

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

**RESOLUTION T-17792
August 31, 2023**

R E S O L U T I O N

RESOLUTION T-17792: Approval of funding for the grant application of South Valley Internet, Inc. (SVI), (U-1312-C)/LCB Communications, LLC (LCB), (U-7243-C) from the California Advanced Services Fund Line Extension Program up to the amount of \$1,770,748 for the Southside Road Project in Hollister, California.

I. SUMMARY

This Resolution approves grant funding in the amount of up to \$1,770,748 from the California Advanced Services Fund (CASF) Line Extension Program (LEP) for the grant application of South Valley Internet, Inc. (SVI)/LCB Communications, LLC (LCB), for the Southside Road Project (Southside Project).

The Southside Project will provide high-speed internet service at speeds of 1 gigabit per second (Gbps) symmetrical (download and upload) to 194 households serving 740 residents including 130 school-aged children currently enrolled in the public school system. The project consists of approximately 3,500 feet of distribution fiber and 18,000 feet of fiber drop cables and will provide service via wireline (fiber and wired ethernet) to all locations.

II. BACKGROUND

On October 15, 2017, Governor Brown signed Assembly Bill (AB) 1665 (Garcia, Chapter 851, Statutes of 2017) into law,¹ which among other things, created the LEP as a pilot within the CASF Broadband Infrastructure Grant Account.² Under the LEP, an individual household and/or property owner can apply for an infrastructure grant to offset the costs of connecting a household or property to an existing or proposed

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

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

facility-based broadband provider.³ Any infrastructure built with funds provided by the LEP shall become the property of, and part of, the network of the facility-based broadband provider to which it is connected. AB 1665 directs the Commission to consider limiting funds to households based on income so that funds are provided only to households that would not otherwise be able to afford a line extension to the property, to limit grants on a per-household basis and to require a percentage of the project to be paid by the household or owner of the property.⁴

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

III. NOTICE

On March 15, 2023, SVI submitted a CASF LEP application for the Southside Project. On March 17, 2023, Communications Division (CD) staff (Staff) posted the address information from the application on the Commission's CASF LEP webpage and, on March 22, 2023, sent notice regarding the proposed project to the CASF Distribution List.⁵

IV. CHALLENGE

Staff received no challenges to the Southside Project.

V. APPLICATION REVIEW AND EVALUATION

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

1. Eligible Applicants/Eligibility for Line Extension;
2. Subsidy Level;

³ Pub. Util. Code § 281(f)(6)(A).

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

⁵ The CASF Distribution List is an official list of interested parties who must be notified of any CASF proceedings. For the most up-to-date CASF Distribution List, see <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/communications-division/documents/casfdistributionlist.xlsx> or go to the [CASF page](#) of the CPUC website.

3. Information Required from Applicant; and
4. Budget.

In D.19-04-022, the Commission delegated to Staff the task of approving applications that meet the following criteria:⁶

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

Because the application does not meet all the ministerial review criteria required by Sections 9.2 and 13.2 of D. 19-04-22, Staff is referring this application to the Commission for review and approval via the Resolution process.

VI. DISCUSSION

Applicant

South Valley Internet, Inc. (SVI) is a privately held company that includes LCB Communications LLC, dba Garlic.com. Founded in 1994 as a traditional Internet Service Provider (ISP), SVI has grown into a diversified communications company serving several areas of Santa Clara County.

South Valley Community

The South Valley Project will serve approximately 740 residents, 130 of whom are school-aged children. While the maximum income eligibility to live on-site is \$51,200 for a family of four, the majority of residents are low-income and very low-income, agricultural workers and people transitioning into the workforce.⁷ During the COVID-19 health emergency, the three communities residing in the project area lacked reliable

⁶ See D.19-04-022, pp. 24, 26-27.

⁷ See the San Benito County Health & Human Services Agency website at <https://hhsa.cosb.us/community-service-workforce-development/migrant-center/> and the Community Services Development Corporation website at <https://www.csdesbc.org/housing>.

internet access to critical health services, online schooling, and employment resources. Post-pandemic, this digital disparity continues.

