal Agent’s rights, duties, and responsibilities.

The Fiscal Agent shall comply with the all rules and requirements set forth in the adopted new rules, and the Resolution authoring the award, including but not limited to ensuring implementation of the approved Work Plan within the allocated budget (in conjunction with the consortium program manager), and shall be responsible for notifying Communications Division of any proposed changes to Action Plan, Work Plan or budget during the course of the grant cycle. Any changes to the substantive terms and conditions underlying Commission approval of the grant (e.g., changes to the Action Plan, Work Plan budget or designated Fiscal Agent, etc.) must be communicated in writing to the Director of Communications Division at least 30 days before the anticipated change, and may be subject to approval by either the Director or by Commission resolution before becoming effective.

Any subsequent change in the Fiscal Agent must first be approved by the Commission resolution.

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<sup>40</sup> D.11-06-038, p. 26.



**Proposed Application Item 5 – Affidavit of Application’s Truth and Accuracy:** As part of the application, an applicant’s Fiscal Agent must sign an affidavit, under penalty of perjury, that to the best of their knowledge all the statements and representations made in the Consortium application are true and correct.<sup>41</sup> A sample Affidavit form is provided in Attachment E.

If the Consortium fails to perform in good faith, or in accordance with the expectations set forth in its Action Plan, Work Plan or Consent Form, as affirmed in the affidavit, the Commission may withhold subsequent grant disbursements or suspend or terminate the Consortium grant, as warranted.

### **3.7. Scoring and Evaluation Criteria**

An evaluation team comprised of Communications Division Staff will assess all completed applications in each of the following areas: (1) Regional Consortium Representation and Endorsements; (2) Regional Consortium /Members’ Experience; (3) Action Plan; (4) Work Plan; and (5) Budget.

Letters of endorsements should also be obtained from community-based organizations, schools, hospitals, libraries, businesses and consumers. Applicants will be objectively evaluated on how well they meet the goals of the CASF Consortia program. This scoring method will be used on all completed applications submitted by the given deadline. Judgment will be rendered in the form of a numerical score. All applicants will be assigned a score.

Staff recommends redistributing the weight of application scoring to favor deployment experience. The maximum points for Scoring Criterion, Regional Consortium's / Members Experience is 35 points, broken down into community organizing experience categories (20 points) and broadband adoption, access and deployment project experience categories (15 points). To emphasize the importance of broadband project experience, specifically related to deployment, the maximum points for broadband adoption, access and deployment project experience categories have been increased to 25 points and maximum points for community organizing experience categories have been decreased to 15 points, accordingly.

Those applicants who meet a minimum score of 70 points (out of a possible 100 points) will be considered for funding. Funding will be reserved to only one Regional Consortium per region. If said scoring criteria threshold is not met in any region(s), no award will be disbursed for said region(s) and as a result, a second application process for said region(s) will be required and announced to the CASF Distribution List and posted on the Commission website at <http://www.cpuc.ca.gov/PUC/Telco/Information+for+providing+service/CASFConsortiaGrant.htm>.

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<sup>41</sup> Rule 1.1 of the Commission’s Rules of Practice and Procedure.

Where multiple consortia apply for the same region only the applicant in a region who has the highest score will be considered for an award. The scoring criteria and the points allocated to each criterion are shown in Attachment G.

The Commission will issue approval of qualifying consortia applications, together with the grant amount per consortium, through a Commission resolution(s).

### **3.8. Submission and Timelines**

Staff proposes the Commission begin accepting applications from consortia regions in which consortia grant programs have ended. Staff also recommends the Commission consider accepting application from existing consortia that voluntarily submit amended Action and Work Plans to conform with the revised Account objective and activities before the end of the existing grant cycle.

When the Commission is ready to begin issuing grants under the CASF Consortia program, a Notice will be sent out to members of CASF Distribution List to inform prospective applicants that the Staff is accepting proposals.

