### PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Communications Division
Carrier Oversight and Programs Branch

RESOLUTION T-17196 March 12, 2009

Mailed Date: 3/13/09

### RESOLUTION

Resolution T-17196 Approval of Funding for Underserved Area applications from California Advanced Services Fund (CASF) Amounting to \$620,093

### Summary

This Resolution adopts California Advanced Services Fund (CASF) funding for broadband projects in underserved areas totaling \$620,093. The amount granted represents 40% of the total project costs of these underserved area applications filed in accordance with Resolution T-17143. The following table identifies the projects and the CASF funding amounts approved.

Name of Telephone Corporation	Project Name	CASF Funding (40%)
AT&T	Lodi	\$137,416
AT&T	Oakdale	\$108,783
AT&T	Irwin	\$41,411
AT&T	Los Banos	\$120,170
AT&T	Easton	\$49,869
Citizens (Frontier)	Birds Landing	\$100,444
Citizens (Global Valley)1	Livingston	\$62,000
TOTAL		\$620,093

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<sup>&</sup>lt;sup>1</sup> D.08-10-010 consolidates Citizens Communications Company's four California ILECs by merging its three smaller ILECs (Golden State, Tuolumne & Global Valley) into the Citizens Telecommunications Company of California Inc. dba Frontier-California (Frontier).

### **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.<sup>2</sup> Resolution T-17143, approved on June 12, 2008, adopts 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 underserved projects, to file their project proposals and funding requests on August 25, 2008.

Thirty (30) project proposals that sought CASF funding for underserved areas were submitted. In addition, three project proposals originally submitted as *unserved* were resubmitted under the *underserved* category. Of the 33 projects submitted, the seven (7) applications in this Resolution have not been challenged. Further, Communications Division (CD) has verified that the specific Census Block Group (CBG) covering the proposed areas are qualified as underserved as defined in Res. T-17143. Further details are presented in the Discussion Section of this resolution. These seven projects are, therefore, recommended for approval and award of CASF funding.

### **Notice/Protests**

The Census Block Group (CBG) list appeared by county on the Commission's CASF website page under "UNDERSERVED areas proposed to be served as of August 25, 2008: Census Block Groups (CBGs)." Of the CBGs covered by these seven projects, none was formally challenged by either existing service providers or other interested parties. Therefore, CD proceeded with a review and an analysis of these project areas to verify that they were indeed underserved as of the applicants' filing dates.

#### Discussion

This Resolution adopts a total of \$620,093 in CASF funding support in this second phase of application filing for underserved areas. Details of these seven projects are in Appendix A of this Resolution.

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 Mega Bits per Second (MBPS) download and 1 MBPS upload. CD reviewed each project's eligibility in the underserved review phase through the analysis of required data

<sup>&</sup>lt;sup>2</sup> SB 1193 (Chapter 393, Statutes of 2008) established the California Advanced Services Fund as a new public purpose program.

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 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 and the January, 2008, Broadband Task Force Report (BBTF) including its on-line maps. Comparisons of submitted maps to that of the BBTF verified the existence of Broadband service with speeds of less than 3 MBPS download and 1 MBPS upload.

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

AT&T California (AT&T) submitted a project proposal for the Lodi underserved area of San Joaquin County. AT&T plans to offer high speed, stand alone Internet access service, powered by Internet Protocol (IP) connections over AT&T's backbone. This project will be able to serve 35 households covering an area of approximately 1.26 sq. miles. The 40% CASF subsidy for this project is \$113,567 plus Contribution in Aid of Construction (CIAC) of \$23,849 for a total CASF award of \$137,416.

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

AT&T submitted a project proposal for the Oakdale underserved area of San Joaquin County. AT&T plans to offer high speed, stand alone Internet access service, powered by IP connections over AT&T's backbone. This project will be able to serve 47 households covering an area of approximately 1.28 sq. miles. The 40% CASF subsidy for this project is \$89,903 plus CIAC of \$18,880 for a total CASF award of \$108,783.

