



Regular Agenda – Communication Resolutions and Reports

Item #35 [12749] - Funding for Sunesys, LLC's Connected Central Coast Unserved and Underserved Broadband Project

Res T-17429

PROPOSED OUTCOME:

- Approves funding in the amount of \$7,352,164 from the California Advanced Services Fund for the grant application of Sunesys, LLC for its Connected Central Coast Unserved and Underserved Broadband Project.
- The Project will build a 91.19 middle-mile backbone network from Santa Cruz to Soledad, potentially providing high speed internet service to 430 square miles in the Central Coast area.

SAFETY CONSIDERATIONS:

- This project will provide robust middle-mile network to local internet service providers, which will in turn enable them to offer affordable and reliable services to anchor institutions, emergency first responders, and other public agencies.

ESTIMATED COST:

- \$7,352,164.





Regular Agenda – Communication Resolutions and Reports

Item #35a [12810] - ALTERNATE TO ITEM 12749

Res T-17429

Pres. Peevey

PROPOSED OUTCOME:

- Approves funding in the amount of \$11,028,245 from the California Advanced Services Fund for the grant application of Sunesys, LLC, for its Connected Central Coast Unserved and Underserved Broadband Project.
- The project will build a 91.18 mile middle-mile backbone network from Santa Cruz to Soledad, potentially providing high speed internet service to 430 square miles in the Central Coast area.

SAFETY CONSIDERATIONS:

- This project will provide robust middle mile network to local internet service providers, which will in turn enable them to offer affordable and reliable services to anchor institutions, emergency first responders, and other public agencies.

ESTIMATED COST:

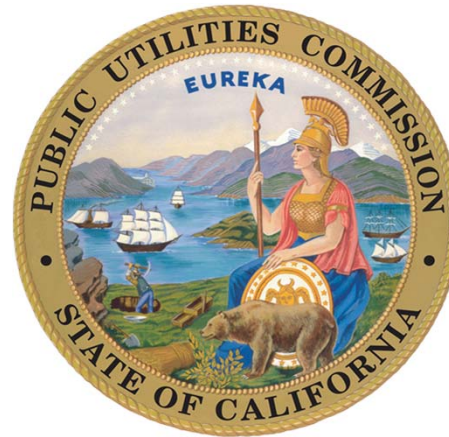
- \$11,028,245.





SUNESYS

THE CONNECTED CENTRAL COAST CASF PROJECT



Robert Wullenjohn
Communications Division

California Public Utilities Commission

April 10, 2014





Revised Sunesys Alternate Resolution Comparison

	Mar 27 Alternate Resolution At 83% Funding	Apr 10 Revised Alternate At 80% Funding
Total Project Costs	\$13,300,000	\$13,300,000
CASF Award Amount	\$11,028,245	\$10,640,000
CASF Award Percentage	83% of \$13.3 million or 90% of CASF pro-rated amount of \$12.3 million	80% of \$13.3 million or 87% of CASF pro-rated amount of \$12.3 million
Sunesys Matching Funds	\$2,271,755	\$2,660,000
Estimated payback period on Sunesys capital investment	8 years	9.5 years
<p>* Best case scenario assumes 15 providers immediately sign up for service at \$8.50 per fiber mile for 91.18 miles for duration.</p>		





Remaining slides from March 27 Presentation for Reference if Needed





CASF General Overview

- The Commission authorized the California Advanced Services Fund (CASF) in December 2007 to encourage deployment of high-quality advanced communications services to all Californians that will promote economic growth, job creation, and the substantial social benefits of advanced information and communications technologies
- The CASF is composed of four accounts:
 1. Broadband Infrastructure Grant Account
 2. The Rural and Urban Regional Broadband Consortia Grant Account
 3. The Broadband Infrastructure Revolving Loan Account
 4. Broadband Public Housing Account
- The Broadband Infrastructure Grant Account provides funding for the capital costs of broadband infrastructure projects in unserved and underserved areas of the state
 - 70% for “Unserved”; an area that is not served by any form of broadband
 - 60% for “Underserved”; an area where broadband is available, but offered speeds are less than 6 mbps download and/or 1.5 mbps upload





CASF Evaluation Criteria per D.12-02-105

- Completed application includes project summary, description, budget, deployment schedule, proposed pricing, financials
- Proposals posted for public challenge
- Challenges received and assessed
 - Staff considers speed test challenge data, direct additional speed tests and may reassign census blocks based on test results
- Staff determinations regarding project eligibility
 - Letter to applicant explaining what remains eligible; what areas may be pro-rated (discounting project costs eligible for funding)
- Projects rated/ranked based on criteria:
 - Subsidy per potential customer, Broadband speed, Financial viability, Pricing, Number of households, Time of project completion, Guaranteed pricing period, Low-income population, Local government and community endorsements

ATTACHMENT B

CASF APPLICATION CHECKLIST (Required for EACH proposed project)

To assist the Commission in verifying the completeness of your proposal, mark the box to the left of each item submitted.

