

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

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

**RESOLUTION T-17677  
December 5, 2019**

**RESOLUTION**

**Resolution T-17677:** Approval of funding for the grant application of Plumas Sierra Telecommunications (U-7218-C), from the California Advanced Services Fund (CASF) up to the amount of \$3,574,494 for the Elysian Valley-Johnstonville Project located in Lassen County.

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**SUMMARY**

This Resolution approves \$3,574,494 in funding from the California Advanced Services Fund (CASF) for the grant application of Plumas Sierra Telecommunications (PST) to construct the Elysian Valley-Johnstonville Project. PST proposes to deploy middle-mile and last-mile fiber infrastructure to provide fiber-to-the-home (FTTH) high-speed Internet service to communities in the Elysian Valley-Johnstonville area located in Lassen County. The proposed project will enable broadband access at speeds of at least 100 Mbps download and 20 Mbps upload to 82 unserved households. The proposed project will provide ancillary benefits, including improved connectivity in a region partially located in a Tier 2 Fire-Threat Zone on the California Public Utilities Commission's (Commission) Fire Map.

**BACKGROUND**

The CASF Infrastructure Grant Account assists 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.

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

**On May 1, 2019, PST submitted a CASF Infrastructure application, requesting 100-percent funding of \$4,509,025 to deploy middle-mile fiber and last-mile FTTH broadband access to 118 unserved households in the Elysian Valley, Leavitt Lake, and Johnstonville areas of Lassen County.** The CASF grant funding request would cover the complete project deployment costs of the Elysian Valley-Johnstonville Project.

PST 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 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).

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 middle-mile fiber optic network along Highway 395 from Reno, Nevada to Susanville and Quincy. The PST fiber network was completed 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 PST fiber network, PST has continued to expand broadband services in the area, acquiring an abandoned cable TV system to provide broadband

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<sup>1</sup> The main provisions of AB 1665 are codified at Public Utilities (Pub. Util.) Code § 281.

<sup>2</sup> The Commission extended the CASF Infrastructure application deadline from April 1 to May 1, 2019, and all subsequent deadlines are moved back by one month. Assigned Commissioner's Ruling R.12-10-012, March 14, 2019.

services in Portola, Quincy, and Graeagle with speeds of up to 25 Mbps download and 10 Mbps upload.

## **NOTICE**

On May 15, 2019, Staff posted the proposed project area map, census blocks, and zip codes for the Elysian Valley-Johnstonville Project on the Commission's CASF webpage<sup>3</sup> under "CASF Application Project Summaries" and sent notice regarding the project to its CASF Distribution List.<sup>4</sup>

## **PROTEST/CHALLENGES**

On June 5, 2019, DigitalPath Inc. (DigitalPath) challenged the application stating it provides broadband availability at served speeds in the Elysian Valley-Johnstonville project area.

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

## **DISCUSSION**

In compliance with D.18-12-018, Staff determined PST's revised Elysian Valley-Johnstonville Project is eligible to receive \$3,574,494 in CASF Infrastructure grant funding.

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

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<sup>3</sup> <https://www.cpuc.ca.gov/General.aspx?id=1040>

<sup>4</sup> <https://www.cpuc.ca.gov/General.aspx?id=8246>

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

**I. Project Area Eligibility**

No provider filed a “right-of first refusal” for PST’s project area by January 15, 2019, nor does the proposed project area include census blocks identified by the Federal Communications Commission’s Connect America Fund Phase II program. Staff requested PST to revise its original application based on the challenge submitted by DigitalPath. The revised Elysian Valley-Johnstonville Project Summary was posted on the Commission’s webpage on October 1, 2019. Based on PST’s project revision, Staff determined the Elysian Valley-Johnstonville Project, including middle-mile infrastructure, is eligible for a CASF Infrastructure grant.

**PST revised its proposed Elysian Valley-Johnstonville Project after two census blocks were identified to be served.** Only households that are unserved are eligible for the CASF Infrastructure grant. Unserved means there is no provider offering access at speeds of 6Mbps downstream and 1 Mbps upstream. In PST’s original application, PST proposed to offer broadband services to 118 unserved households located in thirteen census blocks in the Elysian Valley and Johnstonville area. DigitalPath challenged the application stating the company provides broadband availability at served speeds in the Susanville area. Based on customer address and billing information submitted by DigitalPath, Staff determined two census blocks in the proposed project area were already served and directed PST to revise its application.