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

AT&T submitted a project proposal for the Irwin underserved area of Merced County. AT&T plans to offer high speed, stand alone Internet access service, powered by IP connections over AT&T's backbone. This project will be able to serve 55 households covering an area of approximately 0.72 sq. miles. The 40% CASF subsidy for this project is \$34,224 plus CIAC of \$7,187 for a total CASF award of \$41,411.

### AT&T - Los Banos, Pages A-7 and A-8 of Appendix A

AT&T submitted a project proposal for the Los Banos underserved area of Merced County. AT&T plans to offer high speed, stand alone Internet access service, powered by IP connections over AT&T's backbone. This project will be able to serve 13 households covering an area of approximately 0.87 sq. miles. The 40% CASF subsidy for this project is \$99,314 plus CIAC of \$20,856 for a total CASF award of \$120,170.

### AT&T - Easton, Pages A-9 and A-10 of Appendix A

AT&T submitted a project proposal for the Easton underserved area of Fresno County. AT&T plans to offer high speed, stand alone Internet access service, powered by IP connections over AT&T's backbone. This project will be able to serve 9 households covering an area of approximately 0.52 sq. miles. The 40% CASF subsidy for this project is \$41,214 plus CIAC of \$8,655 for a total CASF award of \$49,869.

### Citizens - Birds Landing, Pages A-11 and A-12 of Appendix A

Citizens Telecommunication Company (Citizens) submitted a project proposal for the Birds Landing area of the Rio Vista exchange of Solano County. Citizens plans to extend high-speed internet service through the expansion of Digital Subscriber Line (DSL) deployment into the more remote underserved areas of its rural exchanges. This project will be able to serve 69 households covering an area of approximately 17 square miles. The 40% CASF subsidy for this project is \$100,444.

CD's review disclosed that the BBTF indicates an area within Citizens' Birds Landing underserved project as having broadband speeds of 1 – 5 MBPS. CD requested Citizens to clarify and explain the discrepancy of Citizens' project proposal for Birds' Landing underserved area. Citizens explained that a "served" grid can appear on the map if as few as one customer with broadband service is present within a 1 Kilometer (Km) by 1 Km or 0.6 miles by 0.6 miles grid area. Citizens further stated that after further review and verification by its staff, it determined that one address submitted to the BBTF was erroneously mislabeled as having access to broadband services.

### Citizens - Livingston, Pages A-13 and A-14 of Appendix A

Citizens<sup>3</sup> submitted a project proposal for the Livingston area of Merced County. Citizens plans to extend additional Digital Subscriber Line capability in the southeastern portion of the Livingston exchange through High Bit Rate Digital Subscriber Line (HDSL)<sup>4</sup> span line<sup>5</sup> equipment, 3 - Infratel brickhouse cabinets<sup>6</sup> and 4 - Adtran DLSAMs<sup>7</sup>. This project will be able to serve 234 households covering an area of approximately 8 square miles. The 40% CASF subsidy for this project is \$62,000.

<sup>&</sup>lt;sup>3</sup>D.08-10-010 consolidates Citizens Communications Company's four California ILECs by merging its three smaller ILECs (Golden State, Tuolumne & Global Valley) into the Citizens Telecommunications Company of California Inc. dba Frontier-California (Frontier).

<sup>&</sup>lt;sup>4</sup> HDSL delivers T-1 (1.536 Mg usable bandwidth) over a 4-wire loop of 2 pairs. Unlike ADSL, HDSL bandwidth is symmetric, as equal bandwidth is provided in each direction.

<sup>&</sup>lt;sup>5</sup> A span refers to that portion of a high-speed digital system that connects a Central Office or Terminal Office to another Terminal Office.

<sup>&</sup>lt;sup>6</sup> A brickhouse is an easy to install, cost effective outdoor solution for housing mini DSLAMs and cross connect blocks all in a single compact enclosure.

