

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

**RESOLUTION T- 17751
December 16, 2021**

R E S O L U T I O N

RESOLUTION T-17751: Approves up to \$18,281,982 from the California Advanced Services Fund for the Broadband Infrastructure Grant Account applications of Race Telecommunications, Inc. (U-7060-C), d/b/a Race Communications for the Gigafy Nevada City, Gigafy Backus II and Gigafy Arbuckle Projects.

I. SUMMARY

This Resolution approves grant funding in the amount of up to \$18,281,982 from the California Advanced Services Fund (CASF) Broadband Infrastructure Grant Account (Infrastructure Account) for three grant applications from Race Telecommunications, Inc. (U-7060-C), d/b/a Race Communications (Race). Collectively, these projects will serve 1,245 households.

The three projects approved are:

Table 1: Summary of Race's Funding

Project	Project Type	Households	Initial Requested Amount	Updated Requested Amount¹	CASF Approved Amount
Gigafy Nevada City	Last-Mile	499	\$6,154,776	\$7,668,611	\$7,565,012
Gigafy Backus II	Last-Mile	266	\$4,702,649	\$6,255,469	\$6,151,870
Gigafy Arbuckle	Hybrid	480	\$4,241,181	\$4,668,699	\$4,565,100
Total		1,245	\$15,098,606	\$18,592,779	\$18,281,982

II. BACKGROUND

¹ Race submitted updated requested amount to extend the coverage of the projects to include all households in the original proposed project area in order to qualify for 100 percent CASF funding.

The CASF Infrastructure Account provides grant funding to Internet service providers to build or upgrade broadband infrastructure in areas that are unserved by existing broadband providers. The CASF program was initiated in 2008, after the program was first adopted by the California Public Utilities Commission (Commission) in Decision (D.) 07-12-054 and enacted into statute pursuant to Senate Bill (SB) 1193.

On October 15, 2017, Governor Brown signed Assembly Bill (AB) 1665 (Garcia)² into law. This legislation amended the statute governing the CASF program, Public Utilities Code § 281. The Commission issued D.18-12-018 adopting the programmatic changes to the CASF Program. Appendix 1 of D.18-12-018 set forth the rules, application requirements and guidelines for the CASF Infrastructure Account.

The most recent Infrastructure Account grant application deadline was May 4, 2020.³

On June 29, 2020, Governor Newsom signed AB 82 into law, amending Public Utilities Code § 281 to authorize leveraging of CASF Infrastructure grant funding to supplement the costs of broadband infrastructure already funded, in whole or in part, by the federal Rural Digital Opportunity Fund (RDOF).⁴ In an effort to effectively utilize both state and federal funding toward meeting the CASF program goals, the Commission has deferred project applications that include areas eligible to receive RDOF for consideration until after the results of the RDOF Phase I (Auction 904) have been published.^{5,6}

On March 10, 2021, the Commission issued D. 21-03-006 modifying data submission requirements and requiring open access for CASF projects. Revised CASF program guidelines were set forth in Appendix A of D. 21-03-006.

² AB 1665 is codified at Public Utilities (Pub. Util.) Code § 281.

³ The Commission extended the CASF Infrastructure application deadline from April 1 to May 4, 2020, and all subsequent deadlines are moved back by five weeks due to the COVID-19 public health emergency. *See* Executive Director Letter to CASF Distribution and Service Lists, Postponement of the 2020 CASF Infrastructure Application Deadlines, March 20, 2020.

⁴ *See* Public Utilities Code § 281(b)(1)(B)(ii)(II).

⁵ *See* D.21-01-003, p. 23.

⁶ *See* March 26, 2021 “Postponement of the Deadline for Action on Pending CASF Infrastructure Applications and the Deadline for Submitting 2021 CASF Infrastructure Applications” Letter to CASF Service and Distribution Lists, available at <https://www.cpuc.ca.gov/casf/>.

On July 20, 2021, Governor Newsom signed historic broadband legislation to help bridge the digital divide.⁷ Among other things, SB 156, authored by the Committee on Budget and Fiscal Review, instituted several changes to the CASF program. The bill changed the definition of “unserved area,” allowing, but not requiring, funding for “an area for which there is no facility-based broadband provider offering at least one tier of broadband service at speeds of at least 25 mbps downstream, 3 mbps upstream . . . ”⁸ However, in the interests of administrative efficiency and to ensure proper notice to project applications, the Commission will use the standard of 6 mbps downstream and 1 mbps upstream to determine eligibility for funding for project applications submitted in 2020.

Further, SB 156 changed the requirements for the infrastructure that could be funded by the CASF program. Pursuant to Pub. Util. Code Sec. 281(f)(5), the Commission may only fund projects that “deploy infrastructure capable of providing broadband access at speeds of a minimum of 100 mbps downstream and 20 mbps upstream . . . ” This is a clear legislative directive to the Commission, which the Commission must implement immediately. All infrastructure funded by the CASF program must be capable of providing broadband access at speeds of a minimum of 100 mbps downstream and 20 mbps upstream.

Among other things, the broadband legislation also includes a \$3.25 billion statewide middle-mile plan to build, operate and maintain an open access, state-owned middle-mile network of high-capacity fiber lines that carry large amounts of data at higher speeds over longer distances between local networks.⁹

III. APPLICANT REQUESTS AND NOTICE

On May 4, 2020, the Communications Division received 54 applications¹⁰ for the CASF Infrastructure Account. On May 18, 2020, Staff posted the proposed project area map,

⁷ <https://www.gov.ca.gov/2021/07/20/governor-newsom-signs-historic-broadband-legislation-to-help-bridge-digital-divide/>.

⁸ See Pub. Util. Code Sec. 281(b)(1)(B)(ii)(I).

⁹ <https://www.gov.ca.gov/2021/07/12/governor-newsom-legislative-leaders-announce-historic-broadband-budget-bill/>; SB 156, Chapter 112, available at https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB156.

¹⁰ See <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/california-advanced-services-fund/casf-infrastructure-project-summaries> for project summaries and <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/california-advanced-services-fund/casf-infrastructure-grant/casf-infrastructure-approved-projects> for approved projects.

census block groups (CBGs) and Zone Improvement Plan (ZIP) Codes for the Race Gigafy Nevada City, Gigafy Backus II, and Gigafy Arbuckle projects on the Commission's CASF webpage¹¹ under "CASF Application Project Summaries" and sent notice regarding the project to the CASF Distribution List.¹²

Applicant

Race, established in 1995, is a fiber-based Competitive Local Exchange Carrier (CLEC) providing next-generation Voice Over Internet Protocol (VoIP), Internet Protocol television (IPTV), and traditional cable/satellite television. The company specializes in scalable fiber-optic networks and continues to expand throughout California. Race has successfully delivered high-speed fiber solutions to rural and disadvantaged areas. Race has received CASF infrastructure grants for 12 projects since the program's inception, accounting for infrastructure deployment in unserved areas encompassing nearly 20,000 households.¹³ Race has successfully completed nine of the CASF projects, with three still under construction.¹⁴

IV. CONDITIONAL APPROVAL OF MIDDLE-MILE COMPONENTS

Through SB 156, the legislature developed a statewide strategy to build, operate and maintain an open access, state-owned middle-mile network of high-capacity fiber lines that carry large amounts of data at higher speeds over longer distances between local networks. The middle-mile component of projects funded by the CASF Program should complement this statewide strategy. Thus, the CASF grant award for the middle-mile component of the Gigafy Arbuckle project is conditioned on whether the Director of the California Department of Technology (CDT) finds that the middle-mile

¹¹ <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/california-advanced-services-fund/casf-infrastructure-grant>.

¹² 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

¹³ Race has been awarded grants for Mojave Air and Space Port Project (T-17279), Kern County High Desert Project (T-17415), Boron Project (T-17416), Mono County Underserved Project (T-17433), Gigafy Backus Project (T-17480), Five Mining Communities Project (T-17488), Gigafy Mono Project (T-17477), Gigafy Occidental (T-17524), Gigafy North 395 Project (T-17541), Gigafy Phelan (T-17525, T-17658), Bright Fiber Project (T-17495, T-17565, T-17633), and Gigafy Williams Project (T-17716).

¹⁴ Race has completed nine CASF grants: Mojave Air and Space Port Project (T-17279), Kern County High Desert Project (T-17415), Boron Project (T-17416), Mono County Underserved Project (T-17433), Gigafy Backus Project (T-17480), Five Mining Communities Project (T-17488), Gigafy Mono Project (T-17477), Gigafy Occidental (T-17524), and Gigafy North 395 Project (T-17541).

component of the project complements the California middle-mile initiative described in SB 156.

This approval process should take place within three months from the approval of this Resolution. However, the time allowed for the CDT Director or designee to approve the middle-mile component of the Gigafy Arbuckle project may be extended an additional three months, or longer, by mutual agreement between the CDT Director or designee and Race. Race will send written notice of time extensions to the CD Director.

If the CDT Director or designee notifies the CD Director in writing that the CDT Director or designee approves the middle-mile component of the project, the CD Director shall, in writing, approve release of CASF Program funding for the middle-mile component of the project. At that time Staff may proceed with project funding activities. If the CDT Director or designee does not approve the middle-mile component of the project, CASF Program funding for the middle-mile component of the Race Gigafy Arbuckle project is automatically rescinded on the date that the CD Director receives written notice that CDT did not approve the middle-mile component.

The CASF Program operates more efficiently if it is clear which projects actually are being deployed, so that funds are not encumbered for projects that will not be built. Thus, Race has 90 days from the date that the CDT Director or designee does not approve the middle-mile component of the Gigafy Arbuckle project to inform the CD Director or designee by a written letter that it still plans to deploy the last-mile component of the project, even though it will not receive any funding for the middle-mile component. The written letter must include the following:

- Identifying information for the project such as the grantee organization name, project name, project address, any identifying project number, the date of the award, and the grant amount.
- A statement that Race will deploy the last-mile component of the project and comply with all the guidelines, requirements, and conditions associated with the grant of the CASF funds.

