

Mailed: November 25, 2008

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Carrier Oversight and Programs Branch**

**RESOLUTION T- 17182
November 21, 2008**

R E S O L U T I O N

**Resolution T-17182 Approval of California Advanced Services Fund (CASF)
Unserved Area Applications**

Summary

This Resolution adopts funding for broadband projects in unserved areas totaling \$372,976 from the California Advanced Services Fund (CASF). The amount granted represents 40% of the total project costs of these unserved area applications filed in accordance with Resolution T-17143. The details of each project are shown in Appendix A and explained in the Discussion section of this resolution. The following table identifies the projects and the CASF funding amounts approved.

Name of Telephone Corporation	Project Name	CASF Funding
AT&T	Grenada	\$57,596
AT&T	Hopland	\$61,952
AT&T	Blanchard	\$35,816
AT&T	Mount Wilson	\$2,420
Verizon	Pinyon	\$174,000
Frontier	Prattville	\$41,192
TOTAL		\$372,976.00

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 on July 24, 2008. Twenty-three (23) project proposals were received that sought CASF funding for unserved areas. Of these number, sixteen (16) were challenged by various parties contending that the areas proposed were already served. These challenged applications are under review and will be addressed at a later date. One (1) project proposed was not considered since the proponent was not a telephone corporation as defined under Public Utilities Code § 234.

The listed applications herein have not been challenged. Moreover, CD has determined that the specific Census Block Group (CBG) covering the proposed areas are qualified as unserved as defined in Res. T-17143. These projects are, therefore, recommended for approval and award of CASF funding.

Notice/Protests

The CGB list appeared by county on the Commission's CASF website page under UNSERVED areas proposed to be served as of July 24, 2008: Census Block Groups (CBGs). Of the CBGs covered by these six projects, none was formally challenged by either existing service providers or other interested parties. Therefore, the Communications Division (CD) proceeded with the review and analysis of these project areas to verify that they were indeed unserved as of the applicants' filing date.

Discussion

This Resolution adopts a total of \$372,976 in CASF funding support in this first phase of application filing reserved for unserved areas. The actual award amounts to these six (6) projects are 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 staff reviewed each project's eligibility in the unserved review phase 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. In addition, CD staff reviewed the Shapefiles submitted which mapped the broadband deployment proposed using United States 2000 Census data

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

and the January, 2008, Broadband Task Force Report (BBTF) including its on-line maps, among others. Comparisons of submitted maps to that of the BBTF verified the existence or non-existence of broadband service as well as speeds in areas where broadband services are available.

When necessary, CD staff performed further verification with applicants which included the submission of additional data and/or meetings with the applicants in order to clarify their project proposals.

AT & T - Grenada, Pages A-1 and A-2 of Appendix A

AT&T California (AT&T) submitted a project proposal for the Grenada area of Siskiyou County. AT&T plans to offer high speed, stand alone, internet access service, where technically feasible, using existing DSL technology and where it has wire line facilities. This project will be able to serve 275 households covering an area of 13.9 square miles in 5 CBGs. The 40% CASF subsidy for the project is \$47,600 plus Contribution in Aid of Construction (CIAC) of \$9,996 for a total CASF award of \$57,596.

AT & T - Hopland, Pages A-3, and A-4 of Appendix A

AT&T submitted a project proposal for the Hopland area of Mendocino County. AT&T plans to offer high speed, stand alone, internet access service, where technically feasible, using existing DSL technology and where it has wire line facilities. This project will be able to serve 328 households covering an area of 13.9 square miles in 2 CBGs. The 40% CASF subsidy for this project is \$51,200 plus CIAC of \$10,752 for a total CASF award of \$61,952.

AT & T - Blanchard, Pages A-5 and A-6 of Appendix A

AT&T submitted a project proposal for the Blanchard area of Mariposa County. AT&T plans to offer high speed, stand alone, internet access service, where technically feasible, using existing DSL technology and where it has wire line facilities. This project will be able to serve 123 households covering an area of 13.9 square miles in 2 CBGs. The 40% CASF subsidy for this project is \$29,600 plus CIAC of \$6,216 for a total CASF award of \$35,816.

AT & T - Mount Wilson, Pages A-7 and A-8 of Appendix A

AT&T submitted a project proposal for the Mount Wilson area of Los Angeles County. AT&T plans to offer high speed, stand alone, internet access service, where technically feasible, using existing DSL technology and where it has wire line facilities. This project will be able to serve 15 households covering an area of 2.1 square miles in 1 CBG. The 40% CASF subsidy for this project is \$2,000 plus CIAC of \$420 for a total CASF award of \$2,420.

Verizon - Pinyon, Pages A-9 and A-10 of Appendix A

Verizon California (Verizon) submitted a project proposal for the Pinyon Crest area of Riverside County. Broadband deployment using the backhaul from Palm Springs

will be able to service 382 households covering an area of 27.02 square miles in 4 CBGs. This project is adjacent to an existing broadband service area (Palm Springs Canyon) which has speeds of between 5-10 Mbps. Without intersecting or overlapping with this adjacent service area, Verizon's Pinyon proposal will reach four (4) remote communities that currently do not have any broadband service. The 40% CASF subsidy for this project is \$132,000 plus CIAC of 42,000 for a total CASF award of \$174,000.

