

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

**RESOLUTION T- 17821
June 20, 2024**

R E S O L U T I O N

RESOLUTION T-17821: Approves up to \$10,083,005 from the California Advanced Services Fund for the Broadband Infrastructure Grant Account application of Surfnet Communications, Inc., (U-7265-C) for its Three County Fiber Project.

I. SUMMARY

This Resolution approves grant funding in the amount of up to \$10,083,005 from the California Advanced Services Fund (CASF) Broadband Infrastructure Grant Account (Infrastructure Account) for the grant application of Surfnet Communications, Inc. (Surfnet), (U-7265-C) for its Three County Fiber Project. This project will deploy last-mile broadband infrastructure to enable Fiber-to-the-Premises (FTTP) broadband service at speeds of up to 1 gigabit per second (Gbps) download and 1 Gbps upload to 465 CASF eligible locations in San Luis Obispo, Santa Clara and Santa Cruz counties. See Table 1 below.

Table 1: Summary of Funding for Surfnet’s Three County Fiber Project

Project	Project Type	Households	Initial Requested Amount	Updated Requested Amount¹	CASF Approved Amount
Three County Fiber	FTTP	465	\$11,783,228	\$10,083,005	\$10,083,005

II. BACKGROUND

The CASF Infrastructure Account provides grant funding to Internet service providers (ISP) and other eligible entities to build or upgrade broadband infrastructure in areas that are unserved by existing broadband providers. The CASF program was initiated in 2008,

¹ Challenges submitted by one service provider were upheld by staff, which decreased the number of eligible locations. One county was removed from original project area due to overlap with another CASF application. Surfnet submitted an updated application to reflect the reductions in cost, geographical area, and number of locations to be served.

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) which amended Public Utilities (Pub. Util.) Code Section 281, the statute governing the CASF program. The Commission issued D.18-12-018 to adopt the programmatic changes; Attachment 1 of D.18-12-018 set forth the rules, application requirements and guidelines for the CASF Infrastructure Account. 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.

On July 20, 2021, Governor Newsom signed historic broadband legislation to help bridge the digital divide; Senate Bill (SB) 156 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 megabits per second (Mbps) downstream, 3 Mbps upstream.”² Additionally, SB 156 requires grantees to “deploy infrastructure capable of providing broadband access at speeds of a minimum of 100 Mbps downstream and 20 Mbps upstream”³ and that any grantees receiving CASF funding must report subcontracted work in excess of \$25,000; this information must be posted by Commission on a monthly basis.⁴

On November 17, 2022, the Commission issued D.22-11-023, adopting programmatic changes to the CASF Infrastructure Account. Attachment 1 of D.22-11-023 (CASF Guidelines) set forth the rules, application requirements, and guidelines for the CASF Infrastructure Account.

Four County Fiber Application

On June 1, 2023, Surfnet submitted a CASF Infrastructure Account application requesting \$11,783,228 (100 percent funding of total project cost) to deploy last-mile broadband infrastructure to enable Fiber-to-the-Premises (FTTP) broadband service at speeds of up to 1 (Gbps) download and 1 Gbps upload to 542 CASF eligible locations in San Luis Obispo, Santa Clara, Monterey and Santa Cruz counties. As a result of a successful challenge filed by Comcast and the alignment of Surfnet’s Monterey County project locations with those of

² See Public Utilities (Pub. Util.) Code § 281(b)(1)(B)(ii)(I).

³ See Pub. Util. Code § 281(f)(5)

⁴ See Pub. Util. Code § 281(l).

another CASF applicant, Surfnet submitted an updated application on March 21, 2024.⁵ This revision reduced the funding request to \$10,083.005, removed 67 Monterey County locations from the project area, reduced the remaining number of eligible locations to 465 and changed the project's name from "Four County Fiber" to "Three County Fiber."

Surfnet Communications, Inc.

Surfnet Communications, established in 2004 following the acquisition of SurfnetUSA, is a broadband Internet Service provider (ISP) that connects California's Central Coast communities. Per Surfnet, the company's emphasis is on providing broadband access to mountain and coastal communities that are unserved by major broadband carriers. Surfnet's mission is to work directly with local residents in the Santa Cruz Mountains, North Monterey County, San Luis Obispo and Santa Clara. Surfnet is committed to empowering education in the local community by donating services and equipment to schools and other community organizations. Recently, Surfnet made a significant impact by donating high-speed internet access to "Building Blocks Cooperative Preschool" in the Santa Cruz Mountains, which became a lifeline during storms, by turning the preschool into a communal hub.

Surfnet benefits from over 70 years of cumulative experience in the ISP industry. The company is locally owned and operated and is committed to hiring from within the community and supporting local businesses. In 2014, Surfnet was awarded a grant from the CASF Infrastructure Account for the Paradise Road Project approved by Resolution T-17430, which installed a fiber-to-the-home (FTTH) network to 120 homes in Monterey County and was completed on time and under budget.

III. NOTICE

On June 1, 2023, the Communications Division (CD) received 74 grant applications⁶ for CASF Infrastructure Account funding.⁷ On June 15, 2023, staff posted the proposed project area map and project summary for the Three County Fiber Project on the Commission's CASF Infrastructure Project Summaries webpage⁸ and sent notice regarding the project to

⁵ The revised Three County Fiber Project Summary was posted on the Commission's webpage on March 22, 2024.

⁶ 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.

⁷ The Commission extended the CASF Infrastructure application deadline from April 1 to June 1, 2023, and all subsequent deadlines were moved back by two months.

⁸ See CASF Infrastructure Project Summaries at <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/california-advanced-services-fund/casf-infrastructure-project-summaries>

the CASF Distribution and Service Lists.

IV. CHALLENGES

Pursuant to Pub. Util. Code Section 281(f)(8) and as required by D.22-11-023, the Commission provided an opportunity for entities to challenge the application. Challenges were due on July 6, 2023.

Comcast and Charter submitted timely challenges to Surfnet's Three County Fiber Infrastructure Account grant application. CASF Staff's analysis revealed that 10 of Comcast's challenged locations were valid and directed Surfnet to reduce the number of proposed locations to 465. Staff denied Charter's challenges because no customer locations provided by Charter are within Three County Fiber's project areas.

V. APPLICATION REVIEW AND EVALUATION

In compliance with D.22-11-023, staff determined that Surfnet's Three County Fiber Project is eligible to receive up to \$10,083,005 in CASF Infrastructure Account grant funding. Surfnet is required to comply with all the guidelines, requirements, and conditions associated with the grant of CASF Infrastructure Account funds. Payments to Surfnet will be made in accordance with Pub. Util. Code § 281(f)(10).

Staff reviewed the application according to the guidelines, requirements, and evaluation adopted in D.22-11-023, as follows:

- A. Project Area Eligibility
- B. Minimum Performance Criteria
- C. Funding Determination
- D. Safety and Community Support

Staff evaluation of Surfnet's Three County Fiber application is summarized below. Compliance requirements, payment compliance, key project information, project maps and letters of support are shown in Appendices A, B, C, D and E respectively.

VI. DISCUSSION

A. Project Area Eligibility

As a result of a successful challenge by Comcast and the overlap of Surfnet's Monterey County locations with another CASF applicant, staff requested that Surfnet revise its

original application. Surfnet submitted a revised application on March 21, 2024 that identified 465 eligible and priority-eligible locations. The revised Three County Fiber Project Summary was posted on the Commission’s webpage on March 22, 2024. Based on Surfnet’s revised application, staff determined that Surfnet’s Three County Fiber Project is eligible for CASF Infrastructure Account funding.

Along with this substantial reduction in locations, Surfnet submitted a revised budget proposal reflecting a concomitant reduction in equipment and projected expenditures. See Table 2 below.

Table 2: Surfnet’s Three County Fiber Project Revision

Submission Date	Total Eligible Locations	Funding Requested
June 1, 2023	542	\$11,783,228 (100%)
March 21, 2024	465	\$10,083,005 (100%)

According to the California Interactive Broadband Map (Broadband Map), all 465 locations Surfnet proposes to serve in the project area are currently unserved by any facilities-based wireline or fixed wireless access (FWA) broadband service providers in the project area.

