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12/04/24

10:01 AM

R2008021

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking
Regarding Revisions to the California
Advanced Services Fund.

Rulemaking 20-08-021

**ASSIGNED COMMISSIONER'S RULING INVITING COMMENTS ON STAFF
PROPOSALS FOR MODIFICATIONS TO LINE EXTENSION PROGRAM,
ADOPTION ACCOUNT AND CONSORTIA ACCOUNT**

This ruling provides notice that the California Public Utilities Commission (Commission) will consider and may adopt modifications to the California Advanced Services Fund (CASF) program requirements of the Line Extension Program, Broadband Adoption Account (Adoption Account) and Rural and Urban Broadband Consortia Grant Account (Consortia Account). Staff proposals containing proposed modifications for each program/account are included with this ruling in Attachment 1. Parties are invited to file comments on the proposed modifications and respond to the specific questions posed by this ruling within 30 days after the issuance date of this ruling. Reply comments shall be filed within 15 days after the final date to file comments.

1. Line Extension Program

The Commission, in Decision (D.)19-04-022, adopted program rules and requirements for the Line Extension Program (LEP), which provides grants to eligible applicants to offset the costs of connecting to an existing or proposed facility-based broadband provider and has a total budget of five million dollars.

Staff proposes to increase program participation and efficiency by expanding eligibility criteria and increasing the maximum amount under which staff may approve applications via Ministerial Review. Staff also propose other changes to align the LEP with the Broadband Infrastructure Grant Account rules and guidelines, including updates to minimum speed requirements.

Finally, staff proposes that the Commission delegate authority to staff to make all necessary but non-substantive, administrative or clarifying amendments to the LEP rules, provided that any such changes are consistent with Commission decisions and are noticed to the service list of this or a successor proceeding and the CASF Distribution List.

Eligible Applicants and Funding Levels

Currently, all LEP grant recipients must meet income-based requirements. Applicants enrolled in either the California LifeLine Program or the California Alternate Rates for Energy (CARE) Program automatically meet the income qualifying threshold to receive 100 percent funding.^{1,2} Applicants who are not enrolled in CARE or California LifeLine but have a household income equivalent to the CARE program's income guidelines automatically meet the qualifying income threshold.

Despite interest in the LEP, staff has received only five applications and awarded four grants as of August 31, 2024. Staff observes that the high cost of line extensions, upwards of \$20,000 in one case, may be unaffordable for many

¹ The current California LifeLine income threshold for a household of four is \$48,400 through May 31, 2025 and is updated annually. As of this writing, current California LifeLine income guidelines are available at <https://www.cpuc.ca.gov/lifeline/>.

² The current CARE income threshold for a household of four is \$62,400 through May 31, 2025. As of this writing, current CARE income guidelines are available at <https://www.cpuc.ca.gov/lowincomerates/>.

households with incomes exceeding the current income thresholds. Staff proposes to expand LEP eligibility to any customer residing at the location to be served, regardless of income, but to prioritize funding for applicants meeting the income-based criteria. Staff also proposes to expand the income eligibility criteria. Therefore, responses to the following questions will assist in making appropriate changes to the program rules:

1. Does the proposed threshold of 80 percent of statewide median income or the Department of Housing and Community Development county-based low-income thresholds sufficiently expand the potential LEP applicant pool?
2. Should there be an upper income limit on LEP eligibility, and if so, what should this limit be?
3. Should staff modify the manner in which it proposes to prioritize low-income applicants, and if so, how?
4. For potential applicants who do not meet the low-income threshold, what funding levels should be considered?

Ministerial Review

As suggested above with respect to applicant eligibility, current LEP rules may underestimate costs associated with building infrastructure. Staff recommends revising the Ministerial Review criteria to expand the reach of the LEP and provide relief in a more expeditious manner to applicants in unserved locations. Specifically, staff proposes that LEP applications for wireline service, up to and including \$31,000 per household or property, be eligible for Ministerial Review, and that LEP applications for wireless service, up to and including \$6,000 per housing unit, be eligible for Ministerial Review. Therefore, a response to the following questions will assist in making appropriate changes to the program rules:

5. Should projects subject to Ministerial Review have a per location funding cap for fixed wireless installations and for wireline installations? If so, what should be the cap? If not, why?

Reimbursement

6. Should staff be authorized to reimburse grantees at construction milestones for some projects, similar to the Broadband Infrastructure Grant Account? With what kind of projects or under what circumstances should staff use this reimbursement framework?

Additional or alternative program modifications

7. Should the Commission make changes to the LEP application requirements, guidelines, and/or eligibility that are different than or additional to those included in the staff proposal? Provide your rationale for each proposed modification.

2. Adoption Account

The Adoption Account provides 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. The Commission is required to give preference to programs and projects in communities with demonstrated low broadband access, including low-income communities, senior citizen communities, and communities facing socioeconomic barriers to broadband adoption. The Adoption Account rules and requirements were last modified in D.22-05-029. Staff proposes to clarify program and administrative requirements based on experience with administering the program. Staff also proposes that the Commission delegate authority to staff to propose administrative changes to the Adoption Account program via resolution.