Frontier- Prattville, Pages A-11 and A-12 of Appendix A

Frontier California (Frontier) submitted a project proposal for the Lake Almanor area of Plumas County. This Frontier broadband deployment will be able to service 171 households in the Prattville area of its Chester Exchange covering an approximately 2 square mile area in 1 CBG. This one CBG, CBG 060630005001, covers a sub-section of Prattville that currently does not have any broadband service. The 40% total CASF subsidy award for this project is \$41,192.

All of the above projects were evaluated using the scoring criteria adopted in Resolution T-17143. While some of these projects' metrics did not meet the 3 Megabits Per Second (MBPS) download and 1 MBPS upload speed or did not score highly in the each of the scoring criterion, these projects were the only proposals received for the proposed areas. Further, given that there is \$100 million available for the CASF projects and the amount requested to date for CASF projects is only \$33 million, approval of these 6 projects will not adversely affect the availability of funds for future applications.

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 comes from the applicants' capital budget and is not obtained from outside financing sources. The three applicants, AT&T, Verizon CA and Frontier CA, have established track records with the Commission and have satisfied this requirement. Therefore, they will not be required to post a performance bond. However, a performance bond or some other protective agreements such as a security agreement may be required in future awards in order to protect the interests of the Commission, and the public, in the event that CASF fund recipients do not complete the broadband projects approved by the Commission.

AT&T, Verizon and Frontier are required to comply with the guidelines, requirements and conditions associated with the granting of CASF funds as specified in Resolution T-17143 including the submission of Form 477 and compliance with the California Environmental Quality Act, among others.

² Resolution T-17143

Payment to CASF Recipients

Payments to CASF recipients 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.

Since CASF funding is limited to entities with a Certificate of Public Convenience and Necessity (CPCN) that qualify as a “telephone corporation as defined under P. U. Code §234 or wireless carriers registered with the Commission over which the Commission has jurisdiction, payment to recipients 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 CASF recipients to CD	5 th of Month 1	20 th of Month 1
Payment letters from CD to Information and Management Services Division (IMSD)	On 19 th of Month 1	On 4 th of Month 2
Invoices submitted from IMSD to State’s Controller Office (SCO) for payments	20 th through 26 th of Month 1	5 th through 13 th of Month 2

CASF recipients may submit their 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.

Comments on Draft Resolution

In compliance with PU Code § 311(g), a notice letter was emailed on October 22, 2008 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.

On November 6, 2008, The Reform Utility Network (TURN) filed comments on the draft resolution and raised the following concerns:

- 1) The lack of transparency, i.e., the confidential handling of the selection and approval process does not give interested parties sufficient information to understand the details of the proposals submitted. TURN cited, as an example, the language used in describing AT&T's proposed technology, "using existing technology and where it has wire line facilities", which they indicate as unclear.
- 2) Only one of the proposed projects, Frontier's Prattville project, commits to the Commission's benchmark speed of 3 MBPS download and 1 MBPS upload. While TURN understands that the Commission has made it clear that projects that offer less than the benchmark speed will not be automatically ineligible for CASF funding, TURN is troubled by the fact that five of the six initial projects fail to meet the 3/1 speed benchmark.

TURN stressed that the lack of transparency makes it impossible for ratepayers to ascertain whether there were other projects that met the benchmark but were not funded for other reasons. TURN further indicated that the Commission should clearly explain what applications were filed, why applications were challenged and why the proposed projects were approved over competing proposals especially if critical speeds do not meet the standards.

On November 12, 2008, AT&T submitted reply comments to TURN's opening comments on the draft resolution.

The Commission appreciates TURN's concerns. However, the Commission considers most of these concerns already addressed in the CASF workshop report, Resolution T-17143 and this resolution itself:

- 1) On the question of transparency:

TURN seeks transparency. However, the Commission has already addressed this issue and ruled in favor of confidentiality, with the exception of CBGs and shapefiles.³

- 2) On the language used in describing AT&T's proposed technology: "using existing technology and where it has wire line facilities":

In its reply comments, AT&T explained that AT&T's proposal is to upgrade its existing facilities to provide DSL. If there are residences or businesses in

³ A.3, Geographic Locations by CBGs Where Broadband Facilities will be Deployed, pages 5 - 6 of Resolution T-17143.

the geographic area described in the application that do not have existing wire line service from AT&T, the proposed project does not include installing new facilities to serve those locations.

- 3) On the proposed projects' speed not meeting the 3 MBPS download and 1 MBPS upload:

The Commission, in Resolution T-17143, clarified that the 3 MBPS download and 1 MBPS download is established as a benchmark and does not mean that projects that offer less than these benchmarks will be automatically denied funding. The Commission further clarified that projects that meet the benchmark speed will score higher on the speed criterion than projects that do not meet the 3/1 MBPS speed. Where there is only one application received in an unserved area with a speed less than the 3/1 benchmark, this application will be given serious consideration and may be selected. ⁴

TURN is correct in pointing out that only the Prattville Project meets the 3/1/speed benchmark. However, it is also noted that the other 5 projects, Grenada, Hopland, Blanchard, Mount Wilson, and Pinyon were the only projects proposed in the area.

