

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

**RESOLUTION T-17762
July 14, 2022**

RESOLUTION

Resolution T-17762: Approves additional CASF funding of up to \$1,658,198 to Plumas Sierra Telecommunications (U-7218-C) to complete the Lake Davis Project located in Plumas County.

SUMMARY

This Resolution approves additional California Advanced Services Fund (CASF) funding of up to \$1,658,198 to Plumas Sierra Telecommunications (PST) to complete the last-mile segments of the Lake Davis hybrid (middle-mile and last-mile) project in Plumas County. This additional funding is necessary due to unplanned costs incurred from the failure of a commercially available fixed wireless product that did not function per specifications. To complete the project in compliance with the Ordering Paragraphs of Resolution T-17675, PST must deploy an additional 33,667 feet of last-mile underground fiber-optic infrastructure to 13 percent of the approved project area originally to be served via a fixed-wireless technology known as "TV Whitespace."¹ To reach this remaining percentage of the approved project area, this Resolution approves PST to expand the Fiber-to-the-Home (FTTH) infrastructure to the remaining 16 households in six of the 10 census blocks that comprise the Lake Davis project. In addition, this Resolution approves PST to install fiber optic connections enabling end-to-end testing at each home.

BACKGROUND

On December 9, 2019, the Commission adopted Resolution T-17675, approving PST's CASF Infrastructure application to fund 100 percent of the \$1,118,873² cost to construct the hybrid (middle-mile and last-mile) Lake Davis Project. The original project was to provide a middle-mile connection and a last-mile network with the capability of serving

¹ <https://www.fcc.gov/general/white-space>

² To date, PST received \$935,431 in CASF payment.

customers at speeds of up to 100 megabits-per second (mbps) download and 20 mbps upload (wired households) and 10 mbps download and 1 mbps upload (fixed wireless households,) to an estimated 125 households in the Lake Davis area in Plumas County.

PST planned to deploy fixed wireless equipment operating over the broadcast television spectrum entitled "TV Whitespace." After the Commission approved Resolution T-17656, PST was advised by the equipment manufacturers that the technology had not matured as expected and was not available. To provide service to the remaining project area approved by the Commission, PST must deploy FTTH infrastructure to each household; this requires the placement of an additional 33,667 feet of last-mile underground fiber optical cable and associated infrastructure.

On June 22, 2020, PST submitted a request for \$1,533,970 in additional CASF funding, citing increased project costs related to the deployment of last-mile underground fiber optic infrastructure in place of the previously approved TV Whitespace technology.

On February 8, 2022, PST submitted a revised budget for \$1,658,198 to account for increased costs of materials and labor since its initial June 22, 2020 additional funds request. The revised budget included the costs of 125 optical network terminals (ONTs) that had erroneously been omitted from the original application.

Previous Reviews of Requests for Additional Funding

CASF Program rules and guidelines, along with previously adopted Commission Decisions related to the CASF Program, do not discuss a process for addressing requests for additional funding. Staff reviews requests on a case-by-case basis and makes recommendations to the Commission if a determination is made that exogenous factors beyond the applicant's control were the main reason for cost increases.³

Legislative Changes to the CASF Infrastructure Account Since Approval of Resolution T-17675

³See Resolution T-17408, California Broadband Cooperative to complete the Digital 395 Project; Resolution T-17557, Ultimate Internet Access, Inc to complete Helendale Project; Resolution T-17517, Happy Valley Telephone Company to complete Olinda Underserved Broadband Project; Resolution T-17352, IP Networks Highway 36 Humboldt-Trinity Counties Project; and Resolution T-17690, Klamath River Rural Broadband Initiative Project.

The Commission approved the PST Lake Davis Project prior to the enactment of Senate Bill (SB) 156 that became effective July 20, 2021.⁴ Among other items, SB 156 changed the requirements for infrastructure 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..." The Lake Davis Project exceeds that requirement and will be capable of providing speeds of 1 gigabit-per-second (gbps) downstream and 1 gbps upstream.

The Legislature also added the requirement that each entity that receives CASF funding must report any expenses incurred in excess of \$25,000 when it uses a licensed contractor or subcontractor for any work funded by CASF, and that the Commission must publicly post this information on a monthly basis.⁵ PST will be expected to comply with this new requirement.

CHALLENGES

Pursuant to Public Util. Code Sec. 281(f)(8) and Decision (D.) 21-03-006, Appendix A, Section 11, the Commission provided an opportunity for entities to challenge the request for additional funding. Challenges were due on March 2, 2022. Staff received no challenges to PST's request for funding.

