

Date of Issuance: August 2, 2010

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Carrier Oversight and Programs Branch**

**RESOLUTION T- 17282
July 29, 2010**

R E S O L U T I O N

Resolution T- 17282 Approval of Funding for Calaveras Telephone Company (U-1004-C) from the California Advanced Services Fund (CASF) Amounting to \$640,698.

Summary

This Resolution adopts contingent funding for Calaveras Telephone Company's Poker Flat project amounting to \$640,698 from the California Advanced Services Fund (CASF). This amount represents 10% of the project costs to provide broadband service to an underserved area in accordance with Commission Resolution T-17143 and Decision (D.) 09-07-020.

Background

On December 20, 2007, the Commission approved 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 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).

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

D.07-12-054 limited the extension of CASF funding to:

- Entities with a Certificate of Public Convenience and Necessity (CPCN) that qualify as “telephone corporations” as defined in Public Utilities Code Section (PU Code §) 234;
- Wireless carriers registered with the Commission that have been granted a Wireless Identification Number (WIR);
- Entities who have pending applications for a CPCN; and
- A consortium with a member holding a CPCN or a WIR who will serve as the fiscal agent of the consortium (D.07-12-054 at pgs. 33-35, mimeo).

On July 9, 2009, the Commission issued D.09-07-020 establishing new schedules and plans for the filing, review, and approval of an additional round of broadband project requests. This decision also provides the potential for applicants to seek CASF program funding while pursuing funding for broadband deployment grants issued under the Recovery Act.² Also, because federal grants under the Recovery Act can fund up to 80% of the project cost, D.09-07-020 allowed applicants to seek an additional 10% funding coverage from the CASF leaving only 10% of the project cost for the applicant to provide.

On July 29, 2009, Governor Schwarzenegger signed Assembly Bill (AB) 1555 (Chapter 24, Statutes of 2009), amending PU Code §281 to expand CASF eligibility to any entity applying for CASF funding in conjunction with their Recovery Act funding request provided that entity satisfies eligibility requirements for CASF funding. AB 1555 also provides that the Commission establish requirements and guidelines for non-certificated applicants.

On October 29, 2009, the Commission approved Resolution T-17233 establishing application requirements and guidelines for non-CPUC certificated applicants and broadband providers applying for CASF grant money, in conjunction with an application for Recovery Act funding, to develop and deploy broadband infrastructure.

On March 10, 2010, the Commission established April 1, 2010, as a new filing window for CASF applications to accommodate matching CASF funding requests for the Recovery Act’s second funding round.

Notice/Protests

The Census Block Group (CBG) list for the Poker Flat project appeared by county on the Commission’s CASF website page under “UNDERSERVED areas proposed to be served as of April 1, 2010: Census Block Groups (CBG).” The Communications Division (CD)

² The American Recovery and Reinvestment Act (Recovery Act) appropriates \$7.2 billion for grants and loans to support national broadband deployment. The Recovery Act offers a unique and ground breaking opportunity for California to partner with the federal government and other state agencies in advancing the goal of bridging the digital divide.

proceeded to review and analyze the project area to verify that it was indeed underserved as of the applicant's filing date.

Discussion

Summary

This Resolution adopts contingent funding of \$640,698 for the Poker Flat project of Calaveras Telephone Company (Calaveras). Key project information is on page A-1 of Appendix A. A Shapefile of the proposed project can be found on page A-2 of Appendix A.

Project Overview

Calaveras, a certificated carrier providing telecommunications service within rural southwest Calaveras County, submitted an application for CASF funding for its Poker Flat project on April 1, 2010. The total cost of the project is \$6,406,976 with 10%, or \$640,698, being requested from CASF; \$4,086,976, or 64%, from the Recovery Act; and the balance of \$1,679,303 from Calaveras' internally generated funds. A summary of the project costs and the funding sources are shown below:

Expense Items	Cost
Pre-Construction and Engineering	\$678,448
Materials/ Supplies and Equipment	\$5,678,528
Environmental Studies/ Permitting	\$50,000
Total Proposed Budget	\$6,406,976
10 % CASF Funds	\$640,698
64% ARRA Recovery Act Funds	\$4,086,976
26% Internal Capital Funds	\$1,679,303

The Poker Flat project is a proposed upgrade of broadband service for an isolated shoreline community located six miles south from the main Copperopolis turn off from State Highway 4. There are 409 households located in the project area which covers approximately one square mile on Lake Tulloch. The existing broadband network, consisting primarily of copper facilities, utilizes soft-switching of digital carrier loop nodes which provide dual signal feed between the central office and customer(s) premises. Current contracts for bandwidth from AT&T and Sprint limit Calaveras' data delivery at 3 megabits per second (mbps) or less downstream. Calaveras proposes to install a fiber-to-the-home (FTTH) network in the Poker Flat area. Construction will include upgrading existing access cabinets with FTTH functionality. The installation of new remote power and fiber management cabinets will support the FTTH deployment. Customer terminations will include network-powered systems installed at each location to convert the fiber-based access network to the copper-based system within each home. Proposed equipment located

in central offices or remote cabinets will utilize Calix C7 platform/system equipment for the network deployment. Construction is projected to take 18 months.

Calaveras offers digital subscriber line (DSL) service over telephone lines. Below are the speeds and rates currently available and the proposed new FTTH speeds and rates for the Poker Flat customers:

Current DSL Offerings over Copper	Advertised Speed	Pricing Plan per month
(download/ upload)	1.5/ 0.512 mbps	\$49.95
	3/ 0.512 mbps	\$69.95
Proposed Offerings for Poker Flat FTTH	Advertised Speed	Pricing Plan per month
(download/ upload)	3/ 0.512 mbps	\$49.95
	6/ 0.768 mbps	\$69.95
	10/ 2 mbps	\$89.95
	20/ 5 mbps	\$139.95

As the incumbent service provider for this area, Calaveras asserts that the CBG is underserved for providing less than 3 and 1 mbps download/upload speeds. For qualification purposes under the CASF program, underserved areas are defined as areas where broadband is available but no facilities-based provider offers service at speeds of at least 3 mbps download and 1 mbps upload.

Staff Analysis

CD reviewed this project's eligibility through analysis of the required submitted data. These data include, but are not limited to: descriptions of current and proposed broadband infrastructure; Geographic Information System (GIS) formatted Shapefiles mapping the subject area; assertion that the area is underserved; 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 August 10, 2009, California Broadband Task Force (CBTF) maps, among others.

No challenges to the project CBG were submitted. However, according to mapping information and the fact that Calaveras is the existing internet service provider in the area, CD requested speed test data to validate further the underserved status of households in the project area. Calaveras complied by providing household addresses and sample results of

30 speed tests performed at ten locations on six different days in May 2010. CD mapped the test locations to validate the test areas. The resulting download and uploads speeds in these locations yielded average speeds of 2.57 mbps download and 0.39 mbps upload, less than the 3 and 1 mbps speed benchmark. Based on its review of these findings, CD determined that the CBG covering the proposed area is qualified as underserved as defined in Resolution T-17143 and recommends Commission approval of CASF funding for Calaveras' Poker Flat project.

Compliance Requirements

The Application Requirements and Guidelines on the awarding of CASF funds³ provide that the execution of a performance bond is not required if the applicant provides the appropriate matching funds from its capital budget and the applicant does not obtain the funds from outside financing sources. As a certificated local exchange carrier, Calaveras has an established track record with the Commission and has satisfied this requirement; therefore, the Commission will not require Calaveras to post a performance bond.

Since the proposed project will be constructed on existing infrastructure, Calaveras is exempt from the California Environmental Quality Act review. Calaveras, however, must comply with all the statutes, requirements and conditions associated with the CASF program including, but not limited to, those specified in Resolution T-17143 and D.09-07-020 (e.g., the annual submission of Federal Communications Commission Form 477).

