

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Carrier Oversight and Programs Branch**

**RESOLUTION T- 17221
September 10, 2009**

R E S O L U T I O N

Resolution T-17221 Approval of Funding for the Kernville Interconnect Project of MCC Telephony of the West, LLC, from California Advanced Services Fund (CASF) Amounting to \$285,992

Summary

This Resolution adopts funding for the Kernville Interconnect project of MCC Telephony of the West, LLC, (MCC) amounting to \$285,992 from the California Advanced Services Fund (CASF). The amount granted represents 40% of the total project cost of this unserved area application filed in accordance with Resolution T-17143.

Background

On December 20, 2007, the Commission approved Decision (D.) 07-12-054 which established the two-year CASF program to provide matching funds of up to 40% of the total project costs for the deployment of broadband infrastructure in unserved and underserved areas in California.¹ Resolution T-17143, approved on June 12, 2008, adopted the application requirements, scoring criteria for the award of funds, and a prescribed timeline for other filings and notifications including a projected Commission Meeting date for final approval of award(s). This same Resolution directed interested applicants seeking funding for unserved projects to file their project proposals and funding requests beginning July 24, 2008.

Since the program was launched, the Commission has received 54 project proposals that sought CASF funding for unserved and underserved areas. As of July 9, 2009, the Commission has approved 26 CASF grants totaling \$12.3 million in funds awarded. Approved grants for unserved areas amount to \$11.3 million for 14 projects while underserved area grants amount to \$1 million for 12 projects.

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

On July 9, 2009, the Commission issued D.09-07-020 approving a new CASF schedule and plan for an additional round of broadband projects that would complement broadband grants awarded under the federal government's American Recovery and Reinvestment Act (ARRA). While retaining the 40% matching grant process, the Commission in this Decision authorized providers an option of seeking a 10% grant from the CASF concurrent with efforts to seek an 80% grant from the ARRA fund.

MCC submitted the Kernville Interconnect application on June 8, 2009. This project would provide underground fiber optic cable along State Highway 178 between Ridgecrest and Lake Isabella in Kern County. MCC seeks a CASF grant for \$285,992, equal to 40% of the project's costs, and does not plan to seek federal ARRA funds for this proposed project.

Notice/Protests

The Census Block Group (CBG) list for the Kernville Interconnect project appeared by county on the Commission's CASF website page under "UNSERVED areas proposed to be served as of June 8, 2009: Census Block Groups (CBGs)." The CBGs covered by this project were not challenged. Therefore, the Communications Division (CD) proceeded with a review and analysis of this project area to verify that it was indeed unserved as of the applicant's filing date.

Discussion

This Resolution adopts a total of \$285,992 in CASF funding support for the Kernville Interconnect project. The project is described in detail in Appendix A.

For qualification purposes under the CASF program, unserved areas are defined as areas not served by any form of facilities-based broadband or where Internet connectivity is available only through dial-up service or satellite. CD reviewed this project's eligibility through the analysis of the required data submitted. These data include, but are not limited to: proof of CPCN registration; descriptions of current and proposed broadband infrastructure; Geographic Information System (GIS) formatted Shapefiles mapping the subject areas; assertion that the area is unserved; potential subscriber size and household incomes; project construction schedule; project budget; proposed pricing and commitment period for new subscribers; and, financial qualifications of the applicant. In addition, CD reviewed the Shapefiles submitted which mapped the broadband deployment proposed using United States 2000 Census data, the January, 2008, Broadband Task Force Report (BBTF) including its on-line maps, and the revised July 9, 2009, California Broadband Task Force (CBTF) map, among others. Comparisons of submitted maps to that of the BBTF and CBTF verified the existence or non-existence of broadband service as well as speeds in areas where broadband services are available.

CD verified this project and, when necessary, requested additional information and/or meetings with the applicant to clarify its project proposal. Of the 16 CBGs in this project,

none were formally challenged and CD determined that the CBGs covering the proposed area are qualified as unserved as defined in Resolution T-17143.

