

An act to amend Section 281 of the Public Utilities Code, relating to telecommunications.

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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 281 of the Public Utilities Code is amended to read:

281. (a) The commission shall develop, implement, and administer the California Advanced Services Fund program 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, consistent with this section and with the statements of intent in Section 2 of the Internet For All Now Act (Assembly Bill 1665 of the 2017–18 Regular Session).

(b) (1) (A) The goal of the program is, no later than December 31, 2022, to approve funding for infrastructure projects that will provide broadband access to no less than 98 percent of California households in each consortia region, as identified by the commission on or before January 1, 2017. The commission shall be responsible for achieving the goals of the program.

(B) (i) For purposes of this section, “unserved household” means a household for which no facility-based broadband provider offers broadband service at speeds of at least 6 megabits per second (mbps) downstream and one mbps upstream.

(ii) For projects funded, in whole or in part, from the moneys received from the federal Rural Digital Opportunity Fund or other federal funding opportunities for the California Advanced Services Fund program, “unserved household” means a household for which no facility-based broadband provider offers broadband service at speeds consistent with the applicable federal speed standards.

(2) In approving infrastructure projects, the commission shall do both of the following:

(A) Approve projects that provide last-mile broadband access to households that are unserved by an existing facility-based broadband provider, and, upon accomplishment of the goal of the program specified in paragraph (1), also approve projects pursuant to paragraph (15) of subdivision (f).

(B) (i) Give preference to projects in areas where Internet connectivity is available only through dial-up service that are not served by any form of wireline or wireless facility-based broadband service or areas with no Internet connectivity.

(ii) This subparagraph does not prohibit the commission from approving funding for projects outside of the areas specified in clause (i).

(c) The commission shall establish the following accounts within the fund:

(1) The Broadband Infrastructure Grant Account.

(2) The Rural and Urban Regional Broadband Consortia Grant Account.

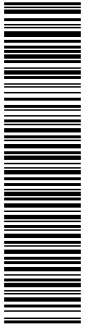
(3) The Broadband Public Housing Account.

(4) The Broadband Adoption Account.

(d) (1) The commission shall transfer the moneys received by the commission from the surcharge imposed to fund the accounts to the Controller for deposit in the California Advanced Services Fund. Moneys collected shall be deposited in the following amounts in the following accounts:

(A) Three hundred million dollars (\$300,000,000) into the Broadband Infrastructure Grant Account.

(B) Ten million dollars (\$10,000,000) into the Rural and Urban Regional Broadband Consortia Grant Account.



(C) Twenty million dollars (\$20,000,000) into the Broadband Adoption Account.

(2) All interest earned on moneys in the fund shall be deposited in the fund.

(3) The commission may collect a sum not to exceed three hundred thirty million dollars (\$330,000,000) for a sum total of moneys collected by imposing the surcharge described in paragraph (1). The commission may collect the sum beginning with the calendar year starting on January 1, 2018, and continuing through the 2022 calendar year, in an amount not to exceed sixty-six million dollars (\$66,000,000) per year, unless the commission determines that collecting a higher amount in any year will not result in an increase in the total amount of all surcharges collected from telephone customers that year.

(e) All moneys in the California Advanced Services Fund shall be available, upon appropriation by the Legislature, to the commission for the program administered by the commission pursuant to this section, including the costs incurred by the commission in developing, implementing, and administering the program and the fund.

(f) (1) The commission shall award grants from the Broadband Infrastructure Grant Account on a technology-neutral basis, including both wireline and wireless technology.

(2) (i) The commission shall consult with Native American tribes, regional consortia, stakeholders, local governments, existing facility-based broadband providers, and consumers regarding unserved areas and cost-effective strategies to achieve the broadband access goal through public workshops conducted at least annually no later than April 30 of each year through year 2022.

(ii) The commission may conduct activities to maximize investment in new, robust, and scalable infrastructure and may use moneys in the accounts of the California Advanced Services Fund to leverage federal funds and funding from sources other than the California Advanced Services Fund. The commission may undertake activities, including, but not limited to, the provision of technical assistance to local governments and providers, assistance in developing grant applications, and assistance in preparing definitive plans for deploying necessary infrastructure in each county.