The consortia applications will not be formally filed with the Commission's Docket Office, but will instead be submitted through the procedures set forth below. Since these applications are not to be filed with the Commission's Docket Office, they will not be assigned formal proceeding number(s), but will be tracked separately by the Commission's Communications Division.

Completed applications for consortia grants must be submitted as follows:

1. Via an electronic format at the Commission's website at <http://www.cpuc.ca.gov/PUC/Telco/Information+for+providing+service/CASFConsortiaGrant.htm>; and
2. Via U.S. mail in the form of a paper copy mailed separately to the CPUC Communications Division, Attention: CASF Consortia Grant Account, 505 Van Ness Ave., Third Floor, San Francisco, CA 94102.

#### **Public Notice of Consortia Application Information**

Communications Division will post a list of all pending applications and notices of amendments to pending applications on the CASF Consortia Grant Account webpage at <http://www.cpuc.ca.gov/PUC/Telco/Information+for+providing+service/CASFConsortiaGrant.htm>

Given that multiple applicants may potentially be competing for the same grant money, the Commission will not post the full contents of each application on the webpage. However, parties seeking to review the contents of a Consortium application may contact the respective Consortium to request an electronic or paper copy for review.

#### **Forum to Seek Additional Assistance with Procedural Questions**

A forum for submitting questions electronically via the e-mail addresses referenced below. Responses to inquiries will be posted on the CASF website. Accordingly, prospective applicants may contact the CASF Consortia Grant Administrator for questions on the application process at:

[CASF\\_Consortia\\_Grant\\_Application\\_Questions@cpuc.ca.gov](mailto:CASF_Consortia_Grant_Application_Questions@cpuc.ca.gov)

And for Consortia Grant Account program questions at:

[CASF\\_Consortia\\_Grant\\_Administrator@cpuc.ca.gov](mailto:CASF_Consortia_Grant_Administrator@cpuc.ca.gov)

### **3.9. Basis for Review and Award of Consortia Grants**

Staff will assess all completed applications in each of the following areas: (1) Regional Consortium Representation and Endorsements; (2) Regional Consortium / Members' Experience; (3) Action Plan; (4) Work Plan; and (5) Budget. Applicants will be objectively evaluated on how well they meet the goals of the CASF Consortia program. This scoring method will be used on all completed applications submitted by the given deadline. Judgment will be rendered in the form of a numerical score. All applicants will be assigned a score. Those applicants who meet a minimum score of 70 points (out of a possible 100 points) will be considered for funding. Funding will be reserved to only one Regional Consortium per region.

If said scoring criteria threshold is not met in any region(s), no award will be disbursed for said region(s) and as a result, a second application process for said region(s) will be required and announced to the service list and posted on the Commission website.

Where multiple Consortia apply for the same region only the applicant in a region who has the highest score will be considered for an award. The scoring criteria and the points allocated to each criterion are shown in Attachment G.

The Commission will issue approval of qualifying Consortia applications, together with the grant amount per Consortium, through a Commission resolution(s).

The Commission's grant of any award is subject to satisfaction of the conditions set forth in the decision adopting this proposal, and any additional conditions that may be specified in the Commission resolution approving a grant. Each grant is made expressly only to the Consortia grantee as identified in the Commission resolution. The Consortia grantee may not assign the project in whole or in part, except as expressly provided by the Commission's approval.

### **3.10. Public Workshop**

AB 1665 directs the Commission to consult with regional consortia, stakeholders, local governments, existing facility-based broadband providers, and consumers regarding unserved areas and cost-effective strategies to achieve the broadband access goal through public workshops at least annually no later than April 30 of each year through year

2022.<sup>42</sup> Staff recommends all consortia receiving CASF grants to attend the at least one of the annual public workshops to be conducted by Communications Division.

Staff recommends that the Commission use the same criteria for Annual Summits set forth in D.11-06-038 for public workshop reimbursement. Consortia may claim reimbursement for travel expenses and per diem costs associated with each public workshop hosted by Staff. The maximum reimbursement allowable is \$2,000 per person for up to five delegates for each workshop, for a total of up to \$10,000 per consortium.