V. APPLICATION REVIEW AND EVALUATION

Staff reviewed all applications according to the guidelines, requirements, and evaluation adopted in D.21-03-006, as follows:

- Project Area Eligibility
- Minimum Performance Criteria

- Funding Determination
- Safety and Community Support

Staff's review and evaluation of the applications is summarized below.

A. Race Gigafy Nevada City

Race submitted a CASF Infrastructure application requesting \$6,154,776 (80 percent funding of total project cost of \$7,693,470) to deploy a fiber-to-the-premises (FTTP) last-mile network to serve 499 CASF-eligible households in Nevada City, Nevada County. Race later agreed to extend the coverage of the project to include all 499 households in the original proposed project area in order to qualify for 100 percent funding of \$7,668,611. The project would enable fiber-to-the-premises (FTTP) bandwidth of up to 1 Gbps downstream and 1 Gbps upstream.

Project Area Eligibility

No provider filed a valid "right-of-first refusal" for Race's Gigafy Nevada City project area by January 15, 2020,¹⁵ nor does the proposed project area include census blocks identified by the Federal Communications Commission's (FCC) Connect America Fund Phase II program.¹⁶ There are no existing facilities-based wireline or fixed wireless broadband service providers in the project area. According to the latest 2019 California Interactive Broadband Map,¹⁷ the area is unserved; only dial-up service is available.¹⁸

According to the latest 2019 California Interactive Broadband Map,¹⁹ four census blocks are served. On June 25, 2021, Staff directed Race to remove four census blocks shown as served on the latest California Interactive Broadband Map. On July 12, 2021, Race sent a revised application summary and project budget. In the revised project summary, Race removed two of the 46 census blocks reflected in its original application. However, in its review, Staff determined that only 40 census blocks containing 342 households are

¹⁵ Pub. Util. Code § 281(f)(4)(A)(ii), repealed in 2021, prohibited the Commission from awarding CASF funding to a project applicant if the existing facility-based broadband provider demonstrates, in response to the Commission's annual offer, that it will deploy broadband or upgrade existing broadband service throughout the proposed project area within 180 days.

¹⁶ Pub. Util. Code § 281(f)(5)(C)(i), repealed in 2021, prohibited the Commission, prior to July 1, 2020, from awarding CASF funding to a project applicant where an existing facility-based broadband provider has accepted federal funds for broadband deployment from Phase II of the Connect America Fund.

¹⁷ With data as of December 31, 2019.

¹⁸ Dial-up provides speed less than 200 Kbps downstream and 200 Kbps upstream.

¹⁹ With data as of December 31, 2019.

CASF-eligible. On September 10, 2021, Race agreed to further reduce the project budget by using existing equipment paid for by previous CASF grants.

Table 2: Race Gigafy Nevada City Project Revision

Submission Date	Census Blocks	Unserved Households	Funding Requested
05/04/2020	42	345	\$6,154,776 (80%)
09/10/2021	40	342	\$7,668,611 (100%)

i. Challenges

Pursuant to Public Util. Code Sec. 281(f)(8) and as required by D.18-12-018, the Commission provided an opportunity for entities to challenge the applications. Challenges were due on June 8, 2020.

Digital Path, Inc. (DigitalPath), a fixed wireless provider, filed a timely challenge to the Race Gigafy Nevada City Project. The Commission updates its California Interactive Broadband Map once a year after collecting broadband deployment data from providers. The data are validated using a number of resources including technical information such as loop length, consumer feedback and location of subscribers. The latest map is based on December 2019 data and was published in December 2020. The latest map should reflect (or should have reflected) the challenges claimed by the challenger if the provider submitted correct broadband data to the Commission for the annual data submission. Staff determined that, based on the latest broadband map, two census blocks show as served by DigitalPath -- leaving 40 census blocks eligible, per CASF Guidelines.

Digital Path's presence in the census block does not ensure that all residents within the census block can be served. To mitigate the risk of a coverage gap in areas where residents within the two census blocks are unable to receive service from DigitalPath (due to line of sight or other issues), Race agreed to extend its fiber-to-the-premises (FTTP) network to 100% of the originally proposed census blocks and will not utilize CASF funding for the additional three households.

ii. RDOF

While some portions of the Gigafy Nevada City Project overlap with areas for which LTD Broadband, LLC has RDOF eligibility, LTD Broadband, LLC has not yet received

Eligible Telecommunications Carrier (ETC) certification for these areas.²⁰ Staff did not remove the RDOF-eligible areas from this project.

Minimum Performance Criteria

Staff reviewed Race's application and determined that the Race Gigafy Nevada City Project meets the minimum performance criteria pursuant to D.21-03-006, Appendix A, Section 6, as summarized in Table 3.

Table 3: Minimum Performance Criteria

	CASF Performance Criteria	Proposed Project
Project Completion	CEQA-exempt projects must be completed within 12 months, and all other projects shall be completed within 24 months after receiving authorization to construct	within 12 months of permitting approval (CEQA Exempt)
Pricing	Prices committed for two years after completion of the project	2-year
Speed	At least 100/20 Mbps ²¹	1 Gbps / 1 Gbps
Latency	Maximum of 100 ms of latency	< 100 ms
Data Caps	Minimum of 190 GBs per month	No data cap
Affordability	Must offer low-income plan	\$25.00

Project Completion and CEQA

Race's Gigafy Nevada City Project is categorically exempt from California Environmental Quality Act (CEQA) review. Race has provided the Commission with its plan to use existing roads, rights-of-way, and utility easements for the installation of aerial and underground fiber cable. The project site is an existing rural residential area in Nevada City. As currently designed, the project would interconnect with existing Race fiber infrastructure at the intersection of Race Street and Highway 174 in Grass Valley. Race would use existing Vast Networks fiber infrastructure at the intersection of West Broad Street and Highway 49 in Nevada City. From this intersection, Race would build the fiber infrastructure that would traverse towards Bennett Street, Wet

²⁰ LTD Broadband, LLC has applied for an expansion of ETC authority to participate in the RDOF program on July 8, 2021, in A.21-07-005, which is pending review.

²¹ SB 156, enacted on July 20, 2021, and effective immediately, requires the Commission to fund projects that "deploy infrastructure capable of providing broadband access at a minimum of 100 Mbps downstream and 20 Mbps upstream . . ." See Pub. Util. Code Sec. 281(f)(5).

Hill Road, and Cement Hill Road. Via these main infrastructure arteries, Race can effectively distribute fiber to the homes.

The Gigafy Nevada City Project includes the use of 196,419 feet of fiber of which 188,693 feet is aerial and 7,726 feet is underground. Construction of this project involves the installation of at-grade hand-holes / pull-boxes for purpose of distribution to homes in the underground portion of the build. Race would use two types of methods for underground construction (boring and plowing) and restore all underground sites to original condition. Race's methods of installation would comply with General Order 95 pole safety and loading requirements and General Order 128 construction of underground communication systems.

Race is expected to obtain an Aerial/Underground Utility Encroachment Permit from Nevada County for installation within the public right-of-way, as well as Aerial Pole Attachment Permits from Pacific Gas & Electric Company (PG&E) and AT&T. Finally, an Encroachment permit and Traffic Control are required from California Transportation Department (Caltrans) and California Highway Patrol (CHP), respectively.

Based on the above information, the Commission's Energy Division has confirmed that the project meets the criteria of the CEQA categorical exemptions found in CEQA Guidelines, 14 C.C.R. § 15301 (Existing Facilities), 14 C.C.R. § 15303 (New Construction or Conversion of Small Structures), and 14 C.C.R. § 15304 (Minor Alterations to Land). Thus, the entirety of the Gigafy Nevada City Project is categorically exempt from CEQA.

In the original May 4, 2020, application, Race requested a 24-month deployment schedule. However, under the CASF Program rules, project construction must be completed, following receipt of permits, within 12 months if the project is categorically exempt from CEQA. Staff acknowledges that construction may be delayed but notes that the project scope has been reduced from 42 households to 40 households and recommends adherence to the 12-month deployment schedule.

Pricing, Speed, Latency, Data Caps, and Affordability

Race commits to fixed residential and low-income broadband pricing plans for two years starting from the completion of the project. Race will waive all standard installation and service connection fees in the project areas for broadband service customers during the first two years. Additionally, low-income subscribers are eligible

for low-cost, high speed broadband access for \$25.00 per month (at a minimum of 25 Mbps download / 25 Mbps upload). Race's current nationwide pricing plans for broadband services are provided below in Table 4, below.

Table 4: Race Broadband Pricing Plan

Name of Tier	Advertised Speeds		Pricing Plan (\$ / per Month)
	Downstream (Mbps)	Upstream (Mbps)	
Residential			
Entry Level Speed	25	25	\$25.00
Max Level Speed	1,000	1,000	\$60.00
Business or Institutions			
Entry Level Speed	25	25	\$60.00
Max Level Speed	1,000	1,000	\$200.00
Options			
Setup Fees	N/A	N/A	\$0.00
Wireless Router	N/A	N/A	\$10.00
Wireless Mesh Repeater	N/A	N/A	\$5.00

The proposed speed offerings (up to 1,000 Mbps download and up to 1,000 Mbps upload) meet the 100/20 minimum performance requirement. Race's network will also be capable of providing commercial broadband access in excess of 1,000 Mbps upload and download to anchor institutions and small businesses near the project area.

Funding Determination

Race is eligible to receive 100 percent funding to cover the cost of its Gigafy Nevada City Project. Staff considered the statutory factors to determine the grant funding level, as described by Pub. Util. Code § 281(f)(11) and CASF program rules adopted in D.21-03-006, Appendix A. Table 5, below, details Staff's funding level determination for the project.