(3) The commission shall identify unserved rural and urban areas and delineate the areas in the annual report prepared pursuant to Section 914.7.

(4) (A) (i) The commission shall annually offer an existing facility-based broadband provider the opportunity to demonstrate that it will deploy broadband or upgrade existing facilities to a delineated unserved area within 180 days.

(ii) Except as provided in clause (iii), the commission shall not approve funding for a project to deploy broadband to a delineated unserved area if the existing facility-based broadband provider demonstrates to the commission, in response to the commission's annual offer, that it will deploy broadband or upgrade existing broadband service throughout the project area.

(iii) If the existing facility-based broadband provider is unable to complete the deployment of broadband within the delineated unserved area within 180 days, the provider shall provide the commission with information to demonstrate what progress has been made or challenges faced in completing the deployment. If the commission finds that the provider is making progress towards the completion of the deployment, the commission shall extend the time to complete the project beyond the 180 days. If the commission finds that the provider is not making progress towards completing the



deployment, the delineated unserved area shall be eligible for funding pursuant to this subdivision.

(B) (i) Except for information specified in clause (ii), information submitted to the commission that includes the provider's plans for future broadband deployment shall not be publicly disclosed.

(ii) The commission may publicly disclose information regarding the area designated for a broadband deployment, the number of households or locations to be served, and the estimated date by which the deployment will be completed.

(C) An existing facility-based broadband provider may, but is not required to, apply for funding from the Broadband Infrastructure Grant Account to make an upgrade pursuant to this subdivision.

(5) Projects eligible for grant awards shall meet all of the following requirements:

(A) ~~The project deploys infrastructure capable of providing broadband access at speeds of a minimum of 10 megabits per second (mbps) downstream and one mbps upstream of sufficient capacity to deliver to end users a minimum of 100 megabits per second downstream and a latency that is sufficiently low to allow real-time, interactive applications to unserved households in census blocks where no provider offers access at speeds of at least 6 mbps downstream and one mbps upstream. households. The commission may revise this requirement in cases where the deployment of infrastructure capable of supporting the minimum speed is not feasible.~~

(B) All or a significant portion of the project deploys last-mile infrastructure to provide service to unserved households. Projects that only deploy middle-mile infrastructure are not eligible for grant funding. For a project that includes funding for middle-mile infrastructure, the commission shall verify that the proposed middle-mile infrastructure is indispensable for accessing the last-mile infrastructure.

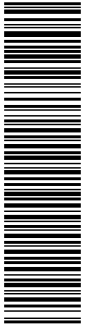
(C) (i) Except as provided in clause (ii), until July 1, 2020, the project is not located in a census block where an existing facility-based broadband provider has accepted federal funds for broadband deployment from Phase II of the Connect America Fund, unless the existing facility-based broadband provider has notified the commission before July 1, 2020, that it has completed its Connect America Fund deployment in the census block.

(ii) An existing facility-based broadband provider is eligible for a grant pursuant to this subdivision to supplement a grant pursuant to Phase II of the Connect America Fund to expand broadband service within identified census blocks, as needed.

(6) (A) An individual household or property owner shall be eligible to apply for a grant to offset the costs of connecting the household or property to an existing or proposed facility-based broadband provider. Any infrastructure built to connect a household or property with funds provided under this paragraph shall become the property of, and part of, the network of the facility-based broadband provider to which it is connected.

(B) (i) In approving a project pursuant to this paragraph, the commission shall consider limiting funding to households based on income so that funds are provided only to households that would not otherwise be able to afford a line extension to the property, limiting the amount of grants on a per-household basis, and requiring a percentage of the project to be paid by the household or the owner of the property.

(ii) The aggregate amount of grants awarded pursuant to this paragraph shall not exceed five million dollars (\$5,000,000).



