

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Broadband, Video and Market Branch**

**RESOLUTION T-17712
December 17, 2020**

RESOLUTION

Resolution T-17712: Approval of funding for the grant application of Plumas Sierra Telecommunications (U-7218-C), from the California Advanced Services Fund up to the amount of \$3,707,475 for the Scott Road Project located in Lassen and Sierra Counties.

SUMMARY

This Resolution approves up to \$3,707,475 in funding from the California Advanced Services Fund (CASF) for the grant application of Plumas Sierra Telecommunications (PST) to construct the Scott Road Project. PST proposes to deploy middle-mile and last-mile fiber infrastructure to provide fiber-to-the-home (FTTH) high-speed Internet service in the Scott Road area of Lassen and Sierra Counties.

The proposed project will enable broadband access to 61 unserved households in 34 census blocks at speeds of at least 10 Megabits per second (Mbps) download and 1 Mbps upload and maximum speeds of 1 Gigabit per second (Gbps) download and 1 Gbps upload. The proposed project encompasses 32.8 square miles and will provide ancillary benefits, including improved connectivity in a region located in a Tier 2 Fire-Threat District on the California Public Utilities Commission's (Commission) Fire Map¹.

BACKGROUND

The CASF Infrastructure Grant Account (CASF Infrastructure) provides grant funding to Internet service providers to build or upgrade broadband infrastructure in areas that are unserved by existing broadband providers. The CASF program was initiated in 2008, after the program was first adopted by the Commission in Decision (D.) 07-12-054 and enacted into statute pursuant to Senate Bill 1193.

¹ See <https://ia.cpuc.ca.gov/firemap/>.

On October 15, 2017, Governor Brown signed Assembly Bill (AB) 1665 (Garcia)² into law. That legislation amended the statute governing the CASF program, Public Utilities Code § 281. The Commission issued D.18-12-018 adopting the programmatic changes to the CASF. Appendix 1 of D.18-12-018 set forth the rules, application requirements and guidelines for the CASF Infrastructure.³

On June 29, 2020, Governor Newsom signed AB 82 into law amending Public Utilities Code § 281 to authorize leveraging of CASF Infrastructure grant funding to supplement the costs of broadband infrastructure already funded, in whole or in part, by the federal Rural Digital Opportunity Fund (RDOF).⁴ In an effort to effectively utilize state and federal funding toward meeting the CASF program goals, Staff has recommended project applications that include areas eligible to receive RDOF may be deferred for approval until after the results of the RDOF Phase I (Auction 904) have been published.⁵

On May 4, 2020, PST submitted a CASF Infrastructure application, requesting 100 percent funding of \$4,307,475, to deploy middle-mile fiber and last-mile FTTH broadband access to 61 unserved households in the Scott Road area in Lassen and Sierra counties. The CASF grant funding request would cover the complete project deployment costs of the Scott Road Project.

PST, a CPCN holder, is a wholly owned subsidiary of Plumas-Sierra Rural Electric Cooperative (PSREC). Founded in 1937, PSREC is a member-owned electric distribution utility providing electrical power and related services to over 7,500 member/owners in Plumas, Lassen, and Sierra counties in California, and portions of Washoe County in Nevada. In 1987, PSREC management and the board of directors formed its PST subsidiary to offer affordable telecommunication and internet services in PSREC's electrical service areas where communications were not previously available. PST headquarters are in Portola, CA, with a second office in Susanville (Lassen County).

² AB 1665 is codified at Public Utilities (Pub. Util.) Code § 281.

³ The Commission extended the CASF Infrastructure application deadline from April 1 to May 4, 2020, and all subsequent deadlines are moved back by five weeks due to COVID-19 public health emergency. Executive Director Letter to CASF Distribution and Service Lists, Postponement of the 2020 CASF Infrastructure Application Deadlines, March 20, 2020.

⁴ See Public Utilities Code § 281(b)(1)(B)(ii).

⁵ See Staff Proposal on State-Federal Broadband Infrastructure Funds Leveraging Rulemaking (R.)20-08-021, October 1, 2020, which is pending Commission decision.

PST is an experienced wireless Internet service provider that operates wireless networks in Plumas and Eastern Sierra counties. Since the mid-1990s, PST has offered satellite television, dial-up Internet access, satellite high-speed broadband, Wi-Fi Internet access, and wireless cellular telephone services in several areas within its service territory. In 2010, PST accepted CASF and American Reinvestment and Recovery Act (ARRA) grants to build a 198-mile long, middle-mile fiber optic network along Highway 395 from Reno, Nevada to Susanville and Quincy.⁶ PST completed the fiber network in 2013 and provides access to wholesale broadband for large anchor institutions and Internet service providers, as well as broadband services to local businesses and communities. Since the completion of the fiber network, PST has continued to expand broadband services to rural communities in the area, including the construction of five CASF Infrastructure projects awarded in 2019 in Lassen, Plumas, and Sierra Counties.