### **3.11. Reporting**

#### **Progress Report**

D.11-06-038 requires consortia to submit quarterly progress reports in order to receive progress payment. Staff proposes a new reporting and payment schedule on a bi-annual basis instead of quarterly. This proposal is intended to decrease the of frequency report preparation by consortia and review by Staff. Staff asks parties to provide comments on other advantages and drawbacks of bi-annual and quarterly reporting.

A sample Progress Report template is included as Attachment I. Progress Reports must be based upon the approved Action Plan, Work Plan, Consent Form, timelines, milestones, and costs identified in the application. Further, the Progress Report must indicate the actual date of completion for each task/milestone as well as problems/issues encountered and the actions taken to resolve these problems/issues. The Progress Report must be submitted and certified under penalty of perjury by using the Progress Report and Payment Request Transmittal Letter and Declaration.<sup>43</sup> All grantees must submit progress reports on the status of the project irrespective of whether progress payment is requested.

In order to receive progress payment, each consortium must submit a Progress Report to Staff together with a Progress Payment Request supported by relevant documentation as explained in Section 3.13 Payment.

### **3.12. Oversight of Consortia Activities Subsequent to Grant Approval**

Staff is authorized to implement administrative controls necessary to assure that funds disbursed to a Consortium are administered efficiently and cost-effectively consistent with the stated purposes and objectives for which the funds are to be used. Staff and the CASF Consortia grantee will determine the project start date. No payment will be issued for the Consortium's activities until a start date has been established and until Staff receives a signed Consent Form.

#### **Audit**

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<sup>42</sup> Pub. Util. Code, § 218 (f)(2).

<sup>43</sup> See Consortia website <http://www.cpuc.ca.gov/casf/> or Consortia Administrative Manual.

Grant funds will be disbursed in accordance with, and within the time specified in, California Government Code Section 927. Staff has the authority to initiate any necessary audit, verification, and discovery of Consortium members relating to grant funding activities to ensure that CASF Consortia grant funds are spent in accordance with the adopted rules and standards for the Account. Each Consortia grantee shall maintain books, records, documents and other evidence sufficient to substantiate expenditures covered by the grant, according to generally accepted accounting practices. Each Consortia grantee shall make these records available to the Commission upon request and agrees that these records are subject to a financial audit by the Commission at any time within three years after the Grantee incurred the expense being audited. A Consortia grantee shall provide access to the Commission upon 24 hour notice to evaluate work completed or being performed pursuant to the grant.

Each Consortia grantee must use the grant funds solely for the approved project and must complete the project in accordance with and within the project performance period set forth in the Commission-approved Action Plan and Work Plan, see Section 3.14 Execution and Performance on changes to the substantive terms and conditions underlying Commission approval. Grantee's performance and completion of the project must comply with all applicable laws and regulations. The Progress Report must present the results of performance metrics. Grantees must notify Communications Division as soon as they become aware that they may not be able to meet performance metrics set forth in the Action and Work Plans. Any changes to the substantive terms and conditions underlying Commission approval of the grant (e.g., changes to the Action Plan, Work Plan budget or designated Fiscal Agent, etc.) must be communicated in writing to the Director of Communications Division at least 30 days before the anticipated change, and may be subject to approval by either the Director or by Commission resolution before becoming effective

### **Lobbying and Advocacy Efforts**

Consortia grantees are free to advocate on any legislation of their choosing. However, no work on proposed state legislation including meetings, travel, or lobbying may be billed to or reimbursed by the CASF Consortia Grant program.

### **3.13. Payment**

The disbursement of funds at any time is subject to Commission discretion, including a review-and-approval process of each grantee through regular site visits, progress reports on a quarterly basis or as needed, supporting invoices and receipts, and execution of and compliance with a signed Consent Form. A sample Consent Form is included as Attachment H. Prior to the release of any CASF Consortia Grant Account funds, the Grantee must complete and execute the Consent Form and return it to the Communications Division. The Consent Form binds the Grantee to the terms, conditions, and requirements of both the Decision and the resolution awarding the grant.