Table 5: Criteria for Project Funding Level for the Race Gigafy Nevada City Project

Funding Criteria	Proposed Project
Baseline for Eligible Project (60%)	60%
Service Level Preference: Only Dial-up or No Internet Connectivity (up to 40%)	40%

Low Income – (up to 40%) <ul style="list-style-type: none">• Median Household Income for community is less than CARE standard for family of 4, which is currently \$53,000 (30%)²²• Applicant serves low-income customers for no more than \$15/month (10%)	0% 0%
Others: PU Code § 281(f)(11) Criteria – (up to 20%) <ul style="list-style-type: none">• Inaccessible Location (10%)• Uses Existing Infrastructure (10%)• Makes a Significant Contribution to the Program Goal (10%)	0% 10% 10%
Total Funding Level	100%²³

Baseline for an Eligible Project qualifies for 60 percent funding. The CASF program is intended to finance capital costs of projects deploying broadband facilities in unserved areas of California. The identified Gigafy Nevada City Project area meets all the eligibility criteria, as previously described in the Project Area Eligibility section.

Service Level Preference qualifies for an additional 40 percent funding. According to the latest 2019 California Interactive Broadband Map, Staff confirmed all the proposed project areas are unserved by wireline or fixed wireless broadband service and is therefore eligible for an additional 40 percent funding.

Low Income Consideration does not qualify for additional funding. The median household income of the census block group in the proposed project area is \$63,396 and exceeds the CASF low-income eligibility threshold, and therefore does not qualify for additional funding. For those with incomes at or below the federal poverty level, Race will offer a \$25.00 monthly plan. This does not meet the CASF criteria for affordable low-income pricing and also does not qualify for additional funding.

Other Factor Considerations qualify for an additional 20 percent funding. The Race Gigafy Nevada City project meets two of the three criteria defined in Pub. Util. Code § 281(f)(11) and qualifies for the additional 20 percent funding.

²² <https://www.cpuc.ca.gov/care/>

²³ D.21-03-006. Summary of Funding Criteria - Maximum funding level is 100 percent.

The proposed project is eligible for an additional 10 percent funding for use of existing infrastructure. Race proposed to use existing utility poles for deployment of its fiber-based service offering

The project makes a significant contribution to the program goal and is eligible for an additional 10 percent funding. The Gigafy Nevada City Project area is located within the Gold Country Broadband Consortium which, at 95.7 percent served, is below the CASF program goal.²⁴ Therefore, this project will make a significant contribution to the program goal.

Safety and Community Support

The CASF program encourages the deployment of broadband throughout the State to enable the public to access Internet-based safety applications, telehealth services, emergency services, and to allow first responders to communicate and collaborate during emergencies.

The project will enhance public safety; according to the Commission's Fire Map, the Gigafy Nevada City project is located in a Tier 1 "High Hazard Zone" fire threat area as of March 2021.²⁵

Staff has not received any letters of support for the Gigafy Nevada City project.

B. Race Gigafy Backus II

On May 4, 2020, Race submitted a CASF Infrastructure application requesting \$4,702,649 (80 percent funding of \$5,878,312 total project cost) to deploy a fiber-to-the-premises (FTTP) last-mile network to serve 256 CASF-eligible households in the unincorporated community of Backus in Mojave, California. The project would enable fiber-to-the-premises (FTTP) broadband speeds up to 1 Gbps down and 1 Gbps up.

Project Area Eligibility

No provider filed a valid "right-of-first refusal" for the Gigafy Backus II area by January 15, 2020,²⁶ nor does the proposed project area include census blocks identified by the

²⁴ See 2020 Annual Report on the CASF Program, California Public Utilities Commission, Issued April 2021, page 14, Table 7: Remaining Unserved Households in Each Consortia Region.

²⁵ <https://ia.cpuc.ca.gov/firemap/>.

²⁶ Pub. Util. Code § 281(f)(4)(A)(ii), repealed in 2021, prohibited the Commission from awarding CASF funding to a project applicant if an existing facility-based broadband provider demonstrated, in response

Federal Communications Commission's (FCC) Connect America Fund Phase II program.²⁷ On July 12, 2021, Staff received Race's revised application summary and project budget wherein Race removed four census blocks deemed ineligible based on the review of the 2019 California Interactive Broadband Map.²⁸ On September 10, 2021 Race agreed to further reduce the project budget by using existing equipment paid for in previous CASF grants. Race has also agreed to extend the coverage of the project to include all 256 households in the original proposed project area in order to qualify for 100 percent funding.²⁹

See Table 6, below, for details of the revised project.

Table 6: Gigafy Backus II Project Revision

Submission Date	Census Blocks	Unserved Households	Funding Requested
05/04/2020	87	256	\$4,702,649 (80%)
09/10/2021	83	243	\$6,255,469 (100%)

i. Challenges

Staff received no challenges to the project.

ii. RDOF

While some portions of the Gigafy Backus II Project overlap with areas for which Wavelength, LLC has RDOF eligibility, Wavelength, LLC has not yet received Eligible

to the Commission's annual offer, that it would deploy broadband or upgrade existing broadband service throughout the proposed project area within 180 days."

²⁷ Pub. Util. Code § 281(f)(5)(C)(i), repealed in 2021, prohibited the Commission, prior to July 1, 2020, from awarding CASF funding to a project applicant where an existing facility-based broadband provider had accepted federal funds for broadband deployment from Phase II of the Connect America Fund.

²⁸ <https://www.broadbandmap.ca.gov/>.

²⁹ There are four census blocks, within the project area, shown on the California Broadband Map as being served by AT&T through its Fixed Wireless Internet service which operates at a maximum of 10 mbps download and 1 mbps upload. AT&T's presence in the census block does not ensure that all residents within the census block can be served. To mitigate the risk of coverage gaps in areas where residents within the four census blocks are unable to receive service from AT&T (due to line of sight or other issues,) Race agreed to extend its fiber-to-the-premises (FTTP) network to 100% of the originally proposed census blocks and will not utilize CASF funding for the additional 13 households.

Telecommunications Carrier status in these areas.³⁰ Staff did not remove the RDOF-eligible areas from this project.

Minimum Performance Criteria

Staff reviewed Race's application and determined the Gigafy Backus II Project meets the minimum performance criteria pursuant to D.21-03-006, Appendix A, Section 6, as summarized in Table 7.

Table 7: Minimum Performance Criteria

	CASF Performance Criteria	Proposed Project
Project Completion	CEQA-exempt projects must be completed within 12 months, and all other projects shall be completed within 24 months after receiving authorization to construct	within 12 months of permitting (CEQA Exempt)
Pricing	Prices committed for two years after completion of the project	2-year
Speed	At least 100/20 Mbps ³¹	1 Gbps / 1 Gbps
Latency	Maximum of 100 ms of latency	< 100 ms
Data Caps	Minimum of 190 GBs per month	No data cap
Affordability	Must offer low-income plan	\$25.00 monthly

Project Completion and CEQA

Race's Gigafy Backus II Project is categorically exempt from California Environmental Quality Act (CEQA) review. Race has provided the Commission with its plan to use existing roads, rights-of-way, and utility easements for the installation of aerial and underground fiber cable. The project site is an existing rural residential area in the community of Mojave. As currently designed, the proposed project would interconnect with existing Race fiber infrastructure at the intersection of Backus Road and Gust Street, extend east (with distribution lines down 25th Street W, 20th Street W, and Frontage Road W), and cross the Highway 14 and continue with distribution lines down Soledad Road, Ericka Avenue, Kemper Road, and Elberta Street. A Secondary

³⁰ Wavelength, LLC has applied for an expansion of the ETC authority to participate in the RDOF program in A.21-01-009, which is pending review.

³¹ SB 156, enacted on July 20, 2021, and effective immediately, requires the Commission to fund projects that "deploy infrastructure capable of providing broadband access at a minimum of 100 Mbps downstream and 20 Mbps upstream . . ." See Pub. Util. Code Sec. 281(f)(5).

corridor distribution would be built down Trotter Avenue with distributions down Division Street, Feters Street, Silver Street, 12th Street, 15th Street, and May Street.

The Gigafy Backus II Project includes the use of 160,679 feet of fiber of which 131,129 feet is aerial and 29,550 feet is underground. Construction of this project involves the installation of at-grade hand-holes / pull-boxes for purpose of distribution to homes in the underground portion of the build. Race would use two types of methods for underground construction (boring and plowing) and restore all underground sites to original condition. Race's methods of installation would comply with General Order 95 pole safety and loading requirements and General Order 128 construction of underground communication systems.

Race is expected to obtain an Aerial/Underground Utility Encroachment Permit from Kern County for installation within the public right-of-way as well as Aerial Pole Attachment Permits from Southern California Edison (SCE) and AT&T. Finally, an Encroachment permit and Traffic Control are required from California Transportation Department (Caltrans) and California Highway Patrol (CHP), respectively.

Based on the above information, the Commission's Energy Division has confirmed that the project meets the criteria of the CEQA categorical exemptions found in CEQA Guidelines, 14 C.C.R. § 15301 (Existing Facilities), 14 C.C.R. § 15303 (New Construction or Conversion of Small Structures), and 14 C.C.R. § 15304 (Minor Alterations to Land). Thus, the entirety of the Gigafy Backus II Project is categorically exempt from CEQA.

In the original May 4, 2020, application Race requested a 24-month deployment schedule. However, under the CASF Program rules, project construction must be completed, following receipt of permits, within 12 months if the project is categorically exempt from CEQA. Staff acknowledges that construction may be delayed but notes that the project scope has been reduced from 256 households to 243 households and recommends adherence to the 12-month deployment schedule.

Pricing, Speed, Latency, Data Caps, and Affordability

Race commits to fixed pricing of residential and low-income plans for two years starting from the completion of the project. Race will waive all standard installation and service connection fees in the project areas for broadband service customers during the first two years. Additionally, low-income subscribers are eligible for low-cost, high speed broadband access for \$25.00 per month (at a minimum of 25 Mbps download / 25 Mbps upload). Race's current nationwide pricing plans for broadband services are provided below in Table 8, below.