- 4) On the status of applications filed; which applications were challenged and why the proposed projects were approved over competing proposals:

Page 2 of this resolution explains that the 6 projects being approved by the Commission have not been challenged and have been found, after review by the Communications Division, to be eligible for CASF funding for unserved areas. Page 2, likewise, indicates that of the 23 applications filed, 16 were challenged by other parties and are still under review and will be addressed at a later date. Details of the project, including a description of the challenges filed, CD's evaluation of the challenges, and a discussion of CD's recommendations will be available when the draft resolution(s) addressing the remaining 16 projects for unserved areas are distributed for public comment.

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.

⁴ A.2, Description of Proposed broadband Project Plan Including Project Size, Download and Upload Speed Capabilities of Proposed Facilities, pages 3 - 4 of Resolution T-17143.

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 on July 24, 2008.
3. 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 July 24, 2008: Census Block Groups (CBGs). Of the CBGs in this Resolutions, none was formally challenged by either existing service providers or other interested parties. The Communications Division (CD) proceeded with its independent review and analysis of these project areas to verify that they were unserved as of the applicants' filing date.
4. 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.
5. CD reviewed each application's eligibility in the unserved review phase 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.
6. Shapefiles, which mapped the broadband deployment, were reviewed by CD using sources including, but not limited to, the United States 2000 Census data and the January, 2008, Broadband Task Force Report and its available on-line maps. These maps helped to verify the existence of or non-existence of broadband service areas and broadband speeds, where available.
7. CD verified each project and, when necessary, requested additional information and/or meetings with applicants to clarify their project proposals.
8. After its review, CD determined that six (6) applications for unserved areas were eligible to receive funding under CASF.
9. The six projects proposed that have been found to be eligible for CASF funding are as follows:

Name of Telephone Corporation	Project Name	CASF Funding
AT&T	Grenada	\$57,596
AT&T	Hopland	\$61,952
AT&T	Blanchard	\$35,816
AT&T	Mount Wilson	\$2,420
Verizon	Pinyon	\$174,000
Frontier	Prattville	\$41,192
TOTAL		\$372,976.00

10. The posting of a performance bond should not be required for these recipients as they have proven track records with the Commission and 60% of the total project cost will be financed by the applicants through their capital budgets.
11. AT&T, Verizon and Frontier 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 Form 477 and compliance with the California Environmental Quality Act, among others.
12. A notice letter was emailed on October 22, 2008 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.
13. On November 6, 2008, the Utility Reform Network (TURN) filed comments on the draft resolution. On November 12, 2008, AT&T filed reply comments to TURN's opening comments. These comments are addressed in the Comments section of this resolution.
14. The Commission finds CD's recommended CASF awards for unserved areas for the six (6) projects, as summarized in Appendix A of this Resolution, reasonable and consistent with Commission orders and should be adopted.

THEREFORE, IT IS ORDERED that:

1. The California Advanced Services Fund shall award funds to six (6) projects for unserved areas, as described in the Discussion portion and summarized in Appendix A of this Resolution, and as summarized below, are adopted.

Name of Telephone Corporation	Project Name	CASF Funding
AT&T	Grenada	\$57,596

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AT&T	Hopland	\$61,952
AT&T	Blanchard	\$35,816
AT&T	Mount Wilson	\$2,420
Verizon	Pinyon	\$174,000
Frontier	Prattville	\$41,192
TOTAL		\$372,976.00

2. The program fund payment of \$372,976 for the six (6) Commission approved unserved projects shall be paid out of the CASF fund in accordance with the guidelines adopted in Resolution T-17143.
3. Payment to CASF recipients shall be in accordance with Section IX of Appendix A of Resolution T-17143 and in accordance with the process defined in the Payment to CASF Recipients portion of this Resolution.
4. The three CASF fund recipients, AT&T CA, Verizon CA and Frontier CA, 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 November 21, 2008. 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

