

Date of Issuance: June 23, 2011

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**Communications Division  
Carrier Oversight and Programs Branch**

**RESOLUTION T-17317  
June 23, 2011**

**R E S O L U T I O N**

**Resolution T-17317 Rescinds Funding for Projects in Resolutions T-17196, T-17199, T-17237, T-17240, T-17242, T-17268, and T-17288 by Releasing \$13,061,002 of California Advanced Services Fund Grant Awards for Other Applications**

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**Summary**

This Resolution rescinds California Advanced Services Fund (CASF) funding for nine projects approved by Resolutions T-17196, T-17199, T-17237, T-17240, T-17242, T-17268, and T-17288 thereby releasing the corresponding CASF matching funds approved totaling \$13,061,002 and making the census block groups (CBGs) available to new applicants with the exception of the two CBGs covered by the project approved in Resolution T-17237. These two CBGs now have access to broadband speeds meeting the CASF definition of "served" because the grantee completed the project despite opting out of claiming its awarded CASF funding.

**Background**

CASF Program

On December 20, 2007, the Commission approved Decision (D.)07-12-054 which established the CASF program initially for two years for the purpose of providing matching funds of up to 40% of the total project costs for the deployment of broadband infrastructure in unserved and underserved areas in California.<sup>1</sup> Resolution T-17143 approved on June 12, 2008, adopted application requirements, scoring criteria for the

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<sup>1</sup> SB 1193 (Chapter 393, Stats. of 2008) established the California Advanced Services Fund as a new public purpose program.

award of funds, and a prescribed timeline for other filings and notifications including a projected Commission Meeting date for final approval of award(s). On September 25, 2010, the Governor signed Senate Bill (SB) 1040<sup>2</sup> to extend the CASF program beyond January 1, 2013, and to continue the efforts of promoting the state's goal of increased broadband deployment, access, and adoption in rural California. To implement the provisions of SB 1040 and to address possible changes to the program based on CASF's three year implementation experience, the Commission opened Rulemaking (R.)10-12-008 on December 16, 2010, to consider new and revised processes to improve the CASF program.

### Recovery Act

On February 17, 2009, President Barack Obama signed Public Law No. 111-5, the American Recovery and Reinvestment Act (Recovery Act), appropriating \$7.2 million for the expansion of broadband access to unserved and underserved communities across the United States to increase jobs, spur investments in technology and infrastructure, and provide long-term economic benefits.

On July 9, 2009, the Commission issued D.09-07-020 approving a new round of broadband projects that would complement broadband grants awarded under the Recovery Act. While retaining the 40% matching grant process, the Commission in this Decision authorized providers an option to seek a 10% grant from the CASF concurrent with efforts to seek an 80% grant from the Recovery Act fund. The Commission approved several projects for CASF funding contingent on the applicants receiving matching federal grants under the Recovery Act provisions.

Through application processes established by the Department of Commerce<sup>3</sup>, two application rounds for Recovery Act funding yielded several grant awards for California broadband infrastructure projects during 2009.

### **Discussion**

The Communications Division (CD) found that nine projects totaling \$13,061,002 will not require the CASF approved funding for the following reasons:

#### **A. Recipients Opting Out of Projects**

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<sup>2</sup> SB 1040 (Chapter 317, Stats. of 2010) amended Public Utilities Code §281 by providing an additional \$125 million to fund three programs: the Broadband Infrastructure Grant Account; The Rural and Urban Regional Broadband Consortia Account; and The Broadband Infrastructure Revolving Loan Account.

<sup>3</sup> Under the U.S. Department of Commerce, the National Telecommunications Information Administration and the Rural Utility Service administered limited-time federal grant/loan programs for the deployment of broadband infrastructure.

On March 4, 2011, AT&T informed CD of its decision not to pursue construction of four projects which the Commission approved for 40% funding awards in two Resolutions during 2009.

Resolution T-17196 – Irwin and Oakdale Projects: AT&T opted to discontinue construction plans due to the economic inability to recover sufficient revenues to recover the costs of facilities construction. The Commission awarded a total amount of \$150,194 for the Irwin and Oakdale projects. The Commission should (1) pool the corresponding CBGs in Merced, San Joaquin, and Stanislaus counties again so that they are open for new project proposals and (2) release the awarded 40% CASF funds.

Resolution T-17199 – Carmel and Madera Acres Projects: Similarly, AT&T opted to discontinue construction plans for the Carmel and Madera Acres projects due to the economic inability to recover sufficient revenues for the costs of facilities construction. The Commission awarded a total amount of \$134,384 for these project areas. The Commission should (1) pool the corresponding Carmel and Madera Acres CBGs in Madera and Monterey counties again so that they are open for new project proposals and (2) release the awarded 40% CASF funds.