Table 8: Race Broadband Pricing Plan

Name of Tier	Advertised Speeds		Pricing Plan (\$ / per Month)
	Downstream (Mbps)	Upstream (Mbps)	
Residential			
Entry Level Speed	25	25	\$25.00
Max Level Speed	1,000	1,000	\$60.00
Business or Institutions			
Entry Level Speed	25	25	\$60.00
Max Level Speed	1,000	1,000	\$200.00
Options			
Setup Fees	N/A	N/A	\$0.00
Wireless Router	N/A	N/A	\$10.00
Wireless Mesh Repeater	N/A	N/A	\$5.00

The proposed speed offerings (up to 1 Gbps download and up to 1 Gbps upload) meet the 100 Mbps download and 20 Mbps upload minimum performance requirement. Race's network will also be capable of providing commercial broadband access in excess of 1,000 Mbps upload and download to anchor institutions and small businesses near the project area.

Funding Determination

Race is eligible to receive 100 percent funding to cover the cost of its Gigafy Backus II project costs. Staff considered the statutory factors to determine the grant funding level, as described by Pub. Util. Code § 281(f)(11) and CASF program rules adopted in D.21-03-006, Appendix A. Table 9, below, details Staff's funding level determination for the project.

Table 9: Criteria for Project Funding Level for the Gigafy Backus II Project

Funding Criteria	Proposed Project
Baseline for Eligible Project (60%)	60%
Service Level Preference: Only Dial-up or No Internet Connectivity (up to 40%)	40%
Low Income – (up to 40%)	30%

<ul style="list-style-type: none"> Median Household Income for community is less than CARE standard for family of 4, which is currently \$53,000 (30%)³² Applicant serves low-income customers for no more than \$15/month (10%) 	0%
Others: PU Code § 281(f)(11) Criteria – (up to 20%) <ul style="list-style-type: none"> Inaccessible Location (10%) Uses Existing Infrastructure (10%) Makes a Significant Contribution to the Program Goal (10%) 	0% 10% 10%
Total Funding Level	100%³³

Baseline for an Eligible Project qualifies for 60 percent funding. The CASF program is intended to finance capital costs of projects deploying broadband facilities in unserved areas of California. The identified Gigafy Backus II project area meets all the eligibility criteria, as previously described in the Project Area Eligibility section.

Service Level Preference qualifies for an additional 40 percent funding. According to the latest 2019 California Interactive Broadband Map, Staff confirmed all the proposed project areas are unserved by wireline or fixed wireless broadband service and is therefore eligible for an additional 40 percent funding.

Low Income Consideration does qualify for additional funding. The weighted median household income across the project’s census block groups is \$40,059; this does meet the CASF low-income eligibility threshold and therefore does qualify for an additional 30% funding. For households with incomes at or below the federal poverty level, Race will offer a \$25.00 monthly plan. This does not meet the CASF criteria for affordable low-income pricing and therefore does not qualify for an additional 10% funding.

Other Factor Considerations qualify for an additional 20 percent funding. The Gigafy Backus II project meets two of the three criteria defined in Pub. Util. Code § 281(f)(11) and qualifies for the additional 20 percent funding.

³² <https://www.cpuc.ca.gov/care/>.

³³ D.21-03-006. Summary of Funding Criteria - Maximum funding level is 100 percent.

The proposed project is eligible for an additional 10 percent funding for use of existing infrastructure. Race proposed to use existing utility poles for deployment of its fiber-to-the-premises (FTTP) service offering.

The project makes a significant contribution to the program goal and is eligible for an additional 10 percent funding. The Gigafy Backus II project area is located within the Eastern Sierra Connect Consortium area which, at 89.9 percent served, is below the CASF program goal.³⁴ Therefore, this project will make a significant contribution to the program goal.

Safety and Community Support

The CASF program encourages the deployment of broadband throughout the State to enable the public to access Internet-based safety applications, telehealth services, emergency services, and to allow first responders to communicate and collaborate during emergencies.

The project will enhance public safety; according to the Commission's Fire Map, the Gigafy Backus II project is located in a Tier 1 "High Hazard Zone" fire threat area as of March 2021.³⁵

Staff has not received any letters of support for the Gigafy Backus II project.

C. Race Gigafy Arbuckle

Race submitted a CASF Infrastructure application requesting \$4,241,181 (80 percent funding of \$5,301,477) to deploy middle-mile and last-mile fiber-to-the-premises (FTTP) infrastructure to households in the city of Arbuckle in Colusa County. The project would enable broadband access at speeds of up to 1 Gbps download and 1 Gbps upload to 480 CASF-eligible households. The project proposes to construct a middle-mile segment that will connect to Race's backhaul facilities in the previously-funded CASF project for Gigafy Williams.

Project Area Eligibility

³⁴ See 2020 Annual Report on the CASF Program, California Public Utilities Commission, Issued April 2021, page 14, Table 7: Remaining Unserved Households in Each Consortia Region.

³⁵ <https://ia.cpuc.ca.gov/firemap/>.

No provider filed a valid “right-of-first refusal” for Race’s Gigafy Arbuckle project area by January 15, 2020,³⁶ nor does the proposed project area include census blocks identified by the Federal Communications Commission’s (FCC) Connect America Fund Phase II program.³⁷ There are no existing facilities-based wireline or fixed wireless broadband service providers in the project area. According to the latest 2019 California Interactive Broadband Map,³⁸ the area is unserved; only dial-up service is available.³⁹

According to the latest 2019 California Interactive Broadband Map,⁴⁰ 55 of the proposed 71 census blocks are served. On June 28, 2021, Staff directed Race to remove 55 census blocks shown as served on the latest California Interactive Broadband Map. On July 12, 2021, Race sent a revised application summary and project budget that complied with Staff’s request to remove ineligible census blocks reflected in its original application. On September 10, 2021, Race agreed to further reduce the project budget by using existing equipment paid for in previous CASF grants. Race agreed to utilize their own financial resources to supplement the CASF Grant and build its fiber-to-the-premises (FTTP) network to 100% of the census blocks and all 572 households proposed in its original project application.⁴¹

See Table 10, below, for details of the revised project.

Table 10: Race Gigafy Arbuckle Project Revision

Submission Date	Census Blocks	Unserved Households	Funding Requested
05/04/2020	71	572	\$4,241,181 (80%)
09/10/2021	16	72	\$4,668,699 (100%)

³⁶ Pub. Util. Code § 281(f)(4)(A)(ii), repealed in 2021, prohibited the Commission from awarding CASF funding to a project applicant if the existing facility-based broadband provider demonstrates, in response to the Commission’s annual offer, that it will deploy broadband or upgrade existing broadband service throughout the proposed project area within 180 days.

³⁷ Pub. Util. Code § 281(f)(5)(C)(i), repealed in 2021, prohibited the Commission, prior to July 1, 2020, from awarding CASF funding to a project applicant where an existing facility-based broadband provider has accepted federal funds for broadband deployment from Phase II of the Connect America Fund.

³⁸ With data as of December 31, 2019.

³⁹ Dial-up provides speed less than 200 Kbps downstream and 200 Kbps upstream.

⁴⁰ With data as of December 31, 2019.

⁴¹ The 71 census blocks are shown on the California Broadband Map as being served by Frontier Communications. To mitigate the risk of coverage gaps in areas where residents within the 71 census blocks are unable to receive service from Frontier (Frontier’s service area may not cover the entirety of all 71 census blocks,) Race agreed to extend its fiber-to-the-premises (FTTP) network to 100% of the originally proposed census blocks and will not utilize CASF funding for the additional 500 households.

i. Challenges

Pursuant to Public Util. Code Sec. 281(f)(8) and as required by D.18-12-018, the Commission provided an opportunity for entities to challenge the applications. Challenges were due on June 8, 2020.

Citizens Telecommunications of California Inc. d/b/a Frontier Communications of California (U-1024-C) (Frontier) filed a timely challenge. However, the challenge was based on the 2018 California Broadband Map (with data as of December 31, 2018) and is a year behind the updated 2019 California Interactive Broadband Map (with data as of December 31, 2019).

The Commission updates its California Interactive Broadband Map once a year after collecting broadband deployment data from providers. The data are validated using a number of resources including technical information such as loop length, consumer feedback and location of subscribers. The latest map is based on December 2019 data and was published in December 2020. The latest map should reflect (or should have reflected) the challenges claimed by the challenger if the provider submitted correct broadband data to the Commission for the annual data submission. Therefore, the challenge is denied since the latest 2019 California Interactive Broadband Map shows the project area is eligible.

ii. RDOF

While some portions of the Gigafy Arbuckle project overlap with RDOF-eligible areas, California Internet, L.P. dba GeoLinks (the winning RDOF bidder for census block groups contained within the project area) has not yet received Eligible Telecommunications Carrier (ETC) status in these areas.⁴² Staff did not remove the RDOF-eligible areas from this project.

iii. Middle-Mile Infrastructure

Race proposes adding approximately 10.2 miles of middle-mile fiber to its network, starting in Williams, California at the intersection of Old Highway 99W and 6th Street, proceeding on Frontage Road, and ending in Arbuckle, California, at the intersection of Frontage Road and Laurel Street.

⁴² GeoLinks has applied for an expansion of its ETC authority to participate in the RDOF program on January 6, 2021, in Advice Letter #13, which is pending review.

All proposed fiber cable installation will be conducted in existing utility rights-of-way (ROW), in previously disturbed areas, and utilize easements to lessen the environmental impact. Race will follow General Order 95 pole safety and loading requirements for all aerial cable construction. Race is expected to obtain the required utility permits for placement of aerial fiber cable on existing utility poles and easements. New underground construction will be performed using a combination of trenching and boring. Boring will be performed using horizontal directional drilling in accordance with the lead permitting agency, in areas where minimal impact and restoration of the roadways is required. Where trenching is required, backhoes and hand-digging will be used to locate existing utilities. Following the installation of underground facilities and cabling, the site will be returned to its original condition.