MCC is a subsidiary of Mediacom Communications Corporation (Mediacom). Mediacom currently offers advanced telecommunications services including high-speed Internet, digital cable, high-definition television, video on demand, and VoIP phone service. Its network is based in rural America and its business is centered on providing state-of-the-art entertainment, information, and telecommunications services to the nation's smaller cities and towns in 22 states. In California, Mediacom has constructed a local hybrid fiber-coaxial (HFC) network that connects a group of communities surrounding Lake Isabella including Kernville, Onyx, Weldon, and Wofford Heights, all communities that satisfy the definition of an unserved area due to a lack of available circuit capacity to reach an Internet point-of-presence and existing unserved households.

MCC plans to construct 32.3 miles of underground fiber optic cable, a middle-mile backbone connection, along State Highway 178 between its Ridgecrest and Lake Isabella systems. Ridgecrest has sufficient circuit capacity and, via this new middle-mile construction, will allow MCC to deliver high-speed Internet to unserved homes in the Lake Isabella system. In addition, replacing the two existing analog node networks with the new fiber-optic line will end the need for MCC to lease circuits (currently at capacity) from local exchange carriers. This project will be able to deliver service to 9,179 households covering an area of about 44 square miles in 16 CBGs at average speeds starting at 3 Mbps download and 256 Kbps upload to as much as 20 Mbps/2 Mbps, depending on a customer's choice of rate plan. MCC commits to a one-year introductory offer of its Mediacom Online stand alone product at 8 Mbps/768 Kbps for \$29.95. The 40% CASF subsidy for this middle-mile project is \$285,992 of the total project cost of \$714,979.

While the project's metrics do not quite meet the benchmark 3 Mbps download and 1 Mbps upload speed, this project is the only proposal submitted for this unserved area of the State prior to the adoption of D.09-07-020. As such, this project will provide for an improved network that will deliver Internet access to thousands of potential new subscribers, deliver broadband at faster speeds, and create a self-sufficient, sustainable capacity infrastructure for MCC. The Kernville Interconnect project is, therefore, recommended for approval and award of CASF funding.

The Application Requirements and Guidelines on the awarding of CASF Funds² provide that the execution of a Performance Bond is not required if 60% of the total project costs come from the applicant's capital budget and is not obtained from outside financing sources. In its application, MCC certified that 60% of the total project costs will come from its existing capital budget as submitted in the company's financial documentation. Therefore, a performance bond is not required under the CASF.

² Resolution T-17143

The Commission can neither approve nor disburse the first 25% payment and MCC cannot conduct ground breaking activities until, pursuant to the California Environmental Quality Act (CEQA), the Commission’s CEQA review is complete. To date the company has completed archeological and biological surveys that the United States Bureau of Land Management and the California Departments of Transportation and Fish and Game have reviewed. MCC continues to identify any other special permits required and will provide those with a cross reference to the government agencies from which the permits will be or have been required for this project in compliance with all other guidelines, requirements, and conditions associated with the granting of CASF funds as specified in T-17143 including the submission of FCC Form 477.

Payments to CASF Recipients

Submission of invoices from and payments to MCC shall be made in accordance with Section IX of Appendix A of Resolution T-17143 and according to the guidelines and supporting documentation required in Resolution T-17143.

Payment to MCC shall essentially follow the process adopted for funds created under Public Utilities Code §270. The following table describes the timeline for processing CASF payments.

Event	Payment Cycle 1 (Day/Month)	Payment Cycle 2 (Day/Month)
Invoices due from MCC Telephony of the West, LLC, to CD	5 th of Month 1	20 th of Month 1
Payment letters from CD to Information and Management Services Division (IMSD) ³	On 19 th of Month 1	On 4 th of Month 2
Invoices submitted from IMSD to State Controller’s Office (SCO) for payments	20 th through 26 th of Month 1	5 th through 13 th of Month 2

MCC may submit its invoices under Payment Cycle 1 or 2.