The receipt of the CASF grant is contingent on Calaveras' 1) compliance with the requirements in Resolution T-17143 and 2) receipt of Recovery Act funding on this project. If the applicant is not successful in its request for the Recovery Act grant or if the Recovery Act grant is less than that requested, then Calaveras may request additional CASF funds in accordance with Ordering Paragraph No. 7 of D.09-07-020. The granting of additional funds will be contingent on the availability of CASF funds.

If Calaveras is not successful in its request for the Recovery Act grant and, as a result, will not build its project, Calaveras must notify the Director of the Communications Division within thirty (30) days of receiving notification that its Recovery Act application has been rejected so that the Commission may reallocate CASF funds to other grants.

Payments to CASF Recipients

Submission of invoices from and payments to Calaveras 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.

³ Resolution T-17143

Payment to Calaveras shall essentially follow the process adopted for funds created under PU 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 Calaveras to CD	5 th of Month 1	20 th of Month 1
Payment letters from CD to Information and Management Services Division (IMSD) ⁴	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

Calaveras 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. The State Controller's Office (SCO) requires 14 to 21 days to issue payment from the day that requests are received by SCO. Approval and disbursement of the first 25% CASF payment is contingent upon Calaveras' 1) compliance with the requirements in Resolution T-17143 and 2) receiving Recovery Act funding approval.

Comments on Draft Resolution

In compliance with PU Code §311(g), a notice letter was emailed on June 29, 2010, informing a) all CASF applicants filing under D.09-07-020 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 adopted in Decision (D.) 07-12-054. The CASF was established as a two-year program that will provide matching funds of

⁴ 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.

up to 40% of the total project costs for the deployment of broadband infrastructure in underserved 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). Resolution T-17143 directed interested applicants seeking funding for unserved and underserved 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 (Recovery Act). 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 Recovery Act fund.
4. On July 29, 2009, Governor Schwarzenegger signed Assembly Bill 1555 (Chapter 24, Statutes of 2009), amending Public Utilities Code Section 281 to expand CASF eligibility to any entity applying for CASF funding in conjunction with its Recovery Act funding request.
5. On March 10, 2010, the Commission established April 1, 2010, as a new filing window for CASF applications to accommodate matching CASF funding requests for the Recovery Act's second funding round.
6. A list of census block groups (CBG) appeared by county on the Commission's CASF website page under "UNDERSERVED areas proposed to be served as of April 1, 2010: Census Block Groups (CBGs)." The Communications Division (CD) proceeded with its independent review and analysis of this project area to verify that it was underserved as of the applicant's filing date.
7. An underserved area is defined as areas where broadband is available but no facilities-based provider offers service at speeds of at least 3 megabits per second (mbps) download and 1 mbps upload.
8. Calaveras Telephone Company (Calaveras) filed its original CASF project application on April 1, 2010. CD reviewed the Poker Flat project eligibility through the analysis of required data submitted. These data include, but are not limited to: descriptions of current and proposed broadband infrastructure; geographic information system (GIS) formatted Shapefiles mapping the subject areas; assertion that the area is underserved; 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.

9. 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 August 10, 2009 California Broadband Task Force map, among others. These maps helped to verify the existence or non-existence of broadband service areas and broadband speeds, where available.
10. No challenges were formally filed for the one CBG. However, CD requested speed test data for the existing service area. Samples submitted yielded average download and uploads speeds less than 3 and 1 mbps based on 30 tests.
11. CD verified this project and, when necessary, requested additional information and/or meetings with the applicant to clarify its project proposal.
12. CD determined the Poker Flat project application for the underserved area covering one CBG as eligible to receive funding under CASF.
13. Calaveras, a certificated local exchange carrier, is not required to post a performance bond as it will provide matching funds from its own capital.
14. The proposed project will be constructed on existing infrastructure and therefore Calaveras is exempt from the California Environmental Quality Act review.
15. Calaveras should comply with all statutes, requirements, and conditions associated with the CASF program including, but not limited to, those specified in Resolution T-17143 and D.09-07-020.
16. The receipt of the CASF grant is contingent on Calaveras receiving the Recovery Act grant on its underserved project. If the applicant is not successful in its request for the Recovery Act grant or if of the Recovery Act grant is less than requested, then Calaveras may request additional CASF funds in accordance with Ordering Paragraph No. 7 of D.09-07-020. The granting of additional funds will be contingent on the availability of CASF funds.
17. If Calaveras is unable to obtain Recovery Act funding and will not construct the underserved project, then Calaveras shall notify the Director of the Communications Division within thirty (30) days of receiving notification that their Recovery Act application has been rejected so that the Commission may reallocate CASF funds to other grants.