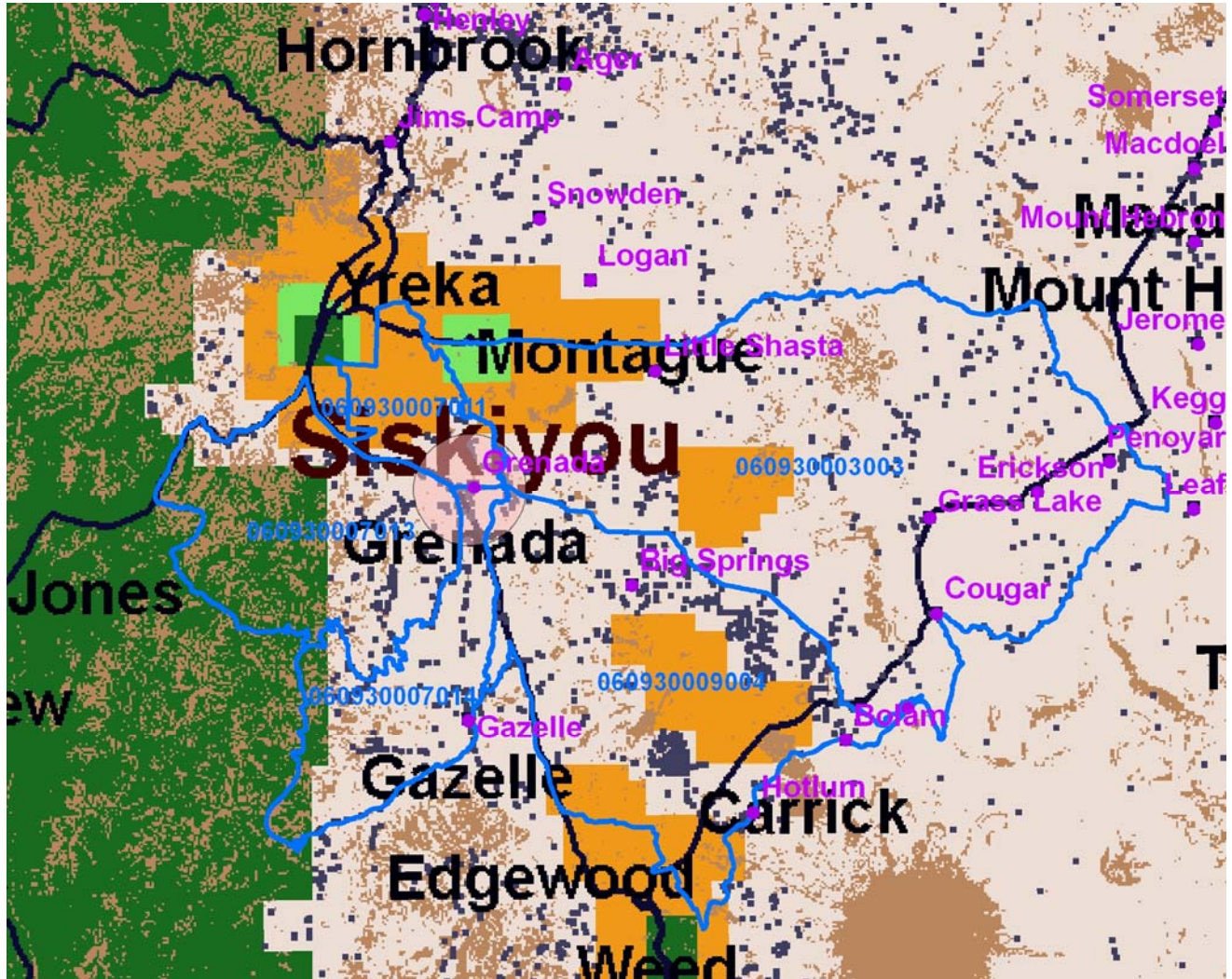
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CD/GVC

Commissioners

APPENDIX A
Resolution T- 17182
Grenada Project Key Information

1	Project ID	ATT 2008-01	
2	Project Name	Grenada	
3	Project Plan	high speed, stand alone, internet access service, , where technically feasible using existing DSL technology and where AT&T-CA has wire line facilities	
4	Project Size (in square miles)	13.9	
5	Download speed	up to 1.5 MBPS	
6	Upload speed	up to 384 KBPS	
7	Location	Siskiyou	
a)	Community Name	Grenada	
b)	CBGs/Household Income	060930007014	\$40,151
		060930007011	\$45,482
		060930009004	\$42,855
		060930007013	\$51,969
		060930003003	\$32,828
c)	Zip Codes	96038	
		96094	
		96097	
		96034	
		96064	
8	Estimated Potential Subscriber Size		
a)	Households	275	
9	Deployment Schedule (from Commission approval)	14 - 15 months	
10	Proposed Project Budget		
	CASF (40%)	\$47,600	
	CIAC	\$9,996	
	Amount of CASF Funds Requested	\$57,596	

