

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**Communications Division  
Broadband, Video and Market Branch**

**RESOLUTION T- 17745  
September 9, 2021**

**R E S O L U T I O N**

**RESOLUTION T-17745: Approval of funding for the grant application of Cruzio Media, Inc. (U-7150-C), from the California Advanced Services Fund Line Extension Program up to the amount of \$292,548 for the San Jerardo Housing Cooperative Project.**

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**I. SUMMARY**

This Resolution approves grant funding in the amount of up to \$292,548 from the California Advanced Services Fund (CASF) Line Extension Program (LEP) for the grant application of Cruzio Media Inc. (Cruzio) for the San Jerardo Housing Cooperative (San Jerardo). This project will provide 100 Mbps upload and download wireless internet connectivity to 53 households.

**II. BACKGROUND**

On October 15, 2017, Governor Brown signed Assembly Bill (AB) 1665 (Garcia, Chapter 851, Statutes of 2017) into law,<sup>1</sup> which among other things, created the LEP as a pilot within the CASF Broadband Infrastructure Grant Account.<sup>2</sup> 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>3</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. AB 1665 directs the Commission to

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<sup>1</sup> AB 1665 is codified at Public Utilities (Pub. Util.) Code § 281.

<sup>2</sup> The aggregate amount of grants awarded for LEP shall not exceed five million dollars (\$5,000,000). *See* Pub. Util. Code § 281(f)(6)(B)(ii).

<sup>3</sup> Pub. Util. Code § 281(f)(6)(A).

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>4</sup>

In April 2019, the Commission adopted Decision (D.) 19-04-022, implementing the LEP.

### III. NOTICE

On March 12, 2021, Cruzio submitted a CASF LEP application for the San Jerardo project.<sup>5</sup> On April 13, 2021, Communications Division (CD) staff (Staff) posted the application received on the Commission's CASF LEP webpage and sent notice regarding the project to the CASF Distribution List.<sup>6</sup>

### IV. CHALLENGE

Staff received no challenges to the Cruzio San Jerardo project.

### V. APPLICATION REVIEW AND EVALUATION

Staff reviewed the application according to the guidelines, requirements, and evaluation adopted in D. 19-04-022, as follows:

1. Eligible Applicants/Eligibility for Line Extension;
2. Subsidy Level;
3. Information Required from Applicant; and
4. Budget.

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<sup>4</sup> Pub. Util. Code § 281(f)(6)(B)(i). In D. 19-04-022, the Commission stated a customer residing at the location to be served, who qualifies for the California LifeLine or CARE Program's qualifying income threshold or applicants who are not enrolled in the CARE or LifeLine programs but have a household income equivalent to the [CARE program's income guidelines](#) automatically meet the qualifying income threshold.

<sup>5</sup> Applications may be submitted at any time. However, CD will consider applications submitted on or before each deadline listed in D.19-04-022 as a batch, until the funding exhausted. See D.19-04-022, pp. 21-22. The application was for the June 1, 2021 application cycle.

<sup>6</sup> [https://www.cpuc.ca.gov/-/media/cpuc\\_website/files/uploadedfiles/cpuc\\_public\\_website/content/utilities\\_and\\_industries/communications\\_-\\_telecommunications\\_and\\_broadband/service\\_provider\\_information/casfdistributionlist.xlsx](https://www.cpuc.ca.gov/-/media/cpuc_website/files/uploadedfiles/cpuc_public_website/content/utilities_and_industries/communications_-_telecommunications_and_broadband/service_provider_information/casfdistributionlist.xlsx)

In D.19-04-022, the Commission delegated to CD Staff the task of approving applications that meet the following criteria:<sup>7</sup>

- The proposed project is an Eligible Project.
- The proposed project connects an Eligible Applicant.
- The proposed project cost does not exceed \$500 for Fixed Wireless installations, and a maximum of \$9,300 for Wireline installations per household.
- The application is not challenged, or Communications Division Staff denies the challenge.
- There are no competing applications for the same project area in the same application period.
- All projects must be completed within 12 months.
- The facilities-based broadband provider shall inform the applicant of the availability of low-income plans.