(7) An entity that is not a telephone corporation shall be eligible to apply to participate in the program administered by the commission pursuant to this section to provide access to broadband to an unserved household, if the entity otherwise meets the eligibility requirements and complies with program requirements established by the commission.

(8) The commission shall provide each applicant, and any party challenging an application, the opportunity to demonstrate actual levels of broadband service in the project area, which the commission shall consider in reviewing the application.

(9) A local governmental agency may be eligible for an infrastructure grant only if the infrastructure project is for an unserved household or business, the commission has conducted an open application process, and no other eligible entity applied.

(10) The commission shall establish a service list of interested parties to be notified of any California Advanced Services Fund applications. Any application and any amendment to an application for project funding shall be served to those on the service list and posted on the commission's ~~Internet Web site~~ internet website at least 30 days before publishing the corresponding draft resolution.

(11) A grant awarded pursuant to this subdivision may include funding for the following costs consistent with paragraph (5) of subdivision (f):

(A) Costs directly related to the deployment of infrastructure.

(B) Costs to lease access to property or for Internet backhaul services for a period not to exceed five years.

(C) Cost incurred by an existing facility-based broadband provider to upgrade its existing facilities to provide for interconnection.

~~(12) A grant from the Broadband Infrastructure Grant Account shall not include funding for costs of broadband infrastructure already funded by the Connect America Fund program or other similar federal public program that funds that infrastructure. This paragraph does not apply to funding from the federal high-cost support programs that support operations, including High Cost Loop Support (HCLS), Connect America Fund-Broadband Loop Support (CAF-BLS), or the Alternative Connect America Cost Model (A-CAM).~~

~~(13)~~

(12) The commission may award grants to fund all or a portion of the project. The commission shall determine, on a case-by-case basis, the level of funding to be provided for a project and shall consider factors that include, but are not limited to, the location and accessibility of the area, the existence of communication facilities that may be upgraded to deploy broadband, and whether the project makes a significant contribution to achievement of the program goal.

~~(14)~~

(13) The commission may require each infrastructure grant applicant to indicate steps taken to first obtain any available funding from the Connect America Fund program or similar federal public programs that fund broadband infrastructure. This paragraph does not authorize the commission to reject a grant application on the basis that an applicant failed to seek project funding from the Connect America Fund program or another similar federal public program.

~~(15)~~

(14) Upon the accomplishment of the goal of the program specified in paragraph (1) of subdivision (b), not more than thirty million dollars (\$30,000,000) of the moneys



remaining in the Broadband Infrastructure Grant Account shall be available for infrastructure projects that provide last-mile broadband access to households to which no facility-based broadband provider offers broadband service at speeds of at least 10 mbps downstream and one mbps upstream.

(g) (1) Moneys in the Rural and Urban Regional Broadband Consortia Grant Account shall be available for grants to eligible consortia to facilitate deployment of broadband services by assisting infrastructure applicants in the project development or grant application process. An eligible consortium may include, as specified by the commission, representatives of organizations, including, but not limited to, local and regional government, public safety, elementary and secondary education, health care, libraries, postsecondary education, community-based organizations, tourism, parks and recreation, agricultural, business, workforce organizations, and air pollution control or air quality management districts, and is not required to have as its lead fiscal agent an entity with a certificate of public convenience and necessity.

(2) Each consortium shall conduct an annual audit of its expenditures for programs funded pursuant to this subdivision and shall submit to the commission an annual report that includes both of the following:

(A) A description of activities completed during the prior year, how each activity promotes the deployment of broadband services, and the cost associated with each activity.

(B) The number of project applications assisted.

(h) (1) All remaining moneys in the Broadband Infrastructure Revolving Loan Account that are unencumbered as of January 1, 2018, shall be transferred to the Broadband Infrastructure Grant Account.

(2) All repayments of loans funded by the former Broadband Infrastructure Revolving Loan Account shall be deposited into the Broadband Infrastructure Grant Account.