If any date in this payment schedule falls on a weekend or holiday, that date will be advanced to the next business day but the remaining dates in the payment schedule will remain unchanged. SCO requires 14 to 21 days to issue payment from the day that requests are received by SCO.

³ The above schedule is contingent on the CASF recipient submitting clear, complete, and error-free invoices to CD. Additional time to process payments may be necessary if CD finds problems with the submitted invoices.

Comments on Draft Resolution

In compliance with PU Code § 311(g), a notice letter was emailed on August 11, 2009, informing a) all applicants filing for unserved areas and b) 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 will be available at this same website.

The Commission did not receive Comments on this Resolution.

Findings

1. The California Advanced Services Fund (CASF) was implemented by Decision (D.) 07-12-054. The CASF was established 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 unserved and underserved areas in California.
2. 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). T-17143 directed interested applicants seeking funding for unserved projects to file their project proposals and funding requests beginning July 24, 2008.
3. On July 9, 2009, the Commission issued D.09-07-020 approving a new CASF schedule and plan for an additional round of broadband projects that would complement broadband grants awarded under the federal government's American Recovery and Reinvestment Act (ARRA). While retaining the 40% matching grant process, the Commission in this Decision authorized providers an option of seeking a 10% grant from the CASF concurrent with efforts to seek an 80% grant from the ARRA fund.
4. MCC Telephony of the West, LLC, a subsidiary of Mediacom Communications Corporation, filed an application on June 8, 2009, and was the only applicant for this area prior to the adoption of D.09-07-020.
5. Unserved areas are defined as areas which are not served by any form of facilities-based broadband or where Internet connectivity is available only through dial-up or satellite service.
6. A list of census block groups (CBGs) appeared by county on the Commission's CASF website page under "UNSERVED areas proposed to be served as of June 8, 2009: Census Block Groups (CBGs)." The Communications Division (CD) proceeded with its independent review and analysis of this project area to verify that it was unserved as of the applicant's filing date.
7. CD reviewed the MCC Telephony of the West, LLC, Kernville Interconnect project eligibility through the analysis of required data submitted. These data include, but are

not limited to: proof of CPCN registration; descriptions of current and proposed broadband infrastructure; geographic information system (GIS) formatted Shapefiles mapping the subject areas; assertion that the area is unserved; potential subscriber size and household incomes; project construction schedule; project budget; proposed pricing and commitment period for new subscribers; and, financial qualifications of the applicant.

8. Shapefiles, which mapped the broadband deployment, were reviewed by CD using sources including, but not limited to, the United States 2000 Census data, the January, 2008, Broadband Task Force Report, and the revised July 9, 2009, California Broadband Task Force (CBTF) map, among others. These maps helped to verify the existence or non-existence of broadband service areas and broadband speeds, where available.
9. CD verified this project and, when necessary, requested additional information and/or meetings with the applicant to clarify its project proposal. Of the 16 CBGs in this project, none were formally challenged and CD determined that the CBGs covering the proposed area are qualified as unserved as defined in Resolution T-17143.
10. After its review, CD determined the Kernville Interconnect project application for unserved areas covering 16 CBGs as eligible to receive funding under CASF.
11. The posting of a performance bond by MCC Telephony of the West, LLC, is not required for this recipient because 60% of the total project cost will be financed through MCC Telephony of the West, LLC's, capital budget.
12. The Commission can neither approve nor disburse the first 25% payment and MCC cannot conduct ground breaking activities until, pursuant to the California Environmental Quality Act (CEQA), the Commission's CEQA review is complete.
13. MCC Telephony of the West, LLC, should comply with all guidelines, requirements, and conditions associated with the granting of CASF funds as specified in Resolution T-17143 including the submission of FCC Form 477 and compliance with the California Environmental Quality Act (CEQA), among others.
14. A notice letter was emailed on August 11, 2009, informing a) all applicants filing for unserved areas and b) 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.
15. The Commission did not receive Comments on this Resolution.
16. The Commission finds CD's recommendation of CASF award for the Kernville Interconnect project summarized in Appendix A of this Resolution to be reasonable and consistent with Commission orders and should be adopted.