### **Disbursement of Grant Funds**

The Commission's Fiscal Office is directed to administer all accounting and record keeping necessary for the Commission to oversee consortia grant funds. Once an

application for a grant is approved, actual disbursements will be made in the form of progress payments to the Fiscal Agent. All requests for progress payments and reimbursements must be supported by documentation, e.g., receipts, invoices, quotes, etc.

The Consortia grantee may request reimbursement of start-up costs equivalent to a maximum of 10% of the total award. Such payment requests must be supported by documentation, e.g., receipts, invoices, quotes, etc. Start-up costs include administrative expenses, e.g., rental of building, hiring of personnel, purchase of office supplies, etc. Subsequent disbursements are on a progress report-review basis.

In order to receive a progress payment, the Consortium must first submit the Progress Report to the Communications Division, together with all requests for payment and reimbursement supported by relevant invoices receipts, etc. A sample of a Progress Report is included in Attachment I. Progress Reports shall be based upon the approved Action Plan, Work Plan, Consent Form, timelines, milestones, and costs identified in the application. Further, the Progress Report shall indicate the actual date of completion of each task/milestone as well as problems/issues encountered and the actions taken to resolve these problems/issues. The Progress Report will be submitted and certified under penalty of perjury. As noted above, all requests for payment and reimbursement must be supported by appropriate supporting documentation, e.g., receipts, invoices, quotes. Staff understands that some consortia cannot wait months to receive payments; therefore, Staff requests comments on the frequency of payment requests.

All performance specified under the terms of any award must be completed on or before the termination date of the award, as per the signed Consent Form. A project completion report will be required before full payment showing that all activities in the Work Plan have been accomplished. The final disbursement will be equal to the outstanding balance due under the Consortium grant or actual expenditures, whichever is less. The grantee's final payment report, including all documentation and receipts, should be submitted no later than 60 days after project completion.

### **3.14. Distinguishing CASF from other Financial Resources**

D.11-06-038 requires that the consortium take steps to ensure that that CASF grant budget does not duplicate funding from other non-Consortia Account funding.<sup>44</sup> Staff proposes to retain this requirement. All grantees must ensure that only CASF-approved activities will be billed to the Consortia Account, and activities obligated to other funding resources will not be billed to the CASF Consortia Account.

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<sup>44</sup> D.11-06-038, Ordering Paragraph 11, p. 40, "Any proposed consortium budget must expressly exclude any costs for activities or programs within the consortia region that are separately funded from any other sources in order to ensure that California Advanced Services Fund grants do not duplicate funding from any other sources."



Prior to initiation of Work Plan activities, the Fiscal Agents for the Consortia must communicate to Staff how they will ensure that billing to discrete funding sources does not overlap. Any proposed consortium budget must expressly exclude any costs for activities or programs within the consortia region that are separately funded from any other sources in order to ensure that California Advanced Services Fund grants do not duplicate funding from any other sources.<sup>45</sup>

### **3.15. Execution and Performance**

Staff will coordinate start dates with each consortium grantee. By receiving a CASF Consortia grant, the grantee agrees to comply with the terms, conditions, and requirements of the grant and thus submits to the jurisdiction of the Commission with regard to disbursement and administration of the grant.

Should the Consortia grantee or its contractor fail to commence work at the agreed upon time, the Commission, upon ten business days written notice to the Consortia grantee, may terminate the award.

In the event that the Consortia grantee fails to complete the project, in accordance with the terms of approval granted by the Commission, the grantee will be required to reimburse some or all of the CASF Consortia Grant Account funds that it has received.

If the Consortia grantee fails to perform in good faith, or in accordance with the expectations set forth in its Action Plan, Work Plan and Consent Form, as affirmed in the affidavit, the Commission may withhold subsequent grant disbursement or suspend or terminate the Consortia grant, as warranted.