NOTICE

On May 18, 2020, Staff posted the proposed project area map, census blocks, and zip codes for the Scott Road Project on the Commission's CASF webpage⁷ under "CASF Application Project Summaries" and sent notice regarding the project to the CASF Distribution List.⁸

PROTEST/CHALLENGES

There were no challenges to the PST Scott Road application; however, California Internet, L.P. (GeoLinks) submitted a letter requesting Staff to not award CASF Infrastructure grants in areas awarded funding from Phase II of the federal Connect America Fund throughout the State.

The outcome of this request is addressed in the Discussion, Section I, Project Area Eligibility.

DISCUSSION

In compliance with D.18-12-018, Staff determined PST's Scott Road Project is eligible to receive \$3,707,475 in CASF Infrastructure grant funding.

⁶ Resolution T-17230. Funding Approval for the Plumas Sierra Telecommunications Middle-Mile Project.

⁷ <https://www.cpuc.ca.gov/General.aspx?id=1040>

⁸ <https://www.cpuc.ca.gov/General.aspx?id=8246>

Details of Staff analysis are explained in the following sections:

- I. Project Area Eligibility
- II. Minimum Performance Criteria
- III. Funding Determination
- IV. Safety and Community Support
- V. Compliance Requirements
- VI. Payments to CASF Recipients

Key project information and maps are shown in Appendix A and B.

I. Project Area Eligibility

No provider filed a “right-of first refusal” (ROFR) for PST’s project area by January 15, 2020, nor does the proposed project areas include census blocks identified by the Federal Communications Commission (FCC) as eligible to receive RDOF as part of Phase I (Auction 904).⁹

On September 4, 2020, PST submitted a revised project expenditures budget to correct an inadvertent budgeting error. PST reduced its request for funding by \$600,000, to \$3,707,475. Table 1, below, provides a summary of the PST’s budgeted project costs.

Table 1: Summary of PST’s Funding

	Middle-Mile Funding	Last-Mile Funding	Total
Original Funding Request	\$4,046,273	\$261,202	\$4,307,475
Revised Funding Request	\$3,446,273	\$261,202	\$3,707,475

The revised Scott Road Project Summary was posted on the Commission’s webpage on October 12, 2020. Based on PST’s project revision, Staff determined the Scott Road Project, including the middle-mile infrastructure, is eligible for a CASF Infrastructure grant.

Connect America Fund Phase II (CAF II) census blocks located in PST’s Scott Road Project area are eligible for CASF Infrastructure grant funding. The proposed project area includes CAF II census blocks awarded to GeoLinks by the Federal Communications Commission (FCC) CAF II Auction 903 on August 28, 2018. Out of the 61 CASF eligible households in the proposed project area, 49 households have been

⁹ See <https://www.broadbandmap.ca.gov/federal/funding/>

identified as within GeoLinks' CAF II awarded project area. According to the California Interactive Broadband Map, GeoLinks does not operate broadband facilities in the area at this time.

During the challenge period, GeoLinks submitted a letter requesting Staff to uphold AB 1665 restrictions on the approval of CASF Infrastructure grants for projects in census blocks where an existing facilities-based broadband provider has accepted federal CAF II funds for broadband deployment.¹⁰ GeoLinks did not file a ROFR for the project area nor notify the Commission before July 1, 2020 that it has begun or completed its CAF II deployment in the census blocks contained in PST's Scott Road application.¹¹ Furthermore, AB 1665's prohibitions against leveraging CASF and CAF II funds on the same project have lapsed, pursuant to a sunset provision.¹² For these reasons, Staff determined that the CAF II census blocks within PST's Scott Road Project are eligible for CASF grant funding.

The Scott Road project area is eligible for a CASF grant. There are no existing facilities-based wireline or high-speed broadband service providers in the project area. According to the California Interactive Broadband Map, the area only has access to dial-up service.¹³ Table 2, below, summarizes PST's Scott Road CASF Infrastructure grant application:

Table 2: PST's Scott Road CASF Infrastructure Grant Application

	Unserved Households	Census Blocks	CASF Fund Request
Eligible Project Area	61	34	\$3,707,475

Middle-Mile infrastructure is eligible for a CASF Infrastructure grant. PST proposes to place approximately 22.7 miles of middle-mile fiber optic cable on existing poles, to connect the Scott Road Project to PST's existing core fiber network, and 15.2 miles of last mile fiber optic cable for the FTTH facilities. PST proposes to extend its existing

¹⁰ See AB 1665, codified at Public Utilities Code § 281(f)(5)(c).

¹¹ Pub. Util. Code Sec. 281(f)(5)(C) "specifies that the CAF II areas are ineligible for CASF until July 1, 2020, unless the existing facility-based broadband provider has notified the Commission before July 1, 2020, that it has either completed or elected not to build its CAF II deployment in the census block." Providers wishing to inform the Commission of their CAF deployment plans must submit a letter by January 15th of each year to the Communications Division Director with a copy to the CASF distribution service list, detailing the CAF II areas that have been completed and those that the provider is expressing its intent not to upgrade.

¹² See Public Utilities Code § 281(f)(5)(C)(i).