The project is comprised of three communities living on three contiguous properties owned by the County of Santa Benito (Table 1):

1. The Hollister Migrant Housing Center (Hollister Migrant Housing Center), located at 3235 Southside Road Hollister, CA 95023, is administered by the County of San Benito Health and Human Services Agency. Since the 1970s the Center has provided “a safe, decent, and affordable seasonal rental housing and support services for migrant farmworker families.”⁸ The Center has 86 households with 320 residents, including approximately 85 school-aged children. It also serves as a shelter for the broader community in the winter months.
2. The San Benito County Farm Bureau Southside Road Labor Camp (Southside Road Labor Camp), located at 3239 Southside Road Hollister, CA 95023, contains 76 households with 292 residents.
3. The Community Services Development Corporation Southside Mobile Park (Southside Mobile Park), located at 3237 Southside Road Hollister, CA 95023, provides affordable mobile homes to 128 very low-income renters for up to 24 months.⁹ The County of San Benito recently doubled the number of mobile homes on-site from 16 to 32 to house families displaced by the flooding of the Pajaro River.

Table 1

Southside Project Community Composition		
Location	No. of Households	No. of Residents
Southside Road Labor Camp	76	292
Hollister Migrant Housing Center	86	320
Southside Mobile Park	32	128
Totals	194	740

⁸ See <https://hhsa.cosb.us/community-service-workforce-development/migrant-center/>

⁹ See <https://www.csdcsc.org/housing>

Project

The Southside Project will be funded primarily by the LEP with a small contribution from Balanced Access, a 501c3 non-profit organization created to help eliminate the Digital Divide. Both San Benito County agencies managing the site support this project.

SVI proposes to construct a high-speed, 1 Gbps symmetrical, fiber network to connect all 194 households to broadband and serve all residents within the project area.¹⁰

The project covers three areas: backhaul, distribution and service.

1. Backhaul – A middle-mile fiber connection from AT&T will feed into SVI’s fiber distribution cabinet located outside the Hollister Migrant Housing Center’s office. SVI will secure a five-year contract with AT&T to lease backhaul service.
2. Distribution – Southside Fiber Network will originate from SVI’s distribution cabinet outside the Hollister Migrant Housing Center’s office and will connect to Optical Network Terminals (ONT’s) and a broadband router in each utility room. SVI will run ethernet cable from the utility room to each housing unit and install the required customer premise equipment.
3. Service – With funds from Balanced Access, SVI will provide service at no cost to residents for a minimum of five years.

Budget

The estimated cost to cover deployment of distribution infrastructure, internet backhaul and free internet service to the residents for five years is \$1,870,948, of which SVI requests \$1,770,748 from the LEP. The budget includes costs associated with hardware and cabling, materials, a five-year lease of fiber backhaul services, and labor (see Appendix E).

Existing Broadband

According to the California Interactive Broadband Map,¹¹ the area in which the Southside Project is located has only four priority eligible locations and is served by Charter Communications, Inc. (Charter), AT&T Services, Inc. (AT&T) and Razzolink,

¹⁰ SVI, The Southside Project application, p. 11.

¹¹ See <https://www.broadbandmap.ca.gov/>.

Inc. (Razzolink). However, none of the buildings are within Charter’s or AT&T’s service area and SVI attests that none of the households have access to broadband service at the minimally required served speeds of 25 Mbps download and 3 Mbps upload.¹² According to SVI, Razzolink is the only internet service provider (ISP) currently delivering broadband service to the project area.¹³ It provides internet to the San Benito County offices associated with the Farm Bureau and the Hollister Migrant Housing Center at speeds below 1 Mbps upload and 1 Mbps download (Table 2).