In its revised application, PST reduced the grant funding request to \$3,971,660 to serve 84 households in the remaining eleven census blocks. PST provided parcel addresses as verification for the unserved households within the project census blocks. Staff mapped the address data and found 2 of the 84 addresses are local businesses. Thus, Staff determined the household count for this project is 82. This number also conforms with the 2010 U.S. Census data for the number of housing units in the project area. Table 1 summarizes the revised CASF Infrastructure grant application.

**Table 1: PST Elysian Valley-Johnstonville Project Revision**

	Unserved Households	Census Blocks	Proposed Project Budget
Original Application	118	13	\$4,509,025
Revised Application	84	11	\$3,971,660
<b>Final Eligible Project Area</b>	<b>82</b>	<b>11</b>	<b>\$3,971,660</b>

**The revised Elysian Valley-Johnstonville Project is eligible for a CASF grant.** There are no existing facilities-based wireline or fixed wireless broadband service providers in the project area. According to the California Interactive Broadband Map, the area only has access to dial-up.<sup>5</sup>

**Middle-Mile infrastructure is eligible for a CASF Infrastructure grant.** PST proposes to place approximately 28.6 miles of middle-mile fiber optic cable, connecting Elysian Valley and Johnstonville to PST’s core fiber network nodes located in Janesville and Leavitt respectively, and 17 miles of last mile fiber optic cable for the FTTH facilities. The nearby city of Janesville and the Leavitt area are served by fixed wireless infrastructure deployed by PST with the aid of ARRA and CASF grant funds. PST proposes to extend its existing middle-mile infrastructure to deliver last-mile service. PST is unable to deliver last-mile service absent building the additional fiber infrastructure.

According to the California Interactive Broadband Map, the Elysian Valley area is partially served by DigitalPath, a fixed wireless service provider; however, DigitalPath does not serve households within the project area. Frontier Communications of California is the local Incumbent Local Exchange Carrier and does not offer broadband Internet service to households in the project census blocks. 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).

## **II. Minimum Performance Criteria**

Staff reviewed PST’s application and determined the revised Elysian Valley-Johnstonville Project meets the minimum performance criteria pursuant to D.18-12-018, Appendix 1, Section 6, as summarized in Table 2.

**Table 2: Minimum Performance Criteria**

	<b>CASF Performance Criteria</b>	<b>Proposed Project</b>
<b>Project Completion</b>	CEQA-exempt projects must be completed within 12 months, and all other projects shall be completed within 24 months after receiving authorization to construct	12 months (CEQA exempt)
<b>Pricing</b>	Prices committed for two years after completion of the project	2-year

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<sup>5</sup> Dial-up provides speeds of less than 200 Kbps downstream and 200 Kbps upstream.

<b>Speed</b>	At least 10/1 Mbps	100/20 Mbps
<b>Latency</b>	Maximum of 100 ms of latency	25 ms
<b>Data Caps</b>	Minimum of 190 GBs per month	No data cap
<b>Affordability</b>	Must offer low-income plan	PST Low-Income Plan-\$15/month for 10/1 Mbps

**PST’s Elysian Valley-Johnstonville Project is categorically exempt from California Environmental Quality Act (CEQA) review.** The Commission must review all CASF in accordance with CEQA requirements unless the project is statutorily or categorically exempt.

In its application, PST requested categorical exemption from CEQA and provided the Commission with its plan to use existing PSREC owned poles, public utility easements (PUE), and public rights of ways (ROW) for the installation of underground and aerial fiber cable. The proposed project would cover approximately 1.44 square miles in the Elysian Valley and Johnstonville area of Lassen County, California.

The majority of the build will consist of 43.56 miles of aerial fiber installation on existing overhead electrical infrastructure and 2.08 miles of underground installation of fiber conduit. The aerial portion will follow existing powerline corridors in county ROWs and PUEs. All new underground construction will be in the PUE and includes approximately 6,000 ft of trenching and 5,000 feet of boring. Trenching will be performed with a backhoe within the existing PUE near the intersection of California State Route 36 and US 395. Boring will be performed using horizontal directional drilling to place 4-inch conduit in accordance with Caltrans specifications. Following the installation of underground facilities and cabling, the site will be returned to its original condition.

Based on the above information, Energy Division has confirmed that the project is categorically exempt from CEQA review. This project meets the criteria of categorical exemptions found in CEQA Guidelines at 14 C.C.R. § 15301 (Existing Facilities) and § 15304 (Minor Alterations to Land). Thus, the entirety of the Elysian Valley-Johnstonville Project is categorically exempt from CEQA review.