<input type="checkbox"/>	1. Project Summary
<input type="checkbox"/>	2. Type of Funds Requested (Check one only):
<input type="checkbox"/>	Grant
<input type="checkbox"/>	Grant Amount: _____
<input type="checkbox"/>	Grant/Loan Combination
<input type="checkbox"/>	Grant Amount: _____
<input type="checkbox"/>	Loan Amount: _____
<input type="checkbox"/>	3. Area Applied for
<input type="checkbox"/>	Unserved
<input type="checkbox"/>	Underserved, with existing broadband service below advertised speed of 6 mbps download and 1.5 mbps upload, Broadband infrastructure whether existing or ongoing construction not CASF funded
<input type="checkbox"/>	Underserved, with existing broadband service below advertised speed of 6 mbps download and 1.5 mbps upload, Broadband infrastructure whether existing or ongoing construction CASF funded
<input type="checkbox"/>	4. CPCN / U-Number / CPUC Registration Proof (As a single document)
<input type="checkbox"/>	Applicant's U-Number and/or Proof of applicant's Certificate of Public Convenience and Necessity (CPCN)
<input type="checkbox"/>	Proof of CPCN application pending approval, or CPCN Application Number (in the absence of a CPCN)
<input type="checkbox"/>	CPUC registration Number (wireless carriers)
<input type="checkbox"/>	5. Information Sheet with a Certificate of Good Standing issued by the CA Secretary of State attached
<input type="checkbox"/>	6. Organizational Chart, Company History and Readiness to Build, Manage and Operate Broadband
<input type="checkbox"/>	Organizational Chart
<input type="checkbox"/>	Company History