DISCUSSION

PST has deployed FTTH to 87% percent of the approved project area and is requesting an additional \$1,658,198 in CASF funding to deploy last-mile infrastructure to the remaining 13% percent of the project area. Due to unforeseen circumstances, PST is unable to deploy fixed-wireless connections to the 16 remaining households, as discussed in Resolution T-17675.

Staff determined that the cost increases are the result of exogenous factors unforeseen by PST in its initial CASF application and that it is reasonable to approve 100 percent funding to deploy last-mile FTTH infrastructure to the remaining 16 households in the project area.

The cost increases are outside of PST's control and fall into two categories:

⁴ [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).

⁵ See Pub. Util. Code Sec. 281(1).

- 1) Deployment of underground FTTH; and
- 2) Increased contracted work, materials, and labor

The Commission approved the grant for the Lake Davis Project with a portion of the project area to be served by Fixed Wireless Access (FWA) TV Whitespace technology. Due to factors outside PST’s control the entire project area must be served by deployment of underground fiber plant resulting in estimated cost increases of \$1,551,180 for trenching and contracted work, and \$75,143 for materials.

After the Commission approved Resolution T-17656, PST was advised by the equipment manufacturers that the technology had not matured as expected and was not available. Alternative FWA products are not an option because PST has been unable to acquire a United States Forest Service (USFS) permit for a broadcast point on Smith Peak. To provide service to the entire area approved by the Commission, PST must deploy FTTH infrastructure to each household. The replacement of FWA with FTTH requires placement of 33,667 feet of underground last-mile fiber optical cable and the purchase of associated equipment and labor.

To cover the increased cost of FTTH deployment, on June 22, 2020, PST submitted a request for \$1,533,970 in additional CASF funding. On February 8, 2022, PST amended its request to \$1,658,198 to account for the cost of 125 optical network terminals (ONTs) that had erroneously been omitted from the original application.

Table 1, below, summarizes the costs associated with PST’s request for an additional \$1,658,198 in CASF to deploy last-mile infrastructure to the 16 households, and ONT’s, in the project area.

Table 1. Summary of Additional Funds for Last-Mile Infrastructure

Item	Last-Mile Costs approved in Resolution T-17675	Additional Cost Requests February 2022
Trenching and Infrastructure	\$66,000	\$1,346,680
Materials	\$16,600	\$ 75,143
ONTs	not included	\$ 31,875
Labor Placing & Splicing	\$129,398	\$204,500
Total Requested Funds	\$211,998	\$1,658,198

STAFF RECOMMENDATION

Staff has determined that PST's increased project costs are the result of exogenous and unforeseen factors. PST relied on TV Whitespace, a fixed wireless technology, that according to the vendor; Radwin Telecommunications Co., could not provide service to the remaining households due to the uneven terrain and the large number of trees present. PST had believed it would be the most cost-effective solution for the unique geography of the Lake Davis area.

Staff reviewed PST's revised additional budget request and noted that, apart from the \$31,875 for the 125 ONTs erroneously omitted from the original application, the estimates submitted correlate to the unbuilt portion to the project. Staff finds that while the deployment of FTTH increases the last-mile costs per household, the Lake Davis project is located within a Tier 2 Fire-Threat District where reliable broadband Internet service is crucial for public safety, emergency response and recovery from future fires. Based on this analysis, staff recommends granting PST \$1,658,198 in additional CASF funds to complete the Lake Davis Project to build FTTH infrastructure to the remaining households in the previously approved project area.

Prevailing Wage

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

California Environmental Quality Act (CEQA)

All CASF grants are subject to CEQA requirements unless the project is statutorily or categorically exempt pursuant to the CEQA Guidelines.

The Commission previously found the project to be categorically exempt from CEQA review, pursuant to CEQA Guidelines sections 15301 (Existing Facilities) and 15303 (New Construction or Conversion of Small Structures). The project as revised by this Resolution similarly qualifies for exemption from CEQA review.

Payments to CASF Recipients

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

Payment to PST shall follow the process adopted for funds created under Pub. Util. Code § 270. The Commission generally processes payments within 20-25 business days, including 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.

Contractor Reporting

PST 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 (\$25,000) on CASF-subsidized projects

COMMENTS

In compliance with Public Utilities Code, §311(g), a notice letter was emailed on June 10, 2022, informing parties on the CASF Distribution List of this draft Resolution for public comment at the Commission's website at <http://www.cpuc.ca.gov/documents/>. The letter also informed parties that the final conformed Resolution adopted by the Commission will be posted and available at the same website.