**PST’s broadband service offering and pricing meet CASF minimum performance criteria.** PST commits to residential and low-income broadband pricing plans, as

summarized in Table 3 and Table 4, for two years starting from the beginning date of service.<sup>6</sup> Activation and installation fees will be waived for this project, in line with CASF requirements. PST’s equipment fee will be waived for the first two years and cost \$99 per year thereafter.

**Table 3: Broadband Pricing Plan**

Download Speed	Upload Speed	Monthly Price
10 Mbps	1 Mbps	\$55.00
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 4: 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 20 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; however, the standard service offering is 100 Mbps download and 20 Mbps upload. PST’s service offering is for broadband access only, no voice services will be provided. This service will be available to the general public, as well as anchor institutions and small businesses, such as the California Highway Patrol.

**III. Funding Determination**

Table 5, below, is a comparison of PST’s funding request and Staff’s funding recommendation.

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<sup>6</sup> On November 22, 2019, PST submitted comments revising broadband pricing for low-income customers.

**Table 5: Summary of PST’s Funding**

	Middle-Mile Funding	Last-Mile Funding	Total
PST’s Revised Funding Request	\$3,615,820	\$355,840	\$3,971,660
<b>PST’s Funding Approval</b>	<b>\$3,254,238</b>	<b>\$320,256</b>	<b>\$3,574,494</b>

**PST is eligible to receive 90 percent funding to cover the costs for its Elysian Valley-Johnstonville Project.** AB 1665 authorizes the Commission to award grants to fund all or portion of the project and requires that it determine, on a case-by-case basis, the level of funding to be provided.<sup>7</sup> Staff used the statutory factors for consideration of the grant funding level, as described by Pub. Util. Code §§ 281(f)(13) and 281(b)(2)(B)(i), and CASF rules adopted in D.18-12-018. Based on those factors, Staff determined PST is eligible for a 90 percent funding level; and thereby recommends approval of CASF Infrastructure grant of \$3,574,494 for the Elysian Valley-Johnstonville Project. Table 6 summarizes Staff’s funding level determination for PST’s Elysian Valley-Johnstonville Project.

**Table 6: Funding Level Criteria for PST Elysian Valley-Johnstonville Project**

Funding Criteria	Revised Project
Baseline for Eligible Project (60%)	60%
Service Level Preference: Only Dial-up or No Internet Connectivity (40%)—no fixed or mobile broadband	0%
Low Income – (up to 40%) <ul style="list-style-type: none"> <li>• Median Household Income for community is less than CARE standard for family of 4, which is currently \$50,200 (30%)</li> <li>• Applicant serves low-income customers for no more</li> </ul>	0%  10%

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<sup>7</sup> Pub. Util. Code, § 281(f)(13). 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 enough incentive for a provider to build. Hence, CPUC should consider awarding grants that offer funding for 100% of total costs when warranted.”



than \$15/month (10%)	
Others: PU Code Sec 281 (f)(13) Criteria – (up to 20%)	
<ul style="list-style-type: none"> <li>• Inaccessible Location (10%)</li> <li>• Uses Existing Infrastructure (10%)</li> <li>• Makes a Significant Contribution to the Program Goal (10%)</li> </ul>	<p>10%</p> <p>0%</p> <p>10%</p>
<b>Total Funding Level</b>	<b>90%<sup>8</sup></b>

Details of the appropriate funding level are described below.

**Baseline for 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 communities of Elysian Valley, Leavitt Lake, and Johnstonville meet all of the eligibility criteria, as previously described in the Project Area Eligibility section.

**Service Level Preference does not qualify for additional 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 that are 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; however, Staff discovered the project area has access to mobile data service which is considered as “internet connectivity.” Thus, this project does not receive the 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 \$62,250, which does not meet the CASF low-income eligibility threshold. For those 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.

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<sup>8</sup> D.18-12-018, Table 1. Summary of Funding Level Determinations - Maximum funding level is 100 percent.

**Other Factor considerations qualifies for an additional 20 percent funding.**  
The Elysian Valley-Johnstonville Project meets two of the three criteria and qualifies for an additional 20 percent funding.

The project meets the inaccessible location criteria for an additional 10 percent funding. The project area is located in the Sierra Nevada mountains along the Lassen and Plumas National Forests. The area is not considered difficult terrain; however, the low population density has historically made this region difficult to serve. The project area includes unincorporated communities around Johnstonville, Susanville, and Leavitt and comprises of rural census blocks as defined by the U.S. Census. Details of geography and topography are shown in Appendix C.