B. Minimum Performance Criteria

Staff reviewed Surfnet’s application and determined that the Three County Fiber Project meets the minimum performance criteria pursuant to CASF Guidelines, Section 6, as summarized in Table 4 below.

Table 4: Minimum Performance Criteria

	CASF Performance Criteria	Proposed Project
Project Completion	CEQA-exempt projects must be completed within 18 months, and all other projects shall be completed within 24 months after receiving authorization to construct	within 18 months of permitting approval (CEQA Exempt)
Pricing	Prices committed for five years after completion of the project	5-year commitment
Speed	At least 100/20 Mbps ⁹	100 Mbps / 100 Mbps
Latency	Maximum of 100 ms of latency	< 100 ms

⁹ 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 § 281(f)(5).

Data Caps	Minimum of 1 terabyte per month	No data cap
Affordability	Must offer low-income plan	\$15.00/month ¹⁰

Project Completion and CEQA

Commission Staff must conduct an environmental review of all CASF projects unless the project is statutorily or categorically exempt pursuant to the California Environmental Quality Act (CEQA). Surfnet’s Three County Fiber Project uses fiber technology and is expected to have minimal adverse impact on the environment. The project predominately involves the installation of approximately 30 miles of aerial fiber. The applicant stated that when available, it will lease existing conduits from the Local Exchange carrier to place underground facilities. If no conduits are available, Surfnet will place cables through either direct boring or trenching across the streets and/or sidewalks as necessary to conform with the municipally designated 20A areas.¹¹ Any concrete or paved surfaces will be replaced with materials that are similar in strength and appearance to the original.

In its application, Surfnet requested a categorical exemption from CEQA and provided the Commission with its plan to use existing infrastructure for network nodes and relays. Based on the information Surfnet provided, the Commission’s Energy Division has confirmed that the Project is categorically exempt from CEQA review, pursuant to CEQA Guidelines at 14 C.C.R. Section 15301 (Existing Facilities). The proposed project involves a minor alteration of an existing structure (electrical pole) and topographical features by placing aerial fiber on existing overhead electrical pole structures and installing underground fiber. Adding additional facilities above and below exiting fiber cables is considered a negligible expansion of existing or former use.¹² Therefore, Three County Fiber will require no environmental impact consulting or reporting (EIR) and is not subject to the National Environmental Policy Act (NEPA), National Historic Preservation Act, or the Endangered Species Act.

CPUC Energy Staff notes that there is a potential for unexpected boring in these rural and suburban developed areas situated in sparsely populated mountainous terrain and areas subject to extreme fire hazard conditions. As a result, cultural resources including, unknown Native American burial grounds and other potential sites could be discovered during construction.

¹⁰ Requires qualification for the Affordable Connectivity Plan (ACP.) See [Affordable Connectivity Program | Federal Communications Commission \(fcc.gov\)](https://www.fcc.gov/affordable-connectivity-program)

¹¹ Rule 20A is a subprogram of Rule 20 that allocates ratepayer-funded work credits to California’s communities to fund utility underground conversion projects. Rule 20A projects are nominated by cities or counties and are paid for by customers through their electric utility bill.

¹² See CEQA Guidelines at 14 C.C.R. §§ 15301, 15304.

Although the Three County Fiber Project is deemed CEQA exempt, if cultural materials are discovered during site preparation, grading, or excavation, the construction contractor will discontinue all earthmoving activity within and around the immediate discovery area until a qualified archaeologist can assess the nature and significance of the materials found. Should this occur, Surfnet will be required to notify and coordinate with the California Department of Transportation (Caltrans) District 5 Environmental Branch Chief or the District 5 Native American Coordinator to determine the appropriate course of action.

If human remains are discovered, California Health and Safety Code (H&SC) Section 7050.5 states that further disturbances and activities shall stop in any area or nearby area suspected to overlie remains, and the County Coroner must be contacted. If the remains are suspected to be Native American, the Coroner will notify the Native American Heritage Commission (NAHC), who, pursuant to California Public Resource Code (PRC) Section 5097.98, will then notify the Most Likely Descendant (MLD). At that time, the person who discovered the remains will contact the Caltrans District 5 Environmental Branch Chief or the District 5 Native American Affected Environment, Environmental Consequences, and Avoidance, Minimization, and/or Mitigation Measures Coordinator so that they may work with the MLD on the respectful treatment and disposition of the remains. Further provisions of PRC 5097.98 are to be followed as applicable.

Under CASF Program rules, project construction must be completed, following receipt of permits, within 18 months if the project is categorically exempt from CEQA and within 24 months for all other projects.

Pricing, Speed, Latency, Data Caps, and Affordability

For customers qualifying as low-income or eligible for the Affordable Connectivity Plan (ACP), or any successor program the Commission designates,¹³ Surfnet commits to offering a low-income broadband pricing plan for five years starting from the completion of the project. Surfnet will waive standard installation and service connection fees for all broadband service customers in the project area during this five-year period. Surfnet’s pricing commitment is in Table 5, below.

Table 5: Surfnet’s Three County Fiber Broadband Pricing Plan

	Advertised Speeds	
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¹³ See CASF Guidelines, Section 8.11 Application Item 11 – Pricing Commitment

Name of Tier	Downstream (Mbps)	Upstream (Mbps)	Pricing Plan (\$ / per Month)
100 Mbps Symmetrical Standard Plan	100	100	\$50
300 Mbps Symmetrical Standard Plan	300	300	\$80
1000 Mbps Symmetrical Premium Plan	1000	1000	\$130
Low-Cost Plan ¹⁴	100	100	\$15 per month or \$30 per month (\$0 with ACP subsidy)

The proposed minimum speed offering of 100 Mbps symmetrical meets the CASF 100/20 Mbps minimum performance requirement. Surfnet’s network will also be capable of providing commercial broadband access at 1,000 Mbps symmetrical to anchor institutions and small businesses near the project area.

C. Funding Determination

Surfnet is eligible to receive 100 percent funding to cover the cost of its Three County Fiber Project. Staff considered the statutory factors to determine the grant funding level, as described by Pub. Util. Code Section 281(f)(11) and CASF Guidelines, Section 2.2 Funding Criteria.¹⁵ Table 6, below, details Staff’s funding level determination for the project.

Table 6: Criteria for Project Funding Level for Surfnet’s Three County Fiber Project

Funding Criteria	Proposed Project
Baseline for Eligible Projects in areas with Internet connectivity (60% of total construction costs)	60%
Low-Income Service (up to 40%):	
<ul style="list-style-type: none"> • Low-income area (30%) • Offers a low-income broadband plan for no more than \$15/month co-pay for a guaranteed minimum of five (5) years (10%) 	30%
	10%

¹⁴ The “retail cost” of the low-cost plans is \$30 per month which will be reduced to \$0 and with an ACP subsidy. If the ACP subsidy has expired and no successor plan is in place, the maximum “out of pocket” costs to low-income subscribers cannot exceed \$15/month.

¹⁵ See CASF Guidelines, Section 2.2 Funding Criteria.

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%) 	<p>10%</p> <p>10%</p> <p>10%</p>
Total Funding Level	100%¹⁶

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 Three County Fiber Project area meets all the eligibility criteria, as previously described in the Project Area Eligibility section.

Low-Income Service Consideration for an additional 40 percent funding

According to the California Interactive Broadband Map,¹⁷ the median household income (MHI) of the project area in Santa Cruz County (\$122,241) meets the low-income standard for a family of four set by the Department of Housing and Community Development’s (HCD) list of state income limits.¹⁸ The calculated MHI figures for Santa Clara County (\$180,193) and San Luis Obispo County’s MHI (\$112,071) exceeds HCD’s low-income threshold by county.