THEREFORE, IT IS ORDERED that:

1. The California Advanced Services Fund shall award \$285,992 to MCC Telephony of the West, LLC, for the Kernville Interconnect project for unserved areas as described in the Discussion section and summarized in Appendix A of this Resolution.
2. MCC Telephony of the West, LLC, shall not be required to post a performance bond.
3. The program fund payment of \$285,992 for this Commission-approved unserved project shall be paid out of the CASF fund in accordance with the guidelines adopted in Resolution T-17143.
4. Payments to the CASF recipient shall be in accordance with Section IX of Appendix A of Resolution T-17143 and in accordance with the process defined in the "Payments to CASF Recipients" section of this Resolution.
5. The CASF fund recipient, MCC Telephony of the West, LLC, shall comply with all guidelines, requirements and conditions associated with the CASF funds award as specified in Resolution T-17143.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on September 10, 2009. The following Commissioners approved it:

PAUL CLANON
Executive Director

MICHAEL R. PEEVEY
President
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
TIMOTHY ALAN SIMON

Resolution T- 17221
CD/ABA

Commissioners

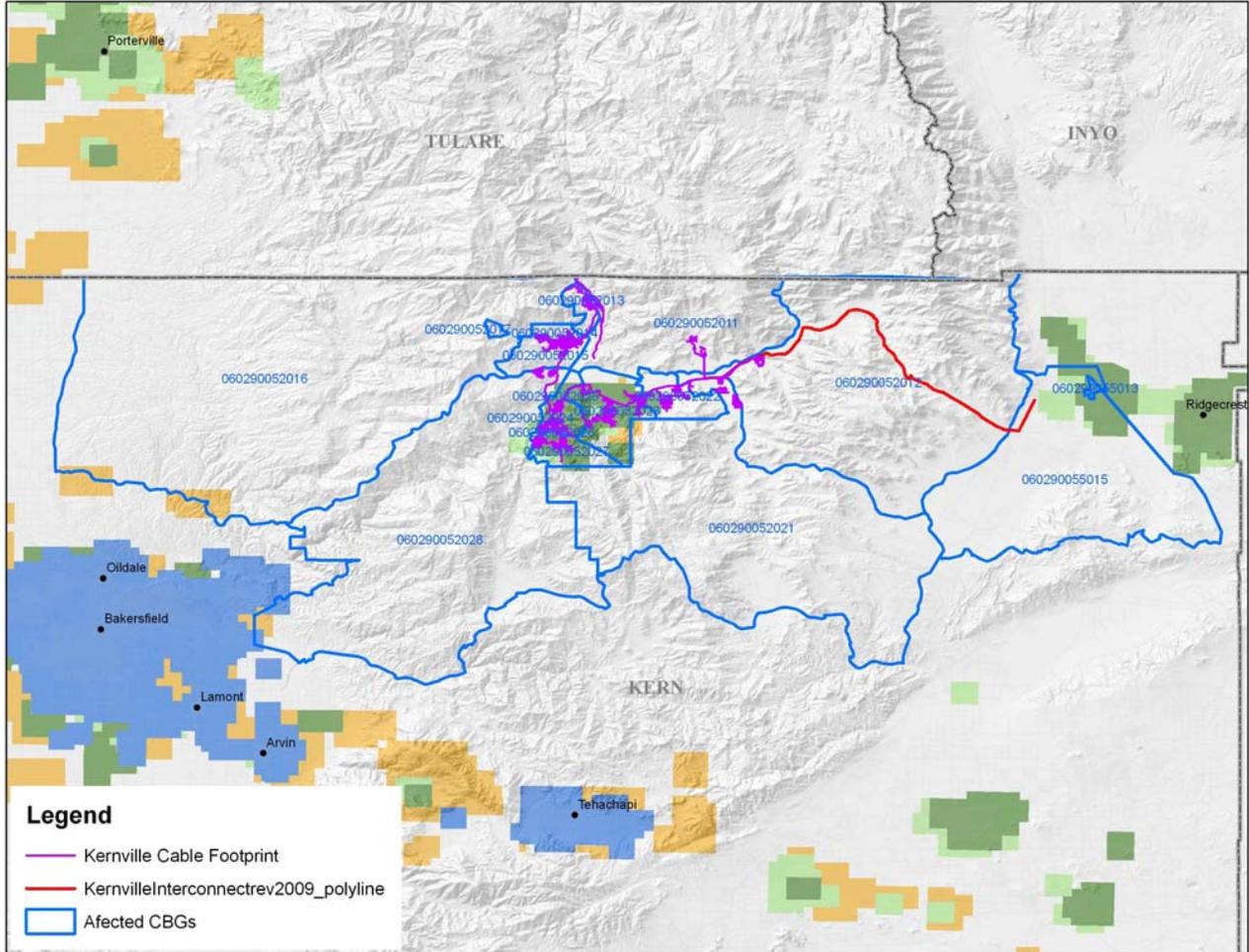
APPENDIX A
Resolution T- 17221
Kernville Interconnect Key Information

