

APPENDIX B

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1. Proposals for Broadband Adoption Account

1.1. Background

On October 15, 2017, Governor Brown signed AB 1665, directing the Commission to create the new Broadband Adoption Account within CASF. Moneys in the Broadband Adoption Account are 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. Moneys in the Broadband Adoption Account shall not be used to subsidize the costs of providing broadband service to households.¹

1.2. Amount Available for Grants

The \$20 million will be available through the Broadband Adoption Account, although some may be used for publicly supported communities (PSCs) otherwise eligible to submit an application for funding from the Broadband Public Housing Account (BPHA) in the event that all monies in that account are exhausted.

Preference

AB 1665 requires the Commission to 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. Staff proposes that staff review projects submitted in communities with demonstrated low broadband access, but invites parties to comment on how best to further prioritize projects for funding pursuant to AB 1665.

1.3. Definitions

Communities with demonstrated “low broadband access” are defined as communities or areas having low broadband subscription rates (a.k.a., low broadband adoption) relative to the statewide average² and/or communities facing socioeconomic barriers to broadband and adoption.

“Communities facing socioeconomic barriers to broadband adoption” means low-income communities, communities with a high percentage of residents with limited English Proficiency, communities with a high percentage of residents with disabilities, communities with a high percentage of residents with limited educational

¹ Pub. Util. Code, § 281 (j)(6).

² According to the annual survey conducted for the California Emerging Technology Fund (CETF), as of July, 2016, California has an overall adoption rate of 84% (<http://www.cetfund.org/node/9318>).

attainment, or communities with some other demonstrated disadvantage which affects broadband adoption.³

“Low-income communities” means those communities with a median household income below the threshold set by the Commission for a family of four in the California Alternate Rates for Energy (CARE) program.⁴ “Communities” can be geographically defined by a political or US Census geographic extent (such as a city or county boundary, or a census tract/block or designated place), by location (such as a public housing complex or senior center) or by the class or category of people served (such as disadvantaged youth). Income information provided by the applicant must be for the designated community.

1.4. Eligible Applicants

Pursuant to AB 1665, 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.

Further, AB 1665 authorizes PSCs eligible to submit an application for funding from the Broadband Adoption Account, only after all funds available for adoption projects from the BPHA have been awarded.⁵

No grant recipient is allowed to charge for these classes nor make a profit of any kind from these funds.

1.5. Eligible Projects

Digital Literacy Project

For digital inclusion such as 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, consistent with the adoption projects of the Public Housing Account, staff recommends that the Commission fund up to 85 percent of the costs and reimburse the following:

- Education and outreach efforts and materials;
- Acceptable devices (does not include smartphones) and software;
- Printers;

³ CALIFORNIA BROADBAND REPORT, A Summary of Broadband Availability and Adoption in California as of June 30, 2011, Pages 22-28, show correlation of factors relative to adoption. See <http://www.cpuc.ca.gov/General.aspx?id=5753>

⁴ As of February, 2018, set at \$49,200 (<http://www.cpuc.ca.gov/General.aspx?id=976>).

⁵ Pub. Util. Code, § 281 (i)(4)(A).

- Routers;
- Provision of technical support for the installation of equipment subsidized through this program;
- Desks and chairs to furnish a designated space for digital literacy;
- Gathering, preparing and distributing digital literacy curriculum (not creating new curriculum);
- and digital literacy instructors.

Broadband Access Project

In order to increase publicly available or after-school broadband access, staff also recommends that the Commission fund projects that provide free broadband access in community training rooms or other public space, such as local government centers, senior centers, schools, public libraries, nonprofit organizations, and community-based organizations. The Commission will also fund community outreach, such as analysis and comparison of Internet plans within the community that will increase broadband access and adoption. The Commission shall fund up to 85 percent of the costs and reimburse the following:

- Education and outreach efforts and materials;
- Acceptable devices (does not include smartphones) and software;
- Printers;
- Routers;
- Provision of technical support for the installation of equipment subsidized through this program;
- Desks and chairs to furnish a designated space for broadband access;
- and staffing for monitoring the designated space.

1.6. Subsidy Level

Staff recommends limiting Broadband Adoption Account proposed projects for expedited review to \$50,000 per project. If the proposed adoption project includes the distribution of computing devices to program participants, each device may cost no more than \$250. A smartphone is not an eligible device. For computing devices used in community training rooms or other public space, such as local government centers, senior centers, schools, public libraries, nonprofit organizations, and community-based organizations, each device may cost no more than \$1,000, with a cap of 20 devices per designated space or project. Staff requests comments from parties on this proposed limit and subsidy level.

1.7. Information Required from Applicants

Applicants must complete and submit a project application form, which will be available on the Commission's website. Staff will post the application descriptions submitted by the deadline on the CASF webpage.