Race's proposed last-mile and middle-mile costs are detailed in Table 11, below.

Table 11: Race Gigafy Arbuckle Proposed Last-Mile and Middle-Mile Costs

Project Section	Original Proposed Budget	Revised Budget Proposal
Last-Mile	\$1,576,378	\$1,472,779
Middle-Mile	\$3,092,321	\$3,092,321
Total	\$4,668,699⁴³	\$4,565,100

Minimum Performance Criteria

Staff reviewed Race's application and determined the Gigafy Arbuckle Project meets the minimum performance criteria pursuant to D.21-03-006, Appendix A, Section 6, as summarized in Table 12.

Table 12: Minimum Performance Criteria

	CASF Performance Criteria	Proposed Project
Project Completion	CEQA-exempt projects must be completed within 15 months (unless further extended by CD); and all other projects shall be completed within 27 months (unless	15 months (CEQA Exempt) or 27 months (all other projects)

⁴³ Original request was for \$4,241,181, which reflects 80% of total project cost \$5,301,477. On July 12, 2021, Race submitted a revised project summary requesting 100% of project cost of \$4,668,699.

	further extended by CD), to allow for CDT approval of middle-mile component	
Pricing	Prices committed for two years after completion of the project	2-year
Speed	At least 100/20 Mbps ⁴⁴	Up to 1 Gbps / 1 Gbps
Latency	Maximum of 100 ms of latency	< 100 ms
Data Caps	Minimum of 190 GBs per month	No data cap
Affordability	Must offer low-income plan	\$25.00

Pursuant to the CASF Program rules, project construction must be completed, following receipt of permits, within 12 months if the project is categorically exempt from CEQA, and within 24 months for all other projects. However, the Race Gigafy Arbuckle Project may need additional time to ensure that CDT approves the middle-mile component. As additional time is needed to ensure that the middle-mile component of CASF projects complement California's initiatives for broadband deployment, a waiver in the CASF Program rules regarding project completion is required. Thus, the Race Gigafy Arbuckle Project must be completed in 15 months. If the time necessary for CDT to approve the middle-mile component is extended by mutual agreement between CDT and Race, Staff is authorized to also extend the time for completion of the project by the period of time specified by the CDT Director or designee.

Project Completion and CEQA

Pursuant to the CASF Program rules, project construction must be completed, following receipt of permits, within 12 months if the project is categorically exempt from CEQA, and within 24 months for all other projects. However, the Gigafy Arbuckle project may need additional time to ensure that California Department of Technology (CDT) approves the middle-mile component. As additional time is needed to ensure that the middle-mile component of CASF projects complement California's initiatives for broadband deployment, a waiver in the CASF Program rules regarding project completion is required. Thus, the Gigafy Arbuckle must be completed in 15 months (if CEQA exempt). If the time necessary for CDT to approve the middle-mile component is extended by mutual agreement between CDT and Race, Staff is authorized to also extend the time for completion of the project by the period of time specified by the CDT Director.

⁴⁴ SB 156, enacted on July 2021 and effective immediately, increased the speed requirements for CASF projects to 100 Mbps download and 20 Mbps upload. *See* Pub. Util. Code Sec. 281(f)(5).

Race's Gigafy Arbuckle Project is categorically exempt from California Environmental Quality Act (CEQA) review. Race has provided the Commission with its plan to use existing roads, rights-of-way, and utility easements for the installation of aerial and underground fiber cable. The project site is an existing rural residential area in the community of Arbuckle. As currently designed, the proposed middle fiber would start in the City of Williams at intersection of Old Highway 99W (U.S. Route 99) and 6th Street, head south onto Frontage Road, and end in Arbuckle at the intersection of Frontage Road and Laurel Street. Within the community of Arbuckle, the main fiber path would be built down Hall Street, which would allow for distribution down William Street, Almond Avenue, 7th Street, 10th Street, and several backyard utility pole easements.

The Gigafy Arbuckle Project includes the use of 55,163 feet of aerial fiber using existing utility poles, and 23,610 feet of underground. Construction of this project involves the installation of at-grade hand-holes / pull-boxes for purpose of distribution to homes in the underground portion of the build. Race would use two types of methods for underground construction (boring and plowing) and restore all underground sites to original condition. Race's methods of installation would comply with General Order 95 pole safety and loading requirements and General Order 128 construction of underground communication systems.

Race is expected to obtain an Aerial/Underground Utility Encroachment Permit from Colusa County for installation within the public right-of-way, as well as Aerial Pole Attachment Permits from Pacific Gas & Electric Company (PG&E) and Frontier Communications. An Encroachment permit and Traffic Control are required from California Transportation Department (Caltrans) and California Highway Patrol (CHP), respectively. Finally, a Utility Encroachment Permit is required from Union Pacific Railroad/Northern Pacific Railroad.

Based on the above information, the Commission's Energy Division has confirmed that the project meets the criteria of the CEQA categorical exemptions found in CEQA Guidelines, 14 C.C.R. § 15301 (Existing Facilities), 14 C.C.R. § 15303 (New Construction or Conversion of Small Structures), and 14 C.C.R. § 15304 (Minor Alterations to Land). Thus, the entirety of the Gigafy Arbuckle Project is categorically exempt from CEQA.

In the original May 4, 2020, application Race requested a 24-month deployment schedule. However, under the CASF Program rules, project construction must be

completed, following receipt of permits, within 12 months if the project is categorically exempt from CEQA. Staff acknowledges that construction may be delayed but notes that the project scope has been reduced from 572 households to 72 households and recommends adherence to a 15-month deployment schedule as discussed in the “Conditional Approval of Middle-Mile” section above.

Pricing, Speed, Latency, Data Caps, and Affordability

Race commits to fixed residential and low-income broadband pricing plans for two years starting from the completion of the project. Race will waive all standard installation and service connection fees in the project areas for broadband service customers during the first two years. Additionally, low-income subscribers are eligible for low-cost, high speed broadband access for \$25.00 per month (at a minimum of 25 Mbps download / 25 Mbps upload). Race’s current nationwide pricing plans for broadband services are provided below in Table 13, below.

Table 13: Race Broadband Pricing Plan

Name of Tier	Advertised Speeds		Pricing Plan (\$ / per Month)
	Downstream (Mbps)	Upstream (Mbps)	
Residential			
Entry Level Speed	25	25	\$25.00
Max Level Speed	1,000	1,000	\$60.00
Business or Institutions			
Entry Level Speed	25	25	\$60.00
Max Level Speed	1,000	1,000	\$200.00
Options			
Setup Fees	N/A	N/A	\$0.00
Wireless Router	N/A	N/A	\$10.00
Wireless Mesh Repeater	N/A	N/A	\$5.00

The proposed speed offerings (up to 1,000 Mbps download and up to 1,000 Mbps upload) and meet the 100/20 minimum performance requirement. Race’s network will also be capable of providing commercial broadband access in excess of 1,000 Mbps upload and download to anchor institutions and small businesses near the project area.

Funding Determination

Race is eligible to receive 100 percent funding to cover the cost of its Arbuckle Project. Staff considered the statutory factors to determine the grant funding level, as described by Pub. Util. Code § 281(f)(11) and CASF program rules adopted in D.21-03-006, Appendix A. Table 14, below, details Staff’s funding level determination for the project.

Table 14: Criteria for Project Funding Level for the Race Arbuckle Project

Funding Criteria	Proposed Project
Baseline for Eligible Project (60%)	60%
Service Level Preference: Only Dial-up or No Internet Connectivity (up to 40%)	40%
Low Income – (up to 40%) <ul style="list-style-type: none">Median Household Income for community is less than CARE standard for family of 4, which is currently \$53,000 (30%)⁴⁵Applicant serves low-income customers for no more than \$15/month (10%)	0% 0%
Others: PU Code § 281(f)(11) Criteria – (up to 20%) <ul style="list-style-type: none">Inaccessible Location (10%)Uses Existing Infrastructure (10%)Makes a Significant Contribution to the Program Goal (10%)	0% 10% 10%
Total Funding Level	100%⁴⁶

Baseline for an Eligible Project qualifies for 60 percent funding. The CASF program is intended to finance capital costs of projects deploying broadband facilities in unserved areas of California. The identified Arbuckle Project area meets all the eligibility criteria, as previously described in the Project Area Eligibility section.

Service Level Preference qualifies for an additional 40 percent funding. According to the latest 2019 California Interactive Broadband Map, Staff confirmed all the proposed project areas are unserved by wireline or fixed wireless broadband service and is therefore eligible for an additional 40 percent funding.

Low Income Consideration does not qualify for additional funding. The median household income of the census block group in the proposed project area is

⁴⁵ <https://www.cpuc.ca.gov/care/>

⁴⁶ D.21-03-006. Summary of Funding Criteria - Maximum funding level is 100 percent.

approximately \$63,270 and exceeds the CASF low-income eligibility threshold, and therefore does not qualify for additional funding. For those with incomes at or below the federal poverty level, Race will offer a \$25.00 monthly plan. This does not meet the CASF criteria for affordable low-income pricing and also does not qualify for additional funding.

Other Factor Considerations qualify for an additional 20 percent funding. The Arbuckle project meets two of the three criteria defined in Pub. Util. Code § 281(f)(11) and qualifies for the additional 20 percent funding.

The proposed project is eligible for an additional 10 percent funding for use of existing infrastructure. Race proposed to use existing utility poles for deployment of its fiber-to-the-premises (FTTP) network.

The project makes a significant contribution to the program goal and is eligible for an additional 10 percent funding. The Race Arbuckle Project area is located within the Upstate California Connect Consortium which, at 86.4 percent served, is below the CASF program goal.⁴⁷ Therefore, this project will make a significant contribution to the program goal.

Safety and Community Support

The CASF program encourages the deployment of broadband throughout the State to enable the public to access Internet-based safety applications, telehealth services, emergency services, and to allow first responders to communicate and collaborate during emergencies.