Any changes to the substantive terms and conditions underlying Commission approval of the Consortium grant (e.g., changes to Action Plan, Work Plan, budget or designated Fiscal Agent, etc.) must be communicated in writing to the Communications Division Director at least 30 days before the anticipated change, and may be subject to approval by either the Director or by Commission resolution before becoming effective.

### **3.16. Attachments 3.A Through 3.I**

To assist prospective applicants for Consortia grants in preparing their requests in a manner that meets Commission requirements, Staff has provided a series of sample attachments that illustrate various key informational requirements and documents that must be properly completed with the application in order to be considered for approval. The purpose and contents of each of these forms and information requirements is discussed in detail below. The attachments provided are summarized as follows:

- A. Action Plan and Work Plan Contents
- B. Sample of Action Plan Format
- C. Sample of Work Plan Format

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<sup>45</sup> Ibid.

- D. Requested Budget
- E. Affidavit Form
- F. CASF Consortia Application Checklist
- G. Consortium Scoring Criteria
- H. Consent Form
- I. Sample of Progress Report Format



## **ATTACHMENT 3.A**

### **Action Plan and Work Plan Contents**

The Action Plan and Work Plan are to be tailored to fit the needs of a given region's constituents and geography, incorporating core responsibilities, including goals, measurable deliverables, expected outcomes, and specific timeline milestones as they relate to broadband deployment, access, and adoption. Below are required core responsibilities that should be included and reflected in an Action Plan. Following the Action Plan is a list of activities that should be included in a Work Plan. The Work Plan should include all activities designed to implement the Action Plan goals. Sample forms illustrating the format of an Action Plan and Work Plan are included as Attachments B and C.

Action Plan Core Responsibilities that should be included:

- Broadband deployment
  - Conduct open information briefings for stakeholders and providers about CASF.
  - Identify and convene interested parties to discuss options and facilitate the thorough preparation and submission of infrastructure applications and to explore opportunities for coordinating use of community resources to achieve the most cost-effective proposals where most needed.
  - Recommend prioritization of broadband infrastructure projects.
  - Facilitate open party meetings to encourage area-specific proposals and to promote cooperation with public-private entities in application preparation.
  - Provide regional data and information to all interested applicants.
  - Work with public agencies and private-sector industry clusters (and prospective customers) to facilitate interaction between them and CASF applicants.
  - Provide input on applications submitted to CASF from the region in the course of assessment of the infrastructure grant projects.
  - Identify opportunities and top priorities for application of broadband infrastructure and deployment through research, analyses, and recommendations on cost-effective projects within their regions.
- Priority Analysis
  - Collaborate with the Commission to engage regional consortia local officials, internet service providers (ISPs), stakeholders, and consumers regarding priority areas and cost-effective strategies to achieve the broadband goal.
  - Utilize Commission provided tools (maps, region specific brochures, speed test. etc.) to conduct engagement.

Work Plan activities designed to implement the Action Plan goals that should be included:

- Activities to assist in developing cost-effective CASF infrastructure grant applications, e.g. gathering market data and undertaking of studies to identify opportunities and priorities for application of broadband deployment.

- Activities to assist in collaborative engagement with the Commission to identify priority areas and cost-effective strategies for broadband deployment.
- Studies to identify performance metrics, looking at actual performance versus potential performance, e.g. addressing the questions of “Where are we” and “Where do we want to be.”
- Contracting with technical consultants (if applicable).