<sup>&</sup>lt;sup>7</sup> A piece of technology installed at a telephone company's Central Office that sits on one end of a subscriber's loop. At the other end is a box that the customer plugs his PC and his phone into. The DSLAM will then provide phone service and high-speed internet service to the customer.

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The Application Requirements and Guidelines on the awarding of CASF funds<sup>8</sup> 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. In its applications, AT&T and Citizens certified in writing that 60% of the total project costs will come from its existing capital budget. Therefore, a performance bond will not be required from both applicants.

AT&T and Citizens informed CD that it will utilize existing facilities to built and extend high speed internet to the proposed underserved areas listed in this resolution. Therefore, AT&T and Citizens are exempt from the California Environmental Quality Act review. However, AT&T and Citizens are required to comply with all other requirements and conditions associated with the granting of CASF funds as specified in Resolution T-17143 including but not limited to, the submission of Form 477.

### **Payments to CASF Recipients**

Submission of invoices and payments to AT&T and Citizens 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 AT&T and Citizens 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 <sup>th</sup> of Month 1	20 <sup>th</sup> of Month 1
Payment letters from CD to Information and Management Services Division (IMSD) <sup>9</sup>	On 19 <sup>th</sup> of Month 1	On 4 <sup>th</sup> of Month 2
Invoices submitted from IMSD to State's Controller Office (SCO) for payments	20 <sup>th</sup> through 26 <sup>th</sup> of Month 1	5 <sup>th</sup> through 13 <sup>th</sup> of Month 2

<sup>&</sup>lt;sup>8</sup> Resolution T-17143

<sup>&</sup>lt;sup>9</sup> 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 invoice.

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AT&T and Citizens 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.

#### Comments on Draft Resolution

In compliance with PU Code § 311(g), a notice letter was emailed on February 9, 2009 informing a) all applicants filing for underserved 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 <a href="http://www.cpuc.ca.gov/static/documents/index.htm">http://www.cpuc.ca.gov/static/documents/index.htm</a>. 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.

Responses to timely filed comments will be addressed in this resolution. No comments were received as of February 24, 2009.

### **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 underserved projects to file their project proposals and funding requests on August 25, 2008.
- 3. Underserved areas are defined as areas where broadband is available but no facilities-based provider offers service at speeds of at least 3 Mega Bits per Second (MBPS) download and 1 MBPS upload.
- 4. A list of census block groups (CBGs) appeared by county on the Commission's CASF website page under "UNDERSERVED areas proposed to be served as of August 25, 2008: Census Block Groups (CBGs)". Of the CBGs in this Resolution, none was formally challenged by either existing service providers or other interested parties. 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.

- 5. CD reviewed each application's eligibility in the underserved review phase by analyzing 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.
- 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 the seven applications for underserved areas were eligible to receive funding under CASF.
- 9. The seven projects proposed that have been found to be eligible for CASF funding are as follows:

Name of Telephone Corporation	Project Name	CASF Funding (40%)
AT&T	Lodi	\$137,416
AT&T	Oakdale	\$108,783
AT&T	Irwin	\$41,411
AT&T	Los Banos	\$120,170
AT&T	Easton	\$49,869
Citizens (Frontier)	Birds Landing	\$100,444
Citizens (Global Valley)	Livingston	\$62,000
TOTAL		\$620,093

- 10. AT&T and Citizens should not be required to post a performance bond for the projects listed above since 60% of its total project cost will be financed by the applicants through their capital budgets.
- 11. AT&T and Citizens are exempt from the California Environmental Quality Act review for the projects listed in this Resolution.