¹³ Dial-up provides speeds of less than 200 Kbps downstream and 200 Kbps upstream.

middle-mile infrastructure installed along the Highway 395 corridor (previously funded with ARRA and CASF grants) to deliver last-mile service to the Scott Road project areas. PST is unable to deliver last-mile service without constructing the additional fiber infrastructure. Therefore, Staff determined the middle-mile infrastructure is necessary to serve the proposed communities and thus eligible for CASF funding, pursuant to Pub. Util. Code § 281(f)(5)(B). The PST middle-mile fiber network shall be made available for wholesale access to other potential CASF grantees at reasonable rates and terms. These reasonable rates shall be at cost.

II. Minimum Performance Criteria

Based on Staff’s review, the Scott Road Project meets the minimum performance criteria pursuant to D.18-12-018, Appendix 1, Section 6, as summarized in Table 3.

Table 3. Minimum Performance Criteria

	CASF Performance Criteria	Proposed Project
Project Completion	CEQA-exempt projects must be completed within 12 months, and all other projects shall be completed within 24 months after receiving CEQA permit	24 months (non-CEQA exempt)
Pricing	Prices committed for two years after completion of the project	2-year
Speed	At least 10/1 Mbps	1 Gbps / 1 Gbps
Latency	Maximum of 100 ms of latency	25 ms
Data Caps	Minimum of 190 GBs per month	No data cap
Affordability	Must offer low-income plan	\$15/month for 10/1 Mbps Low-Income Program

PST’s Scott Road Project is subject to the California Environmental Quality Act (CEQA) review and the project must be completed within 24 months from the start date (whereby the applicant has secured CEQA approval from the Commission and all required permits).¹⁴

PST’s broadband service offering meets CASF minimum performance criteria. PST commits to residential and low-income broadband pricing plans, as summarized in Table 4 and Table 5, for two years starting from the beginning date of service.

¹⁴ See Section V.A and V.B for details of CEQA compliance requirement.

Activation and installation fees will be waived for the first two years from the beginning date of service, in line with CASF requirements, and will cost \$99 thereafter.

Table 4: Broadband Pricing Plan

Download Speed	Upload Speed	Monthly Price
15 Mbps	5 Mbps	\$65.00
20 Mbps	5 Mbps	\$75.00
25 Mbps	10 Mbps	\$85.00
50 Mbps	10 Mbps	\$95.00
100 Mbps	20 Mbps	\$109.00

Table 5: Low-Income Broadband Pricing Plan

Download Speed	Upload Speed	Monthly Price
10 Mbps	1 Mbps	\$15.00
15 Mbps	5 Mbps	\$25.00
20 Mbps	5 Mbps	\$35.00

The proposed speed offerings (up to 100 Mbps download and up to 100 Mbps upload) meet the 10/1 minimum performance requirement. This project is capable of providing Internet service with speeds of up to 1 Gbps download and 1 Gbps upload, which will be available to customers upon request and at specific pricing; however, the standard service offering is 100 Mbps download and 20 Mbps upload. PST's service offering is for broadband access only, not interconnected voice services. The broadband service will be available to residential customers, anchor institutions and small businesses.

III. Funding Determination

PST is eligible to receive 100 percent funding for its Scott Road Project. AB 1665 authorizes the Commission to award grants to fund all or a portion of the project and requires that it determine, on a case-by-case basis, the level of funding to be provided.¹⁵

¹⁵ Pub. Util. Code, § 281(f)(12). See Bill Analysis prepared by California Assembly Committee on Conveyance, April 26, 2017, p.4. "Arguably since the creation of CASF, most areas that have been served by CASF funds are projects in which applicants feel that their cost, combined with CASF funds, warrant an investment in deploying broadband in such areas. However, this leaves most of the remaining unserved areas of state, mostly in rural and small communities, still without broadband connectivity due to the lack of investment by providers who feel that the difficulties associated with deploying and maintaining such a network in the area for a limited amount of potential customers, even combined with CASF funds, would not result in a positive return on investment. Arguably, the remaining unserved households potentially are households in which even a 70% total cost CASF grant still does not provide

Staff used the statutory factors for consideration of the grant funding level, as described by Pub. Util. Code §§ 281(f)(12) and 281(b)(2)(B)(i), and CASF rules adopted in D.18-12-018. Based on those factors, Staff determined PST’s request of a 100 percent funding level is appropriate; and thereby recommends awarding CASF Infrastructure grant of \$3,707,475 for the Scott Road Project. Table 6, below, summarizes Staff’s funding level determination for the project.

Table 6. Criteria for Project Funding Level for PST Scott Road

Funding Criteria	Scott Road Project
Baseline for Eligible Project (60%)	60%
Service Level Preference: Only Dial-up or No Internet Connectivity (40%)	40%
Low Income - up to 40% <ul style="list-style-type: none"> • Median Household Income for community is less than CARE standard for family of 4, which is currently \$50,200 (30%) • Applicant serves low-income customers for no more than \$15/month (10%) 	0% 10%
Others: PU Code Sec 281 (f)(12) Criteria - up to 20% <ul style="list-style-type: none"> • Inaccessible Location (10%) • Uses Existing Infrastructure (10%) • Makes a Significant Contribution to the Program Goal (10%) 	10% 10% 10%
Total Funding Level	100%¹⁶

Details of the appropriate funding level are described below.