## ATTACHMENT 3.B

**Sample of Action Plan Format**  
**[Name of Regional Consortium]**  
**[Name of Project]**  
**ACTION PLAN**  
**---EXAMPLE SECTIONS---**

- I. Executive Summary
  - An overview of your consortium
  - An overview of your project
  - Summarize your key points
- II. Vision Statement
  - A picture of your consortium in the future
  - Your framework for strategic planning
- III. Background
  - History of your consortium
  - Inception of your project
  - Importance of your project
- IV. Organizational Structure
  - Design of your consortium's allocation of authority, roles and responsibilities, communications (how information flows between different levels), etc.
- V. Activities
  - A description of your consortium's actions in achieving goals and objectives
- VI. Investment Strategy
  - A description of the ways in which your consortium will maximize investments
- VII. Broadband Deployment
  - How will your consortium achieve broadband deployment (assist in broadband infrastructure projects)
  - How will your consortium identify priority areas and cost-effective solutions through engagement
  - How will your consortium track and measure the achievements
- VIII. Budget and Expenditures
  - Include itemization of budget items and expenditures including documentation (receipt, invoices, quotes, etc.)
- IX. Next Steps
  - Your consortium's project plans and activities in the future (e.g., what does your consortium plan to accomplish within the next three-to-five years)
- X. Appendix

## ATTACHMENT 3.C

**Sample of Work Plan Format**  
**[Name of Regional Consortium]**  
**[Name of Project]**

**WORK PLAN – [MONTH, YEAR]**

Activity(ies)	Timeline	Responsible Party(ies)	Performance Measure(s)
Meet with potential infrastructure applicant <ul style="list-style-type: none"> <li>• Discuss application filing</li> <li>• Collect information to track performance metrics</li> </ul>	1/1/18 – 12/21/18 <ul style="list-style-type: none"> <li>• Convene meetings: 1/9/18-12/15/18</li> </ul>	<ul style="list-style-type: none"> <li>• Joseph Lee, Community Relations Manager</li> <li>• Stephanie Singh, Marketing Director</li> </ul>	<ul style="list-style-type: none"> <li>• Number of applications</li> <li>• Number of meetings with applicants</li> <li>• Conduct two meetings per month</li> <li>• Conduct one conference call per week to accomplish</li> </ul> X

ATTACHMENT 3.D

PROPOSED BUDGET									
Name of Consortium:									
Requested Budget Total:									
Requested Budget Year 1, Fiscal Year:									
	List/describe activities in the Work Plan. Insert more columns and rows as needed								
Budget Line Item	Activity 1	Activity 2	Activity 3	Activity 4	Activity 5	Activity 6	Activity 7	Activity 8	Amount Funded by CASF
Personnel/ Staff Compensation inclusive of all benefits, payroll taxes, contributions, etc. <sup>1</sup>									
Subtotal									
Travel									
Subtotal									
Equipment hardware software									
Subtotal									



[illegible]

### ATTACHMENT 3.E

#### AFFIDAVIT FORM

Name of Regional Consortium (Consortium): \_\_\_\_\_  
My name is \_\_\_\_\_. I am \_\_\_\_\_ [Title]  
of \_\_\_\_\_ [Name of local agency/town acting as Fiscal Agent],  
which is the Fiscal Agent for \_\_\_\_\_ [Name of Consortium].

Pursuant to Rule 1.11 of the California Public Utilities Commission's Rules of Practice and Procedure, I am an officer, agent, or employee of \_\_\_\_\_  
[Name of local agency/town acting as Fiscal Agent].

I swear or affirm that I have personal knowledge of the facts stated in this Application for Consortium Grant Account funding under the provisions of the California Advanced Services Fund, I am competent to testify to them, and I have the authority to make this Application on behalf of and to bind the Consortium.

I further swear or affirm that \_\_\_\_\_ [Name of Consortium] agrees to comply with all federal and state statutes, rules, and regulations covering broadband services and state contractual rules and regulations, if granted Consortium Grant Account funding from the California Advanced Services Fund.

I further swear or affirm that \_\_\_\_\_ [Name of Consortium] agrees to comply with the terms, conditions, and requirements of the grant and thus submits to the jurisdiction of the Commission with regard to disbursement and administration of the grant if granted Consortium Grant Account funding from the California Advanced Services Fund.