Staff proposes that the applicants are required to submit the following information to the Commission for each proposed project:

Digital Literacy Project

1. Project Description
 - a. Applicant's name, description of organization;
 - b. Applicant's non-profit designation, if applicable;
 - c. Applicant's experience in providing digital literacy instruction;
 - d. Contact person, title, address, e-mail, phone;
 - e. Project title;
 - f. Proposed Project Area Location (Community / County / Census Block(s)) including address (if applicable);
 - g. CASF Funding Requested (Amount of Grant);
 - h. Efforts to leverage non-CASF moneys;
 - i. Community, adoption levels, income, demographics;
 - j. Description of the need for this project: Does the community have low broadband adoption relative to the statewide average? Does the community face socioeconomic barriers to broadband access and adoption?
 - k. Description of planned outreach efforts, including sample promotional material, planned community events, volunteer recruitment or any other relevant materials;
 - l. Projected number of participants reached through outreach activities;
 - m. Description of any planned improvements to the training space, including the purchase of computing devices and any installation or set-up activities;
 - n. Description of any purchase of computing devices to be distributed to program participants, including any device warranty information and any technical support plan;
 - o. Description of partnership with carriers and any existing affordable plans that will be offered in the community;
 - p. Curriculum for training;
 - q. Description of the type of training to be provided (on-site instructor and/or tutoring);
 - r. Projected number of participants to be trained by the project;
 - s. Projected number of participants who will receive tutoring or other digital literacy instruction (such as the assistance of knowledgeable volunteers during open computer lab hours) outside of the 8-hour training;
 - t. Projected number of new residential broadband subscriptions resulting from the project (including documentation of all assumptions and data sources used to compile estimates).
2. Work Plan
 - a. The Work Plan (see Attachment A) will include detailed functions, activities, and deliverables related to implementing the adoption program. The Work Plan should include a timeline identifying milestone dates for completion of key Work Plan activities and deliverables proposed to be funded; the timeline

- should describe each of the monthly milestones, including performance metrics to be accomplished;
- b. The schedule may incorporate a ramp-up period (a maximum of six months), followed by project deployment (a maximum of 12 months);
 - c. The ramp-up period will incorporate any training room set-up activities as well as community outreach; it does not include any kind of digital literacy instruction;
 - d. The project deployment period is where activities to increase digital inclusion occur; community outreach may be ongoing.
3. Budget
- a. A detailed breakdown of cost elements for the proposed project;
 - b. A detailed breakdown of the instructor pay rate relative to projected number of training hours and prep time;
 - c. Availability of matching funds to be supplied by applicant and/or other sources.

Broadband Access Project

1. Project Description
 - a. Applicant's name, description of organization;
 - b. Applicant's non-profit designation, if applicable;
 - c. Applicant's experience in providing broadband access;
 - d. Contact person, title, address, e-mail, phone;
 - e. Project title;
 - f. Proposed Project Area Location (Community / County / Census Block(s)) including address (if applicable);
 - g. CASF Funding Requested (Amount of Grant);
 - h. Efforts to leverage non-CASF moneys;
 - i. Community, adoption levels, income, demographics
 - j. Description of the need for this project: Does the community have low broadband adoption relative to the statewide average? Does the community face socioeconomic barriers to broadband access and adoption?
 - k. Description of planned outreach efforts, including sample promotional material, planned community events, to let the community know about the provided broadband access;
 - l. Projected number of participants reached through outreach activities;
 - m. Description of any planned improvements to an existing space for broadband access, including the purchase of computing devices and any installation or set-up activities;
 - n. Description of any set up of a new space for broadband access, including the purchase of computing devices and any installation or set-up activities. Note that the Adoption Account does not pay for any inside network setup other than to connect computers purchased with fund money to an existing inside network (inclusive of any required routers);

- o. Projected number of participants served by the project and the projected number of hours of access to be provided;
 - p. Projected number of participants who receive information regarding broadband plans in the community;
 - q. Projected number of new residential broadband subscriptions resulting from the project (including documentation of all assumptions and data sources used to compile estimates).
2. Work Plan
- a. The Work Plan (see Attachment A) will include detailed functions, activities, and deliverables related to implementing the adoption program;
 - b. The schedule may incorporate a ramp-up period (a maximum of six months), followed by a 12-month period for monitoring access. The ramp-up period will incorporate any computer room set-up activities as well as community outreach; The Work Plan should detail the work to be done during the ramp-up period;
 - c. The ramp-up period is followed by a period where broadband access will be monitored; the Work Plan should detail any activities to be included during the monitoring period.
3. Budget
- a. A detailed breakdown of cost elements for the proposed project;
 - b. Availability of matching funds to be supplied by applicant.

Any devices purchased with money from this fund must meet the following qualifications:

- A smartphone is not an eligible device;
- New or refurbished devices may be used, but if it is refurbished it must not be more than five years old;
- Devices must come with office productivity software, such as word-processing software, an internet browser and anti-virus software;
- Any entity providing refurbished devices should provide a warranty of at least six months and any seller of new products should provide a warranty of at least 30 days;
- Any technical support for devices, either by phone or in person, must be able to respond within 48 hours.