Because the application does not meet all the ministerial review criteria, Staff are referring this application to the Commission for review and approval via the Resolution process.

## VI. DISCUSSION

### *Applicant*

Cruzio is a privately held company that includes The Internet Store, Inc. DBA Cruzio, Cruzio Media, Inc., and Santa Cruz Fiber Inc. Founded in 1989, Cruzio<sup>8</sup> provides technology services for more than 9,000 households and businesses in Santa Cruz County. It is entirely locally owned and staffed.<sup>9</sup> Cruzio has on-site technical support, local roving information technology (IT) services, and a storefront in downtown Santa Cruz where members can pay a bill or receive advice and services.<sup>10</sup> According to the application, Cruzio is one of the country's oldest independent internet service providers (ISPs) and has served the area for over 30 years.<sup>11</sup>

### *San Jerardo Cooperative*

The San Jerardo housing cooperative is in Salinas (Monterey County). It was built by farm workers in the 1970s.<sup>12</sup> The cooperative contains 250 permanent residents, and up

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<sup>7</sup> See D.19-04-022, pp. 24, 26-27.

<sup>8</sup> <https://cruzio.com/>.

<sup>9</sup> Cruzio San Jerardo application, p. 13.

<sup>10</sup> *Id.*

<sup>11</sup> Cruzio San Jerardo application, p. 3.

<sup>12</sup> Cruzio San Jerardo application, p. 4.

to 100 seasonal residents.<sup>13</sup> Many members of the community are low income.<sup>14</sup> There are 64 low-income households and the average income per adult resident is \$14,359.<sup>15</sup> Per Horacio Amezquita, General Manager of the San Jerardo Cooperative, students (approximately 70) do not have a reliable internet connection and are not able to stay connected to their school classes. Many families in the community cannot afford to pay for a reliable internet service.<sup>16</sup>

### *Project*

This project is spearheaded by Cruzio, working with the Monterey IT Department, Central Coast Broadband Consortium (CCBC), Monterey Bay Economic Partnership (MBEP) and other local organizations.

Cruzio proposes to construct high-speed, 100 Mbps upload and download, wireless internet connectivity to all 66 units and serve all residents of the San Jerardo Cooperative, as well as the childcare center and community hall.<sup>17</sup>

The project covers 3 areas: backhaul, distribution and service:

1. Backhaul – a high-speed fiber connection from Crown Castle<sup>18</sup> to feed a Point-To-Point licensed wireless (FWA) connection to the cooperative. Cruzio will secure a 60-month contract with Crown Castle for the fiber connection.
2. Distribution – Cruzio will provide and build out infrastructure using fixed wireless point-to-multi-point hardware and connections.
3. Service – Cruzio proposes to provide service at no cost to residents for a minimum of 5 years. Per Cruzio, through the Equal Access initiative, they aim to raise funds from corporate and individual donors but, regardless of fund raising, they will commit to free service for all residents and community spaces for the 5-year term. If the cooperative is not able to secure further funding, Cruzio has committed to a maximum \$15.00 per month charge per household for the same level of service (100 mbps up/down).

### *Budget*

The estimated cost to cover all infrastructure and backhaul, and subsidize service for 60 months is \$630,000, of which Cruzio requests \$294,433 from the CASF LEP. The budget

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<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> Per response to Staff Data Request, dated April 27, 2021.

<sup>16</sup> *Id.*

<sup>17</sup> Cruzio San Jerardo application, p. 6.

<sup>18</sup> <https://www.crowncastle.com/>.

includes costs such as hardware and cabling, materials, 60-month fiber contract, point-to-point backhaul wireless to Salinas airport, point-to-multipoint gear, and labor (see Appendix E).