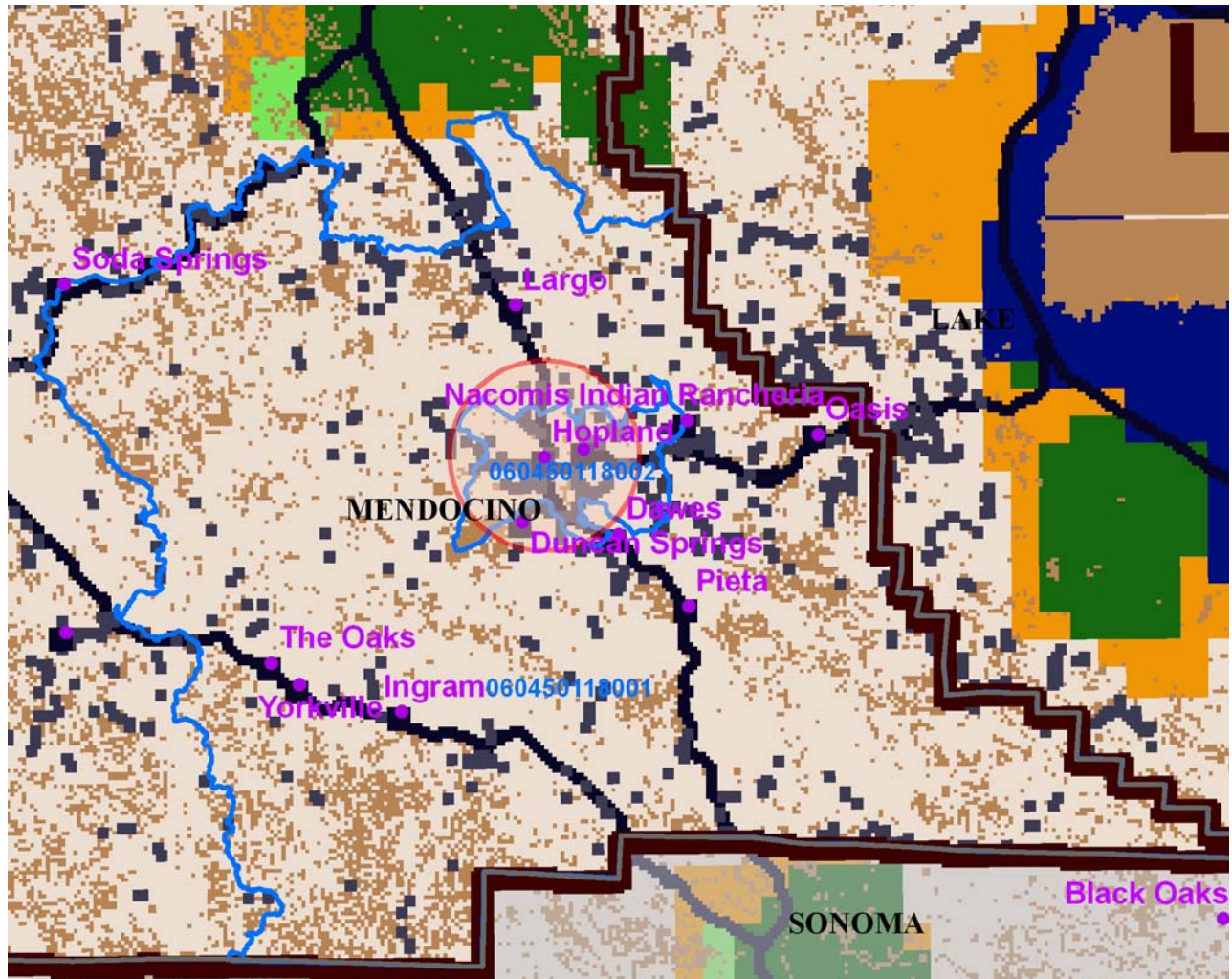
APPENDIX A
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Grenada Project Shapefile



APPENDIX A
Resolution T- 17182
Hopland Project Key Information

1	Project ID	ATT 2008-04	
2	Project Name	Hopland	
3	Project Plan	high speed, stand alone, internet access service, , where technically feasible, using existing DSL technology and where AT&T-CA has wire line facilities	
4	Project Size (in square miles)	13.9	
5	Download speed	up to 1.5 MBPS	
6	Upload speed	up to 384 KBPS	
7	Location	Mendocino	
a)	Community Name	Hopland	
b)	CBGs/Household Income	060450118001	\$43,086
		060450118002	\$45,297
c)	Zip Codes	95449	
		95482	
8	Estimated Potential Subscriber Size		
a)	Households	328	
9	Deployment Schedule (from Commission approval)	14 - 15 months	
10	Proposed CASF Funding		
	CASF (40%)	\$51,200	
	CIAC	\$10,752	
	Amount of CASF Funds Requested	\$61,952	