I further swear or affirm that no member, officer, director, or partner of \_\_\_\_\_ [Name of Consortium or its Fiscal Agent] has: 1) filed for bankruptcy; 2) was sanctioned by the Federal Communications Commission or any state regulatory agency for failure to comply with any regulatory statute, rule, or order; nor 3) has been found either civilly or criminally liable by a court of appropriate jurisdiction for violation of Section 1700 et. seq. of the California Business and Professions Code, or for any action which involved misrepresentation to consumers, nor is currently under investigation for similar violations.

I swear or affirm, under penalty of perjury, and under Rule 1.1 of the California Public Utilities Commission's Rules of Practice and Procedure, that, to the best of my knowledge, all of the statements and representations made in this Application are true and correct.

\_\_\_\_\_  
Signature and Title

\_\_\_\_\_  
Type or Print Name and Title



**SUBSCRIBED AND SWORN** to before me on the \_\_\_\_ day of \_\_\_\_, 20\_\_\_\_.

Notary Public In and For the State of: \_\_\_\_\_

My Commission expires: \_\_\_\_\_

**ATTACHMENT 3.F****CASF CONSORTIA APPLICATION CHECKLIST**

(Required for application)

To assist the Commission in verifying the completeness of your application, mark the box to the left of each item submitted with your application. Any unchecked items will automatically result in the disqualification of your proposal.

	<b>1.</b>	<b>Name of Applicant</b>
	<b>2.</b>	<b>Key Contact Information</b>
		First Name
		Last Name
		Address Line 1
		Address Line 2
		City
		State
		ZIP Code
		Email Address
		Phone Number
	<b>3.</b>	<b>Name of Fiscal Agent</b>
		Letter from a public institution, e.g. city, county, academic institution, tribal government, etc., stating its willingness to act as a Fiscal Agent for the community including an understanding of the rights, duties, and responsibilities of the Fiscal Agent
		First Name Last Name
		Address Line 1

		Address Line 2
		City
		State
		ZIP Code
		Email Address
		Phone Number
		Contact Person
		First Name
		Last Name
		Address Line 1
		Address Line 2
		City
		State
		ZIP Code
		Email Address
		Phone Number
	<b>4.</b>	<b>Consortium Members (to be provided for each consortium member)</b>
		Phone Number
		Address Line 1
		Address line 2
		City
		State
		ZIP Code

		Contact Person
		First Name
		Last Name
		Address Line 1
		Address Line 2
		City
		State
		ZIP Code
		Email Address
		Phone Number
	<b>5.</b>	<b>Governing Board Structure</b>
	<b>6.</b>	<b>Description of Geographical Region, e.g. maps, Census Block Groups, and ZIP Codes</b>
	<b>7.</b>	<b>Proposed Broadband Project Description</b>
	<b>8.</b>	<b>Endorsements from regional government entities, e.g. county boards of supervisors, etc., which demonstrate substantial support for consortium by letters and/or resolutions</b>
	<b>9.</b>	<b>Endorsements from public, non-profit, and/or for-profit organizations, e.g. community-based organizations, associations, schools, health care organizations, libraries, businesses, consumers, etc., which demonstrate substantial support for consortium by letters and/or resolutions</b>
	<b>10.</b>	<b>Action Plan</b>
	<b>11.</b>	<b>Work Plan</b>
		Work Plan Year 1
		Work Plan Year 2
		Work Plan Year 3
	<b>12.</b>	<b>Proposed Budget</b>

		Expected cost breakdown based on Work Plan with explanation of source of matching funds
		Budget Year 1
		Budget Year 2
		Budget Year 3
	<b>13.</b>	<b>Notarized Affidavit [Attachment E to be signed by Fiscal Agent)</b>

## ATTACHMENT 3.G

### **CASF Rural and Urban Regional Broadband Consortia Grant Account**

#### **Consortium Scoring Criteria**

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– Total Maximum Points Available: 100 –

