

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Communications Division
Broadband Regional Initiatives

RESOLUTION T-17841
September 12, 2024

R E S O L U T I O N

RESOLUTION T-17841: Approves at least \$50,000,000 in Broadband Loan Loss Reserve Funding to be available to be awarded to Broadband Loan Loss Reserve applications, irrespective of cycles and tracks.

I. SUMMARY

This Resolution clarifies that at least \$50 million in appropriated Broadband Loan Loss Reserve program funding will be available to be awarded to Broadband Loan Loss Reserve applications received during the first application cycle of March 12 through April 9, 2024, irrespective of cycles and tracks.

II. BACKGROUND

In July 2021, California Governor Gavin Newsom signed Senate Bill 156 (Stats. 2021, Ch. 84 and 112) and Assembly Bill 164 (Budget Act of 2021), which, among other things, created a Broadband Loan Loss Reserve Fund in the California State Treasury. This included plans for up to \$750 million dollars over multiple years to fund costs related to the financing of broadband infrastructure deployment by local government agencies, nonprofit organizations and Tribal governments.¹

In March 2022, the assigned Commissioner issued a second amended scoping memo inviting responses to initial questions regarding eligibility requirements, financing terms and conditions, and other considerations for administration of the Broadband Loan Loss Reserve program.

In September 2022, the assigned Commissioner issued a ruling inviting comments on a staff proposal for requirements and guidelines that would govern staff's administration of the Broadband Loan Loss Reserve program.

¹ California State Budget 2021-2022, <http://ebudget.ca.gov/2021-22/pdf/Enacted/BudgetSummary/FullBudgetSummary.pdf> (accessed on July 12, 2023), at 26-27.

In June 2023, the assigned Commissioner issued a ruling inviting comments on a revised staff proposal for establishment and administration of the Broadband Loan Loss Reserve program.

On November 2, 2023, the Commission adopted the Broadband Loan Loss Reserve Program Requirements and Guidelines.² The Broadband Loan Loss Reserve provides a credit enhancement related to the financing of local broadband infrastructure development. It expands the ability of local governments, tribes and non-profits to secure financing for building last-mile projects, with an emphasis on public broadband networks. And it will provide collateral to local governments to enable more favorable borrowing rates and terms for bonds issued to deploy broadband infrastructure. The Commission planned to release the funding over three equal four-month cycles and split each between three tracks, Equity (50%), Tribal (10%), and General Market (40%).

On April 9, 2024, the Broadband Loan Loss Reserve program received 38 applications from local agencies for \$451 million in credit enhancements.

On June 26, 2024, Senate Bill 109 (Chapter 36, Statutes of 24) revised previous appropriations, specified a \$50 million Broadband Loan Loss Reserve program budget, and provided that: "Awards made from the Broadband Loan Loss Reserve program shall be issued by December 31, 2024, irrespective of cycles and tracks."³

III. FUNDING BROADBAND LOAN LOSS RESERVE APPLICATIONS

The Broadband Loan Loss Reserve provides a credit enhancement related to the financing of local broadband infrastructure development. It expands the ability of local governments, tribes and non-profits to secure financing for building last-mile projects, with an emphasis on public broadband networks. The Broadband Loan Loss Reserve will provide collateral to local governments to enable more favorable borrowing rates and terms for bonds issued to deploy broadband infrastructure.

On April 9, 2024, the Broadband Loan Loss Reserve program received 38 applications requesting a total of \$451 million in credit enhancements.⁴ At that time, the State budget for Fiscal Year 2024-2025 was under consideration.⁵

² See D.23-11-045

³ Sen. Bill No. 109 (2023-2024 Reg. Sess.), Sec. 29, item 8660-062-0001, https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB109.

⁴ See Broadband Loan Loss Reserve Fund list of applications, <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/broadband-implementation-for-california/loan-loss-reserve-fund>.

⁵ Highlights and Analysis of the 2024-25 Governor's Budget, <https://src.senate.ca.gov/content/highlights-and-analysis-2024-25-governors-budget>, (accessed on July 16, 2024).