- 12. AT&T and Citizens should comply with all other requirements and conditions associated with the granting of CASF funds as specified in Resolution T-17143 including but not limited to the submission of Form 477.
- 13. A notice letter was emailed on February 9, 2009 informing a) all applicants filing for underserved 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 <a href="http://www.cpuc.ca.gov/static/documents/index.htm">http://www.cpuc.ca.gov/static/documents/index.htm</a>. 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.
- 14. No opening or reply comments on the Draft Resolution were received by the Commission.
- 15. The Commission finds CD's recommended CASF award of \$620,093 for underserved areas for the seven 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 (CASF) award of funds to the seven projects for underserved areas, as described in the Discussion Section and summarized below, are adopted.

Name of Telephone Corporation	Project Name	CASF Funding (40%)
AT&T	Lodi	\$137,416
AT&T	Oakdale	\$108,783
AT&T	Irwin	\$41,411
AT&T	Los Banos	\$120,170
AT&T	Easton	\$49,869
Citizens (Frontier)	Birds Landing	\$100,444
Citizens (Global Valley)	Livingston	\$62,000
TOTAL		\$620,093

- 2. The program fund payment of \$620,093 for the seven Commission-approved underserved projects shall be paid out of the CASF fund in accordance with the guidelines adopted in Resolution T-17143.
- 3. AT&T, California (AT&T) and Citizens Telecommunications Company of California, Inc. (Citizens) shall not be required to post a performance bond for its underserved broadband projects.

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- 4. Payments 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 "Payments to CASF Recipients" section of this Resolution.
- 5. AT&T and Citizens are exempt from the California Environmental Quality Act review for the projects listed in this Resolution.
- 6. AT&T and Citizens shall comply with all requirements and conditions associated with the CASF funds award as specified in Resolution T-17143 such as but not limited to, the submission of Form 477.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on March 12, 2009. The following Commissioners approved it:

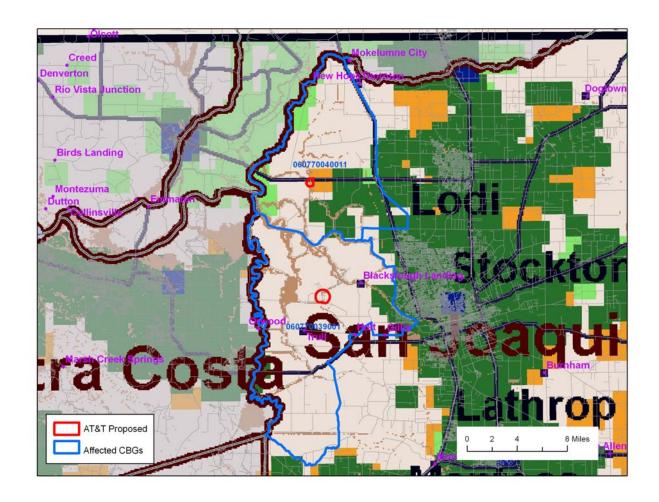
/s/ Paul Clanon
PAUL CLANON
Executive Director

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

# APPENDIX A Resolution T-17196 Lodi Project Key Information

1	Project ID	ATT 2008-1003	
2	Project Name	Lodi	
3	Project Plan	offer high speed, stand alone	
		internet service, powered by IP	
		connections over AT&T's backbone.	
4	Project Size (in square miles)	1.26	
5	Download speed	up to 10 MBPS	
6	Upload speed	up to 1.5 MBPS	
7	Location	San Joaquin	
a)	Community Name	Lodi	
<i>b</i> )	CBGs/Household Income	060770040011	\$41,370
		060770039001	\$40,750
c)	ZIP Codes	95242	
		95206	
8	Estimated Potential Subscriber Size		
a)	Households	35	
9	Deployment Schedule (from	24 months	
10	Commission approval) Proposed Project Budget		
10	CASF (40%)	¢112 E67	
	CIAC (40%)	\$113,567	
		23,849	
	Amount of CASF Funds Requested	\$137,416	