18. A notice letter was emailed on June 29, 2010, informing a) all CASF applicants filing under D.09-07-020 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.
19. The Commission did not receive comments on this Resolution.
20. The Commission finds the Communication Division's recommendation for conditional CASF award of \$640,698 for the Calaveras Telephone Company's underserved area of Poker Flat as summarized in Appendix A to be reasonable and consistent with Commission orders and, therefore, should be adopted.

THEREFORE, IT IS ORDERED that:

1. The California Advanced Services Fund (CASF) shall award contingent funding of \$640,698 to Calaveras Telephone Company for its Poker Flat project to provide service in an underserved area as described in the Discussion section and summarized in Appendix A of this Resolution.
2. Calaveras Telephone Company shall not be required to post a performance bond.
3. Calaveras Telephone Company shall comply with all statutes, requirements, and conditions associated with the CASF program including, but not limited to, those specified in Resolution T-17143 and Decision (D.)09-07-020.
4. The receipt of the CASF grant shall be contingent on Calaveras Telephone Company receiving the Recovery Act grant for its underserved project. If the applicant is not successful in its request for the Recovery Act grant or if of the Recovery Act grant is less than requested, then Calaveras Telephone Company may request additional CASF funds in accordance with Ordering Paragraph No. 7 of D.09-07-020. The granting of additional funds will be contingent on the availability of CASF funds.
5. Calaveras Telephone Company shall notify the Director of the Communications Division within thirty (30) days of receiving notice that its Recovery Act application has been rejected and, as a result, will not construct the underserved project so that the Commission may reallocate CASF funds to other grants.

Resolution T- 17282
CD/ABA

6. The program fund payment of \$640,698 for this Commission-approved underserved project shall be paid out of the CASF fund in accordance with the guidelines adopted in Resolution T-17143 and D.09-07-020.
7. Payments to Calaveras Telephone Company 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.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on July 29, 2010. The following Commissioners approved it:

/s/ Paul Clanon

PAUL CLANON
Executive Director

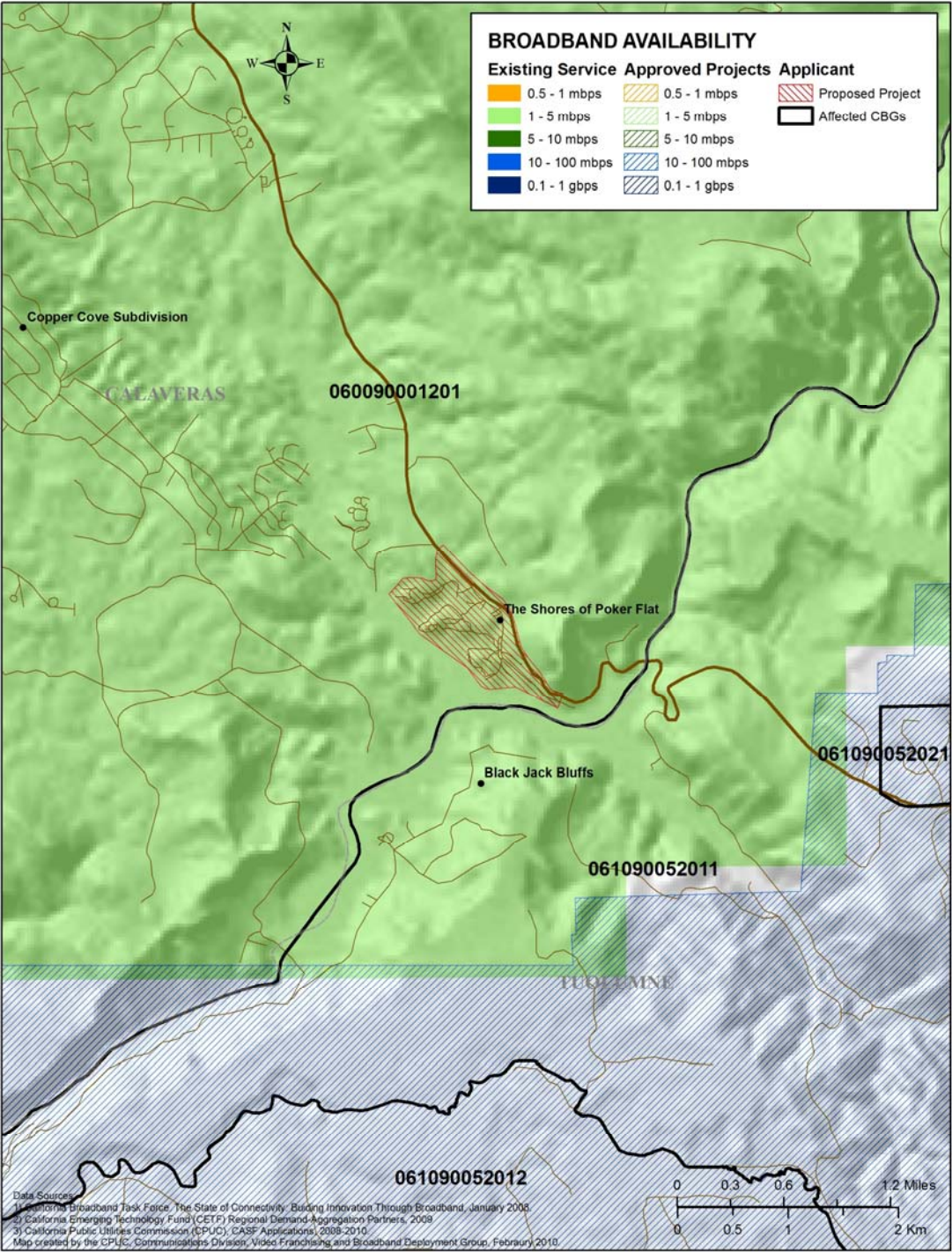
MICHAEL R. PEEVEY
President
DIAN M. GRUENEICH
JOHN A. BOHN
TIMOTHY ALAN SIMON
NANCY E. RYAN
Commissioners