The project does not qualify for additional funding for the use of existing communication facilities to deploy broadband. PST proposes to install all new fiber communication facilities as part of its broadband deployment.

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 communities of Elysian Valley, Leavitt Lake, and Johnstonville belong is at 90.4 percent,<sup>9</sup> which is below the 98 percent CASF program goal. Therefore, this project is considered as making a significant contribution to the program goal.

#### **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, access to emergency services, and to allow first responders to communicate with each other and collaborate during emergencies.

**PST's Elysian Valley-Johnstonville Project will provide enhanced communications services that will promote public safety capabilities in an area partially located in a Tier 2 Fire-Threat District.** Reliable broadband Internet service will promote public safety and play an important role in response and recovery from future fires.<sup>10</sup> The Elysian Valley cities of Janesville, Johnstonville, and Susanville have been designated by

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<sup>9</sup> See 2018 Annual Report on the California Advanced Services Fund, California Public Utilities Commission, Issued April 2019, Table 2: Remaining Unserved Households in Each Consortia Region.

<sup>10</sup> See <https://www.cpuc.ca.gov/firethreatmaps/>

CalFire as “Communities at Risk” of damage from wildfire with a history of fires that have occurred in the Lassen and Plumas National Forests. The California Highway Patrol will have access to enhanced communications services as a result of the proposed project. Additionally, Susan River Fire Protection District Fire Stations in Johnstonville (705-145 US-395) and Gold Run (472-355 Richmond Rd N) could also receive benefit due to the close proximity to the project areas.

**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 Lassen County Board of Supervisors strongly supports the Elysian Valley-Johnstonville Project acknowledging high-speed Internet as essential for community and economic development. Per the Lassen County Board of Supervisors, broadband technology will enable strategies for retaining and expanding the local economy, supporting jobs, educational opportunities, and healthcare. The project brings the prospect of economic growth by attracting new businesses that will provide and create jobs in the region; and enable local businesses access to regional markets and greater professional development and training opportunities. Many schools around the project area have broadband access via K-12 High Speed Network (K12HSN), but students lack internet connectivity at home. 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 also received from US House Representative Doug LaMalfa (District 1), California Assemblyman Brian Dahle (District 1), Mohawk Valley Stewardship Council, and Sierra Nevada Journeys.

## **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. Deployment Schedule**

The Commission expects PST to complete the project within 12 months from start date (as determined by the procedure below). If the applicant is unable to complete the proposed project within the 12-month timeframe requirement, it 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 the requirement of notifying the Director on a timely basis.

B. Execution and Performance

Staff and PST shall determine a project start date after the CASF grant recipient 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 CPUC 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.

C. 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.

D. Price Commitment Period

The minimum required price commitment period for broadband service to all households within the project area is two years. PST guarantees the price of service offered in the project area for two years.

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 quarterly progress reports on the status of the project irrespective of whether grantees request reimbursement or payment. Before full payment of the project, PST must submit a project completion report. Progress reports shall use 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.

Recipients shall also include test results on the download and upload speeds on a census block basis 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 General Order 66-C, service providers in California must submit a copy of their Form 477 data directly to the CPUC, concurrent with their submission of the same data to the FCC for a five-year period after completion of the project.<sup>11</sup>

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 to Pub. Util. Code § 281(f)(11). Details of reimbursable expenses are located in Appendix D

**COMMENTS ON DRAFT RESOLUTION**

In compliance with Public Utilities Code § 311(g), a notice letter was e-mailed on October 31, 2019, informing all parties on the CASF Distribution List of the availability of the draft of this resolution for public comments at the Commission's website at <http://www.cpuc.ca.gov/PUC/documents/>. This 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 PST on November 22, 2019 and by the Public Advocates Office (PAO) on November 25, 2019. No reply comments were received.

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<sup>11</sup> *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.

### **PAO's Comments**

PAO recommends PST be required to provide an affordable low-income broadband plan starting at \$15 per month, which is consistent with other CASF applicants that have opted to provide such a plan. PAO asserts that the proposed Elysian Valley-Johnstonville project does not meet the minimum performance criteria pursuant to D.18-12-018 because the discount of \$10 per month does not satisfy the requirement of "affordability" broadband plan for low-income customers. PAO also argues the \$10 discount offered by PST will result in a minimum price of \$45 per month, which is significantly higher compared to other low-income broadband plans.