1	Project ID	MCC Telephony of the West, LLC		
2	Project Name	Kernville Interconnect		
3	Project Plan	Construction of 32.3 miles of underground fiber optic cable along State Highway 178, a middle-mile connection, to bring high-speed Internet from Medicom's Ridgecrest system to communities in its unserved Lake Isabella system. This new backbone will connect the two existing analog node networks on either end and deliver high-speed service thus terminating the need for leased circuits (currently at capacity) from local exchange carriers.		
4	Project Size (in square miles)	44		
5 & 6	Download/upload speed (in Mbps)	8Mbps/768 Kbps		
7	Location	Kern County		
a)	Community Name	Kernville, Onyx, Weldon, Wofford Heights, Inyokern	8c) Median Household Income /CBG	
b)	CBGs/Household Income			
		60290052011	\$24,000	
		60290052012	\$16,941	
		60290052013	\$33,864	
		60290052014	\$24,750	
		60290052015	\$24,310	
		60290052016	\$36,944	
		60290052017	\$6,300	
		60290052021	\$19,265	
		60290052022	\$21,061	
		60290052023	\$30,899	
		60290052024	\$14,716	
		60290052025	\$23,365	
		60290052026	\$22,060	
		60290052027	\$21,645	
		60290052028	\$26,071	
		60290055015	\$61,711	
c)	ZIP Codes	93205		
		93238		
		93240		
		93255		
		93283		
		93285		
		93527		
8	Estimated Potential Subscriber Size			
a)	Households	9179		
b)	Broadband Subscribers	2,478		
c)	Median Household Income in Proposed Project Location	\$23,686		