The project will enhance public safety; according to the Commission's Fire Map, Arbuckle is located in a Tier 1 "High Hazard Zone" fire threat area as of March 2021.⁴⁸

Staff has not received any letters of support for the Gigafy Arbuckle project.

VI. COMPLIANCE REQUIREMENTS

Race is required to comply with all the guidelines, requirements, and conditions associated with the Infrastructure Account grant funding as specified in D.21-03-006

⁴⁷ See 2020 Annual Report on the CASF Program, California Public Utilities Commission, Issued April 2021, page 14, Table 7: Remaining Unserved Households in Each Consortia Region.

⁴⁸ <https://ia.cpuc.ca.gov/firemap/>.

and this Resolution. Such compliance includes, but is not limited to those listed in Appendices A and B.

VII. PAYMENTS TO CASF RECIPIENTS

The Commission may reimburse Race's expenses in accordance with Pub. Util. Code § 281(f)(10). Details of reimbursable expenses are in Appendix B.

VIII. COMMENTS

In compliance with Pub. Util. Code section 311(g)(1), a Notice of Availability (NOA) was e-mailed on November 12, 2021, informing all parties on the CASF Distribution List of the availability of the draft of this Resolution, and of the opportunity to comment, at the Commission's website at <http://www.cpuc.ca.gov/>. This NOA also served to inform parties that the final conformed Resolution the Commission adopts will be posted and available on this same website.

Formal comments were submitted by Etheric Communications, LLC (Etheric) and California Internet, L.P. dba GeoLinks on November 24, 2021, and by Spiral Fiber (Spiral), LTD Broadband (LTD), and Wavelength, LLC on December 2, 2021. Over 90 residents of Nevada City submitted email messages requesting that the Commission not fund the Race Nevada City project, but rather wait "until summer of 2023, as Spiral is about to break ground on an all-underground gigabit fiber optic internet network." One resident of Nevada City sent an email in support of the project and asked that the Commission proceed with funding this project and noted that Race has followed through with promises and that it would be disastrous to stop progress and wait for a proposed project that may not be built.

Reply comments were submitted by Race on December 7, 2021.

Etheric, GeoLinks, Spiral, LTD, and Wavelength Comments

Etheric, GeoLinks, Spiral, LTD and Wavelength assert that Draft Resolution T-17751 "is based on factual, procedural and legal error." Etheric and GeoLinks state that funding these projects "contradicts D.21-01-003, [Public Utility Codes] Section 281 and Section 270 by intentionally granting the CASF award overlapping Wavelength, and GeoLinks RDOF service areas."⁴⁹ They further state that PU Codes §§ 281 and 270(c) direct and

⁴⁹ Comments of Etheric Communications, LLC and California Internet, L.P. dba GeoLinks Opposing Draft Resolution T-17751, November 24, 2021, page 5

encourage the Commission to consider and “maximize the amount of federal funding to California participants in the federal programs.” Etheric and GeoLinks suggest that the Commission not approve Resolution T-17751, or, alternatively, delay or remove overlapping portions of the projects.

Race Reply Comments

Race asserts that Spiral’s comments are, essentially, a CASF project challenge that is over 18 months late. Race asserts that LTD sought and was denied a waiver from the FCC for more time to get its California ETC designation. “Likewise, Etheric, GeoLinks, and Wavelength also lack their California ETC designations, which are still pending at the Commission...Thus, an RDOF grant is not assured for them.”⁵⁰ Race further states that the unserved communities in their May 4, 2020 applications remain unserved and the Commission should move forward with the Gigafy Nevada City, Gigafy Arbuckle, and Gigafy Backus II CASF grants.

Staff’s Response to Comments and Reply Comments

Claims by Etheric, GeoLinks, Wavelength, and LTD that awarding CASF funding in this Resolution is contrary to the law and public interest that govern the CASF program do not have merit and should not be considered. While some portions of the Gigafy Nevada City, Gigafy Arbuckle, and Gigafy Backus II Projects overlap with RDOF-eligible areas, the commenting parties do not have ETC designation in these areas and LTD does not currently have a Certificate of Public Convenience and Necessity (CPCN). Therefore, staff will not remove these RDOF-eligible areas from the projects. Furthermore, the companies referenced were designated by the Federal Communications Commission (FCC) as announced winning bidders in Auction 904. The areas in California covered by those announced winning bids for these providers have not been awarded any funds by the FCC, nor approved by the FCC to receive awards.

The FCC requires companies to obtain a high-cost ETC designation that covers its winning bid areas. In California, the Commission designates ETCs. The Commission has been working with the companies to make determinations on each ETC application.

⁵⁰ Race Telecommunications, LLC Reply Comments on Resolution T-17751, Approving Race Telecommunications, Inc.’s Gigafy Nevada City, Gigafy Backus II and Gigafy Arbuckle projects, December 7, 2021, page 3

The FCC is simultaneously evaluating the same providers, along with scores of others across the country.⁵¹

FINDINGS

1. On May 4, 2020, the Communications Division received 54 applications for the CASF Infrastructure Account.
2. On May 18, 2020, Staff posted the project summaries, including a listing of the census blocks and ZIP Codes covered by the projects, and the proposed project area maps. The summaries were posted on the "CASF Applications Project Summaries" webpage, which may be found on the Commission's CASF webpage.
3. Pub. Util. Code Sec. 281(f)(5) requires the Commission to fund projects that "deploy infrastructure capable of providing broadband access at speeds of a minimum of 100 mbps downstream and 20 mbps upstream."
4. Staff received a challenge from Digital Path, Inc. to the Gigafy Nevada City Project. The latest 2019 California Interactive Broadband Map should reflect the challenges claimed by the challenger if the provider submitted correct broadband data to the Commission for the Annual Data Submission. Therefore, the challenge is denied since the 2019 California Interactive Broadband Map shows the project area is eligible.
5. While some portions of the Gigafy Nevada City Project overlap with areas for which LTD Broadband, LLC has RDOF eligibility, LTD Broadband, LLC has not yet received California Eligible Telecommunications Carrier status. Staff did not remove the RDOF-eligible areas from this project.
6. While some portions of the Gigafy Nevada Backus II Project overlap with areas for which Wavelength, LLC has RDOF eligibility, Wavelength, LLC has not yet

⁵¹ Federal Communications Commission, Notice of Proposed Rulemaking In the Matter of Rural Digital Opportunity Fund Connect America Fund, WC Docket No. 19-126, WC Docket No. 10-90 and AU Docket No. 2-34, Adopted: August 1, 2019 Released: August 2, 2019; Federal Communications Commission Public Notice DA 20-1422, Rural Digital Opportunity Fund Phase I Auction (Auction 904) Closes and Winning and Bidders Announced, December 7, 2020.

received California Eligible Telecommunications Carrier status. Staff did not remove the RDOF-eligible areas from this project.

7. While some portions of the Gigafy Arbuckle overlap with areas for which California Internet, L.P. dba GeoLinks has RDOF eligibility, California Internet, L.P. dba GeoLinks has not yet received Eligible Telecommunications Carrier (ETC) status. Staff did not remove the RDOF-eligible areas from this project.
8. Based on its review, Staff determined that the Gigafy Nevada City, the Gigafy Backus II, and the Gigafy Arbuckle projects qualify for funding pursuant to D. 18-12-018 and its Appendix 1 and recommends Commission approval of CASF funding for these projects up to the amount of \$18,281,982.
9. The Commission has determined that the Gigafy Nevada City Project, the Gigafy Backus II Project, and the Gigafy Arbuckle projects are categorically exempt from CEQA review, pursuant to CEQA guidelines at 14 C.C.R § 15301 regarding exemption for existing facilities and 14 C.C.R § 15302 regarding minor modifications to existing structures.
10. The middle-mile component of projects funded by the CASF Program should complement California's middle-mile initiatives.
11. The CASF Program operates more efficiently if it is clear which projects actually are being deployed, so that funds are not encumbered for projects that will not be built.
12. As additional time is needed to ensure that the middle-mile component of CASF projects complement California's initiatives for broadband deployment, a waiver in the CASF Program rules regarding project completion is required.
13. A notice letter was sent on November 12, 2021, informing all applicants 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/>. Formal comments were submitted by Etheric Communications, LLC and California Internet, L.P. dba GeoLinks on November 24, 2021, and by Spiral, LTD, and Wavelength on December 2, 2021. Many residents of Nevada City sent email messages opposing the Nevada City Project. Reply comments were submitted by Race on December 7, 2021.

THEREFORE, IT IS ORDERED that:

1. The CASF Infrastructure Account funding for the Race Gigafy Nevada City, Gigafy Backus II, and Gigafy Arbuckle projects, as discussed in this resolution, is adopted.
2. The total approved from the CASF Infrastructure Account is up to \$18,281,982, as follows:

Project	Households	Requested Amount	Approved Amount
Gigafy Nevada City	499	\$6,154,776	\$7,565,012
Gigafy Backus II	266	\$4,702,649	\$6,151,870
Gigafy Arbuckle	480	\$4,241,181	\$4,565,100
Total	1,245	\$15,098,606	\$18,281,982

3. Race shall comply with all guidelines, requirements and conditions associated with a CASF award, as specified in D.18-12-018 and its Appendix 1, D. 21-03-006, Appendix A, and all requirements for this project included in this Resolution, including Appendices A – D.
4. Race must offer open access to last-mile communications service providers requesting to use middle-mile infrastructure funding by CASF grants, as set forth in D.21-03-006.
5. The CASF grant award for the middle-mile component of the Gigafy Arbuckle project is conditioned on whether the Director of the California Department of Technology (CDT) or designee finds that the middle-mile component of the project complements the California middle-mile initiative described in SB 156.
6. The process for CDT approval of the middle-mile component of the Gigafy Arbuckle project should take place within three months from the approval of this Resolution. However, the time allowed for the CDT Director or designee to approve the middle-mile component of the Gigafy Arbuckle project may be

extended an additional three months, or longer, by mutual agreement between the CDT Director or designee and Race. Race will send written notice of this time extension, if any, to the CD Director.