Table 2

Razzolink Fixed Broadband Speed Tests			
Location	Down (Mbps)	Up (Mbps)	Ping (ms)
Hollister Migrant Center Office	.64	0.88	36

California Environmental Quality Act (CEQA)

This project qualifies as categorically exempt from CEQA review, under the CEQA exemption for Existing Facilities (14 CCR Section 15301) according to the following categories: Class 1 - Existing Facilities; Class 3 - New Construction or Conversion of Small Structures; Class 4 - Minor Alterations to Land; and Class 32 - In-Fill Development Projects.

Letter of Support

Staff received letters of support from the Executive Director of the San Benito County Farm Bureau and Farm Labor Association and the Deputy Director of the San Benito County Health and Human Services Agency - Community Services and Workforce Development. Both indicated that the Southside Project would serve “extremely low income and disadvantaged communities on the wrong side of the Digital Divide,” including approximately 130 school-aged children who currently have difficulty doing online homework due to the lack of broadband access.¹⁴

¹² Attestation of SVI’s COO Elise Brentnall.

¹³ Razzolink did not challenge the application.

¹⁴ Letters of Support regarding Application of South Valley Internet for a CASF Grant from Enrique Arreola, Deputy Director San Benito County HHSA - Community Services & Workforce Development and Mindy Sotelo, Executive Director of the San Benito County Farm Bureau and Farm Labor Association.

VII. RECOMMENDATIONS FOR FUNDING

Staff recommends that the Southside Project be eligible for a LEP grant with the following caveats and budget adjustments.¹⁵

Intent of LEP

This project fulfills both the statutory requirements and statutory mission of the LEP program. Pursuant to the statute, LEP funding is intended “to offset the costs of connecting the household or property to an existing or proposed facility-based broadband provider.”¹⁶ The Southside Project provides broadband connection to low- and very low-income¹⁷ residents on three contiguous properties owned by the County of San Benito. The residents include permanent and seasonal (migrant) farmworker families as well as low-income residents in single, multi-person, and multi-family households. While this project may not meet the procedural requirements for the LEP that the Commission implemented in D.19-04-022, it fulfills the statutory requirements and the statutory mission of the LEP program.

Issues of Affordability

The project addresses issues of affordability. SVI will provide free broadband internet service to residents for a period of at least five years to all households within the Southside Project boundaries.

VIII. COMPLIANCE REQUIREMENTS

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

IX. COMMENTS

In compliance with Public Utilities Code, § 311(g)(1), a Notice of Availability was e-mailed on July 28, 2023, informing all parties on the CASF Distribution List of the availability of the draft of this Resolution and of the opportunity for comment via email

¹⁵ See Appendix E, SVI’s Project Construction Estimate, Total Project Cost, Balanced Access Contribution and Garlic.com Contribution.

¹⁶ Pub. Util. Code, § 281(f)(6)(A).

¹⁷ See the San Benito County Health & Human Services Agency website at <https://hhsa.cosb.us/community-service-workforce-development/migrant-center/> and the Community Services Development Corporation website at <https://www.csdesbc.org/housing>.

at CASFLineExtensionProgram@cpuc.ca.gov at the Commission's website at <http://www.cpus.ca.gov/>. This letter also served to inform parties that the final conformed Resolution the Commission adopts will be posted and available on this same website.

X. FINDINGS

1. On March 15, 2023, SVI submitted a CASF LEP application for the Southside Project.
2. On March 22, 2023, Staff posted the address information from the application on the Commission's CASF LEP webpage and sent notice regarding the project to the CASF Distribution List.
3. Staff received no challenges to the project.
4. Based on its review, Staff determined that the project qualifies for funding and recommends Commission approval of up to \$1,770,748 to SVI for the Southside Project.
5. The Commission has determined that the project is categorically exempt from CEQA review.
6. On July 28, 2023, an email notification was sent out to all CASF stakeholders on the CASF distribution list, informing them of the release of the draft of this Resolution with instructions on how to review and provide comments. The draft is accessible on the Commission's website at <http://www.cpus.ca.gov>.

THEREFORE, IT IS ORDERED THAT:

1. The CASF LEP funding for the Southside Project as discussed in this resolution is adopted.
2. The Commission shall award up to \$1,770,748 to SVI. The award is based on the project as described herein and in its application.