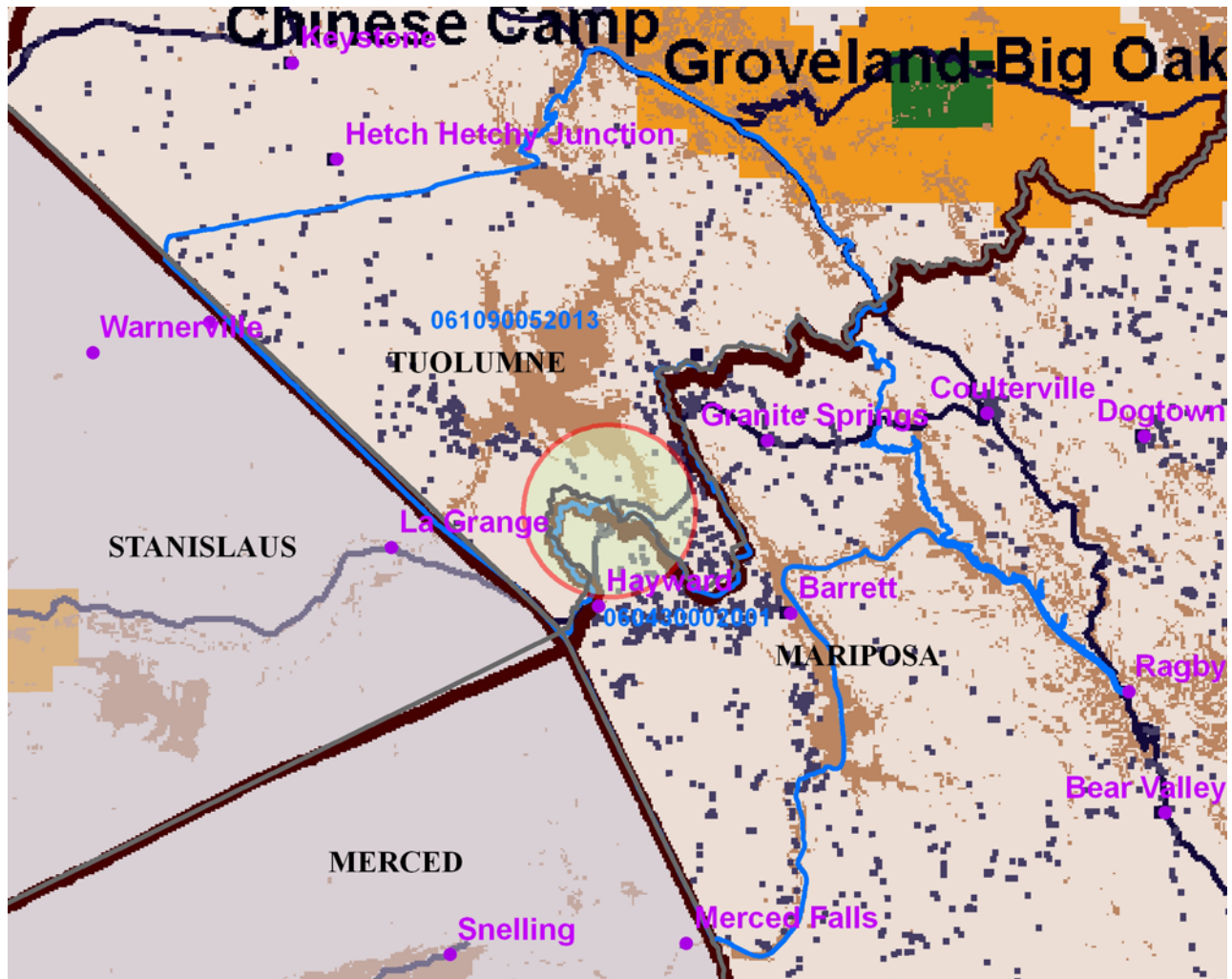
APPENDIX A
Resolution T- 17182
Hopland Project Shapefile



APPENDIX A
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Blanchard Project Key Information

1	Project ID	ATT 2008-10	
2	Project Name	Blanchard	
3	Project Plan	high speed, stand alone, internet access service, where technically feasible, using existing DSL technology and where AT&T-CA has wire line facilities	
4	Project Size (in square miles)	13.9	
5	Download speed	up to 1.5 MBPS	
6	Upload speed	up to 384 KBPS	
7	Location	Mariposa	
a)	Community Name	Blanchard	
b)	CBGs/Household Income	060430002001	\$52,381
		061090052013	\$47,840
c)	Zip Codes	95329	
8	Estimated Potential Subscriber Size		
a)	Households	123	
9	Deployment Schedule (from Commission approval)	14 - 15 months	
10	Proposed CASF Funding		
	CASF (40%)	\$29,600	
	CIAC	\$6,216	
	Amount of CASF Funds Requested	\$35,816	