### **PST's Comments**

PST proposes to revise its low-income broadband plan to start at \$15 per month for 10 Mbps download/ 1 Mbps upload; and requests that the Commission increase the grant funding level by an additional 10 percent based on Low Income funding criteria.

### **Staff's Response to Comments and Reply Comments**

Given PST's proposal to revise its low-income program offering, Staff recommends awarding PST the additional 10 percent funding for the Low-Income funding criteria. This resolution has been revised to reflect the additional 10% funding.

Staff recognizes affordability is the most common barrier to adoption and appreciates PAO's proposal on a reasonable standard for affordability. However, the issue of what is considered an affordable low-income broadband plan is a policy issue that should be addressed in a proceeding.

## **FINDINGS**

1. PST filed an application for CASF funding for its Elysian Valley-Johnstonville Project on May 1, 2019. The revised proposed project will 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 82 households in the unserved communities of Elysian Valley, Leavitt Lake, and Johnstonville in Lassen County.
2. On May 15, 2019, 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.

3. Staff received one challenge to this project from DigitalPath, Inc. Based on the information submitted, Staff concluded two of the proposed census blocks were already served. Staff requested that PST revise its application to remove the served census blocks. On October 1, 2019, Staff posted the revised project summary on the “CASF Applications Project Summaries” webpage. The application eligible areas are in census block groups: 060350403021, 060350403022, and 060350403042.
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 and recommends Commission approval of CASF funding for PST’s Elysian Valley-Johnstonville Project.
5. The Commission has determined that the project is categorically exempt from CEQA review, under 14 C.C.R. § 15301 regarding exemption for existing facilities and 14 C.C.R. § 15304 regarding minor alterations to land.
6. A notice letter was e-mailed on October 31, 2019, informing all applicants filing for CASF funding and parties on the CASF distribution list of the availability of the draft of this Resolution for public comments at the Commission’s website <http://www.cpuc.ca.gov/PUC/documents/>. PAO and PST submitted comments.

**THEREFORE, IT IS ORDERED that:**

1. The Commission shall award \$3,574,494 to PST for the Elysian Valley-Johnstonville 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 D “Payment 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.



This Resolution is effective today.

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

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ALICE STEBBINS  
Executive Director

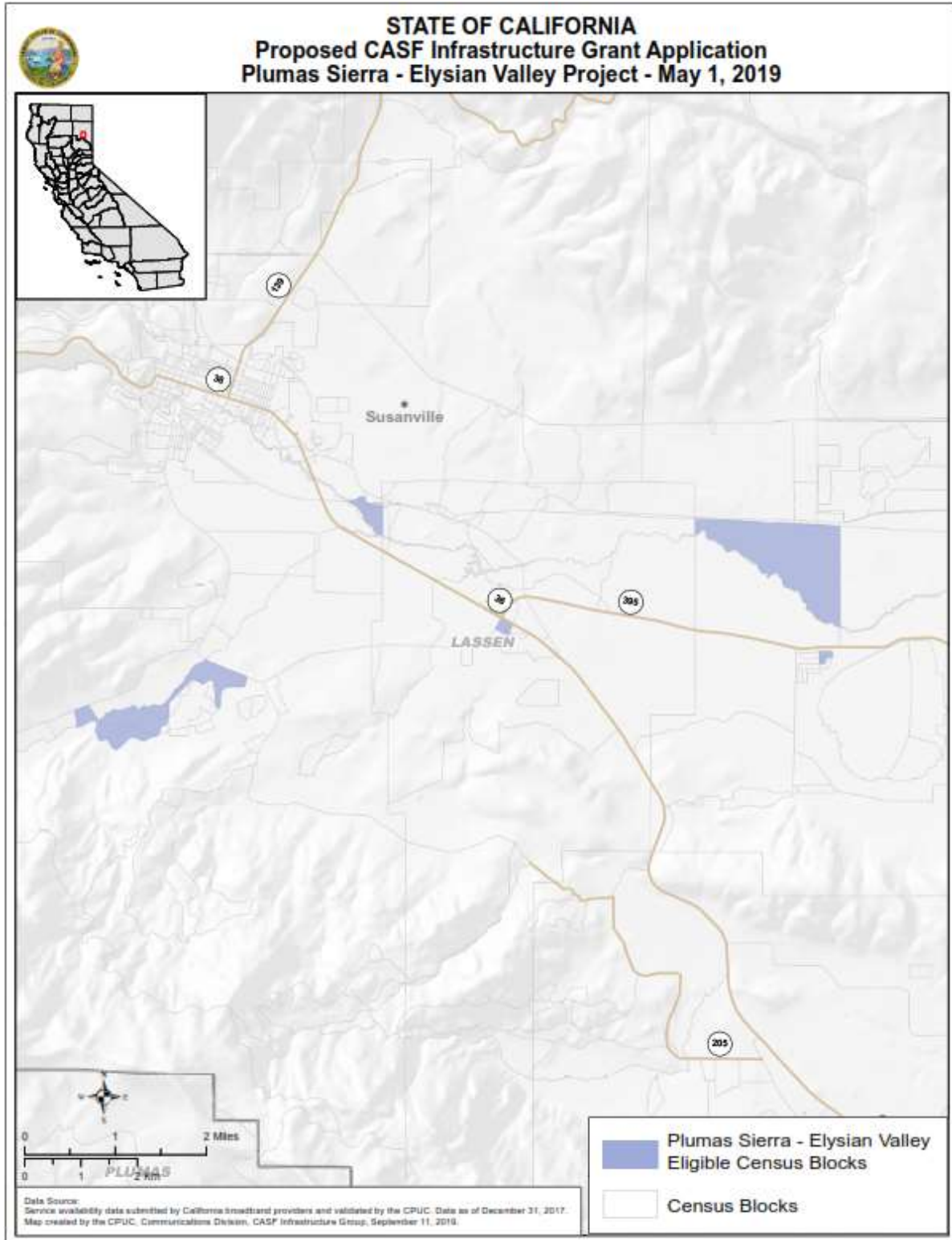
**APPENDIX A**  
**Resolution T-17677: Plumas Sierra Telecommunications, Elysian Valley Project**  
**CASF Applicant Key Information**