Financial Conditions for Applicant Eligibility and Ministerial Review

Under current rules, there is no restriction on who can apply for funds or the amount of funds that may be requested. Staff proposes to require certain financial documents and restrictions on the amount of funds that may be requested, and authority to reject applications not meeting certain financial criteria. Therefore, responses to the following questions will assist in making appropriate changes to the program:

8. Should applicants with less than \$50,000 in gross receipts be required to apply under a fiscal sponsor?
9. Should applicants be able to request funds greater than 50 percent of their total revenue and/or net assets?
10. Should staff have the authority to reject applications where the applicant's current liabilities exceed their current assets?

Eligible Project Costs and Definitions

To provide guidance to applicants, staff proposes to further define the scope of items and activities for which reimbursement may be requested. This guidance should also reduce the amount of time required for application and payment reviews and approvals. Therefore, responses to the following questions will assist in making appropriate changes to the program:

11. Should the terms Digital Literacy, Broadband Access, and Call Center be defined? If so, how should this be defined?
12. What other costs do Adoption grantees incur that the Commission should consider for reimbursement?

Applicant/Grantee Accountability

Staff have observed some delays in the submission of required reports, and therefore propose to allow for automatic termination of projects for failure to submit required reports within the required six-month timeframes, after notice of

such failure to the grantee. Staff also propose to make ramp-up reports optional rather than mandatory to reduce administrative burden. Therefore, responses to the following questions will assist in making appropriate changes to the program:

13. Should staff be able to rescind grants (after notice to the grantee) if the year 1 report or final report is delinquent by more than six months?
14. Should the Commission require a ramp up report? If so, why? Should the grantee be able to incorporate ramp up reporting into progress reporting submitted with payments or the year 1 report?

Additional or alternative modifications

15. What additional requirements, mechanisms or criteria, if any, should the Commission develop to ensure compliance with the Adoption Account grants and program rules?

3. Consortia Account

The Consortia Account offers grants to eligible consortia to facilitate deployment of broadband services by assisting CASF broadband infrastructure grant applicants in the project development or application process. The Consortia Account rules and requirements were last modified in D.22-05-029. Staff proposes to modify program rules to expand eligibility to California Tribes and to expand the scope of reimbursable work to include projects under the federal Broadband, Equity, Access and Deployment (BEAD) program. Staff also proposes that the Commission delegate authority to staff to propose administrative changes to the Consortia Account via resolution. The staff proposal for the Consortia Account includes proposed changes as redlines to the currently effective Consortia Account requirements and guidelines (adopted in

D.22-05-029). Therefore, responses to the following questions will assist in making appropriate changes to the program:

Expanding eligibility to California Tribes

16. For regional Tribal Consortia, what agencies or entities should act as a Fiscal Agent?
17. If a Tribal applicant cannot identify a Fiscal Agent, should the Commission facilitate what agencies or entities could be considered to ensure a segregation of duties? What other mechanisms could be used to ensure a segregation of duties?
18. For Tribal applicants, what financial ability should be considered for a Fiscal Agent to be able to support Consortia activity? If applicable, what are the minimum financial requirements?
19. What training or other resources should be provided regarding respectful Tribal consultation that will further the policies of the Commission in engaging with Tribes?
20. How can the Commission improve notice and consultation with Tribes regarding the CASF Consortia program and matters within the Commission's jurisdiction? How can the Commission better promote Tribal engagement? How can the Commission more effectively consult or engage with Tribes to participate in the Consortia program?
21. What barriers, if any, do Tribes see to effective implementation of the CASF Consortia program?
22. What recommendations, if any, do Tribes have regarding how the Commission and overlapping Consortia, if any, can improve engagement with Tribes?
23. Should the CASF Consortia program include specific provisions to allow for Tribal feedback?

Reimbursement for BEAD activities

24. The Consortia Grant Account will reimburse for work related to CASF infrastructure projects. Should the

Commission consider extending this to BEAD infrastructure activities? If not, why? If so, what BEAD activities consistent with Public Utilities Code section 281 (g)(1), should be eligible for reimbursement?

25. Staff proposes a 10 percent cap on BEAD related activities. Is this cap reasonable? If not, why?

Additional or alternative modifications

26. Should the Consortia Account include Administrative/Overhead Indirect Costs for reimbursement? If so, what specific administrative costs should be eligible for reimbursement? Is an annual 15 percent cap on eligible administrative/overhead indirect costs reasonable for reimbursement? If not, why?
27. What other costs do Consortia incur that the Commission should consider for reimbursement?
28. What additional requirements, mechanisms and processes or criteria, if any, should the Commission develop to ensure compliance with Consortia Account grants and program rules?
29. Provide any recommendations as to additional issues that should be included or addressed in the Consortia Guidelines.

IT IS SO RULED.

Dated December 4, 2024, at Sacramento, California.

/s/ DARCIE L. HOUCK

Darcie L. Houck
Assigned Commissioner