#### *Existing Broadband*

According to the California Interactive Broadband Map,<sup>19</sup> the area is served by RazzoLink, Inc. (RazzoLink).<sup>20</sup> In its application, Cruzio also noted that it is aware of the following ISPs serving the surrounding area to varying degrees:

- RazzoLink—Offers commercial-grade service in the community and currently serves the childcare center. The current 10 Mbps service costs \$155.95 per month.
- Zavala Communications—Advertises 25 Mbps download speeds for \$60/month in the community. Coverage and service quality is unconfirmed.
- AT&T—The cooperative is in a Connect America Fund (CAF) census block, but CAF service is not available to San Jerardo. AT&T is willing to offer mobile hotspots with LTE backhaul, but with limited throughput and data usage caps.
- Comcast—Provided an alternative proposal which would only apply after securing a CASF LEP grant to connect from their closest node (a distance of approximately 2-3 miles). Service would be 100 Mbps download and 5 Mbps upload with capacity of 8 devices per household. Cost is \$18/month over 5 years with a 4% payment increase per year only if a bulk of families get connected.
- Hughes Net—Non-terrestrial (satellite) service advertised at 25 Mbps downloads and 3 Mbps uploads. Lowest priced tier is \$59.99/month (\$49.99 for 6 months) with a 10 GB monthly data cap.

Staff has requested speed tests, which indicated that not all the households are served by the CASF served definition of at least 6 Mbps down and 1 Mbps up:

Provider	Down (Mbps)	Up (Mbps)	Ping (ms)	Jitter (ms)
Razzolink	4.93	0.39	15	150
Zavala <sup>21</sup>	26.4	1.23	27	10
Core Surveillance (camera) <sup>22</sup>	25.3	9.33	28	5.5
HughesNet (satellite)	2.37	0.94	771	740

<sup>19</sup> <https://www.broadbandmap.ca.gov/>.

<sup>20</sup> RazzoLink did not challenge the application.

<sup>21</sup> CD deducted the CASF cost for the served locations.

<sup>22</sup> Core Surveillance is dedicated to a security camera and not available for internet access.

*California Environmental Quality Act (CEQA)*

This project qualifies as categorically exempt from CEQA review, under the CEQA exemption for Existing Facilities (14 CCR Section 15301) because the planned work involves existing facilities or wireless technology.

*Letter of Support*

Staff received letters of support from the CCBC and the MBEP. Both indicated that this project would serve a low-income community that lacks sufficient broadband access. They also noted, “Though this proposal does not comply completely with the guidelines of the Line Extension Program,” they request that the Commission “give all due consideration to this application as it is the most equitable and cost-effective solution for this community.”<sup>23</sup>

## VII. RECOMMENDATIONS FOR FUNDING

Staff recommends that the Cruzio San Jerardo project be eligible for a LEP grant, but with the following caveats and budget adjustments.

*Intent of LEP*

Pursuant to the statute, the LEP is for “individual household or property owner(s)” to receive funds to connect to broadband.<sup>24</sup> The Cruzio San Jerardo project is connecting one property that serves as multifamily housing for farmworkers. While this project may not meet the procedural requirements for the LEP that the Commission implemented in D.19-04-022, it fulfills the statutory requirements and the statutory mission of the LEP program.

Further, due to the COVID-19 public emergency and oversubscription of the CASF Infrastructure Grant Program, the LEP is probably the best solution to address the San Jerardo community’s needs.

Additionally, the LEP has been extremely undersubscribed to date. Only \$5,230 of the \$5 million has been awarded.<sup>25</sup>

*Budget Adjustment*

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<sup>23</sup> CCBC and MBEP Support Letters, dated March 5, 2021.

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

<sup>25</sup> The Commission approved one LEP application in February 2020. The application was for a line extension built by Sebastian Corp. in Tranquility.

Limiting the project to currently unserved/non-connected households on the property is an appropriate use of funds in the spirit of the CASF program and the statute.

Therefore, Staff recommends a revised budget of \$292,548,<sup>26</sup> which includes removing the \$145 cost of per Customer Premise Equipment (CPE) at 13 already served/connected locations and households.

#### *Issues of Affordability*

The project addresses issues of affordability. Cruzio proposes to provide free/affordable broadband to low-income households, and 53<sup>27</sup> households that are non-connected. The budget has been reduced by \$1,885.00 to exclude the cost for the served locations.