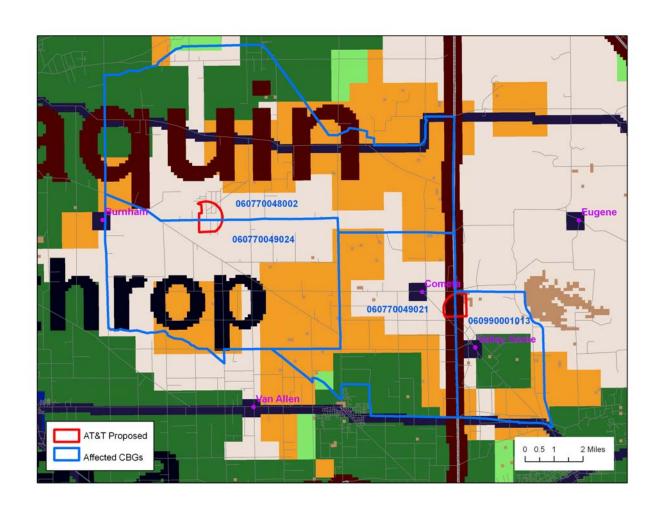
## APPENDIX A Resolution T-17196 AT&T Lodi Project Shapefile



# APPENDIX A Resolution T-17196 Oakdale Project Key Information

1	Project ID	ATT 2008-1004	
2	Project Name	Oakdale	
3	Project Plan	offer high speed, stand alone internet service, powered by IP connections over AT&T's backbone.	
4	Project Size (in square miles)	1.28	
5	Download speed	up to 10 MBPS	
6	Upload speed	up to 1.5 MBPS	
7	Location	San Joaquin	
a)	Community Name	Oakdale	
<i>b</i> )	CBGs/Household Income	060990001013	\$66,706
		060770049021	\$66,903
		060770048002	\$57,070
		060770049024	\$41,169
c)	ZIP Codes	95361	
		95230	
		95215	
8	Estimated Potential Subscriber Size		
a)	Households	47	
9	Deployment Schedule (from Commission approval)	24 months	
10	Proposed Project Budget		
	CASF (40%)	\$89,903	
	CIAC	18,880	
	Amount of CASF Funds Requested	\$108,783	

## APPENDIX A Resolution T-17196 AT&T Oakdale Project Shapefile



### APPENDIX A Resolution T-17196 Irwin Project Key Information

1	Project ID	ATT 2008-1007	
2	Project Name	Irwin	
3	Project Plan	offer high speed, stand alone internet service, powered by IP connections over AT&T's backbone.	
4	Project Size (in square miles)	0.72	
5	Download speed	up to 10 MBPS	
6	Upload speed	up to 1.5 MBPS	
7	Location	Merced	
a)	Community Name	Irwin	
<i>b</i> )	CBGs/Household Income	060470004006	\$43,089
c)	ZIP Codes	95324	
		95374	
8	Estimated Potential Subscriber Size		
a)	Households	55	
9	Deployment Schedule (from Commission approval)	24 months	
10	Proposed Project Budget		
	CASF (40%)	\$34,224	
	CIAC	7,187	
	Amount of CASF Funds Requested	\$41,411	

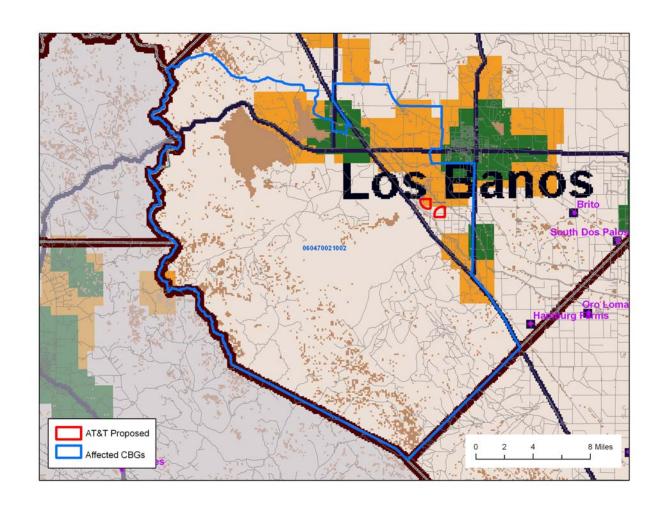
## APPENDIX A Resolution T-17196 AT&T Irwin Project Shapefile