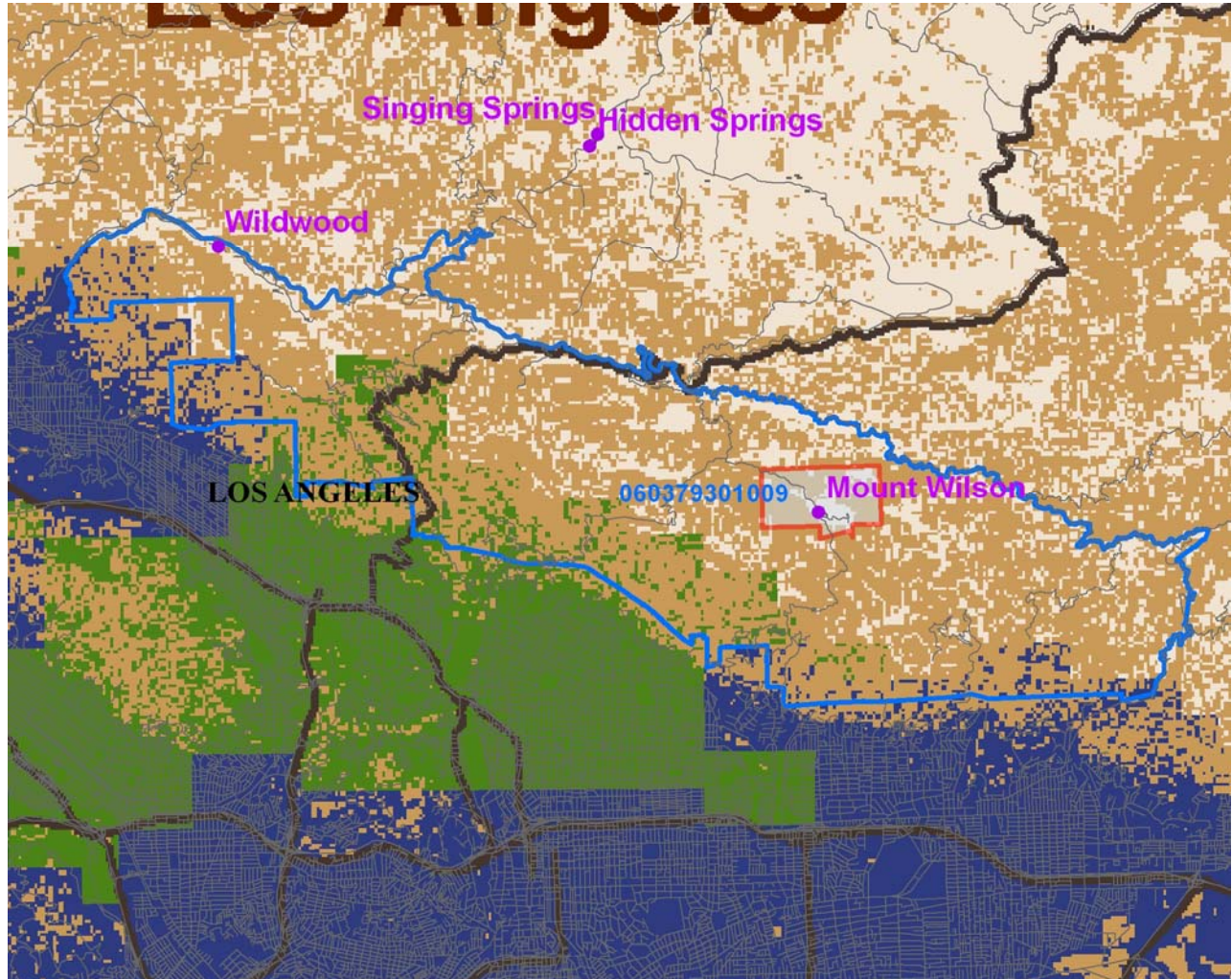
APPENDIX A
Resolution T- 17182
Blanchard Project Shapefile



APPENDIX A
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Mt. Wilson Project Key Information

1	Project ID	ATT 2008-12	
2	Project Name	Mount Wilson	
3	Project Plan	high speed, stand alone, internet access service, , where technically feasible, using existing DSL technology and where AT&T-CA has wire line facilities	
4	Project Size (in square miles)	2.1	
5	Download speed	up to 1.5 MBPS	
6	Upload speed	up to 384 KBPS	
7	Location	Los Angeles	
a)	Community Name	Mount Wilson	
b)	CBGs/Household Income	060379301009	\$126,131
c)	Zip Codes	91011	
8	Estimated Potential Subscriber Size		
a)	Households	15	
9	Deployment Schedule (from Commission approval)	18 - 20 months	
10	Proposed CASF Funding		
	CASF (40%)	\$2,000	
	CIAC	\$420	
	Amount of CASF Funds Requested	\$2,420	