Table 7: Median Household Income

County	MHI Calculation by CBG (Project Areas)	HCD 2023 State Income Limits by County ¹⁹
Santa Cruz	\$122,241	\$132, 100
Santa Clara	\$180,193	\$137,100
San Luis Obispo	\$112,071	\$92,650

However, staff conducted analysis that unveiled significant economic disparities within

¹⁶ Per D.22-11-023, maximum funding level is 100 percent.

¹⁷ The California Broadband Map shows MHI by Census Block Groups; data is sourced from the American Community Survey (ACS) which is conducted by the U.S. Census Bureau. For more information, see: <https://www.census.gov/programs-surveys/acs/>

¹⁸ <https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/income-limits-2023.pdf>

¹⁹ The Low Income” limits in this table reflect the values for a four-member household.

these regions and recommends that the project be eligible to qualify for the 30% low-income additional funding metric (see Table 6 above). Further analysis of detailed census block group (CBG) data reveals the close proximity of low-income and historically disenfranchised communities within the same census block groups as more affluent ones, underscoring the urgent need for affordable broadband access.

To qualify for the Affordable Connectivity Program (ACP), household income must be at or below 200% of the Federal Poverty Guidelines.²⁰ In San Luis Obispo County, of the households that meet the eligibility criteria for ACP, in zip codes 93446 (Paso Robles) and 93422 (Atascadero) the ACP enrollment rates are 57% and 58% respectively²¹, indicating a significant portion of the population needs affordable connectivity. In Santa Clara County, only 5% of households are eligible for the ACP, yet of that 5%, the household enrollment rate is 39%, suggesting that despite the low percentage of eligible households, there is a considerable demand for affordable connectivity.

Staff deems the project to meet the CASF criteria as “low-income area” and qualifies the Three County Fiber Project for an additional 30 percent funding.

Surfnets will offer a no-cost monthly plan to low-income customers who qualify for the ACP or any successive programs. For low-income customers who will not receive the ACP subsidy, Surfnets will offer a plan at \$15 per month. This meets CASF criteria for affordable, low-income pricing and qualifies the Three County Fiber Project for an additional 10 percent funding.

Other Factor Considerations qualify for an additional 20 percent funding

The Three County Fiber Project meets all three criteria defined in Pub. Util. Code Section 281(f)(11) and qualifies for an additional 20 percent funding.

The Three County Fiber Project area meets the required three characteristics of location and accessibility for an additional 10 percent funding. The project area contains rugged or difficult terrain (mountains), is within an extreme or elevated fire threat area and includes unincorporated communities.

The proposed project uses existing outside plant infrastructure and is eligible for an additional 10 percent funding. Surfnets proposes to use existing towers and fiber will be installed on existing poles located in existing Rights of Way.

²⁰ https://www.fcc.gov/sites/default/files/ACP_Wind-down_Lifeline_Fact_Sheet%20.pdf

²¹ <https://broadbandforall.cdt.ca.gov/affordable-connectivity-program/acp-enrollment/>

The Three County Fiber Project makes a significant contribution to the CASF program goal to provide broadband Internet access to 98 percent of California households in each CASF Broadband Consortia region. Over half of the Three County Fiber project area spans across San Luis Obispo and Santa Cruz Counties, represented by the Broadband Consortium of the Pacific Coast and the Central Coast Broadband Consortium, respectively. Currently, the Broadband Consortium of the Pacific Coast is at a service level of 90.8 percent, while the Central Coast Broadband Consortium is at a service level of 95 percent. Both fall short of the program's goal of achieving 98 percent coverage within each CASF Broadband Consortia region.²² The County of Santa Clara, currently unrepresented by a CASF Broadband Consortia, has 95.8 percent of their households with access to broadband Internet at served speeds.²³ Thus, the Three County Fiber Project will make a significant contribution to the CASF program goal.

D. 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 Three County Fiber project aims to establish robust last-mile infrastructure for underserved communities, encompassing low-income, rural, Black, Indigenous, and people of color, individuals with limited English proficiency, populations affected by Economic and Social Justice (ESJ) issues and formerly incarcerated individuals.

Surfnet has significant support from communities within the Three County Fiber Project area. They received multiple letters of support for the Three County Fiber Project from local government and community representatives. See Appendix E.

VII. COMMENTS

In compliance with Public Utilities Code Section 311(g), a notice letter was emailed on May 2, 2024 informing all parties on the CASF Distribution List of the availability of the draft of this Resolution for public comments at the Commission's documents website at <http://www.cpuc.ca.gov/documents/>. This letter also informed parties that

²² See [CASF 2022 Annual Report](#)

²³ *Ibid.*

the final conformed Resolution adopted by the Commission will be posted and available on the same website.

Formal comments were submitted by Spectrum Pacific West, LLC (Charter) and Ranch WiFi on May 22, 2024. Reply comments were submitted by Surfnet on May 27, 2024.

Charter's Comments

In its comments, Charter states that it does not oppose the Draft Resolution if there is no overlap between Charter's serviceable locations and the locations in the Surfnet Three County Fiber's project area. Charter determined that based on informal communications with Communications Division staff and publicly available information related to Charter's serviceable locations in comparison to the proposed project area, there is no overlap between Charter's serviceable locations and the locations in the Surfnet Three County Fiber's project area.

Ranch WiFi's Comments

In its comments, Ranch WiFi states that the areas Surfnet Communications have targeted in Paso Robles and Shandon are already adequately served by Ranch WiFi with technologically modern equipment providing 30/10 Mbps broadband speeds. Ranch WiFi states that there are potential negative environmental impacts of Surfnet's project due to redundant infrastructure installations in areas already served, such as increased carbon footprint, land disturbances, and potential disruption of local ecosystems.

Surfnet's Reply Comments to Charter

Surfnet asserts that it has no reason to believe that the Communications Division Staff incorrectly determined that there was no overlap of its proposed project with any served Charter locations. Surfnet asserts that Communications Division Staff's conclusion comports with Surfnet's belief that there is no such overlap with Charter's served locations.

Surfnet's Reply Comments to Ranch WiFi

Surfnet asserts that Ranch WiFi's comments are, essentially, a substantive project challenge. Surfnet asserts that challenges to its project area were due on July 6, 2023 and that Ranch WiFi should not be able to file a substantive challenge that is over 10 months late. Surfnet further states that Ranch WiFi failed to serve their comments on the entire CASF distribution list as neither Surfnet nor its counsel received service of

the Ranch WiFi's comments directly. Surfnet asserts that Ranch WiFi's comments should be immediately dismissed as procedurally flawed based on the two procedural errors by Ranch WiFi.

Staff's Response to Comments and Reply Comments

Staff agrees with Surfnet's reply comments that Ranch WiFi is challenging Surfnet's application and failed to submit their confidential challenge report to Communications Division staff by the July 6, 2023, deadline. Challenges that are filed past the July 6, 2023, deadline are deemed denied. Furthermore, Staff is unable to determine if Ranch WiFi can demonstrate actual levels of broadband service at locations in Surfnet's project area without the proper challenge information. Staff determined that based on Charter's challenge information, there are no Charter customer locations within Three County Fiber's project areas.

VIII. FINDINGS

1. Surfnet submitted an application for CASF funding for its Four County Fiber Project on June 1, 2023 to deploy last-mile broadband infrastructure to enable Fiber-to-the-Premises (FTTP) broadband service at speeds of up to 1 gigabit per second (Gbps) download and 1 Gbps upload to 542 CASF Eligible locations in San Luis Obispo, Santa Clara, Monterey and Santa Cruz counties.
2. On June 15, 2023, Staff posted a project summary of the Four County Fiber Project, including a proposed project area map and project summary. The summary was posted on the "CASF Applications Project Summaries" webpage, which may be found on the Commission's CASF webpage.
3. Staff received challenges to the Surfnet Four County Fiber Project from Comcast and Charter. Comcast's challenge was partially upheld; Charter's challenge was denied because no customer locations provided by Charter are within Four County Fiber's project areas. Due to Comcast's successful challenge and the locations in Monterey that overlap with a competing CASF application, Surfnet sent an updated application on March 21, 2024. This revision reduced the funding request to \$10,083,005, the number of eligible locations to 465, and changed the project's name from Four County Fiber to Three County Fiber.
4. Based on its review, staff determined that the Three County Fiber Project qualifies for an Infrastructure Account grant pursuant to D. 22-11-023 and its Attachment 1 and recommends Commission approval of CASF funding up to \$10,083,005.