#### **B. Recipient Opting Out of CASF Funding**

Although the Commission approved in Resolution T-17237 a 40% CASF award for Siskiyou Telephone Company's (Siskiyou) Seiad Valley project on November 20, 2009, Siskiyou chose to construct the project using its own capital. On September 2, 2010, Siskiyou notified CD that it completed construction of the 30-mile underground fiber optic network to replace aerial copper wire in two underserved census block groups. The new facilities deliver 3 megabits per second (Mbps) upload and 1 Mbps download which meets the Commission's benchmark speed. Therefore, the California broadband data map now reflects that the Seiad Valley project area in Siskiyou's service territory is already served. Since Siskiyou opted out of claiming the award of \$2,621,824 for the completed project, the Commission should release the awarded CASF funds but not the two CBGs, which now meet the Commission's definition of "served."

#### **C. Recipients' Inability to Secure Matching Recovery Act Funds**

The recipients of the following four Commission-approved CASF-contingent grant awards of 10% each did not secure Recovery Act funding:

- Resolution T-17240 approved November 20, 2009, for The University Corporation at Monterey Bay Central Coast Broadband Consortium, \$4,975,009

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- Resolution T-17242 approved November 20, 2009, for Nevada County Economic Resource Council, \$1,312,747
- Resolution T-17268 approved July 8, 2010, for Siskiyou County Economic Development Council, \$1,697,029
- Resolution T-17288 approved September 2, 2010, for Redwood Telephone, LLC, \$2,169,815

Although these CASF grant awards were contingent on Recovery Act funding, CD allotted additional time to these recipients to seek alternative funding to finance the costs of construction. To date, they have been unsuccessful in acquiring outside investments, sponsorships, or federal grant awards. During this time, CD deferred action on prospective applications and inquiries in these committed CBGs pending the outcome of the applicants' efforts to secure other financing sources. By rescinding these four projects now, the Commission can open the corresponding CBG areas to prospective applicants and release the 10% grant awards totaling \$10,154,600.

CD recommends that the Commission rescind these awards as discussed above. The Commission should release the CASF funds allocated to these projects and, except for the two census block groups of Siskiyou's Seiad Valley project, return the CBGs to the pool of unserved and underserved areas for reallocation to other applicants/grants.

A summary of the funds released is shown:

	<b>Resolution</b>	<b>Applicant</b>	<b>Project</b>	<b>County</b>	<b>Amount</b>
<b>A.</b>	T-17196	AT&T	Irwin	Merced	\$41,411
		AT&T	Oakdale	San Joaquin, Stanislaus	\$108,783
	T-17199	AT&T	Carmel	Monterey	\$91,083
		AT&T	Madera Acres	Madera	\$43,301
<b>B.</b>	T-17237	Siskiyou Telephone	Siskiyou Seiad	Siskiyou	\$2,621,824
<b>C.</b>	T-17240	The University Corporation at Monterey Bay	Central Coast Broadband Consortium	Monterey, San Benito, Santa Cruz	\$4,975,009
	T-17242	Nevada County Economic Resource Council	Nevada County Connected	Nevada, Placer	\$1,312,747
	T-17268	Siskiyou County Economic Development Council	SCEDC	Siskiyou	\$1,697,029
	T-17288	Redwood Telephone	Northern California Open Community Fiber Network	Del Norte, Humboldt	\$2,169,815
	<b>TOTAL FUNDING RELEASED</b>				<b>\$13,061,002</b>

The list of CBGs made available for new CASF project proposals is shown in Appendix A.

As a result of rescinding these nine projects in seven Resolutions, the Commission modifies the total approved CASF funding level from \$57.87 to \$44.81 million.

### **Comments on Draft Resolution**

In compliance with PU Code §311(g), a notice letter was emailed on May 24, 2011, informing all CASF applicants and parties on the service list of R.06-06-028 of the availability of the draft of this Resolution for public comments at the Commission's website <http://www.cpuc.ca.gov/static/documents/index.htm>. This letter also informed parties that the final conformed Resolution adopted by the Commission will be posted and available at this same website.

The Commission did not receive any comments on this resolution.

### **Findings**

1. In Decision (D.)07-12-054, the Commission established the California Advanced Services Fund (CASF).
2. The CASF was established initially as a two-year program that will provide matching funds of up to 40% of the total project costs for the deployment of broadband infrastructure in underserved and underserved areas in California.
3. Resolution T-17143, approved on June 12, 2008, adopts the application requirements and scoring criteria for the award of funds, a prescribed timeline for other filings, and notifications including a projected Commission Meeting date for final approval of award(s).
4. Senate Bill 1040 signed by the Governor on September 25, 2010, extends the CASF program and amends Public Utilities Code Section 281 by providing additional funds to three programs. In Rulemaking (R.)10-12-008, issued December 16, 2010, the Commission will establish new CASF standards and processes to continue deployment efforts for California.
5. To complement broadband grants awarded under the federal government's American Recovery and Reinvestment Act (Recovery Act), the Commission issued D.09-07-020 on July 9, 2009, approving a new CASF schedule and plan for an

additional round of broadband projects. While retaining the 40% matching grant process, in this Decision the Commission authorized providers an option of seeking a 10% grant from the CASF concurrent with efforts to seek an 80% grant from the Recovery Act fund.