3. SVI shall comply with all guidelines, requirements and conditions associated with a CASF award, as specified in D. 19-04-022 and its Appendix 1 and all requirements for this project included in this Resolution, including Appendices A and B.
4. If SVI fails to complete the project in accordance with the CASF guidelines and requirements outlined in D. 19-04-022 and its Appendix 1, and the terms outlined in this Resolution, SVI must reimburse some or all the CASF funds that it has received.
5. SVI must complete and execute the consent forms (to be sent to SVI after this Resolution is adopted) agreeing to the conditions set forth in this Resolution and return the consent forms to Staff within 30 calendar days from the date of the adoption of this Resolution. Failure to submit the consent forms within 30 calendar days from the adoption date of this Resolution may result in the Commission voiding the grant award.

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

RACHEL PETERSON
Executive Director

Appendix A

Compliance Requirements

Reporting

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

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

Execution and Performance

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

- **Project Completion:** All projects must be completed within 12 months.
- **Speeds:** All locations to be served must be offered a broadband Internet service plan with speeds of 1 Gbps symmetrical.
- **Affordability:** The facilities-based broadband provider shall inform the residents¹⁸ of the availability of the no-cost or the low-cost plans.
- The facilities-based broadband provider, or its approved contractor must provide in writing a determination that the project is statutorily or categorically exempt from CEQA requirements¹⁹ and cite the relevant authority, as applicable.
- Section 1720 of the California Labor Code specifies that CASF-subsidized projects are subject to prevailing wage requirements. SVI must follow state prevailing wage requirements with regards to this project, unless determined exempt by the Department of Industrial Relations.²⁰

¹⁸ D.19-04-022 incorrectly noted application, instead of applicant.

¹⁹ See CEQA Guidelines, 14 C.C.R §15300.2.

²⁰ Questions concerning the prevailing wage requirements should be directed to the Department of Industrial Relations. Department of Industrial Relation's general email address is available at <http://www.dir.ca.gov>.

Facilities-based broadband providers will be responsible for all costs related to the line extension beyond the amount²¹ that the Commission will fund. Additionally, the minimum performance criteria stated in this section may be revised to be consistent with changes to the minimum performance criteria defined in the CASF Infrastructure Grant rules in D.18-12-018.²²

The facilities-based broadband provider or its approved contractor has up to 12 months to complete the proposed line extension in accordance with the terms of its contract and the requirement of the LEP. If the proposed line extension has not been completed within the one-year period, the grant will be rescinded.

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

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

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

²¹ D.19-04-022 at page 27 references the provider responsibility beyond the 100 percent funded by the Commission, but in this case the Commission does not fund 100 percent of the project.

²² Current CASF Infrastructure Grant rules are attached to D.22-11-023. *See* <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M498/K965/498965038.PDF>

Appendix B

Payment to CASF Recipient

Payment will be made directly to the facilities-based broadband provider or its approved contractor who installed the line extension. Payment will be based upon receipt and approval of the invoice submitted by the provider showing the expenditures incurred for the project along with the forms detailed in Section 10 “Reporting.”²³ The invoice must be supported by documentation of equipment and supplies purchased, cost of labor and any other expense that will be recovered by the subsidy.

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

²³ See D.19-02-022 Appendix 1, Application Requirements and Guidelines, p. 5 at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/communications-division/documents/casf-infrastructure-and-market-analysis/line-extension-program/lep-rules-appendix-extracted-from-d1904022.pdf>