5. Surfnet proposes to offer broadband-speed internet, using Fiber-to-the-Premises (FTTP) technology at speeds up to 1 Gbps upload and 1 Gbps download to last-mile consumers.
6. Surfnet proposes that fiber cables will be installed on existing poles located in existing Right of Ways.
7. The Commission has determined that the Three County Fiber Project is categorically exempt from CEQA review, pursuant to CEQA Guidelines at 14 C.C.R. Section 15301 (Existing Facilities). The proposed project involves a minor alteration of an existing structure (electrical pole) and topographical features by installing aerial fiber on existing overhead electrical pole structures and installing underground fiber. Adding above and below fiber lines is considered a negligible expansion of existing or former use.
8. A notice letter was emailed on May 2, 2024, informing all parties on the CASF Distribution List of the availability of the draft of this Resolution for public comments at the Commission's documents website at <http://www.cpuc.ca.gov/documents/>. Formal comments were submitted by Spectrum Pacific West, LLC (Charter) and Ranch WiFi on May 22, 2024. Reply comments were submitted by Surfnet on May 27, 2024.

THEREFORE, IT IS ORDERED that:

1. The Commission shall award up to \$10,083,005 to Surfnet Communications, Inc. (Surfnet) for the Three County Fiber project as described herein and summarized in Appendix C of this Resolution, which shall be paid out of the CASF Broadband Infrastructure Grant Account in accordance with the guidelines adopted in D.22-11-023 and its Attachment 1 and with the process defined in Appendix B "Payments to CASF Recipients" of this Resolution.
2. Surfnet shall comply with all guidelines, requirements and conditions associated with a CASF award, as specified in D.22-11-032 and its Attachment 1, and all requirements for this project included in this Resolution including Appendices A and B.
3. If Surfnet fails to complete the project in accordance with the CASF guidelines and requirements outlined in D.22-11-023 and its Attachment 1, and the terms outlined in this Resolution, Surfnet must reimburse some or all the CASF funds that it has received.

4. Surfnet 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.
5. If cultural materials are discovered during site preparation, grading, or excavation, Surfnet or their construction contractor will cease all earthmoving activity until permission to continue is granted by a qualified archaeologist and/or the California Department of Transportation (Caltrans) District 5 Environmental Branch Chief or the District 5 Native American Coordinator.
6. If human remains are discovered during site preparation, grading, or excavation, Surfnet shall comply with California Health and Safety Code (H&SC) Section 7050.5 by ceasing activities in any area suspected to overlie remains and will notify the County Coroner. If the remains are Native American, the Coroner will notify the Native American Heritage Commission (NAHC), who, pursuant to California Public Resource Code (PRC) Section 5097.98, will then notify the Most Likely Descendant (MLD). Additionally, Surfnet (or their representative) will contact the Caltrans District 5 Environmental Branch Chief or the District 5 Native American Affected Environment, Environmental Consequences, and Avoidance, Minimization, and/or Mitigation Measures Coordinator to collaborate with the MLD on the respectful treatment and disposition of the remains. Further provisions of PRC Section 5097.98 are to be followed as applicable.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on June 20, 2024. The following Commissioners approved it:

Rachel Peterson
Executive Director

APPENDIX A
Compliance Requirements

A. Deployment Schedule

The Commission requires Surfnet to complete the Three County Fiber Project within 18 months. If the applicant is unable to complete the proposed project within the 18-month timeframe requirements, Surfnet must notify the Director of the Communications Division as soon as Surfnet 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 Surfnet shall determine a project start date after the CASF grant recipient has obtained all approvals, including permits. Should Surfnet or any contractor it retains fail to commence work by the designated date, upon five days' written notice the Commission may terminate the grant. If Surfnet fails to complete the project in accordance with the terms of Commission approval as set forth in this resolution, Surfnet shall reimburse some or all of the CASF funds that it has received. Surfnet 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, Surfnet 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.

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

E. Providing Voice Service

Surfnets established a strategic partnership with RingCentral, a leading provider of cloud-based voice solutions. This partnership enables Surfnets to offer voice services to its customers indirectly, ensuring access to communication methods that meet stringent safety standards. RingCentral's voice services meet and often exceed FCC standards, providing E-911 service to all customers. In addition, RingCentral's voice over internet protocol (VoIP) services features battery back-up capabilities.

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 describe 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, Surfnets must submit a project completion report. Surfnets shall also include test results on the download and upload speeds at a representative sample of locations in the final completion report per CASF Guidelines, Section 13 Reporting Requirements.²⁴ Surfnets must certify that each progress report is true and correct under penalty of perjury.

Additionally, grantees must report annually by responding to the Commission's annual request for data required for the CASF Annual Report and/or other reporting purposes. Responding to this annual data request is a program requirement.²⁵

G. Prevailing Wage

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

H. Contractor Reporting

Surfnets must comply with the contractor reporting requirements of § 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.

²⁴ See [D. 22-11-023, Attachment 1](#).

²⁵ *Ibid.*, Section 13

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.22-11-023, Attachment 1, Section 7 caps administrative expenses directly related to the project at 10 percent of the grant amount.²⁶

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. The project is funded at 100%, CASF will not accept invoices that include a handling fee.

²⁶ 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.

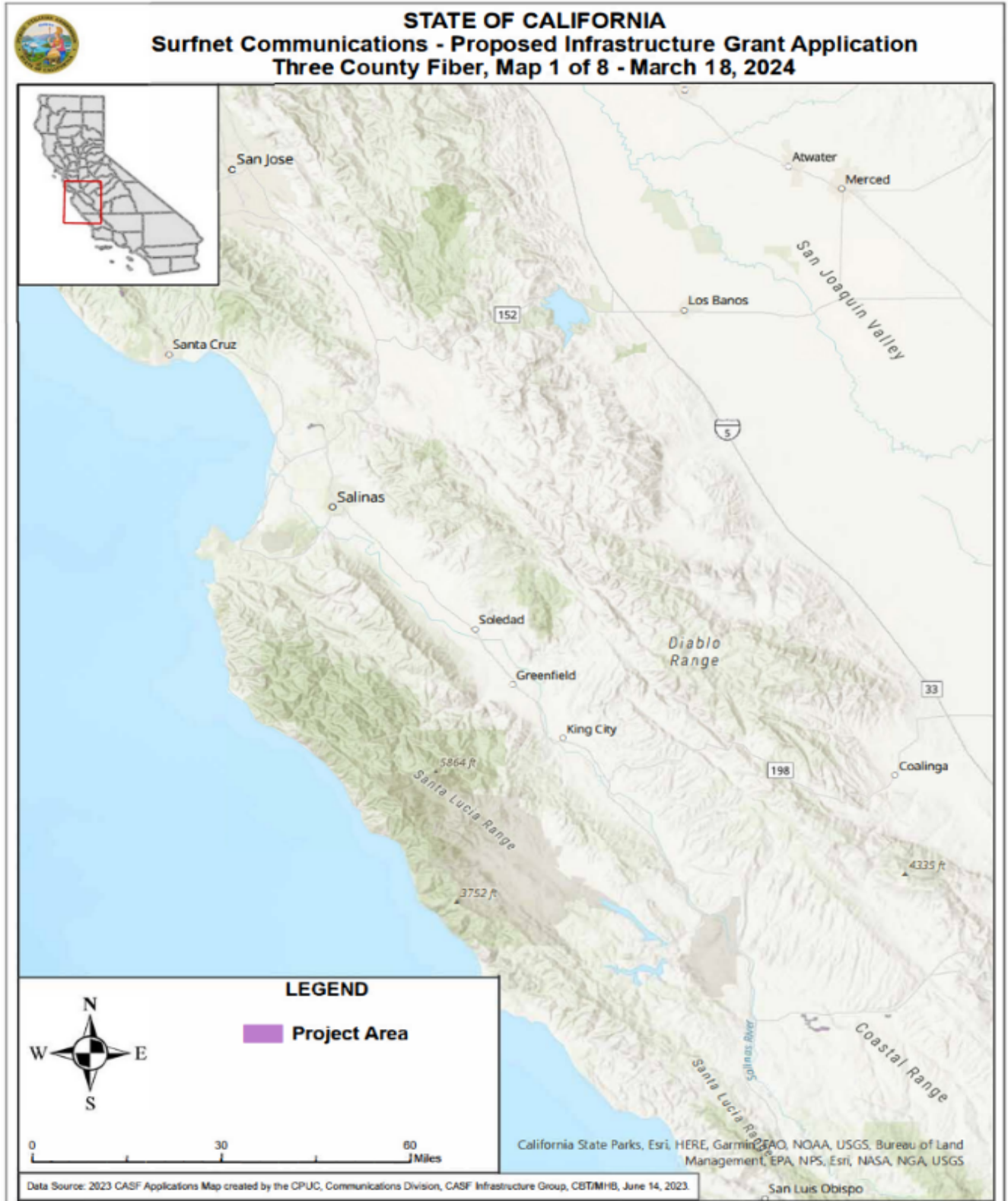
APPENDIX C
Surfnet - Three County Fiber CASF Application
Key Information