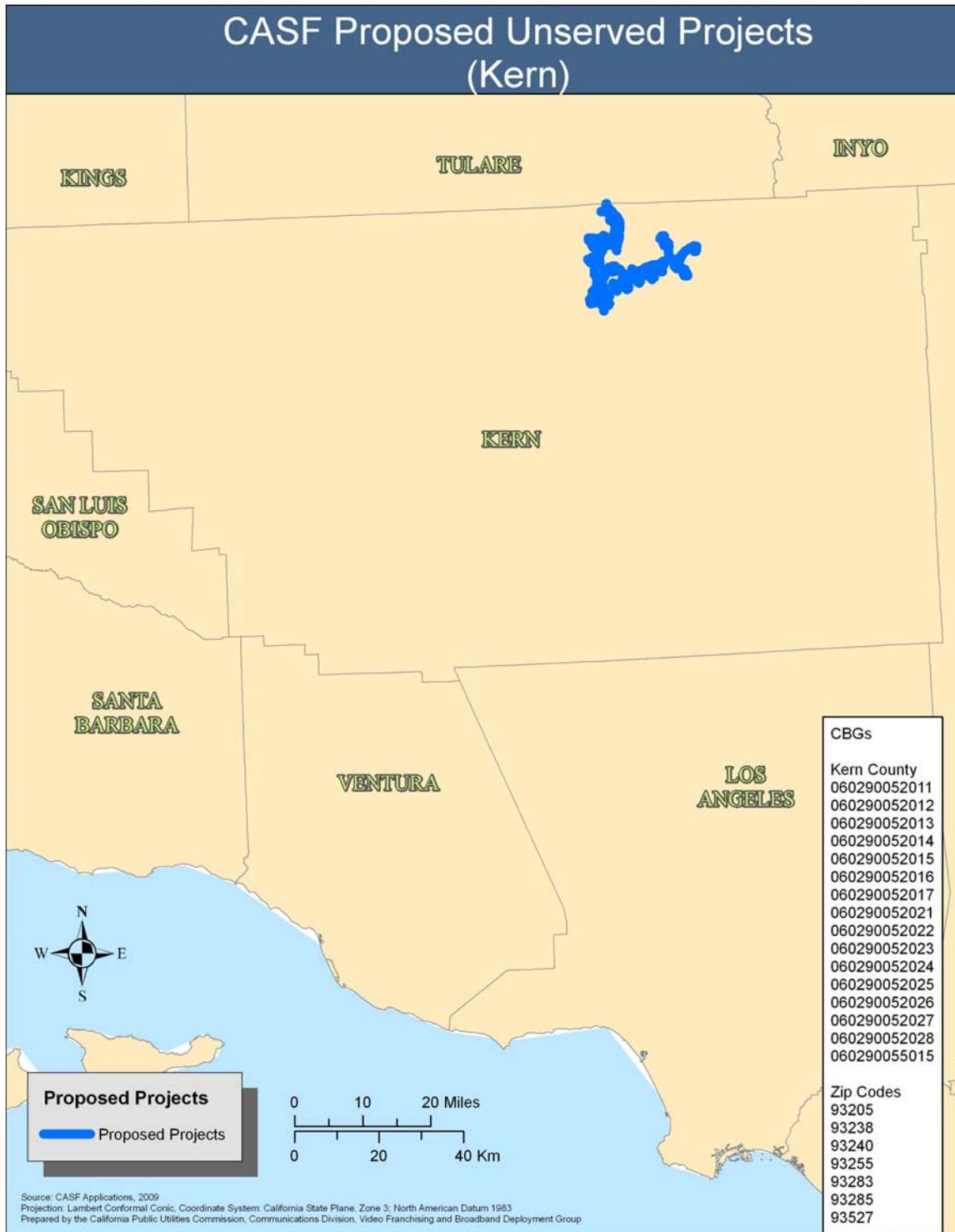
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d)	<i>Deployment Schedule (from Commission approval)</i>	4 months + CEQA		
9	<i>Proposed Project Budget</i>			
a)	<i>Total</i>	\$714,979		
b)	<i>CASF (40%)</i>	\$285,992		
c)	<i>CIAC</i>	\$0		
d)	<i>Amount of CASF Funds Requested</i>	\$285,992		
e)	<i>Internally funded (60%)</i>	\$428,987		

APPENDIX A Resolution T- 17221 Kernville Interconnect Project Shapefiles



APPENDIX A Resolution T- 17221 Kernville Interconnect Statewide Map



END OF APPENDIX A