Baseline for an Eligible Project qualifies for 60 percent funding. The CASF program is intended to finance capital costs of projects deploying broadband facilities in unserved areas of California. The identified community of Scott Road meets all the eligibility criteria, as previously described in the Project Area Eligibility section.

enough incentive for a provider to build. Hence, CPUC should consider awarding grants that offer funding for 100% of total costs when warranted.”

¹⁶ Maximum funding level is 100 percent. See D.18-12-018, Table 1. Summary of Funding Level Determinations.

Service Level Preference qualifies for an additional 40 percent funding. Pub. Util. Code § 281(b)(2)(B)(i) encourages the Commission to give preference to projects in areas with no Internet connectivity or where Internet connectivity is available only through dial-up service and not served by any form of wireline or wireless facility-based broadband service. According to the California Interactive Broadband Map, all the proposed project areas are unserved by wireline or fixed wireless broadband service and are therefore eligible for an additional 40 percent funding.

Low Income considerations qualify for an additional 10 percent funding. The average median household income of the census block groups in the proposed project area is \$57,679. Based on the proportion of households located in each census block group, the weighted median household income of the proposed project area reduces to \$57,495, which still does not meet the CASF low-income eligibility threshold. However, for those households with incomes below 190 percent of the federal poverty level, PST will offer a \$15 monthly plan and is therefore eligible for an additional 10 percent funding.

Other Factor considerations qualify for an additional 20 percent funding. The Scott Road Project meets two of the three criteria and qualifies for an additional 20 percent funding.

Staff determined the proposed project meets the inaccessible location criteria for an additional 10 percent funding. The project area is located in the Sierra Valley region of the remote northern Sierra Nevada mountains. The project area is considered to be difficult terrain and relatively inaccessible to advanced broadband communications infrastructure. The proposed project area is in an unincorporated community with the nearest hospital located approximately 15 miles away. Additionally, the proposed project areas are in rural census blocks as defined by the U.S. Census.

Staff determined the project makes a significant contribution to the program goal and is eligible for an additional 10 percent funding. The Northeast California Connect Consortium region to which the community of Scott Road belongs, is at 90.4 percent served,¹⁷ which is below the CASF program goal. Therefore, this project is considered to make a significant contribution to the program goal.

¹⁷ See 2019 Annual Report on the CASF Program, California Public Utilities Commission, Issued April 2020, Page 13, Table 7: Remaining Unserved Households in Each Consortia Region

IV. Safety and Community Support

The CASF program encourages the deployment of broadband throughout the State to enable the public to access Internet-based safety applications, telehealth services, emergency services, and to allow first responders to communicate with each other and collaborate during emergencies.

The COVID-19 Pandemic has highlighted the importance of high-quality broadband access. The dramatic gap in rural Internet access deprives residents of economic opportunities realized from working from home and negatively impacts the quality of distance learning for students in these areas. This project will provide much needed broadband access to highly disadvantaged communities. The use of fiber optic infrastructure will provide the households with the most current technology, offering an improved quality of life that is not currently available due to the region's broadband isolation.

PST's Scott Road Project will provide enhanced communications services that will promote public safety capabilities in an area located in a Tier 2 Fire-Threat District.¹⁸

The Scott Road area, including Hallelujah Junction, has been designated by CalFire as "Communities at Risk" of damage from wildfire, where there has been an increase in the occurrence of wildfires in the nearby areas. In July 2020, the Adams Fire burned approximately 1,000 acres along Scott Road and Highway 395. In August 2020, the Loyaltan Fire burned 47,029 acres including portions of the project area in Hallelujah Junction and Reno Junction. Increasing broadband access in these communities will benefit public safety and aid in recovery efforts. For these reasons, Staff finds the project will enhance public safety.

The project is greatly supported by the community for its potential to remove barriers to economic and workforce development, health care, education and public safety. The project has the potential to increase economic growth by attracting new businesses that will provide and create jobs in the region. The project is supported by the community for its potential to remove barriers to economic and workforce development and to improve health care, education, public safety and quality of life for community members.

Letters of Support were received from United States House Representative Doug LaMalfa (District 1), California Senator Brian Dahle (District 1), California

¹⁸ See <https://ia.cpuc.ca.gov/firemap/>

Assemblywomen Megan Dahle (District 1), Lassen County Board of Supervisors, and the Lassen County Chamber of Commerce.

V. Compliance Requirements

PST is required to comply with all the guidelines, requirements, and conditions associated with the grant of CASF funds as specified in D. 18-12-018. Such compliance includes, but is not limited to, the items noted below.

A. California Environmental Quality Act (CEQA)

PST's Scott Road Project is subject to CEQA review. The Commission must complete CEQA review prior to disbursing CASF funds for construction activities. The initial funding granted in this Resolution may be used for project development and other PST activities that do not involve construction or any activities that would have any direct or indirect effect on the physical environment.