### **VIII. COMPLIANCE REQUIREMENTS**

Cruzio is required to comply with all the guidelines, requirements, and conditions associated with the LEP funding as specified in D. 19-04-022 and this Resolution. Such compliance includes, but is not limited to those listed in Appendices A and B.

### **IX. COMMENTS**

In compliance with Public Utilities Code, § 311(g)(1), a Notice of Availability was e-mailed on August 3, 2021, informing all parties on the CASF Distribution List of the availability of the draft of this Resolution and of the opportunity for comment, at the Commission's website at <http://www.cpuc.ca.gov/>. This letter also served to inform parties that the final conformed Resolution the Commission adopts will be posted and available on this same website.

### **X. FINDINGS**

1. On March 12, 2021, Cruzio submitted a CASF LEP application for the San Jerardo project.
2. On April 13, 2021, Staff posted the application received on the Commission's CASF LEP webpage and sent notice regarding the project to the CASF Distribution List.

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<sup>26</sup> This amount (\$292,548) reflects the deduction of the cost of customer premise equipment at the 13 already served locations (i.e., \$145 (Wi-Fi routers and NID) x 13 = \$1,885 from the original grant request of \$294,433).

<sup>27</sup> The calculation is derived by subtracting the 13 served locations from the original request of 66 locations; this includes the childcare center and community hall.

3. Staff received no challenges to the project.
4. Based on its review, Staff determined that the project qualifies for funding and recommends Commission approval of up to \$292,548 to Cruzio for the San Jerardo LEP project.
5. The Commission has determined that the project is categorically exempt from CEQA review.
6. A notice letter was e-mailed on August 3, 2021, informing all applicants filing for CASF funding and parties on the CASF distribution list of the availability of the draft of this Resolution, and of the opportunity for comment, at the Commission's website <http://www.cpuc.ca.gov>.

**THEREFORE, IT IS ORDERED THAT:**

1. The CASF LEP funding for the Cruzio San Jerardo project as discussed in this resolution is adopted.
2. The Commission shall award up to \$292,548 to Cruzio. The award is based on the description of the project as described herein and in its application.
3. Cruzio shall comply with all guidelines, requirements and conditions associated with a CASF award, as specified in D. 19-04-022 and its Appendix 1 and all requirements for this project included in this Resolution, including Appendices A and B.
4. If Cruzio fails to complete the project in accordance with the CASF guidelines and requirements outlined in D. 19-04-022 and its Appendix 1, and the terms outlined in this Resolution, Cruzio must reimburse some or all of the CASF funds that it has received.
5. Cruzio must complete and execute the consent forms (to be sent to the Cruzio after this Resolution is adopted) agreeing to the conditions set forth in this Resolution and return it the CASF Staff within 30 calendar days from the date of the adoption of this Resolution. Failure to submit the consent form within 30 calendar days from the adoption date of this Resolution may result in the Commission voiding the grant award.



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

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Rachel Peterson  
Executive Director

## **Appendix A**

### **Compliance Requirements**

#### **Reporting**

Upon completion of the project and before payment, both the applicant and the facilities-based broadband provider or its approved contractor must provide a signed completion form stating that the work has been completed. The applicant must submit a signed completion form 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 completion form stating that the work has been completed as described in the contract and that the service has been turned on.

Additional instructions and application materials are provided on the CPUC website on the CASF Infrastructure webpages.

#### **Execution and Performance**

The facilities-based broadband provider must meet the minimum criteria below:

- Project Completion: All projects must be completed within 12 months.
- Speeds: All households must be offered a broadband Internet service plan with speeds of 100 Mbps download and 100 Mbps upload.
- Affordability: The facilities-based broadband provider shall inform the residents<sup>28</sup> of the availability of the no-cost or the low-cost plans.
- The facilities-based broadband provider, or its approved contractor must provide in writing a determination that the project is statutorily or categorically exempt from CEQA requirements<sup>29</sup> and cite the relevant authority, as applicable.
- Section 1720 of the California Labor Code specifies that CASF-subsidized projects are subject to prevailing wage requirements. Cruzio must follow state prevailing wage requirements with regards to this project, unless determined exempt by the Department of Industrial Relations.<sup>30</sup>

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<sup>28</sup> D.19-04-022 incorrectly noted application, instead of applicant.