## APPENDIX A Resolution T-17196 Los Banos Project Key Information

1	Project ID	ATT 2008-1009	
2	Project Name	Los Banos	
3	Project Plan	offer high speed, stand alone	
		internet service, powered by IP	
		connections over AT&T's backbone.	
4	Project Size (in square miles)	0.87	
5	Download speed	up to 10 MBPS	
6	Upload speed	up to 1.5 MBPS	
7	Location	Merced	
a)	Community Name	Los Banos	
<i>b</i> )	CBGs/Household Income	060470021002	\$32,857
c)	ZIP Codes	93635	
8	Estimated Potential		
	Subscriber Size		
a)	Households	13	
9	Deployment Schedule (from	24 months	
	Commission approval)		
10	Proposed Project Budget		
	CASF (40%)	\$99,314	
	CIAC	20,856	
	Amount of CASF Funds	\$120,170	
	Requested		

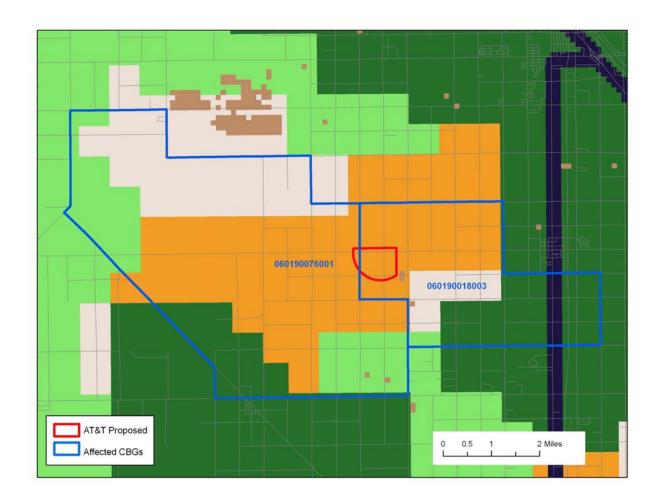
## APPENDIX A Resolution T-17196 AT&T Los Banos Project Shapefile



### **Easton Project Key Information**

1	Project ID	ATT 2008-1014	
2	Project Name	Easton	
3	Project Plan	offer high speed, stand alone	
		internet service, powered by IP	
		connections over AT&T's backbone.	
4	Project Size (in square miles)	0.52	
5	Download speed	up to 10 MBPS	
6	Upload speed	up to 1.5 MBPS	
7	Location	Fresno	
a)	Community Name	Easton	
<i>b</i> )	CBGs/Household Income	060190076001	\$39,625
		060790018003	\$50,943
c)	ZIP Codes	93706	
8	Estimated Potential		
	Subscriber Size		
<i>a</i> )	Households	9	
9	Deployment Schedule (from	24 months	
	Commission approval)		
10	Proposed Project Budget		
	CASF (40%)	\$41,214	
	CIAC	8655	
	Amount of CASF Funds Requested	\$49,869	