Prior to any construction activity, PST is required to seek further authority from the Commission for such activity by filing a Proponent's Environmental Assessment (PEA) pursuant to Commission Rule of Practice and Procedure 2.4; and must undergo an environmental review pursuant to CEQA (California Public Resources Code § 21000 *et seq.*). PST should contact the Supervisor of the Commission's Energy Division CEQA Unit well in advance of a contemplated filing to (a) consult with staff regarding the process of developing and filing a PEA; (b) provide for cost recovery per Rule of Practice and Procedure 2.5; and (c) enter into a Memorandum of Understanding to allow the Energy Division to initiate the retention of an environmental contractor to perform the environmental review.

PST may file a completed CEQA review conducted by another agency acting as the Lead Agency pursuant to CEQA. PST should make every effort to ensure that the Commission's CEQA Unit is aware of and included in the CEQA process if it is conducted by another agency acting as the CEQA Lead Agency. PST should contact the Supervisor of the Commission's Energy Division CEQA Unit well in advance of a contemplated filing to consult with staff regarding the applicability of another agency's CEQA review.

PST must provide the PEA prior to the first payment. The Commission cannot release funds for the construction project until the Commission has completed CEQA review. PST has agreed in its application to provide a PEA and has allocated \$110,000 in its budget for environmental review and permitting.

B. Deployment Schedule

The Commission expects PST to complete the project within 24 months from the start date (whereby the applicants have secured CEQA approval from the Commission and all required permits), and the applicant has committed to do so. If PST is unable to complete the proposed project within the 24-month timeframe requirement, PST must notify the Director of the Communications Division as soon as PST becomes aware of this possibility. If such notice is not provided, the Commission may reduce payment for failure to satisfy this requirement of notifying the Director on a timely basis.

C. Execution and Performance

Staff and PST shall determine a project start date after PST has obtained all approvals. The Commission may terminate the grant should PST or any contractor it retains fail to commence work by the designated date, upon five days written notice to PST. In the event that PST fails to complete the project in accordance with the terms of Commission approval as set forth in this resolution, PST shall reimburse some or all of the CASF funds that it has received. PST must complete all construction covered by the grant on or before the grant's termination date.

D. Letter of Credit

The Commission exempts Certificate of Public Convenience and Necessity (CPCN) holders from providing a letter of credit, on the basis that the company submitted a performance bond to the Commission to maintain its CPCN and that the Commission has other means to enforce compliance. In its application, PST provided proof of CPCN registration and thus, is exempt from providing a letter of credit.

E. Project Audit

The Commission has the right to conduct any necessary audit, verification, and discovery during project implementation/construction to ensure that CASF funds are spent in accordance with Commission approval.

The PST invoices will be subject to a financial audit by the Commission at any time within three years of completion of the work.

F. Reporting

All grantees must submit biannual progress reports on the status of the project irrespective of whether grantees request reimbursement or payment. These reports are due semi-annually, in March and September, until the project is completely built and operational. Progress reports shall include the schedule for deployment, major

construction milestones and costs submitted in the proposal; indicate the actual date of completion of each task/milestone as well as problems and issues encountered, and the actions taken to resolve these problems and issues during project implementation and construction; and identify future risks to the project.

Before full payment of the project is made, PST must submit a project completion report. PST shall also include test results on the download and upload speeds by census block in the final completion report. PST must certify that each progress report is true and correct under penalty of perjury.

G. Submission of Form 477

The Federal Communications Commission (FCC) currently requires broadband providers to semiannually submit Form 477, which includes speed data. While there is an imperfect match between the data that is reported in Form 477 and data relevant to the CASF program, Form 477 data will be useful in documenting CASF deployment for the service provider's new service. Pursuant to CASF rules, service providers in California must submit a copy of their Form 477 data directly to the Commission, concurrent with their submission of the same data to the FCC, for a five-year period after completion of the project.¹⁹

H. Prevailing Wage

Section 1720 of the California Labor Code specifies that CASF-subsidized projects are subject to prevailing wage requirements. PST has committed to follow state prevailing wage requirements with regards to this project.

VI. Payments to CASF Recipients

The Commission may reimburse PST's expense in accordance with Pub. Util. Code § 281(f)(11). Details of reimbursable expenses are in Appendix C.

COMMENTS ON DRAFT RESOLUTION

In compliance with Public Utilities Code § 311(g), a notice letter was e-mailed on November 13, 2020, informing all parties on the CASF Distribution List of the availability of the draft of this resolution and of the opportunity to comment, at the Commission's website at <http://www.cpuc.ca.gov/PUC/documents/>. This

¹⁹ See *Approval of the California Advanced Services Fund (CASF) Application Requirements and Scoring Criteria for Awarding CASF Funds* (2008) Cal. P.U.C. Res. No. T-17143 at 4.

letter also informed parties that the final conformed Resolution adopted by the Commission will be posted and available at this same website.

Comments were submitted by the California Cable and Telecommunications Association (CCTA) on December 7, 2020. Reply comments were submitted by the Public Advocates Office (Cal Advocates) on December 11, 2020.