FINDINGS

1. The Commission adopted Resolution T-17675 on December 5, 2019, providing \$1,118,873 in CASF funds to PST for the Lake Davis Project, amounting to 100 percent of the estimated total project costs.
2. On June 22, 2020, PST submitted its request for \$1,533,970 in additional CASF funding. On February 8, 2022, PST amended its request to include increased costs for a total of \$1,658,198 in additional CASF funding.
3. On February 9, 2022, Staff posted the additional funds request, including a listing of the census blocks covered by the project on the Commission website, and sent a Notice to the Distribution List with a challenge deadline date of March 2, 2022. The summary was posted on the "CASF Applications Project Summaries" webpage.
4. Staff received no challenges to the PST request for additional funding.
5. Based on its review, Staff determined that \$1,658,198 in cost increases for eligible households were attributable to factors beyond the control of PST.

6. Based on its review, Staff determined that the project qualifies for funding pursuant to Pub. Util. Code section 281 and D. 21-03-006, Appendix A and recommends Commission approval of up to \$1,658,198 in additional CASF funding for the PST Lake Davis project pursuant to the funding criteria in D. 21-03-006 and its Appendix A.
7. The project is categorically exempt from CEQA review, pursuant to CEQA Guidelines sections 15301 (Existing Facilities) and 15303 (New Construction or Conversion of Small Structures).
8. A notice letter was e-mailed on June 10, 2022, informing all parties on the CASF Distribution List of the availability of this draft Resolution and the opportunity to comment. The draft Resolution was publicized on the Commission's website at <http://www.cpuc.ca.gov>. This letter also informed parties that the final confirmed Resolution adopted by the Commission will be posted and available at this same website.

THEREFORE, IT IS ORDERED that:

1. The Commission shall award additional funding of up to \$1,658,198 from the CASF Infrastructure Grant Account to PST to complete the Lake Davis Project in Plumas County.
2. PST shall comply with all guidelines, requirements and conditions associated with a CASF award, as specified in D.21-03-006 and its Appendix A, and all requirements for this project included in this Resolution in addition to conditions associated with the CASF funds award as specified in Resolutions T-17675.
3. PST shall comply with new Legislation enacted after approval of Resolution T-17675 (original funding Resolution) including compliance with the contractor reporting requirements of Section 281(l)(1) of the California Public Utilities Code reporting for expenses in excess of \$25,000, and compliance with minimum bandwidth delivery of 100 mbps down and 20 mbps up for all newly and additionally funded CASF Infrastructure projects.
4. PST shall complete the Lake Davis Project as specified in Resolution T-17675. If PST fails to complete the project in accordance with the approval granted by the

Commission and this Resolution, PST will be required to reimburse some or all of the CASF funds it has received.

5. The additionally funded project must be completed within 12 months of the issue date of this Resolution absent an extension request granted by the Director of the Communications Division.
6. PST 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.