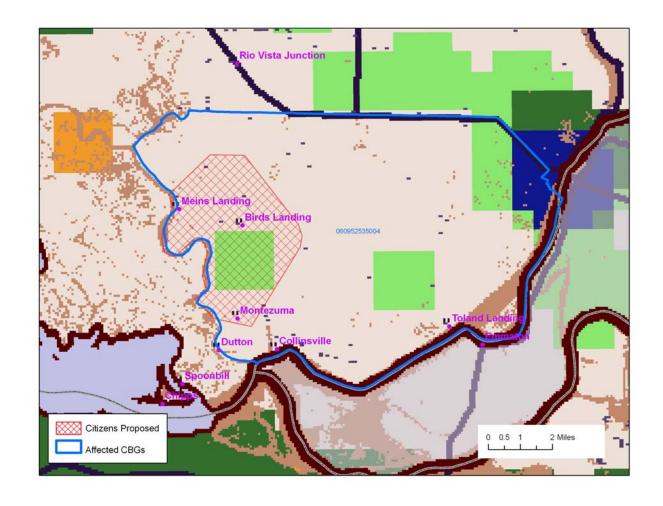
### Resolution T-17196 AT&T Easton Project Shapefile



# APPENDIX A Resolution T-17196 Birds Landing Project Key Information

1	Project ID	Citizens	
2	Project Name	Birds Landing	
3	Project Plan	Extend high-speed internet service	
		through the expansion of DSL	
		deployment into the more remote	
		underserved areas	
4	Project Size (in square miles)	17	
5	Download speed	up to 3 MBPS	
6	Upload speed	up to 1 MBPS	
7	Location	Solano	
a)	Community Name	Birds Landing	
<i>b</i> )	CBGs/Household Income	060952535004	\$51,473
c)	ZIP Codes	93706	
8	Estimated Potential		
	Subscriber Size		
a)	Households	69	
9	Deployment Schedule (from	7 months	
	Commission approval)		
10	Proposed Project Budget		
	CASF (40%)	\$100,444	
	CIAC		
	Amount of CASF Funds	\$100,444	
	Requested		

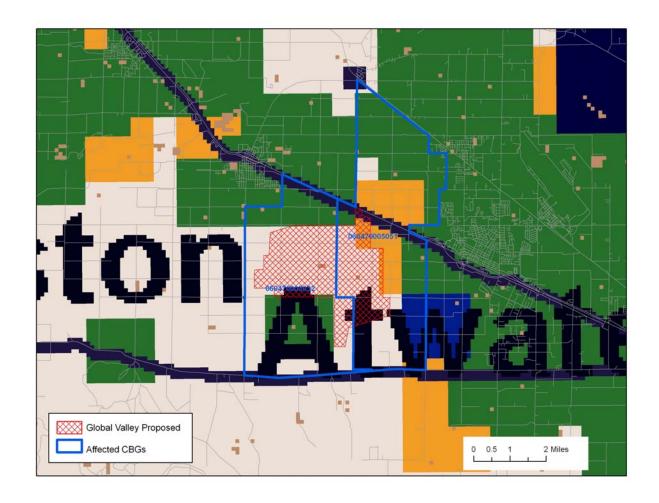
# APPENDIX A Resolution T-17196 Birds Landing Project Shapefile



## APPENDIX A Resolution T-17196 Livingston Project Key Information

1	Project ID	Citizens - Livingston	
2	Project Name	Livingston	
3	Project Plan	Extend additional DSL capability in	
		the Southeastern portion of the	
		Livingston exchange via HDSL span	
		line equipment, 3 Infratel brickhouse	
		cabinets and 4 Adtran DLSLAMs.	
4	Project Size (in square miles)	8	
5	Download speed	up to 3 MBPS	
6	Upload speed	up to 1 MBPS	
7	Location	Merced	
a)	Community Name	Livingston	
<i>b</i> )	CBGs/Household Income	060470003032	\$39,500
		060470005051	\$35,769
c)	ZIP Codes	95301	
		95334	
8	Estimated Potential		
	Subscriber Size		
a)	Households	234	
9	Deployment Schedule (from	7 months	
	Commission approval)		
10	Proposed Project Budget		
	CASF (40%)	\$62,000	
	CIAC		
	Amount of CASF Funds	\$62,000	
	Requested		

### APPENDIX A Resolution T-17196 Livingston Project Shapefile



## APPENDIX A Resolution T-17196 Underserved Area Applications Statewide Map