CCTA's Comments

CCTA asserts that Pub. Util. Code § 281 does not permit the Commission to impose an open access mandate on CASF grant recipients proposing middle-mile facilities and that the existing CASF rules for infrastructure grants do not include open access requirements. Further, CCTA states that the imposition of open access obligations, to the extent not voluntarily agreed to by the applicant, would be impermissible given that the CASF rules in place at the time of the application –and to date– do not provide notice that such access must be provided by grant recipients.

Cal Advocates Reply Comments

Cal Advocates states that the Commission should reject CCTA's arguments because (1) the Commission has the authority to impose open access requirements to middle-mile infrastructure that is publicly funded by ratepayer funds; (2) open access requirements will provide benefits that will help the state reach CASF program goals; (3) and the grant applicant did not raise any concerns with the Draft Resolution. Cal Advocates asserts the Commission can impose (and has previously imposed) open access requirements on CASF broadband infrastructure grant recipients. Pub. Util. Code § 281 contains no discussion of open access and does not preclude the Commission from imposing open access condition or any other type of condition on CASF grant recipients. The Commission has previously approved CASF grants that required open access, including Resolution T-17418 for the KRRBI Project, with the exact same language included in this Draft Resolution.²⁰ Additionally, Resolution T-17429 approved a CASF broadband infrastructure grant application which conditioned additional funding on access to applicants' middle-mile network at reasonable prices.²¹

²⁰ See Resolution T-17418, page 8.

²¹ See Resolution T-17429, page 12. See also T-17295, page 9. "The Commission shall award funding of \$6,659,967 from the California Advanced Services Fund to Central Valley Independent Networks, LLC and Corporation for Educational Network Initiative in California (CVIN) for its middle-mile which will provide open access network capabilities to 18 Central Valley counties."

Cal Advocates asserts that requiring open access on middle-mile portions of CASF projects will provide benefits that will help the state reach the goals described in Pub. Util. Code § 281. Cal Advocates states that building and connecting more open access middle-mile infrastructure will encourage deployment of high-quality advanced communication services. Further, Benton Institute for Broadband and Society found that “an open access, middle-mile model promotes private investment and competition in last-mile service by reducing capital expenditures required to build last-mile connections.”²² Cal Advocates asserts that requiring middle-mile open access will ensure publicly funded infrastructure maximizes the benefit to Californians; it is reasonable that middle-mile infrastructure funded in whole (100 percent) by the public be used by Internet service providers to facilitate last-mile broadband deployment to the public.

Cal Advocates disagrees with CCTA’s comments that the imposition of open access obligations would be impermissible given that the CASF rules in place at the time of the application do not provide notice that such access be provided by grant recipients. Cal Advocates points out that none of the infrastructure grant recipients raised concerns with the Draft Resolution. Cal Advocates states that CCTA’s comments are not relevant as none of the grant recipients are CCTA members.

Staff’s Response to Comments and Reply Comments

Staff rejects CCTA’s comments that the statute does not permit the Commission to impose open access requirements on CASF grant recipients proposing middle-mile infrastructure. Staff agrees with Cal Advocates that requiring open access on CASF funded middle-mile infrastructure will provide benefits to Californians and help the state reach CASF program goals. Staff finds it reasonable that middle-mile infrastructure funded by the public be used by Internet service providers to facilitate equitable and affordable broadband access. Staff also recognizes that none of the CASF applicants raised concerns with the open access requirements.

²² Arnold, Jordan & Sallet, Jonathan. “If We Build It, Will They Come? Lessons from Open-Access, Middle-Mile Networks.” Benton Institute for Broadband & Society.
https://www.benton.org/sites/default/files/OAMM_networks.pdf at page 4. Accessed 12/9/2020

FINDINGS

1. Plumas Sierra Telecommunications (PST) submitted an application for CASF funding for its Scott Road Project on May 4, 2020. The revised proposed project would deploy middle-mile and last-mile fiber facilities that will enable provision of high-speed Internet service with speeds of up to 100 Mbps download and 20 Mbps upload to 61 households in the unserved Scott Road area of Lassen and Sierra Counties.
2. On May 18, 2020, Staff posted a summary of the proposed project, including a listing of the census blocks and zip codes covered, and the proposed project area map. The project summary was posted on the “CASF Applications Project Summaries” webpage, which may be found on the Commission’s CASF website. Staff received no challenges.
3. On September 4, 2020, PST submitted a revised application to correct a budgeting error. In its revised application, PST reduced its request for funding by \$600,000, to \$3,707,475. On October 12, 2020, Staff posted the revised project summary on the “CASF Applications Project Summaries” webpage.
4. Based on its review, Staff determined that the project qualifies for funding pursuant to CASF guidelines and requirements found in D. 18-12-018 and its Appendix 1. Staff recommends that the Commission approve CASF funding for PST’s Scott Road Project.
5. The Commission has determined that the project is not categorically exempt from CEQA review.
6. A notice letter was e-mailed on November 13, 2020, informing all applicants filing for CASF funding and parties on the CASF distribution list of the availability of the draft of this Resolution and the opportunity for comment, at the Commission’s website <http://www.cpuc.ca.gov/PUC/documents/>. Comments were submitted by the CCTA and reply comments were submitted by the Cal Advocates.