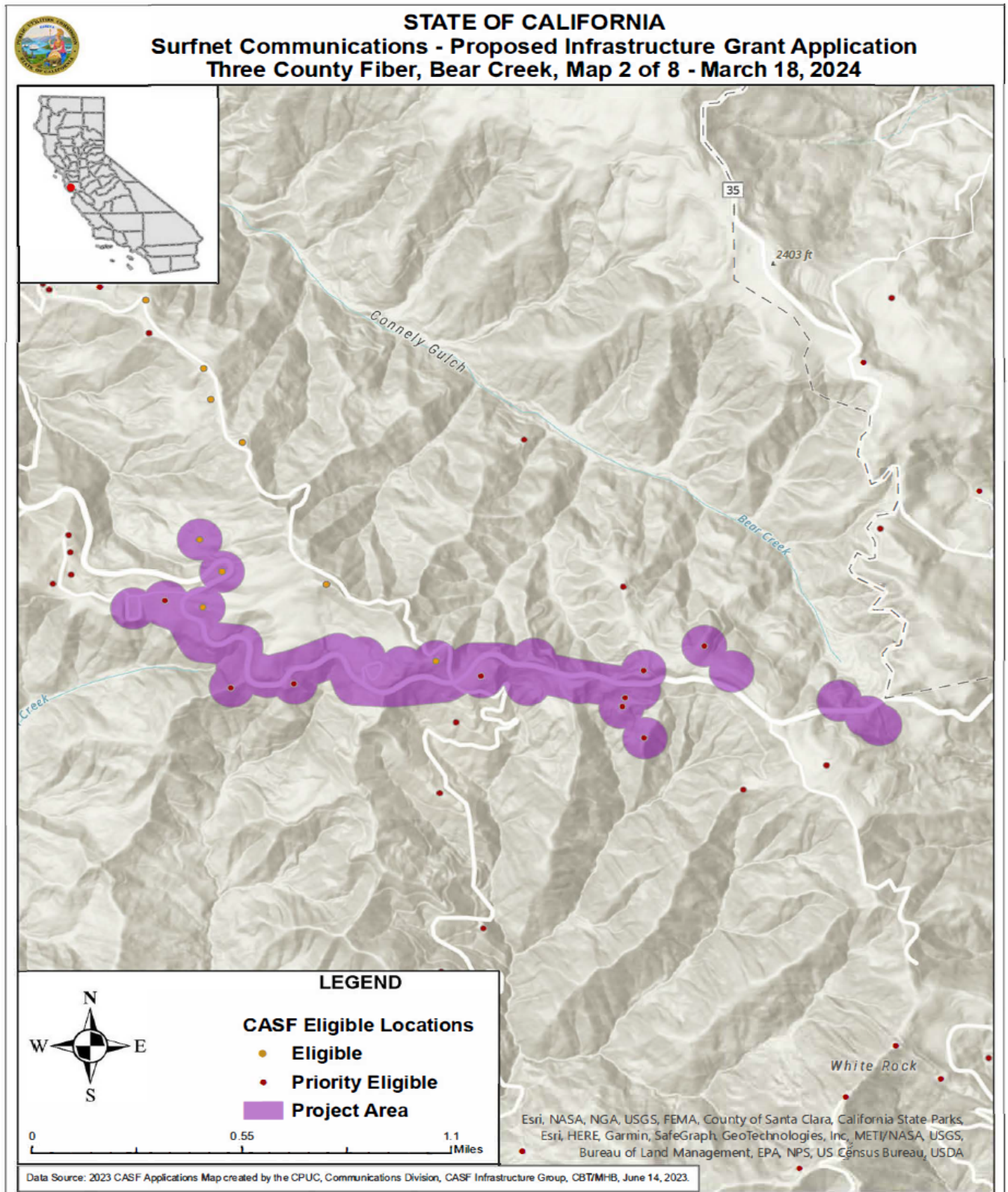
Project Name	Three County Fiber		
<i>Project Plan</i>	The project proposes to deploy fiber access across three counties to 465 unserved locations.		
<i>Project Size</i>	3.59 square miles		
<i>Maximum Download/Upload speed</i>	1 Gbps / 1 Gbps		
<i>Location</i>	Santa Clara, Santa Cruz, and San Luis Obispo Counties		
<i>Median Household Income</i>	Santa Clara: \$180,193 Santa Cruz: \$122,241 San Luis Obispo: \$112,071		
<i>Estimated Potential Subscriber Size</i>	465 Households		
<i>Pricing Plan</i>	Low-Income Broadband Plan: 100/100 Mbps for \$15 or \$0 w/ACP 100 Mbps Symmetrical Standard Plan: 100/100 Mbps for \$50 300 Mbps Symmetrical Standard Plan: 300/300 Mbps for \$80 1000 Mbps Symmetrical Premium Plan: 1000/1000 Mbps for \$130		
<i>Subscriber take rate</i>	80%		
<i>Deployment Schedule (from permit approval date)</i>	18 Months		
<i>Proposed Project Budget (Total)</i>	\$10,083,005		
<i>Grant Requested Amount</i>	\$10,083,005		
<i>CASF Grant Amount (100 percent)</i>	\$10,083,005		
<i>Cost per household</i>	\$21,683		
<i>Census Blocks</i>	060530103051000 060530147001001 060530147001002 060530102022008 060530103051003 060530147001000 060530102022010 060530103051002 060530102022007	060790103011016 060790103013015 060790103011005 060790103013027 060790103021004 060855118002030 060855118001044 060855118001043 060855118002022	060871205002003 060871205002001 060871203011031 060871202003002 060871202002049 060871210001017 060871202003009 060871202003005 060871204003019