Resolution T- 17282
CD/ABA

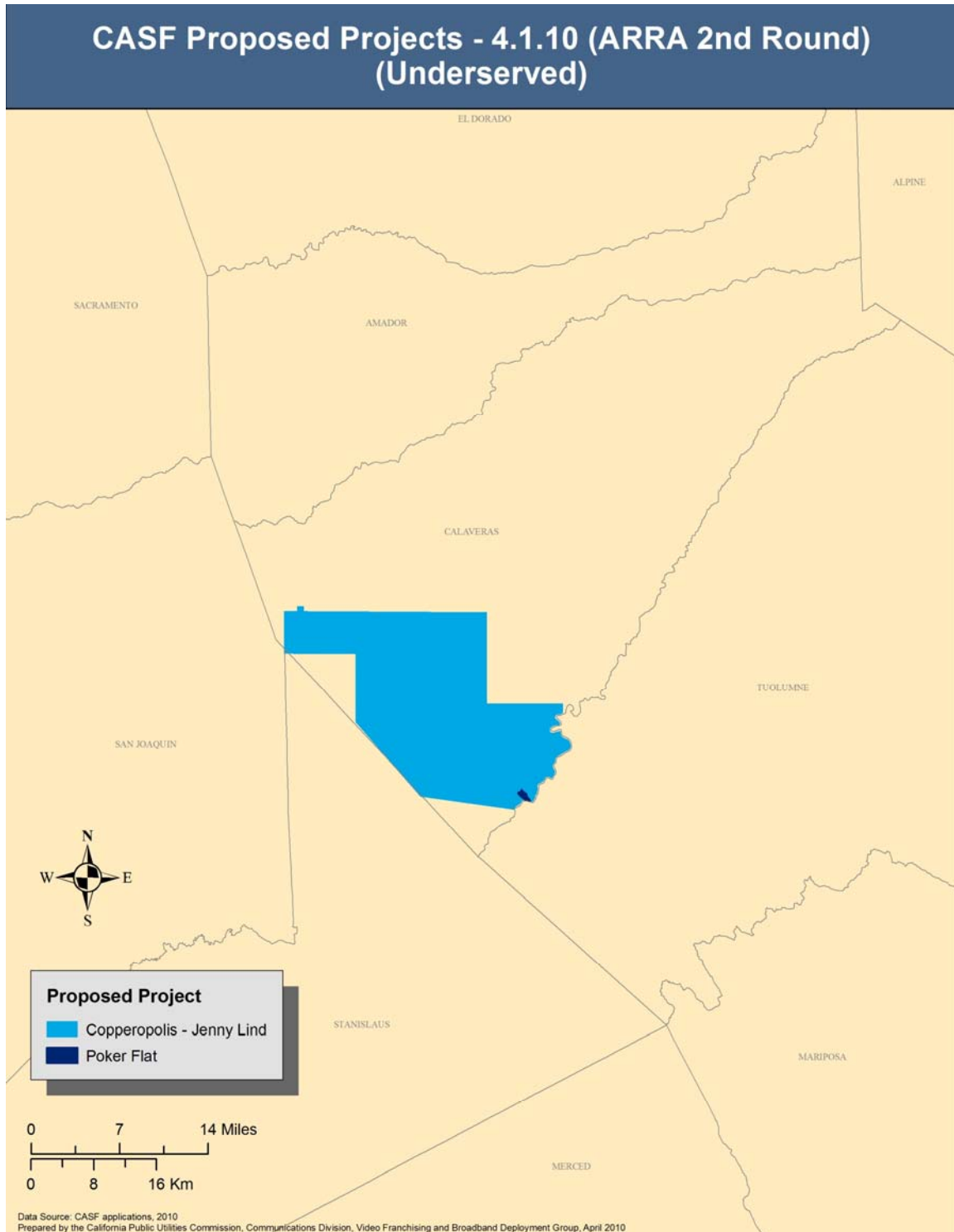
APPENDIX A
Resolution T- 17282
Poker Flat Key Information

1	<i>Project ID</i>	Calaveras Telephone Company
2	<i>Project Name</i>	Poker Flat
3	<i>Project Plan</i>	Fiber-to-the-home project upgrades existing copper-based system to the underserved rural community of Poker Flat which currently receives less than 3/1 mbps service.
4	<i>Project Size (in square miles)</i>	1
5	<i>Download speed (advertised)</i>	3 - 20 mbps
6	<i>Upload speed (advertised)</i>	0.512 - 5 mbps
7	<i>Location</i>	Calaveras County
a)	<i>Community Name</i>	Poker Flat
b)	<i>CBGs / Household Income</i>	060090001201
c)	<i>ZIP Codes</i>	95228
8	<i>Estimated Potential Subscriber Size</i>	
a)	<i>Households</i>	409
b)	<i>Broadband Subscribers</i>	409
c)	<i>Median Household Income in Proposed Project Location</i>	\$45,714
d)	<i>Deployment Schedule (from Commission approval)</i>	18 months
9	<i>Proposed Project Budget</i>	-
a)	<i>Total</i>	\$6,406,976
b)	<i>CASF (10%)</i>	\$640,698
c)	<i>ARRA funds requested (64%)</i>	\$4,086,976
d)	<i>Internal funding (26%)</i>	\$1,679,303

APPENDIX A
Resolution T- 17282
Poker Flat Project Shapefile



APPENDIX A
Resolution T- 17282
Poker Flat Statewide Map



END OF APPENDIX A