THEREFORE, IT IS ORDERED that:

1. The Commission shall award up to \$3,707,475 to PST for the Scott Road Project as described herein and summarized in Appendix A of this Resolution, which shall be paid out of the CASF Infrastructure Grant Account in accordance with the

guidelines adopted in D. 18-12-018 and its Appendix 1, and with the process defined in Appendix C "Payments to CASF Recipients" of this Resolution.

2. PST shall comply with all guidelines, requirements and conditions associated with a CASF award, as specified in D. 18-12-018 and its Appendix 1, and all requirements for this project included in this resolution, and must submit FCC Form 477 to the Commission, as specified in Resolution T-17143.
3. If PST fails to complete the project in accordance with the CASF guidelines and requirements outlined in D.18-12-018 and its Appendix 1, and the terms in this Resolution, PST must reimburse some or all of the CASF funds that it has received.
4. PST must complete and execute the consent form (to be sent to the Grantee after this Resolution is adopted) agreeing to the conditions set forth in this Resolution and return it the CASF Staff within 30 calendar days from the date of the adoption of this Resolution. Failure to submit the consent form within 30 calendar days from the adoption date of this Resolution may result in the Commission voiding the grant award.
5. The Commission cannot release funds for construction activities until CEQA review is complete. PST is required to comply with the requirements set forth in the CEQA Section of the Resolution. PST must provide the PEA prior to the first payment. CASF will reimburse Energy Division for all costs related to the PEA.
6. The PST Scott Road middle-mile network shall be made available for wholesale access to other potential CASF grantees at reasonable rates and terms. These reasonable rates shall be at cost.

Resolution T-17712
CD/MBP

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 17, 2020. The following Commissioners approved it:

/s/ RACHEL PETERSON

Rachel Peterson
Acting Executive Director

MARYBEL BATJER
President
LIANE M. RANDOLPH
MARTHA GUZMAN ACEVES
CLIFFORD RECHTSCHAFFEN
GENEVIEVE SHIROMA
Commissioners

APPENDIX A
Resolution T-17712: Plumas Sierra Telecommunications Scott Road Project
CASF Applicant Key Information