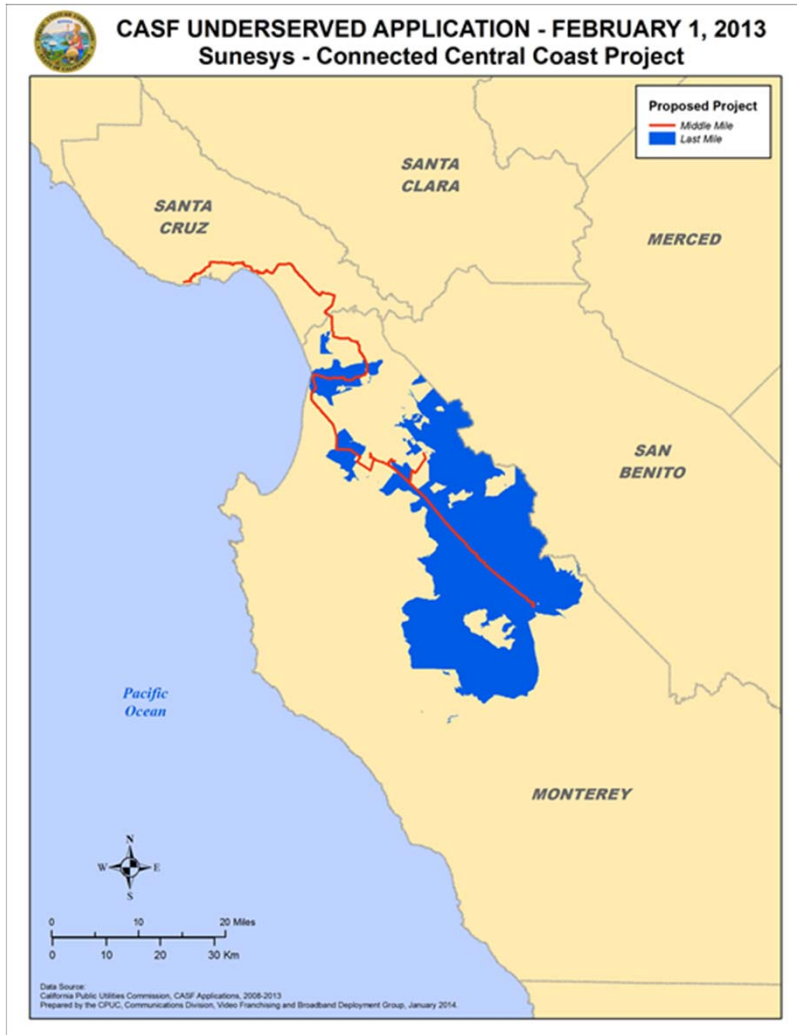




Sunesys Project Summary

- Project originally sought \$11,970,000 in CASF funds (90% of \$13.3 million). After project review and assessment (i.e. pro-rate of served areas), Sunesys seeks 83% of \$13.3 million or 90% of CASF Pro-rated eligible amount of \$12.3 million for a 91.18 mile middle-mile backhaul network from Santa Cruz to Soledad covering 430 square miles
- This Middle-Mile network will enable last-mile providers to serve up to 11,124 households in the Central Coast. An example of such are the Surfnet project proposals currently being considered for funding (T-17430 & T-17431)
- Average households median income \$63,784
- Speeds of 100+ Gbps
- Five years price commitment
 - Pricing commitment continues for the duration of the contract, if contract is signed during the initial five years
- Project ranked well, about 7th out of 22 eligible project proposals





Sunesys Project Area

- Connecting backhaul services from Santa Cruz County to unserved and underserved cities and surroundings in Monterey County, including Soledad, Castroville, Prunedale, Chualar, and Gonzalez
- 91.18 mile network passes through 1,232 unserved and 445 underserved census blocks, potentially benefiting about 430 square miles





Pricing

Dark Fiber Lease Price

- \$8.50 per fiber mile per month
 - Derived as 10% of their average rate of \$50 per fiber mile (\$5.00) plus \$3.50 for operations and maintenance
 - \$500 minimum for two strands of dark fiber

Data Transport Price

- 1 Gbps – 4 Gbps \$700/ month first gig; \$400/month for additional gig
- 5 Gbps – 9 Gbps \$2,000/ month five gigs; \$300/month for additional gig
- 10 Gbps + \$3,000/ month ten gigs; \$2,000/month for each additional 10 gigs

Charges for Lateral Connections to the Project

- Negotiated with the customers; e.g., individual case basis expenses for infrastructure, splicing, termination, or equipment required for the lateral connection





Benefits of the Project

- This new backbone network will provide to local ISPs middle mile access at discounted prices, which will enable them to offer affordable services to anchor institutions, emergency first responders, public agencies, businesses and residential households
- Improved available bandwidth services to Anchor Institutions
 - 400 other anchor institutions, including health facilities, K-12 schools, colleges and universities, government offices, community based organizations
- Public Safety
 - More than 150 emergency first responders
 - 8 Public Safety 9-1-1 Answering Points
 - According to Sunesys, this middle-mile project is important to the migration to Next Generation (NG) 9-1-1 as well as the functioning of the emergency first responders





Comparison of the Original and the Alternate Resolution

	CD Staff Original Resolution	Alternate Resolution
Total Project Costs	\$13,300,000	\$13,300,000
CASF Award Amount	\$7,352,164	\$11,028,245
CASF Award Percentage	55% of \$13,300,000 million or 60% of CASF Pro-rated amount of \$12,253,606 million	83% of \$13,300,000 million or 90% of CASF Pro-rated amount of \$12,253,606 million
Sunesys Matching Funds	\$5,947,836	\$2,271,755
Estimated payback period on Sunesys capital investment	21 years	8 years
<p>* These numbers assume that 15 providers will sign up for service at \$8.50 per fiber mile for 91.18 miles from the start of service.</p>		





Community Support for Alternate

- **Strong support from local service providers, institutions, and government and community agencies**
 - California State Assembly – Districts 29 and 30
 - Central Coast Broadband Consortium
 - The Corporation for Education Network Initiatives in California (CENIC)
 - City of Santa Cruz
 - City of Watsonville
 - County of Santa Cruz
 - Cruzio
 - California State University – Monterey Bay
 - Wireless Education & Technology, CSU Monterey Bay
 - California Telehealth Network
 - Hartnell College
 - Monterey County
 - RedShift Internet Services
 - Steinbeck Innovation Foundation
 - Surfnet Communications





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