<sup>29</sup> See CEQA Guidelines, 14 C.C.R §15300.2.

<sup>30</sup> Questions concerning the prevailing wage requirements should be directed to the Department of Industrial Relations. Department of Industrial Relation's general email address is available at <http://www.dir.ca.gov>.

Facilities-based broadband providers will be responsible for all costs related to the line extension beyond the amount<sup>31</sup> that the Commission will fund. Additionally, the minimum performance criteria stated in this section can be revised to be consistent with changes to the minimum performance criteria defined in the CASF Infrastructure Grant rules in D.18-12-018.<sup>32</sup>

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 described in the contract the facilities based broadband provider must reimburse some or all of the CASF funds that it has received.

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<sup>31</sup> D.19-04-022 at page 27 references the provider responsibility beyond the 100 percent funded by the Commission, but in this case the Commission does not fund 100 percent of the project.

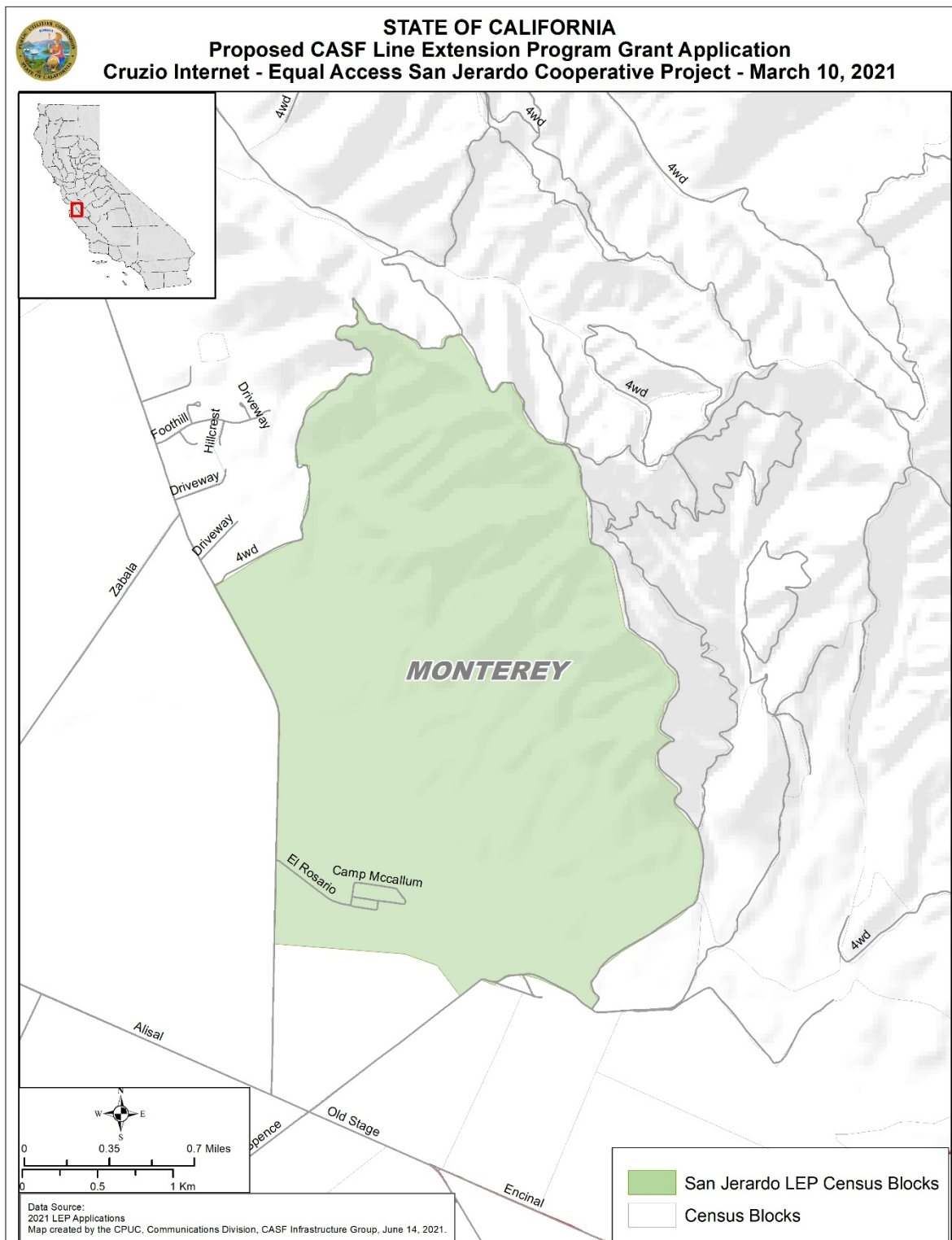
<sup>32</sup> Current CASF Infrastructure Grant rules are attached to D.21-03-006.