Appendix C Project Location Map



Appendix D
Project Key Information

<i>Project Name</i>	Southside Project
<i>Project Plan</i>	The project proposes to provide wireless high-speed internet service to 194 households in three low- and very low-income communities living on San Benito County property. The project will include a fiber backhaul connection to existing AT&T middle-mile fiber and a fiber network to extend broadband lines to individual housing units, connecting residents and locations at speeds of 1000 Mbps download and 1000 Mbps upload.
<i>Project Size (in acres)</i>	20
<i>Download/Upload speed</i>	1000 Mbps download/ 1000 Mbps upload
<i>Location</i>	San Benito County
<i>Community Names</i>	Hollister Migrant Housing Center, Southside Road Labor Camp and Southside Mobile Park
<i>Census Blocks</i>	060690008011010
<i>Median Household Income (of the project area)</i>	MHI is not kept for the residents in the project area. The maximum income eligibility to live on-site is \$51,200 for a family of four.
<i>Estimated potential subscriber size</i>	194
<i>Applicant expectations</i>	(100 percent take rate)
<i>Pricing Plan (Monthly)</i>	1000/1000 - No cost to residents for first five years
<i>Deployment Schedule (from Commission approval date)</i>	12 months
<i>Proposed Project Budget (Total)</i>	\$1,870,948 (Total); \$1,770,748 (CASF LEP Requested)
<i>CASF LEP Amount Approved</i>	\$1,770,748

End of Appendix D

Appendix E
SVI's Project Construction Estimate

Southside Project Cost Estimate						
FIBER BACKBONE	Number	NRC	MRC	TOTAL NRC	TOTAL MRC	Total for 5 Yrs.
Fiber Backhaul	1	\$0.00	\$3,400.00	\$0.00	\$3,400.00	\$204,000.00
FIBER DISTRIBUTION						
Engineering	1	16,000	\$0.00	\$16,000.00	\$0.00	
Permits	1	\$2,500.00	\$0.00	\$2,500.00	\$0.00	
TA 5000	1	\$12,000.00	\$0.00	\$12,000.00	\$0.00	
TA 5000 Cabinet	1	\$25,000.00	\$0.00	\$25,000.00	\$0.00	
XGS Card	2	\$15,000.00	\$0.00	\$30,000.00	\$0.00	
Push Locks	100	\$9.00	\$0.00	\$900.00	\$0.00	
Conduit 1.25"	20,000	\$1.25	\$0.00	\$25,000.00	\$0.00	
Hand Holes	8	\$471.00	\$0.00	\$3,768.00	\$0.00	
Splice Cases and Trays	8	\$632.00	\$0.00	\$5,056.00	\$0.00	
Splicing	400	\$130.00	\$0.00	\$52,000.00	\$0.00	
144 Count	3500	\$3.50	\$0.00	\$12,250.00	\$0.00	
2 count Fiber	18,000	\$2.25	\$0.00	\$40,500.00	\$0.00	
Fiber Pull	23,302	\$2.00	\$0.00	\$46,604.00	\$0.00	
622V ONT w/battery	70	\$250.00	\$0.00	\$17,500.00	\$0.00	
Router 5009	70	\$250.00	\$0.00	\$17,500.00	\$0.00	
Ethernet Cable	6	\$150.00	\$0.00	\$900.00	\$0.00	
Misc. Equipment	1	\$500.00	\$0.00	\$500.00	\$0.00	
LABOR						
Eng Design (hrs.)	20	\$250.00	\$0.00	\$5,000.00	\$0.00	
Technicians	480	\$150.00		\$72,000.00	\$0.00	
Field Manager	400	\$175.00		\$70,000.00	\$0.00	
Boring to Buildings	18500	\$45.00		\$832,500.00	\$0.00	
Prevailing Wage				\$293,850.00	\$0.00	

CUSTOMER ROUTER/Wi-Fi						
Illume Pod	180	\$109.00	\$5.00	\$19,620.00	\$900.00	\$54,000.00
Installation (Hrs.)	80	\$150.00		\$12,000.00		
Total NRC				\$1,612,948.00	\$4,300.00	\$258,000.00
Total MRC						
Total MRC for 60 months						
TOTAL PROJECT COST	\$1,870,948.00					
Balanced Access Contribution	\$27,000.00					
GARLIC.COM Contribution	\$73,200.00					
CPUC Grant Request	\$1,770,748.00					