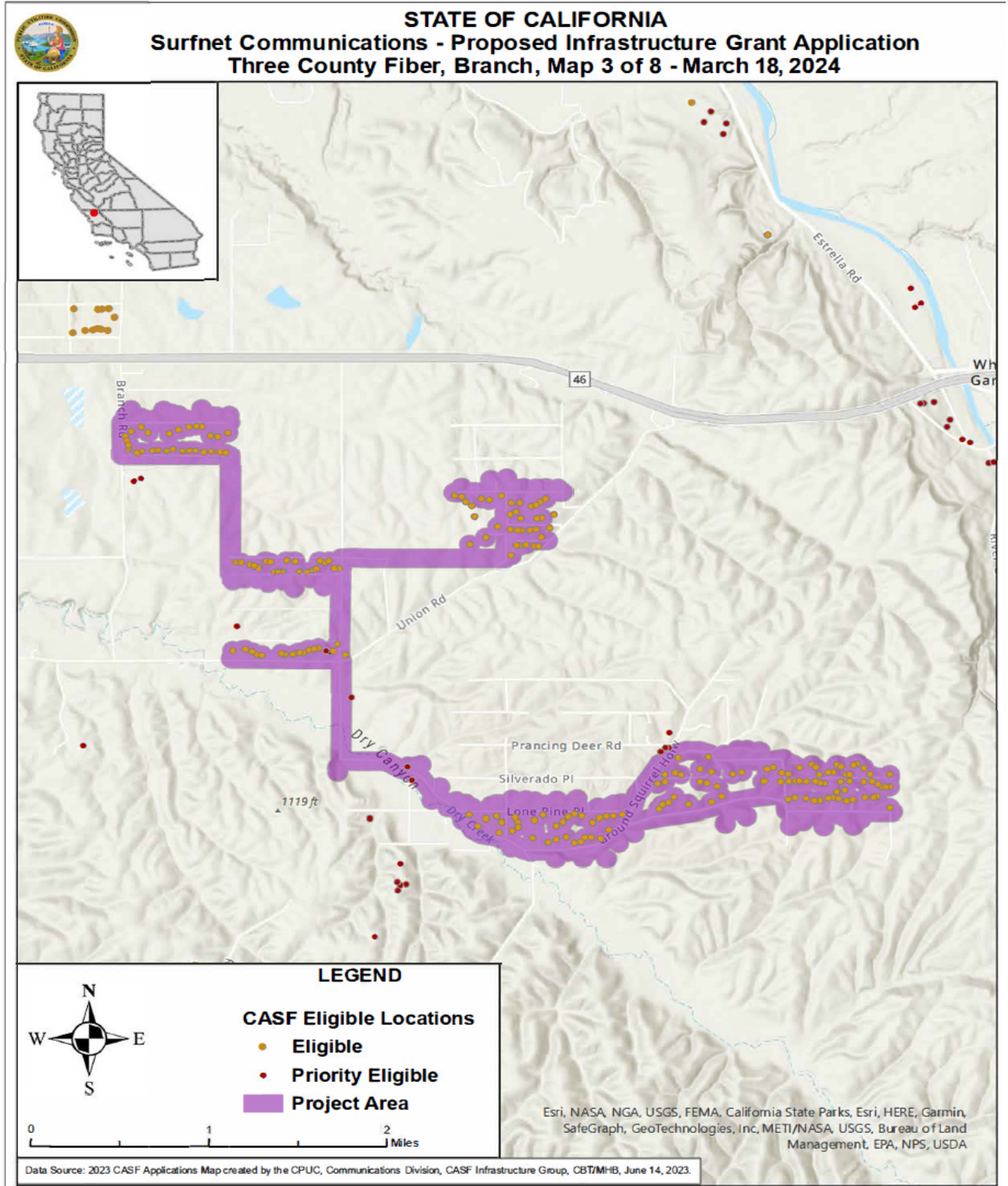
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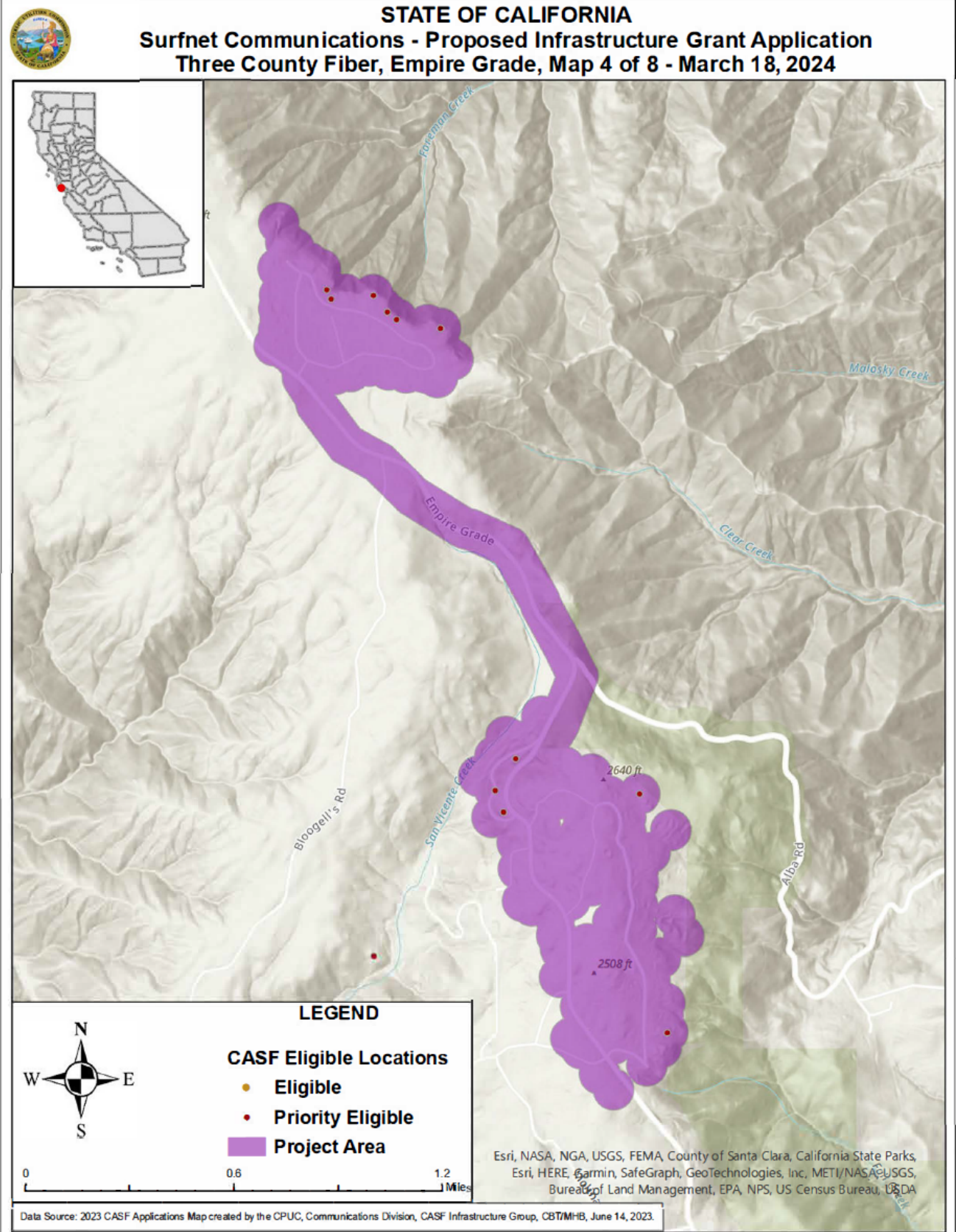
APPENDIX D