(i) (1) For purposes of this subdivision, the following terms have the following meanings:

(A) "Publicly subsidized" means either that the housing development receives financial assistance from the United States Department of Housing and Urban Development pursuant to an annual contribution contract or is financed with low-income housing tax credits, tax-exempt mortgage revenue bonds, general obligation bonds, or local, state, or federal loans or grants and the rents of the occupants, who are lower income households, do not exceed those prescribed by deed restrictions or regulatory agreements pursuant to the terms of the financing or financial assistance.

(B) "Publicly supported community" means a publicly subsidized multifamily housing development that is wholly owned by either of the following:

(i) A public housing agency that has been chartered by the state, or by any city or county in the state, and has been determined to be an eligible public housing agency by the United States Department of Housing and Urban Development.

(ii) An incorporated nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. Sec. 501(c)(3)) that is exempt from taxation under Section 501(a) of that code (26 U.S.C. Sec. 501(a)), and that has received public funding to subsidize the construction or maintenance of housing occupied by residents whose annual income qualifies as "low" or "very low" income according to federal poverty guidelines.



(2) Moneys in the Broadband Public Housing Account shall be available for the commission to award grants and loans pursuant to this subdivision to an eligible publicly supported community if that entity otherwise meets eligibility requirements and complies with program requirements established by the commission.

(3) (A) Not more than twenty million dollars (\$20,000,000) of the moneys deposited into the Broadband Public Housing Account on or before January 1, 2018, shall be available for grants and loans to a publicly supported community to finance a project to connect a broadband network to that publicly supported community. A publicly supported community may be an eligible applicant only if the publicly supported community can verify to the commission that the publicly supported community has not denied a right of access to any broadband provider that is willing to connect a broadband network to the facility for which the grant or loan is sought and the publicly supported community is unserved.

(B) (i) In its review of applications received pursuant to subparagraph (A), the commission shall award grants only to unserved housing developments, regardless of when the applicant filed its application.

(ii) For purposes of this subparagraph, a housing development is unserved when at least one housing unit within the housing development is not offered broadband Internet service.

(C) Only after all funds available pursuant to this paragraph in the Broadband Public Housing Account have been awarded may a publicly supported community otherwise eligible to submit an application for funding from the Broadband Public Housing Account submit an application for funding for these purposes from the Broadband Infrastructure Grant Account.

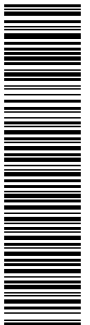
(4) (A) Not more than five million dollars (\$5,000,000) of the moneys deposited into the Broadband Public Housing Account on or before January 1, 2018, shall be available for grants and loans to a publicly supported community to support programs designed to increase adoption rates for broadband services for residents of that publicly supported community. A publicly supported community may be eligible for funding for a broadband adoption program only if the residential units in the facility to be served have access to broadband services or will have access to broadband services at the time the funding for adoption is implemented.

(B) A publicly supported community may contract with other nonprofit or public agencies to assist in implementation of a broadband adoption program.

(C) Only after all funds available pursuant to this paragraph in the Broadband Public Housing Account have been awarded may a publicly supported community otherwise eligible to submit an application for funding from the Broadband Public Housing Account submit an application for funding for these purposes from the Broadband Adoption Grant Account pursuant to subdivision (j).

(5) To the extent feasible, the commission shall approve projects for funding from the Broadband Public Housing Account in a manner that reflects the statewide distribution of publicly supported communities.

(6) In reviewing a project application under this subdivision, the commission shall consider the availability of other funding sources for that project, any financial contribution from the broadband service provider to the project, the availability of any other public or private broadband adoption or deployment program, including tax credits and other incentives, and whether the applicant has sought funding from, or



participated in, any reasonably available program. The commission may require an applicant to provide match funding, and shall not deny funding for a project solely because the applicant is receiving funding from another source.

(7) Any moneys in the Broadband Public Housing Account that have not been awarded pursuant to this subdivision by December 31, 2020, shall be transferred back to the Broadband Infrastructure Grant Account.

(j) (1) Moneys in the Broadband Adoption Account shall be available to the commission to award grants to increase publicly available or after-school broadband access and digital inclusion, such as grants for digital literacy training programs and public education to communities with limited broadband adoption, including low-income communities, senior communities, and communities facing socioeconomic barriers to broadband adoption.