6. In administering the program, Communications Division found nine projects which do not require CASF funding due to: a) a recipient opting out of its projects; b) a recipient not availing itself of funding; and c) recipients unable to secure matching Recovery Act funds.
7. The Commission should (1) rescind Resolutions T-17196, T-17199, T-17237, T-17240, T-17242, T-17268, and T-17288 for nine specified projects, (2) release the corresponding funding, and (3) release the respective census block groups, except for the census block groups pertaining to Siskiyou Telephone's self-funded Seiad Valley project, to be made available to other applicants.
8. The Commission should release the amount of \$13,061,002 allocated to nine projects, as follows, and make the funds available to other applicants:

	<b>Resolution</b>	<b>Applicant</b>	<b>Project</b>	<b>County</b>	<b>Amount</b>
<b>A.</b>	T-17196	AT&T	Irwin	Merced	\$41,411
		AT&T	Oakdale	San Joaquin, Stanislaus	\$108,783
	T-17199	AT&T	Carmel	Monterey	\$91,083
		AT&T	Madera Acres	Madera	\$43,301
<b>B.</b>	T-17237	Siskiyou Telephone	Siskiyou Seiad	Siskiyou	\$2,621,824
<b>C.</b>	T-17240	The University Corporation at Monterey Bay	Central Coast Broadband Consortium	Monterey, San Benito, Santa Cruz	\$4,975,009
	T-17242	Nevada County Economic Resource Council	Nevada County Connected	Nevada, Placer	\$1,312,747
	T-17268	Siskiyou County Economic Development Council	SCEDC	Siskiyou	\$1,697,029
	T-17288	Redwood Telephone	Northern California Open Community Fiber Network	Del Norte, Humboldt	\$2,169,815
	<b>TOTAL FUNDING RELEASED</b>				<b>\$13,061,002</b>

9. A notice letter was emailed on May 24, 2011, informing all applicants filing for CASF funding and parties on the service list of R.06-06-028 of the availability of the draft of this Resolution for public comments at the Commission's website



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**APPENDIX A**  
**Resolution T-17317**  
**List of CBGs Open to New Applicants/Grants**  
**By Resolution/Project**

**Resolution T-17196**

***Underserved***

**Irwin**

60470004006

**Oakdale**

60990001013

60770049021

60770048002

60770049024

**Resolution T-17199**

***Underserved***

**Carmel**

60530110003

60530115001

**Madera Acres**

60390005072

60390005073

**Resolution T-17240**

***Unserved***

60530108021

60530108022

60530114001

60530114002

60530115002

60690008004

60871009005

***Underserved***

60530103021

60530105041

60530108014

60530108015

60530110003

60530110005

60530111013

60530111021

60530113012

60530113013

60530115001

60530124014

60690001003

60690008003

60871009004

60871010007

**Resolution T-17242**

***Underserved***

60570008012

60570008013

60570009001

60610220013

60610220014

**Resolution T-17268**

***Underserved***

60930001001

60930002001

60930003001

60930003002

60930003003

60930004001

60930005001

60930005002

60930005003

60930006001

60930701001

60930701002

60930701003

60930701004

60930702001

60930702002

60930703001

60930703002

60930703003

60930008001

60930008002

60930008003

60930009001

60930009002

60930009003

60930009004

60930009005

60930009006

60930010001

60930010002

60930010003

60930010004

60930010005

60930011001

60930011002

60930011003

60930012001

**Resolution T-17288**

60150001011

60150001012

60150001021

60150001022

60150001031

60150001032

60150001033

60150001034

60150001035

60150002011

60150002012

60150002013

60150002021

60150002022

60150002024

60150002031

60150101022

60230001001

60230001002

60230001003

60230001004

60230002001

60230002002

60230002003

60230002004

60230002005

60230002006

60230002031

60230003001

60230003002

60230003003

60230003004

60230003005

60230004001

60230004002

60230004003

60230005001

60230005002

60230005003

60230005004

60230006001

60230006002

60230006003

60230006004

60230006005

60230007001

60230007002

**APPENDIX A**  
**Resolution T-17317**  
**List of CBGs Open to New Applicants/Grants**  
**By Resolution/Project**

**Resolution T-17288 (cont'd)**

60230007003	60230105014
60230007004	60230105021
60230008001	60230105022
60230008002	60230105023
60230008003	60230106001
60230009001	60230106002
60230009002	60230107001
60230009003	60230107002
60230010005	60230107003
60230011001	60230107004
60230011002	60230107005
60230011003	60230108001
60230011004	60230108002
60230011005	60230108003
60230012001	60230108004
60230012002	60230109001
60230012003	60230109002
60230101011	60230109003
60230101012	60230109004
60230101021	60230110001
60230101022	60230110002
60230101023	60230110003
60230101024	60230111001
60230102001	60230111002
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60230103003	60230112003
60230103004	60230113001
60230103005	60230113002
60230104001	60230113003
60230104002	60230113004
60230105011	60230113005
60230105012	60230113006
60230105013	60230113007