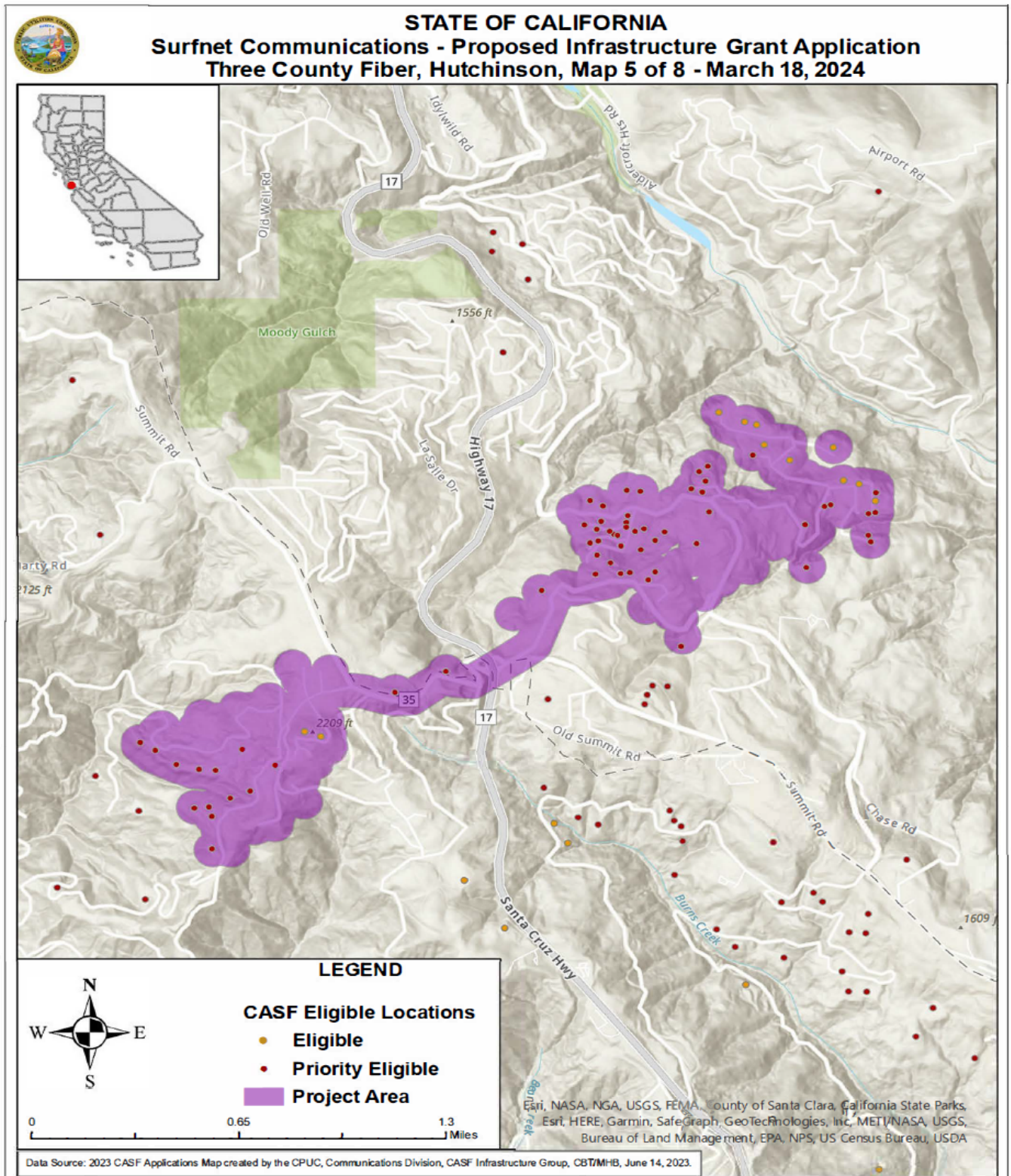
Surfnet – Three County Fiber Location Map