Senate Bill 109 was signed into law on June 26, 2024, and revised previous Broadband Loan Loss Reserve appropriations to appropriate \$50 million for the Broadband Loan Loss Reserve program and require the Broadband Loan Loss Reserve program awards be issued by December 31, 2024, irrespective of cycles and tracks.

As noted above, the Broadband Loan Loss Reserve program requirements and guidelines specified in D.23-11-045 would have released the funding over three equal four-month cycles, split each between three tracks, Equity (50%), Tribal (10%), and General Market (40%).

In light of the language in Senate Bill 109 to award funds “irrespective of cycles and tracks,” this Resolution specifies that Broadband Loan Loss Reserve program funds appropriated in Senate Bill 109 and any future appropriations before January 1, 2025 will be available for award to applications submitted in the first Broadband Loan Loss Reserve program application window before April 9, 2024. That is, at least \$50 million currently appropriated for the Broadband Loan Loss Reserve program will be available for award unlimited by the “cycles” and “tracks” outlined in Decision 23-11-045.

IV. RECOMMENDATION

In light of SB 109, CD recommends that the Commission approve at least \$50 million in Broadband Loan Loss Reserve funding to be available to be awarded to Broadband Loan Loss Reserve applications received during the first application cycle of March 12 through April 9, 2024, collectively, and not allocated to cycles and divided into tracks.

V. COMPLIANCE REQUIREMENTS

Awardees are required to comply with all the guidelines, requirements, and principles associated with the Broadband Loan Loss Reserve program as specified in D.23-11-045 and this Resolution. Such compliance includes, but is not limited to, those requirements listed in Attachment 1. Broadband Loan Loss Reserve Program Requirements and Guidelines.

VI. SAFETY CONSIDERATIONS

CD identifies no adverse safety considerations. Loan Loss Reserve program funding is anticipated to support broadband internet access investments that improve resiliency and strengthen infrastructure in high fire threat areas. These impacts and other safety considerations will be outlined in Loan Loss Reserve Program awards.

VII. COMMENTS

In compliance with Public Utilities Code section 311, subdivision (g)(1) a Notice of Availability was e-mailed on August 9, 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 website at <http://www.cpuc.ca.gov/>. This letter also served to inform parties that the final conformed Resolution the Commission adopts will be posted and available on this same website. The Commission received no public comments.

FINDINGS OF FACT

1. On July 20, 2021, California Governor Gavin Newsom signed Senate Bill 156 (Stats. 2021, Ch. 84 and 112) and on July 16, 2021, signed Assembly Bill 164 (Budget Act of 2021), which, among other things, created a Broadband Loan Loss Reserve Fund in the California State Treasury.
2. Current Broadband Loan Loss Reserve program requirements and guidelines specified in D.23-11-045 release funding over three equal four-month cycles and split each cycle between three tracks, Equity (50%), Tribal (10%), and General Market (40%).
3. The Broadband Loan Loss Reserve Program, on April 9, 2024, received 38 applications requesting \$451 million in credit enhancements.
4. On June 26, 2024, Senate Bill 109 (Chapter 36, Statutes of 24) revised previous appropriations, specified a \$50 million Broadband Loan Loss Reserve Program budget, and provided that: "Awards made from the Broadband Loan Loss Reserve Program shall be issued by December 31, 2024, irrespective of cycles and tracks".⁶
5. The Commission received no public comments.

⁶ Sen. Bill No. 109 (2023-2024 Reg. Sess.), Sec. 29, item 8660-062-0001, https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB109.

THEREFORE, IT IS ORDERED that:

1. In light of SB 109, the Commission approves at least \$50 million in Broadband Loan Loss Reserve funding to be available to be awarded to Broadband Loan Loss Reserve applications received during the first application cycle of March 12 through April 9, 2024, collectively, and not be delayed by cycles and divided into tracks.

This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on September 12, 2024, the following Commissioners voting favorable thereon:

/s/ RACHEL PETERSON

Rachel Peterson
Executive Director

ALICE REYNOLDS
President
DARCIE HOUCK
JOHN REYNOLDS
KAREN DOUGLAS
Commissioners

Commissioner Matthew Baker, recused himself from this agenda item and was not part of the quorum in its consideration.