**Appendix B**  
**Payment to CASF Recipient**

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 forms detailed in the Section 10 “Reporting.” 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.

The facilities-based broadband provider is responsible for keeping costs within the budget estimated in the contract. Payment from the Commission will not exceed the approved subsidy amount. Any additional costs above the estimate provided in the contract will be the responsibility of the facilities-based broadband provider.

## Appendix C Project Location Map



**Appendix D**  
**Project Key Information**

<i>Project Name</i>	<b>Cruzio' s Equal Access San Jerardo Line Extension Project</b>
<i>Project Plan</i>	The project proposes to provide wireless high-speed internet service to 53 unserved households in the San Jerardo Farming Cooperative in the Salinas region of Monterey County. The project will include a fiber backhaul connection from an existing Crown Castle Tower, a point-to-point connection to the cooperative with point-to-multipoint wireless technology to connect residents and locations at speeds of 100 Mbps download and 100 Mbps upload.
<i>Project Size (in acres)</i>	32.5
<i>Download/Upload speed</i>	100 Mbps download/ 100 Mbps upload
<i>Location</i>	Monterey County
<i>Community Names</i>	San Jerardo Cooperative
<i>Census Blocks</i>	060530106061164 060530106061166 060530106061167
<i>Median Household Income (by Census Block Group)</i>	\$14,359
<i>Estimated potential subscriber size</i>	53 households
<i>Applicant expectations</i>	53 households (100 percent take rate)
<i>Pricing Plan (Monthly)</i>	100/100 – No cost to residents for first 5 years (no installation fee)
<i>Deployment Schedule (from Commission approval date)</i>	12 months
<i>Proposed Project Budget (Total)</i>	\$ 630,000 (Total); \$294,433 (CASF LEP Requested)
<i>CASF LEP Amount Approved</i>	\$292,548

**Appendix E**  
**Cruzio's Project Construction Estimate**

**Construction Estimate**

MATERIALS	Price	Qty	Ext Price
60-mo fiber contract	\$120,000	1	\$120,000
PTP backhaul wireless to Salinas airport	\$15,000	1	\$15,000
PTP on site wireless link	\$800	1	\$800
PTP mounting gear	\$55	2	\$110
Peak sled and rubber matting	\$175	4	\$700
PoP Box/Rack/UPS	\$550	2	\$1,100
Routers & Switches	\$750	2	\$1,500
Web Power Switches	\$180	2	\$360
Wireless PTMP Access Points (AP)	\$500	3	\$1,500
PoP hardware & cabling	\$200	2	\$400
Subscriber CPE radios	\$75	36	\$2,700
Powerbox Pro	\$85	24	\$2,040
Mounting HW and cable+misc	\$50	36	\$1,800
Wifi routers	\$120	66	\$7,920
Network Interface Devices (NID)	\$25	66	\$1,650
Materials Total			\$157,580
Tax+shipping 15%			\$23,637
handling, and prep 20%			\$31,516
LABOR			
Outside contractor (electrician/roofer etc..)	\$500	8	\$4,000
PoP Config and deployment	\$149	500	\$74,500
Network Administration	\$200	16	\$3,200
TOTAL			\$294,433

## Appendix F Project Maps (Network Overview and Census Blocks)