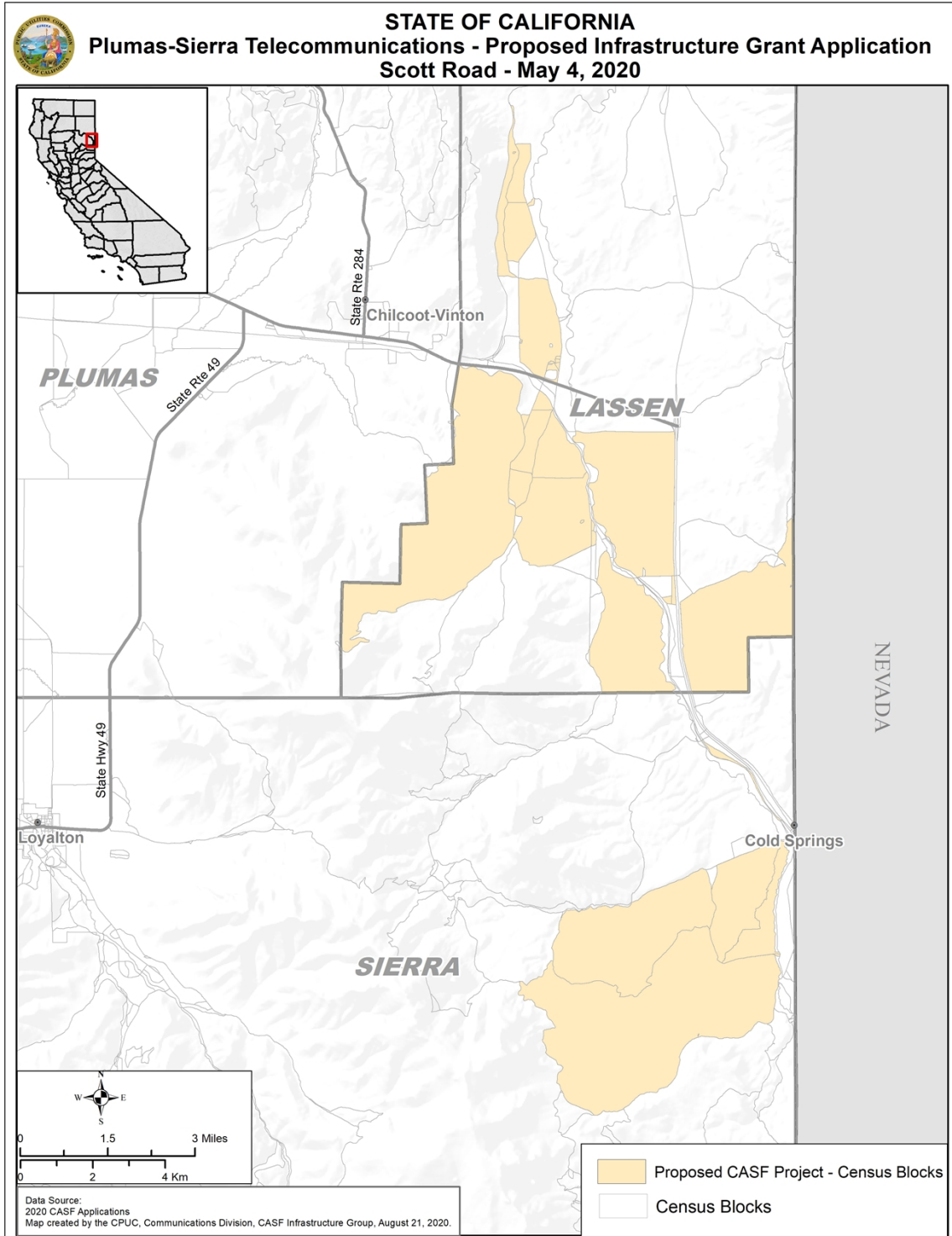
<i>Project Name</i>	PST Scott Road Project
<i>Project Plan</i>	The project proposes to build middle-mile and last-mile fiber infrastructure to deploy fiber-to-the-home (FTTH) high-speed Internet service to 61 unserved households. There is no broadband infrastructure currently in the area. The project will provide up to 100 Mbps download and 20 Mbps upload speeds.
<i>Project Size</i>	32.8 square miles
<i>Download/Upload speed</i>	100 Mbps / 20 Mbps
<i>Location</i>	Lassen and Sierra Counties
<i>Community Names</i>	Scott Road
<i>Census Blocks</i>	060350406003142, 060350406003161, 060350406003162, 060350406003164, 060350406003165, 060350406003166, 060350406003169, 060350406003170, 060350406003208, 060350406003210, 060350406003222, 060350406003243, 060350406003247, 060350406003248, 060350406003249, 060350406003251, 060350406003254, 060350406003255, 060350406003256, 060350406003257, 060350406003268, 060350406003271, 060350406003274, 060350406003283, 060350406003287, 060350406003290, 060350406003302, 060910100001010, 060910100001024, 060910100001027, 060910100001028, 060910100001095, 060910100001097
<i>Weighted Median Household Income (by Census Block Group)²³</i>	\$ 57,495
<i>Estimated potential subscriber size</i>	61 households
<i>Applicant expectations</i>	11 households (30-percent take rate)
<i>Pricing Plan (Monthly)</i>	10/1 - \$55; 15/5 - \$65; 20/5 - \$75; 25/10 - \$85; 50/10 - \$95; 100/20 - \$109 (no installation fee)
<i>Deployment Schedule (from permit approval date)</i>	6 months
<i>Proposed Project Budget (Total)</i>	\$3,707,475 Middle-Mile Budget: \$3,446,273 Last-Mile Budget: \$261,202

²³ Staff performed a weighted average calculation of the census block group median household incomes to accurately represent the income distribution of the households in the project area.

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<i>Project Name</i>	PST Scott Road Project
<i>Grant Requested Amount (100 percent)</i>	\$3,707,475
<i>CASF Grant Amount (100 percent)</i>	\$3,707,475
<i>Recommended Grant per household passed</i>	\$60,778 \$4,282 (last-mile costs only)

APPENDIX B
Resolution T-17712: Plumas Sierra Telecommunications Scott Road Project
Project Location Map



APPENDIX C

Resolution T-17712: Plumas Sierra Telecommunications Scott Road Project Payments to CASF Recipients

Pub. Util. Code § 281(f)(11) defines the costs the Commission may reimburse as follows:

- Costs directly related to the deployment of infrastructure;
- Costs to lease access to property or for Internet backhaul services for a period not to exceed five years; and
- Costs incurred by an existing facility-based broadband provider to upgrade its existing facilities to provide for interconnection.

Additionally, D. 18-12-018 (Appendix 1, Section 7) caps administrative expenses directly related to the project at 15 percent of the grant amount.²⁴

The grantee may submit reimbursement requests at the following intervals:

- 10 percent completion;
- 35 percent completion;
- 60 percent completion;
- 85 percent completion; and
- 100 percent completion.

The final 15 percent payment request (from 85 to 100 percent) will not be paid without an approved completion report. Payments are based on submitted receipts, invoices and other supporting documentation showing expenditures incurred for the project in accordance with the approved CASF funding budget included in the CASF grantee's application.

Payment to grantees shall follow the process adopted for funds created under Public Utilities Code § 270. The Commission generally processes payments within 20-25 business days, including Communications Division and Administrative Services review time. The State Controller's Office (SCO) requires an additional 14- 21 days to issue payment from the day that requests are received by SCO from Administrative Services.

²⁴ Administrative costs are defined as "indirect overhead costs attributable to a project, per generally accepted accounting principles (GAAP), and the direct cost of complying with Commission administrative and regulatory requirements related to the grant itself." Applicants seeking additional funds will require a Commission exemption included in a draft resolution.