7. If the CDT Director or designee approves the middle-mile component of the Gigafy Arbuckle project, the CD Director shall, in writing, approve release of CASF funding for the middle-mile component. At that time, Staff may proceed with project funding activities. If the CDT Director or designee does not find that the middle-mile component of the Gigafy Arbuckle project meets the need of the California middle-mile initiative described in SB 156 and does not approve the middle-mile component of the project, CASF Program funding for the middle-mile component of the Gigafy Arbuckle project is automatically rescinded on the date that the CD Director receives written notice that CDT did not approve the middle-mile component.
8. In the event that the CDT Director or designee does not approve the middle-mile component of the Gigafy Arbuckle project, Race has 90 days from the date that the CD Director receives written notice that CDT did not approve the middle-mile component to inform the CD Director by a written letter that it still plans to deploy the last-mile component of the Gigafy Arbuckle project, even though it will not receive any funding for the middle-mile component. The written letter must include the information specified in this resolution.
9. The Race Gigafy Arbuckle project must be completed in 15 months. If the time necessary for CDT to approve the middle-mile component is extended by mutual agreement between CDT and Race, Staff is authorized to also extend the time for completion of the project by the period of time specified by the CDT Director or designee.
10. If Race fails to complete the project in accordance with the CASF guidelines and requirements outlined in D.18-12-018 and D.20-03-006, and its Appendix A, and the terms outlined in this Resolution, Race must reimburse some or all of the CASF funds that it has received.
11. Race must complete and execute the consent forms (to be sent to the Grantee after this Resolution is adopted) agreeing to the conditions set forth in this Resolution and return them to 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.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 16, 2021. The following Commissioners approved it:

/s/ RACHEL PETERSON

Rachel Peterson
Executive Director

MARYBEL BATJER
President

MARTHA GUZMAN ACEVES
CLIFFORD RECHTSCHAFFEN

GENEVIEVE SHIROMA

DARCIE L. HOUCK
Commissioners

APPENDIX A

Compliance Requirements

A. Deployment Schedule

The Commission expects Race to complete the Gigafy Nevada City and Gigafy Backus II projects within 12 months and the Gigafy Arbuckle project within 15 months, and Race has committed to do so. If the applicant is unable to complete the proposed project within the 12-month and 15-month timeframe requirements, Race must notify the Director of the Communications Division as soon as Race becomes aware of this possibility. If such notice is not provided, the Commission may reduce payment for failure to satisfy this requirement of timely notification to the Director.

B. Execution and Performance

Staff and Race shall determine a project start date after the CASF grant recipient has obtained all approvals, including CEQA permits. Should Race or any contractor it retains fail to commence work by the designated date, upon five days written notice the Commission may terminate the grant. In the event that Race fails to complete the project in accordance with the terms of Commission approval as set forth in this resolution, Race shall reimburse some or all of the CASF funds that it has received. Race must complete all construction covered by the grant on or before the grant's termination date.

C. Letter of Credit

The Commission exempts Certificate of Public Convenience and Necessity (CPCN) holders from providing a letter of credit, on the basis that the company submitted a performance bond to the Commission to maintain its CPCN and that the Commission has other means to enforce compliance. In its application, Race provided proof of CPCN registration and thus is exempt from the requirement of providing a letter of credit.

D. Project Audit

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.

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

E. Providing Voice Service

Race has certified that its Voice Over Internet Protocol (VoIP) meets the FCC standards for E-911 service and battery backup.

F. Reporting

All grantees must submit biannual progress reports on the status of the project, irrespective of whether grantees request reimbursement or payment. These reports are due semi-annually, in March and September, until the project is completely built and operational. Progress reports shall use the schedule for deployment, major construction milestones and costs submitted in the proposal; indicate the actual date of completion of each task/milestone as well as problems and issues encountered, and the actions taken to resolve these problems and issues during project implementation and construction; and identify future risks to the project.

Before full payment of the project is made, Race must submit a project completion report. Race shall also include test results on the download and upload speeds by census block in the final completion report. Race must certify that each progress report is true and correct under penalty of perjury.

G. Prevailing Wage

Section 1720 of the California Labor Code specifies that CASF-subsidized projects are subject to prevailing wage requirements. Race has committed to follow state prevailing wage requirements with regards to these projects.

H. Contractor Reporting

Race must comply with the contractor reporting requirements of Section 281(l)(1) of the California Public Utilities Code, which requires reporting of certain information for all contractors and subcontractors undertaking a contract or subcontract in excess of twenty-five thousand dollars on CASF-subsidized projects.

APPENDIX B

Payments to CASF Recipients

Pub. Util. Code § 281(f)(10) defines the costs the Commission may reimburse as follows:

- 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.

Additionally, D.21-03-006 (Appendix A, Section 7) caps administrative expenses directly related to the project at 15 percent of the grant amount.⁵²

The grantee may submit reimbursement requests at the following intervals:

- 10 percent completion;
- 35 percent completion;
- 60 percent completion;
- 85 percent completion; and
- 100 percent completion.

The final 15 percent payment request (from 85 to 100 percent) will not be paid without an approved completion report. Payments are based on submitted receipts, invoices and other supporting documentation showing expenditures incurred for the project in accordance with the approved CASF funding budget included in the CASF grantee's application.

Payment to grantees shall follow the process adopted for funds created under Public Utilities Code § 270. The Commission generally processes payments within 20-25 business days, including Communications Division and Administrative Services review time. The State Controller's Office (SCO) requires an additional 14- 21 days to issue payment from the day that requests are received by SCO from Administrative Services. All three projects are funded at 100%, CASF will not accept invoices that include a 10% handling fee.

⁵² Administrative costs are defined as "indirect overhead costs attributable to a project, per generally accepted accounting principles (GAAP), and the direct cost of complying with Commission administrative and regulatory requirements related to the grant itself." Applicants seeking additional funds will require a Commission exemption included in a draft resolution.

APPENDIX C
Race Gigafy Nevada City
CASF Application Key Information

Project Name	Race Gigafy Nevada City		
<i>Project Plan</i>	The project proposes to build fiber-to-the-premises (FTTP) infrastructure in Nevada City to 343 CASF-eligible households.		
<i>Project Size</i>	8.15 square miles		
<i>Download/Upload speed</i>	1,000 Mbps / 1,000 Mbps		
<i>Location</i>	Nevada City (Nevada County)		
<i>Community Names</i>	Nevada City		
<i>Census Blocks</i>	060570008012030 060570008012089 060570008012103 060570008012062 060570008012060 060570008011022 060570008011037 060570008013112 060570008011027 060570008013084 060570008013058 060570008012057	060570008012087 060570008012096 060570008012056 060570008011048 060570008011000 060570008012035 060570008012055 060570008011026 060570008012037 060570008012098 060570008011015 060570008011041 060570008024003 060570008012086	060570008011017 060570008011046 060570008011042 060570008013085 060570008012102 060570008012083 060570008011047 060570008013117 060570008011001 060570008021000 060570008022026 060570008012034 060570008012059 060570008012084
<i>Median Household Income</i>	\$62,396		
<i>Estimated potential subscriber size</i>	343 households		
<i>Subscriber take rate</i>	40%		
<i>Pricing Plan (Monthly), Residential</i>	25 Mbps / 25 Mbps for \$25.00 1000 Mbps / 1000 Mbps for \$60.00		
<i>Deployment Schedule (from permit approval date)</i>	12 Months		
<i>Proposed Project Budget</i>	\$7,565,012		
<i>Grant Requested Amount (100%)</i>	\$7,565,012		
<i>Cost per household</i>	\$22,055.43		