(2) Eligible applicants are local governments, senior centers, schools, public libraries, nonprofit organizations, and community-based organizations with programs to increase publicly available or after-school broadband access and digital inclusion, such as digital literacy training programs.

(3) Payment pursuant to a grant for digital inclusion shall be based on digital inclusion metrics established by the commission that may include the number of residents trained, the number of residents served, or the actual verification of broadband subscriptions resulting from the program funded by the grant.

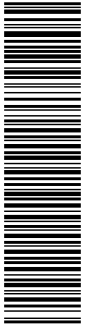
(4) The commission shall, in a new or existing proceeding, develop, by June 30, 2018, criteria for awarding grants and a process and methodology for verifying outcomes. The commission shall be prepared to accept applications for grants from the Broadband Adoption Account no later than July 1, 2018.

(5) The commission shall give preference to programs in communities with demonstrated low broadband access, including low-income communities, senior communities, and communities facing socioeconomic barriers to broadband adoption. In the proceeding specified in paragraph (4), the commission shall determine how best to prioritize projects for funding pursuant to this paragraph.

(6) Moneys awarded pursuant to this subdivision shall not be used to subsidize the costs of providing broadband service to households.

(k) The commission shall post on the homepage of the California Advanced Service Fund on its ~~Internet Web site~~ internet website a list of all pending applications, application challenge deadlines, and notices of amendments to pending applications.

(l) The commission shall notify the appropriate policy committees of the Legislature on the date on which the goal specified in paragraph (1) of subdivision (b) is achieved.





LEGISLATIVE COUNSEL'S DIGEST

Bill No. \_\_\_\_\_  
as introduced, \_\_\_\_\_.  
General Subject: Telecommunications: California Advanced Service Fund programs.

Existing law requires the Public Utilities Commission to develop, implement, and administer the California Advanced Services Fund program 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. Existing law states that the goal of the California Advanced Services Fund program is, no later than December 31, 2015, to approve funding for infrastructure projects that will provide broadband access to no less than 98% of California households. Existing law defines “unserved household” for purposes of the program to mean a household for which no facility-based broadband provider offers broadband service at speed of at least 6 megabits per second (mbps) downstream and one mbps upstream.

This bill would, for projects funded, in whole or in part, from moneys received from the federal funding opportunities, including the federal Rural Digital Opportunity Fund, revise the definition of “unserved household” to mean a household for which no facility-based broadband provider offers broadband service at speeds consistent with the applicable federal speed standards.

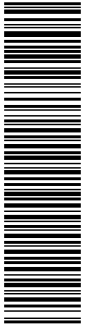
Existing law requires the commission to consult with specified entities regarding unserved areas and cost-effective strategies to achieve the broadband access goal of the program.

This bill would additionally require the commission to consult with Native American tribes. The bill would authorize the commission to conduct activities to maximize investment in new, robust, and scalable infrastructure and to use moneys from the California Advanced Services Fund to leverage federal funds and funding from sources other than the California Advanced Services Fund.

Existing law requires projects eligible for funding from the California Advanced Services Fund program to meet certain requirements including a requirement that the project deploys infrastructure capable of provide broadband access at speed of a minimum of 10 mbps downstream and one mbps upstream to unserved households in census blocks where no provider offers access at speeds of at least 6 mbps downstream and one mbps upstream.

This bill would revise the above requirement to require the infrastructure to be of sufficient capacity to deliver to end users a minimum of 100 mbps downstream and a latency that is sufficiently low to allow real-time, interactive applications to unserved households. The bill would authorize the commission to revise this requirement in cases where the deployment of infrastructure capable of supporting the minimum speed is not feasible.

Existing law prohibits grants from the Broadband Infrastructure Grant Account in the California Advanced Services Fund to include funding for costs of broadband



infrastructure already funded by the Connect America Fund program or other similar federal public program that funds that infrastructure, except as provided.

This bill would repeal this prohibition.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

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