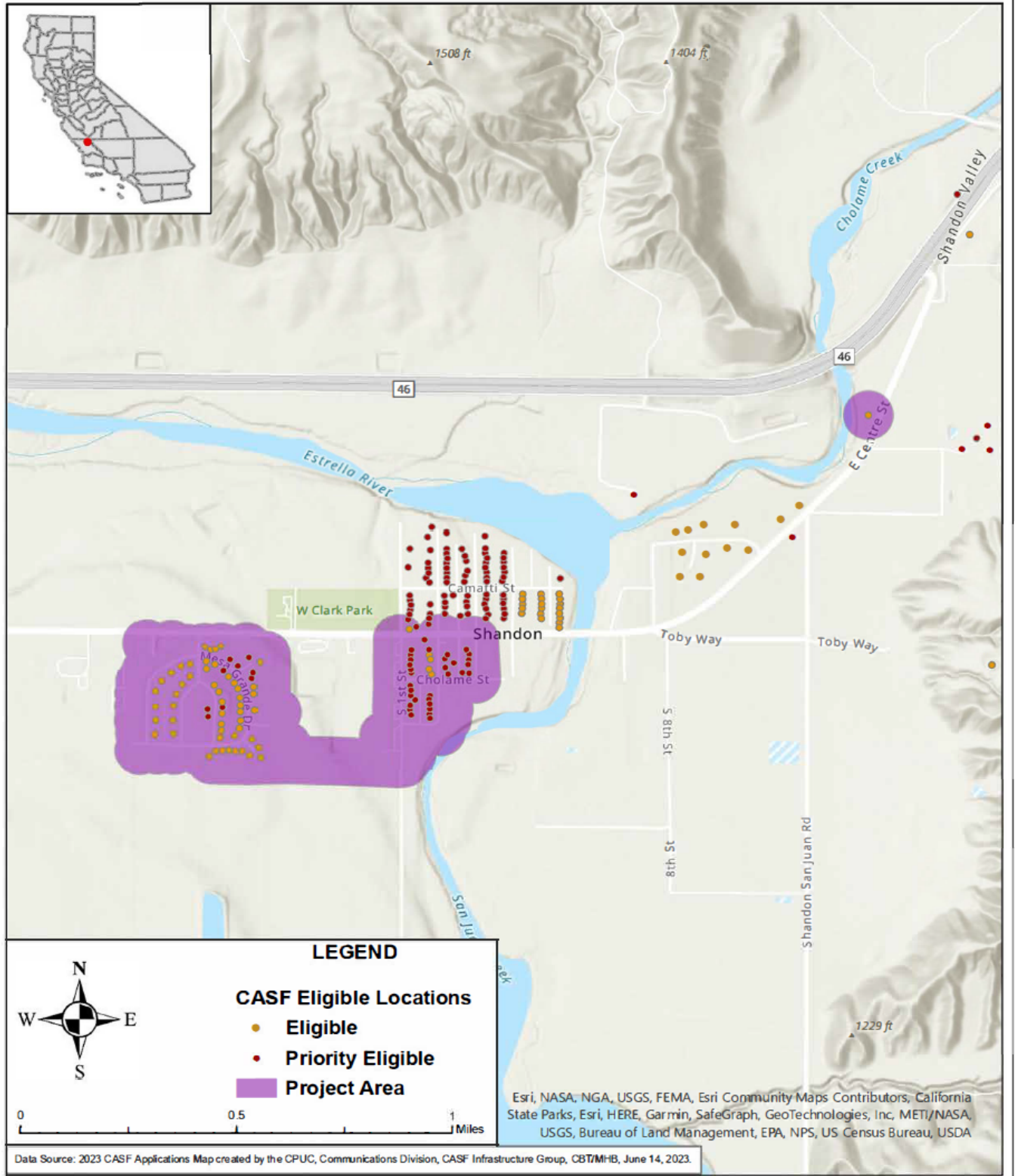






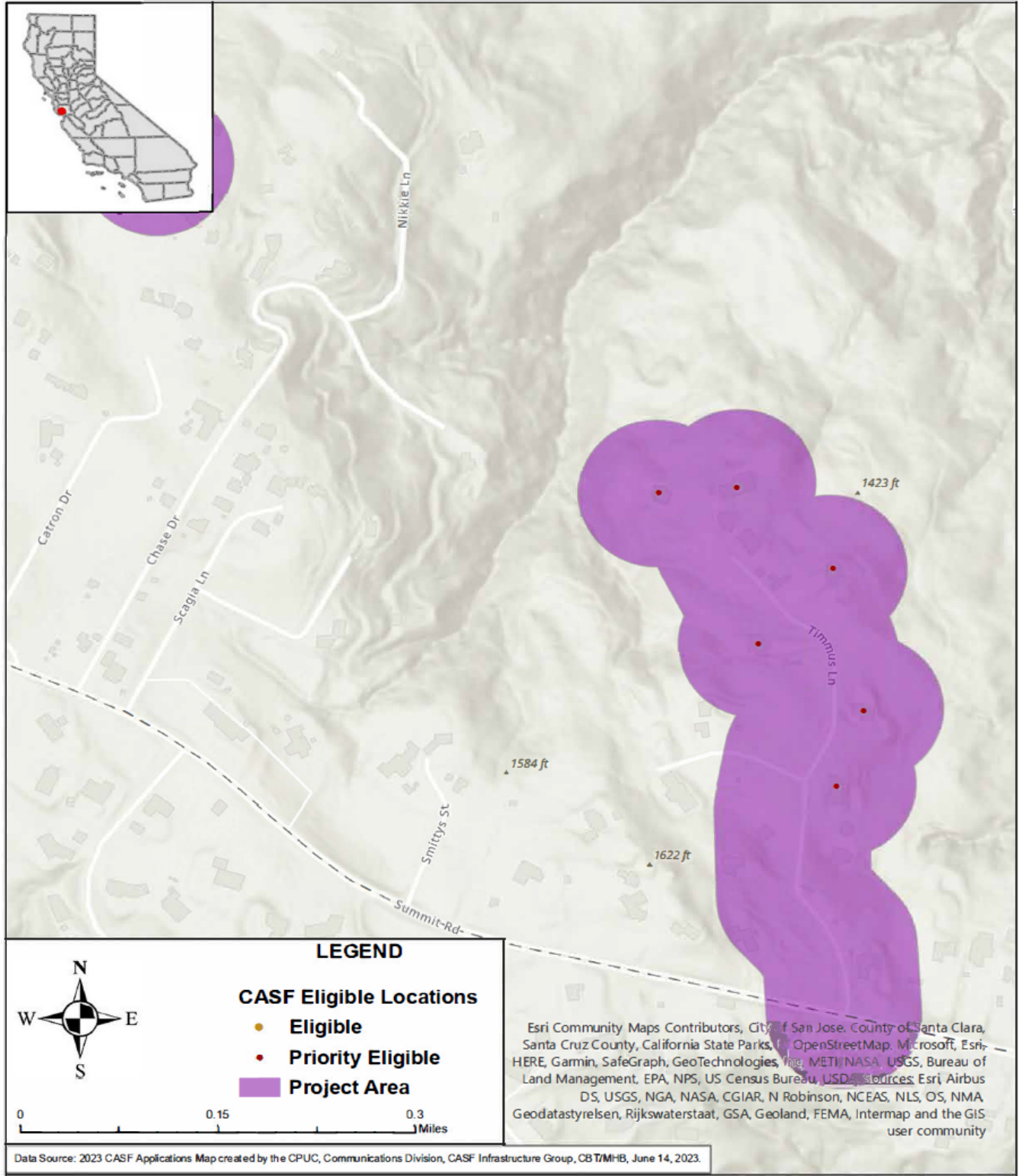


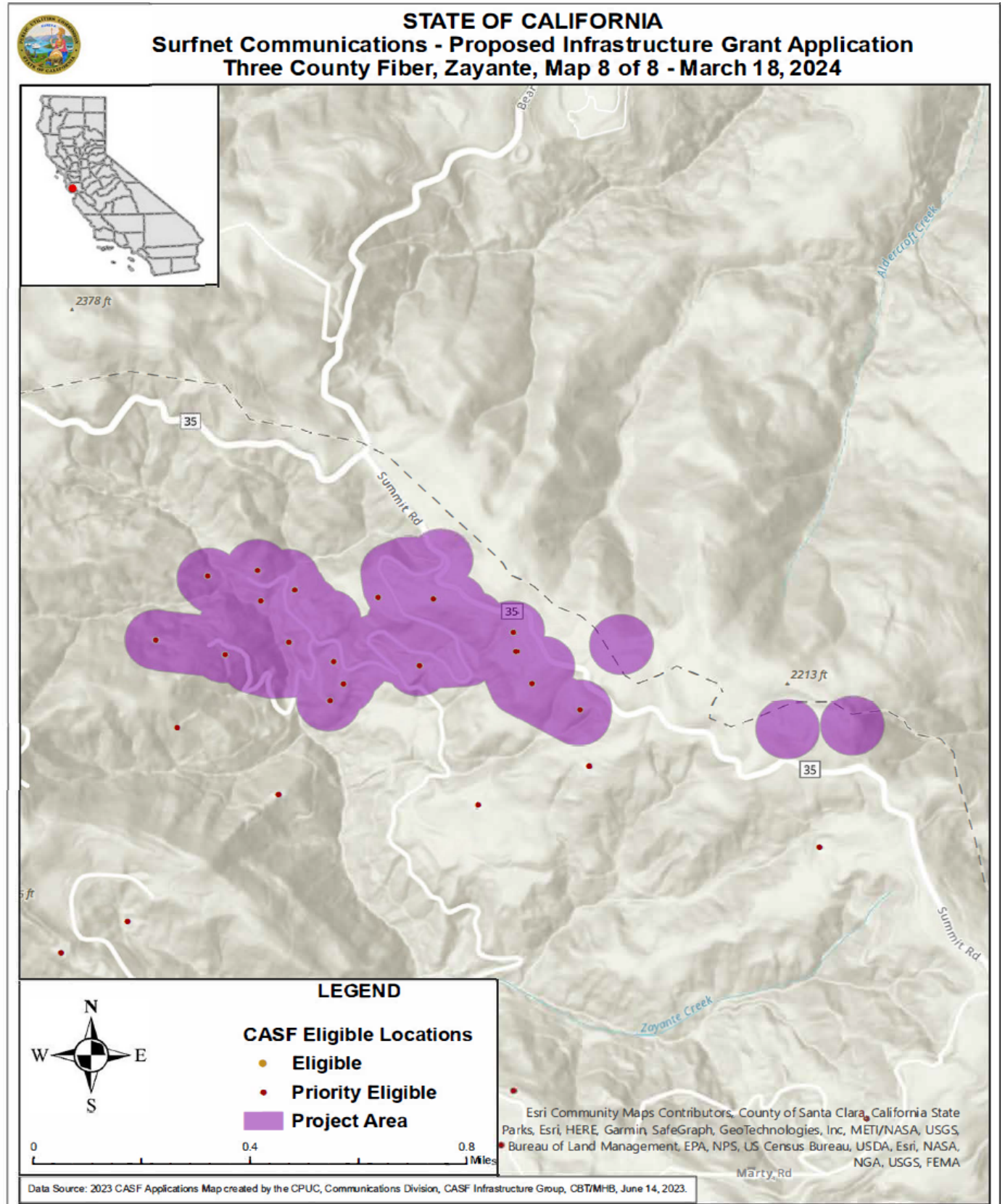
STATE OF CALIFORNIA Surfnet Communications - Proposed Infrastructure Grant Application Three County Fiber, Shandon, Map 6 of 8 - March 18, 2024





STATE OF CALIFORNIA Surfnet Communications - Proposed Infrastructure Grant Application Three County Fiber, Timmus, Map 7 of 8 - March 18, 2024





APPENDIX E
Surfnet – Three County Fiber
Community Supporters

1. Jimmy Panetta – U.S. Representative, California's 19th congressional district
2. Manu Koenig – First District Supervisor, County of Santa Cruz
3. Justin Cummings – Third District Supervisor, County of Santa Cruz
4. Tahra Goraya – President CEO, Monterey Bay Economic Partnership
5. Melissa James – President, REACH
6. Tammie Weigl – Information Services Director, County of Santa Cruz
7. David Witkowski – Executive Director, Joint Venture Silicon Valley
8. Sanjay Khandelwal – President, California Broadband Alliance
9. David McCue – Information Technology Manager, City of Paso Robles
10. Duke Sterling – Grandview Property Management
11. Nicole Gomez – Vice President, Loma Prieta Community Foundation
12. Leslie Meehan – Chair, Blue Mountain Ridge User's Association
13. Patte Kronlund – Executive Director, Community Association of Big Sur
14. Steve Heymann – Former President, CSA 13/Hutchinson Road User's Association
15. Gabriela Chavez – Executive Director, Loaves, Fishes & Computers
16. Neil Wiley – Co Founder, Mountain Network News
17. Eric Mueller – VP, Old Ranch Road Users Association
18. Melanie Weiner – Reverend, Skyland Community Church
19. Michael Mahrle – President, Summit Ridge Software