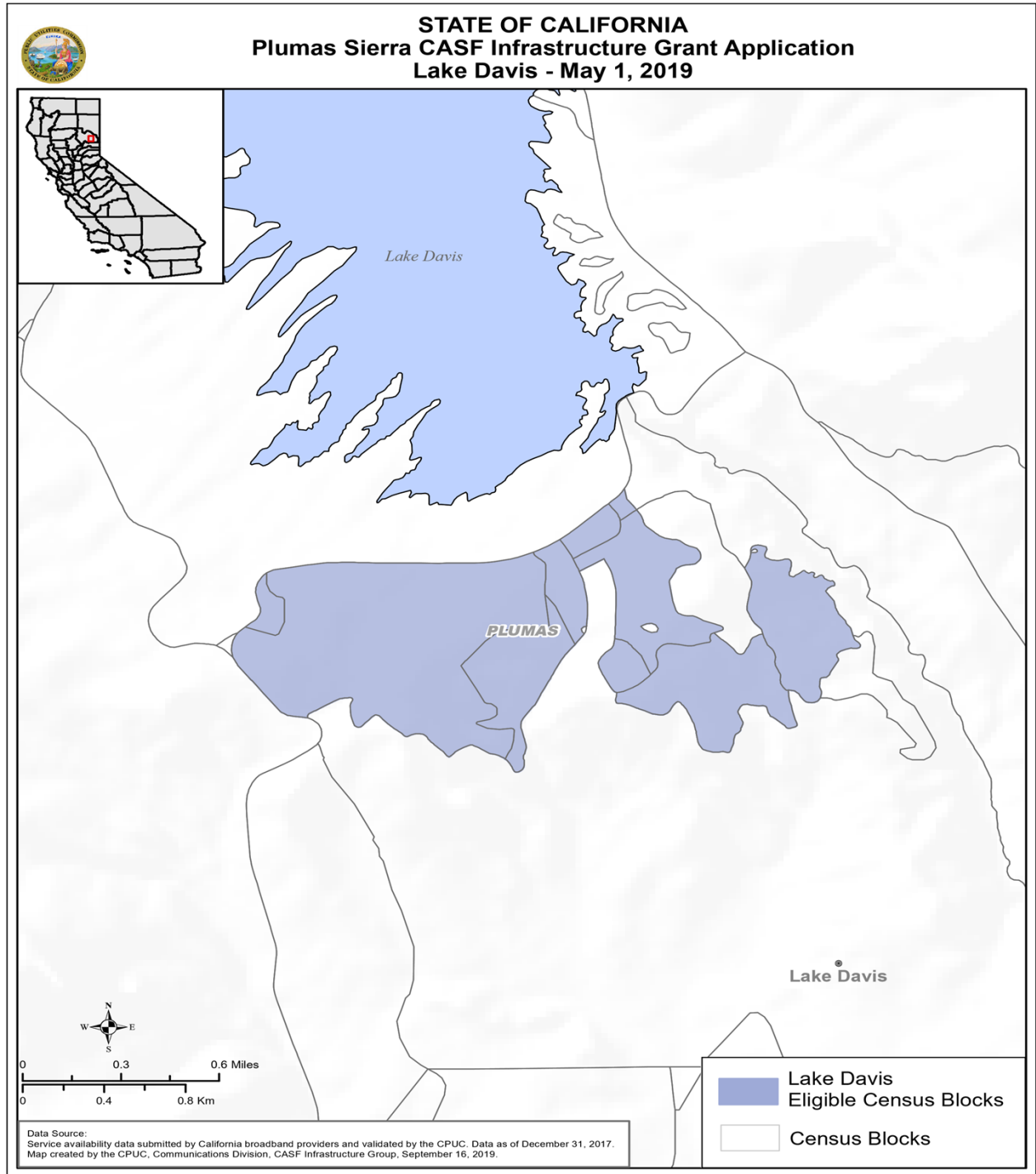
I certify that the foregoing resolution was duly introduced, passed, and adopted at a meeting of the Public Utilities Commission of the State of California held on July 14, 2022, the following Commissioners voting favorable thereon:

RACHEL PETERSON
Executive Director

APPENDIX A
Resolution T-17762,
Plumas Sierra Telecom Lake Davis Additional Funds Request

<i>Project Name</i>	PST Lake Davis Project
<i>Project Plan</i>	The original project (T-17675) proposed to deploy a middle-mile fiber network and a wired and fixed-wireless technology last-mile network to provide Internet service in the Lake Davis area located in Plumas County. The additional funding provided by this Resolution will deploy fiber-to-the-home infrastructure and enable broadband access at speeds of at least 100 Mbps download and 20 Mbps upload to 125 CASF-eligible households.
<i>Project Size (in square miles)</i>	0.92
<i>Download/Upload speed</i>	100 Mbps / 20 Mbps
<i>Location</i>	Plumas County
<i>Community Names</i>	Lake Davis
<i>Census Blocks</i>	060630003004447 060630003004448 060630003004449 060630003004451 060630003004452 060630003004459 060630003004461 060630003004466 060630003004467 060630003004542
<i>Median Household Income (by Census Block Group)</i>	\$ 62,321
<i>Estimated potential subscriber size</i>	125 households
<i>Applicant expectations</i>	38 households (30-percent take rate)
<i>Pricing Plan (Monthly)</i>	10/1 - \$55; 15/5 - \$65; 20/5 - \$75; 25/10 - \$85; 50/10 - \$95; 100/20 - \$109 (no installation fee)
<i>Deployment Schedule (from permit approval date)</i>	12 months
<i>Proposed Project Budget (additional funding)</i>	\$ 1,658,198 (all funding is for Last Mile deployment)
<i>Grant Requested Amount (100 percent)</i>	\$ 1,658,198
<i>CASF Grant Amount (100 percent)</i>	\$ 1,658,198
<i>Total cost per household (Original grant and additional funds)</i>	\$22,216 \$14,961 (last mile cost only)

APPENDIX B
Resolution T-17762 and T-17675,
Plumas Sierra Telecommunications Lake Davis
Project Location Map



APPENDIX C
Resolution T-17762,
Plumas Sierra Telecommunications Lake Davis
Additional Funds Payments to CASF Recipients

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

- 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 amount⁶.

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.

⁶ 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.