APPENDIX D
Gigafy Backus II
CASF Application Key Information

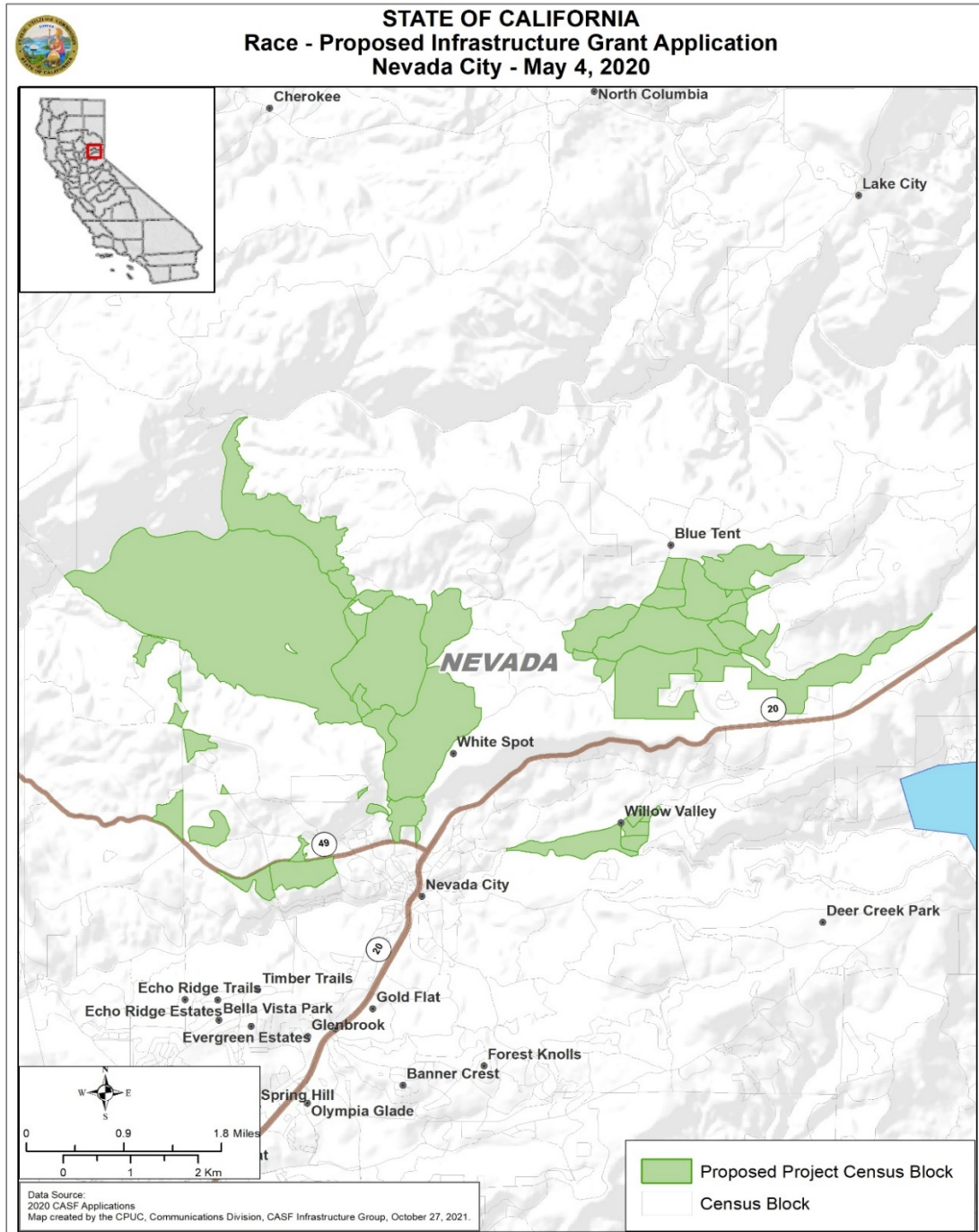
<i>Project Name</i>	Gigafy Backus II		
<i>Project Plan</i>	The project proposes to build fiber-to-the-premises (FTTP) infrastructure in Backus to 243 unserved households.		
<i>Project Size (In square miles)</i>	7.68		
<i>Download/Upload speed</i>	1 Gbps / 1 Gbps		
<i>Location</i>	Unincorporated Community of Backus in Mojave, Kern County		
<i>Community Name</i>	Backus		
<i>Census Blocks</i>	060290065003953 060290065003833 060290065003916 060290065003919 060290065003923 060290065003897 060290055062554 060290055062002 060290065003915 060290065003902 060290055062025 060290065003910 060290065003901 060290065003929 060290065003928 060290065003909 060290055062537 060290065003827 060290065003543 060290065003974 060290065003893 060290065003907 060290065003946 060290065003922 060290065003931 060290055062553 060290065003705 060290055062821	060290065003641 060290055062535 060290065003913 060290065003553 060290065003914 060290065003912 060290065003963 060290055062009 060290065003961 060290065003816 060290055062006 060290065003966 060290065003908 060290065003898 060290065003623 060290065003818 060290055062540 060290065003976 060290065003829 060290055062547 060290065003591 060290065003955 060290065003906 060290065003710 060290065003905 060290065003917 060290065003960 060290065003840	060290065003921 060290055062008 060290065003973 060290055062544 060290065003954 060290065003828 060290065003918 060290065003942 060290065003900 060290065003643 060290065003969 060290065003930 060290065003899 060290065003977 060290065003978 060290065003924 060290065003835 060290065003813 060290055062818 060290055062003 060290065003975 060290065003911 060290065003891 060290065003642 060290065003980 060290055062545 060290065003903

<i>Project Name</i>	Gigafy Backus II (continued)
<i>Median Household Income</i>	\$40,059
<i>Estimated Potential Subscriber Size</i>	243 Households
<i>Subscriber take rate</i>	40% take rate
<i>Pricing Plan (Monthly) Residential</i>	25 Mbps / 25 Mbps for \$25.00 1000 Mbps / 1000 Mbps for \$60.00
<i>Deployment Schedule (from permit approval date)</i>	12 Months
<i>Proposed Project Budget (Total)</i>	\$6,151,870
<i>Grant Requested Amount</i>	\$6,151,870
<i>CASF Grant Amount (100 percent)</i>	\$6,151,870
<i>Recommended Grant per household</i>	\$25,316

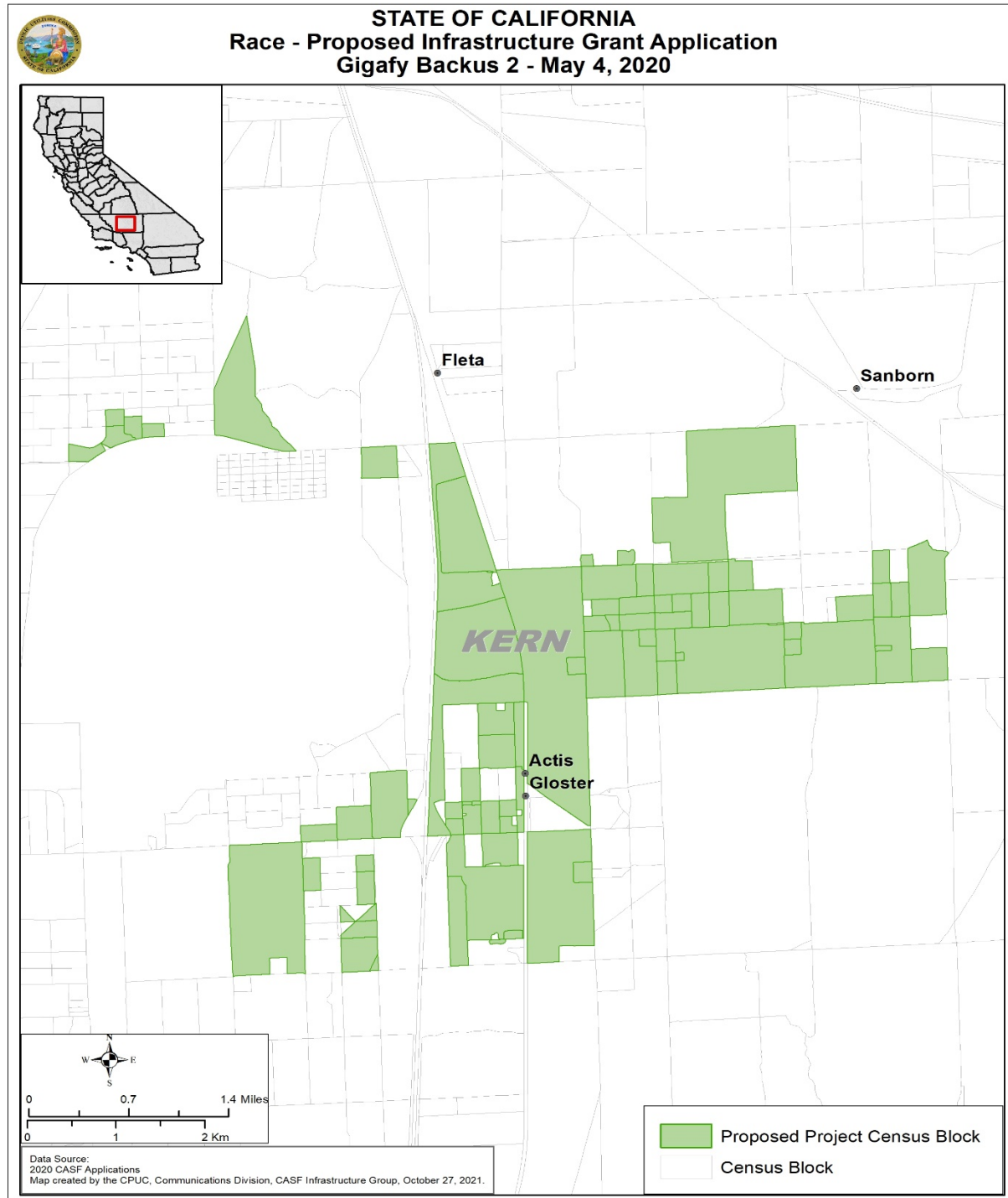
APPENDIX E
Gigafy Arbuckle
CASF Application Key Information

<i>Project Name</i>	Gigafy Arbuckle
<i>Project Plan</i>	The project proposes to deploy middle-mile and last-mile fiber-to-the-premises (FTTP) infrastructure in Arbuckle to 72 unserved households.
<i>Project Size (in sq miles)</i>	2.9
<i>Download/Upload speed</i>	1 Gbps / 1 Gbps
<i>Location</i>	City of Arbuckle, Colusa County
<i>Community Name</i>	Arbuckle
<i>Census Blocks</i>	060110001003068 060110001003015 060110001003033 060110001003055 060110001003066 060110001003078 060110001003084 060110001003016 060110001003020 060110001003072 060110001003034 060110001003039 060110001003061 060110001003014 060110001003044 060110001003082
<i>Median Household Income</i>	\$63,270
<i>Estimated Potential Subscriber Size</i>	72 Households
<i>Subscriber take rate</i>	40% take rate
<i>Pricing Plan (Monthly) Residential</i>	25 Mbps / 25 Mbps for \$25.00 1000 Mbps / 1000 Mbps for \$60.00
<i>Deployment Schedule (from permit approval date)</i>	27 Months
<i>Proposed Project Budget (Total)</i>	\$4,565,100
<i>Grant Requested Amount</i>	(Total) \$4,565,100 Middle-mile Budget: \$3,092,321 Last-mile Budget: \$1,472,779
<i>CASF Grant Amount (100 percent)</i>	(Total) \$4,565,100 Middle-mile Budget: \$3,092,321 Last-mile Budget: \$1,472,779
<i>Recommended Grant per household</i>	\$63,404

APPENDIX F
Race Gigafy Nevada City
Location Map



APPENDIX G
Gigafy Backus II
Location Map



APPENDIX H
Gigafy Arbuckle
Location Map



Gigafy Arbuckle Location Middle Mile Map