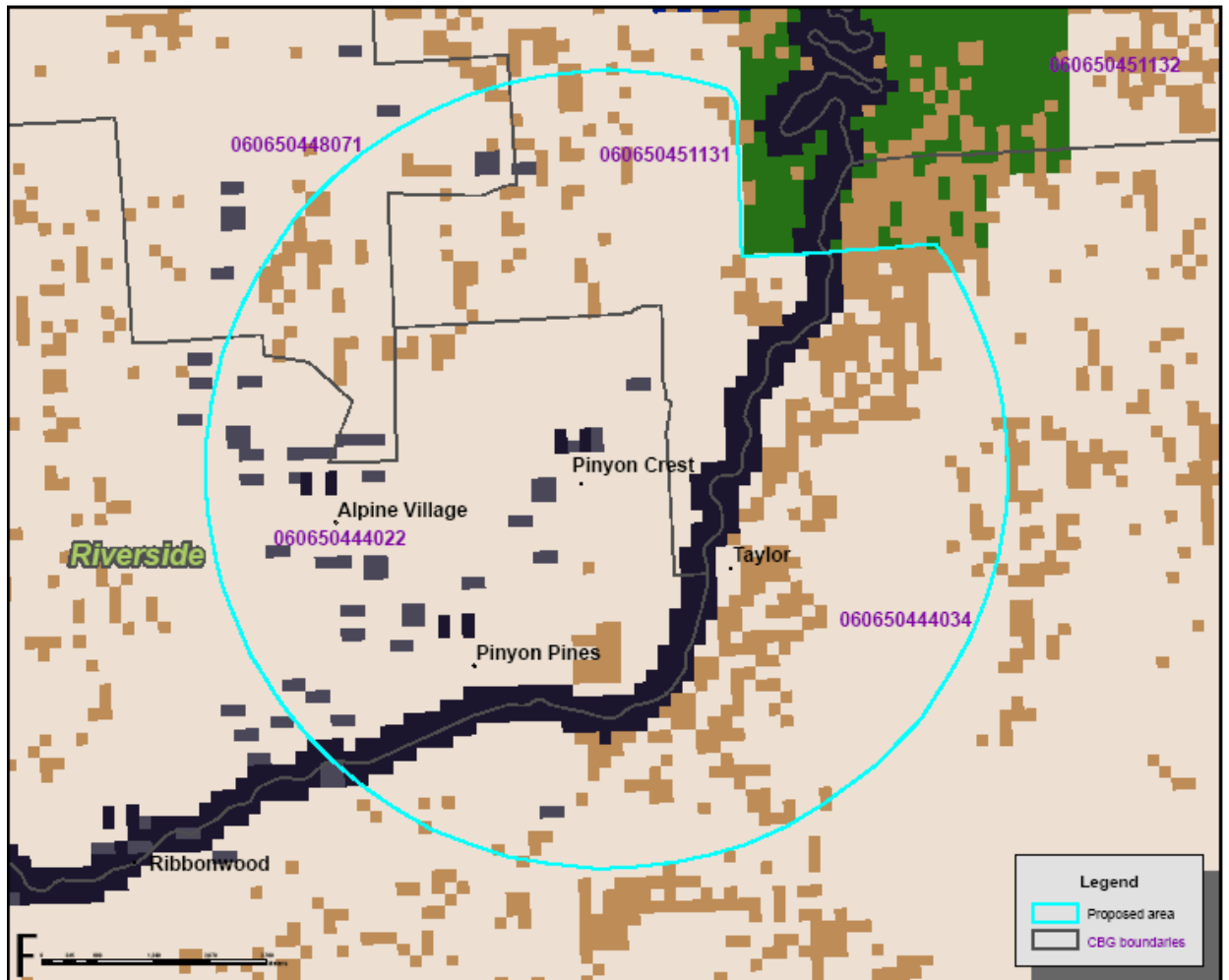
APPENDIX A
Resolution T- 17182
Mt. Wilson Project Shapefile



APPENDIX A
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Pinyon Project Key Information

1	<i>Project ID</i>	Verizon Broadband Project Pinyon	
2	<i>Project Name</i>	Pinyon	
3	<i>Project Plan</i>	new fiber optic line buried between Pinyon and Palm Desert	
4	<i>Project Size (in square miles)</i>	27.02	
5	<i>Download speed</i>	mid-speed 1.50 Mbps	
6	<i>Upload speed</i>	mid-speed 0.384 Mbps	
7	<i>Location</i>	Riverside	
a)	<i>Community Name</i>	Pinyon	
b)	<i>CBGs/Household Income</i>	60650448071	\$59,566
		60650451131	\$40,907
		60650444022	\$56,392
		60650444034	\$24,833
c)	<i>Zip Codes</i>	92561	
		92260	
		92264	
8	<i>Estimated Potential Subscriber Size</i>		
a)	<i>Households</i>	382	
9	<i>Deployment Schedule (from Commission approval)</i>	3 - 4 months	
10	<i>Proposed CASF Funding</i>		
	<i>CASF (40%)</i>	\$132,000	
	<i>CIAC</i>	\$42,000	
	<i>Amount of CASF Funds Requested</i>	\$174,000	

APPENDIX A
Resolution T- 17182
Pinyon Project Shapefile



APPENDIX A
Resolution T- 17182
Prattville Project Key Information

1	<i>Project ID</i>		
2	<i>Project Name</i>	Prattville	
3	<i>Project Plan</i>	add DSL capability for 171 customers through the addition of a Calix Digital Loop Carrier w/ High Speed Internet capability.	
4	<i>Project Size (in square miles)</i>	2	
5	<i>Download speed</i>	approximately 3 MBPS	
6	<i>Upload speed</i>	up to 1 MB	
7	<i>Location</i>	Chester Exchange	
a)	<i>Community Name</i>	Prattville	
b)	<i>CBGs/Household Income</i>	Tract 5 Block Grp. 1	\$47,019
c)	<i>Zip Codes</i>	95923	
		96137	
		96020	
8	<i>Estimated Potential Subscriber Size</i>		
a)	<i>Households</i>	171	
9	<i>Deployment Schedule (from Commission approval)</i>	12/1/08 through 7/15/09	
10	<i>Proposed CASF Funding</i>		
	<i>CASF (40%)</i>	\$41,192	
	<i>CIAC</i>		
	<i>Amount of CASF Funds Requested</i>	\$41,192	

APPENDIX A
Resolution T- 17182
Prattville Project Shapefile