<i>Project Name</i>	<b>PST Elysian Valley-Johnstonville Project</b>	
<i>Project Plan</i>	The project proposes to build middle-mile and last-mile fiber infrastructure in the Elysian Valley and Johnstonville area to deploy fiber-to-the-home (FTTH) high-speed Internet service to 82 unserved households. There is no wireline or fixed wireless broadband access within the project area. Fiber facilities will utilize existing poles and rights of ways. The project will provide up to 100 Mbps download and 20 Mbps upload speeds.	
<i>Project Size (in square miles)</i>	1.44	
<i>Download/Upload speed</i>	100 Mbps / 20 Mbps	
<i>Location</i>	Lassen County	
<i>Community Names</i>	Elysian Valley, Leavitt Lake, and Johnstonville	
<i>Census Blocks</i>	060350403021000 060350403021016 060350403021017 060350403021024 060350403021043	060350403022001 060350403022010 060350403022013 060350403022030 060350403022038 060350403042047
<i>Median Household Income (by Census Block Group)</i>	\$ 62,250.36	
<i>Estimated potential subscriber size</i>	82 households	
<i>Applicant expectations</i>	25 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>	9 months	
<i>Proposed Project Budget (Total)</i>	\$ 3,971,660 Middle-Mile Budget: \$ 3,615,820 Last Mile Budget: \$ 355,840	
<i>Grant Requested Amount (100 percent)</i>	\$ 3,971,660	
<i>CASF Grant Amount (90 percent)</i>	\$ 3,574,494 Middle-Mile Budget: \$ 3,254,238 Last Mile Budget: \$ 320,256	
<i>Recommended Grant per</i>	\$ 43,591	

<i>household passed</i>	\$ 3,906 (last mile costs only)
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**APPENDIX B**

**Resolution T-17677: Plumas Sierra Telecommunications Elysian Valley Project  
Project Location Map**



## APPENDIX C

### **Resolution T-17677: Plumas Sierra Telecommunications Elysian Valley Project Geography and Topography**

*Geography and Topography:* The Elysian Valley runs along the eastern slopes of the Sierra Nevada Mountain range near the cities of Janesville, Johnstonville, and Susanville. Johnstonville is located at the intersection of CA Highway 36 and U.S. Highway 395, about 4.5 miles east-southeast of Susanville and 3 miles west of Leavitt Lake. Located in the Honey Lake Valley, the proposed project route traverses a relatively flat river valley, surrounded by low rolling hills. The area is not considered difficult terrain; however, the low population density has historically made this region difficult to serve. The project area includes unincorporated communities around Johnstonville, Susanville, and Leavitt.

## APPENDIX D

### Resolution T-17677: Plumas Sierra Telecommunications Elysian Valley 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.<sup>12</sup>

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 P.U. 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.

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<sup>12</sup> 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.