– Minimum Points Needed To Be Considered For Funding: 70 –

<b><u>Criterion</u></b>	<b><u>Maximum Points</u></b>
<b>1. Regional Consortium Representation and Endorsements</b>	<b>15</b>
<ul style="list-style-type: none"><li>• Consortium is representative of organizations, including, but not limited to, local and regional government, public safety, K-12 education, health care, libraries, higher education, community-based organizations, tourism, parks and recreation, agricultural, and business (up to 10 points)</li><li>• Endorsed by regional government entities (such as City and county government), and non-profit/for-profit organizations (such as community-based organizations, associations, schools, health care organizations, libraries, businesses, consumers, etc.) by letters or resolutions (up to 5 points)</li></ul>	
<b>2. Regional Consortium's / Members Experience</b>	<b>35</b>
<ul style="list-style-type: none"><li>• Prior successes in achieving broadband deployment (up to 15 points)</li><li>• Demonstrated success building regional, multi-party collaborative efforts focused on broadband or broadband-related issues that achieved results (up to 5 points)</li><li>• Experience managing the deployment of broadband services (if using a contractor to deploy or operate the broadband facilities, demonstrated experience of consortium members managing contractors) (up to 10 points)</li></ul>	

- Proven track record of working successfully with culturally and linguistically diverse communities (up to 10 points)

### **3. Action Plan** **20**

- Submission of a completed, detailed Action Plan that includes program goals, deliverables, expected outcomes, timelines, track and measure performance metrics, strategies to accomplish said goals, and core responsibilities as listed in Attachment A  
(up to 20 points)

### **4. Work Plan** **20**

- Submission of a completed, detailed Work Plan that includes timelines and activities designed to implement the Action Plan as listed in Attachment A  
(up to 20 points)

### **5. Budget** **10**

- A budget that is clear, detailed, comprehensive, cost-effective and easily traceable to the goals and activities referenced in the Action Plan and Work Plan  
(up to 10 points)

## ATTACHMENT 3.H

### CONSENT FORM

Name of Regional Consortium (Consortium):

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Members of Consortium:

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(include additional pages if necessary)

Commission Resolution awarding grant from the California Advanced Services Fund (CASF) Rural and Urban Regional Consortia Grant Account (Consortia Grant Account):  
Resolution T-\_\_\_\_\_, dated \_\_\_\_\_, 20 \_\_\_\_.

The Consortium identified above hereby agrees to comply with all grant terms, conditions, and requirements set forth in Commission Decision \_\_\_\_\_ and Commission Resolution T-\_\_\_\_\_.

Undersigned representative of

\_\_\_\_\_ [Name of Member of Consortium] is duly authorized to execute this Consent Form on behalf of the Consortium and to bind the Consortium to the terms, conditions, and requirements set forth in Commission Decision \_\_\_\_\_ and Commission Resolution T-\_\_\_\_\_.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
Signature



---

Printed Name

---

Title

---

Organization (Name of Member of Consortium)

---

Business Address (include street address, suite/apt. number, city, state, and ZIP Code)

---

Telephone Number (include area code)

---

Email Address

# ATTACHMENT 3.I

## Sample of Progress Report Format

[Name of Regional Consortium]

[Name of Project]

## PROGRESS REPORT

Start Date: \_\_\_\_/\_\_\_\_/2018

Date Report Submitted: \_\_\_\_/\_\_\_\_/2018

Goals/ Objectives (as stated in the Action Plan)	Activity(ies) (as stated in the Work Plan)	Performance Measures	Estimated Completi on Date	Revised Estimated Completion Date	Date Completed	Actual Performance Results	Comments (e.g. reason why actual results not meeting planned performance measures)
Goal A	Preparation of infrastructure application	<ul style="list-style-type: none"> <li>Conducted four (4) meetings with XX (list names of providers)</li> <li>Assisted with XX infrastructure applications (list name of applicants)</li> </ul>	2/14/18		2/14/18	2 meetings conducted with XX (list names of provider)  3 infrastructure applications submitted by XX	Reason why performance measure was not met