The applicant may submit endorsements or letters of support from the state or local government, community groups, and anchor institutions supporting their proposed adoption project.

1.8. Evaluation Criteria

Digital Literacy Project (100 points total):

- Established project need, actual adoption numbers/targets (a maximum of 20 points)

- Projected number of participants receiving 8 hours or more of training (a maximum of 20 points)
- The type of training provided (on-site teacher and/or tutoring) and the complexity of the curriculum (does the curriculum only provide instruction in basic internet skills, or does it also provide instruction beyond basic knowledge?); on-site instruction and curriculum that can be provided to students with different skill sets garner more points (a maximum of 20 points)
- Projected number of participants who receive tutoring or other digital literacy instruction (such as the assistance of knowledgeable volunteers during open computer lab hours) outside of the 8-hour training (a maximum of 20 points)
- Funding requested per project participant trained (i.e. cost per participant trained) plus the funding request per participant who receive tutoring or other digital literacy instruction outside of the 8-hour training (a maximum of 20 points)

Proposed projects that meet a minimum score of 70 points (out of a possible 100 points) will be considered for funding.

Broadband Access Project (100 points total):

- Established project need, actual adoption numbers/targets (a maximum of 25 points)
- Projected number of participants to be provided broadband access (a maximum of 25 points)
- Projected number of participants who receive tutoring or other digital literacy instruction (such as the assistance of knowledgeable volunteers during open computer lab hours) (a maximum of 25 points)
- Funding requested per project participant (i.e. cost per participant) (a maximum of 25 points)

Proposed projects that meet a minimum score of 70 points (out of a possible 100 points) will be considered for funding.

1.9. Submission and Timelines

AB 1665 states that the Commission must develop criteria for awarding grants and a process and methodology for verifying outcomes by June 30, 2018. The Commission shall be ready to accept applications for grants from the Broadband Adoption Account no later than July 1, 2018.

Applicants should electronically file their completed applications using the Commission's FTP file server available at <http://www.cpuc.ca.gov/puc/> and submit an electronic copy to the Office of Ratepayers Advocates Director. Since applications are not filed with the Commission's Docket Office, they will not be assigned proceeding number(s).

Applications may be submitted at any time. However, staff will consider applications submitted on or before each deadline listed below as a batch, until all funds have been awarded.

Deadlines:

- July 1, 2018
- January 1, 2019
- July 1, 2019
- January 1, 2020
- July 1, 2020
- January 1, 2021
- July 1, 2021
- January 1, 2022
- July 1, 2022

Any deadline falling on a holiday or a weekend will be extended to the following business day.

1.10. Expedited Review

Digital Literacy Project

The Commission assigns to staff the task of approving applications that meet all of the following criteria:

- Applicant is proposing to serve a low-income population.
- An eligible applicant is either a local government, senior centers, school, public library, nonprofit organization, or community-based organization with programs to increase publicly available or after-school broadband access and digital inclusion, such as digital literacy training programs.
- Applicant requests a grant of \$50,000 or less.
- Applicant agrees to perform education and outreach to educate the community of available broadband Internet services.
- Applicant or partner organization possesses at least one-year experience in digital literacy training or has previously carried out at least one digital literacy project.
- Applicant must provide at least eight hours of digital literacy training to each participant, through digital literacy classes, one on one tutoring or self-paced instruction.
- Applicant has identified a designated space for digital literacy training.
- If the applicant or partner organization provides participants to be used as part of its digital literacy training, the cost should be no more than \$250 per device. If the applicant will be provisioning the training space with computing devices for community training rooms or other public space such as local government centers, senior centers, schools, public libraries, nonprofit organizations, and community-based organizations, the cost should be no more than \$1,000 per device.
- Device technical support (not network), either by phone or in person, must be able to respond within 24 hours. A refurbished device supplier must provide a warranty of at least six months and seller of new products should provide a warranty of at least 30 days.

- Applicants must be ready to provide classes within six months of being selected for a CASF grant and must submit a work plan with major milestones showing how they propose to meet this deadline.
- Applicants must sustain the adoption project for 12 months or until work plan milestones/deliverables have been accomplished. The applicant must submit a work plan with major milestones showing how they propose to meet all of the milestones and deliverables.

Broadband Access Project

The Commission assigns to staff the task of approving applications that meet all of the following criteria:

- Applicant is proposing to serve a low-income population.
- An eligible applicant is either a local government, senior centers, school, public library, nonprofit organization, or community-based organization with programs to increase publicly available or after-school broadband access and digital inclusion, such as digital literacy training programs.
- Applicant requests a grant of \$50,000 or less.
- Applicant agrees to provide broadband access to the community.
- Applicant has identified a designated space for broadband access.
- If the applicant will be provisioning the training space with computing devices for community training rooms or other public space such as local government centers, senior centers, schools, public libraries, nonprofit organizations, and community-based organizations, the cost should be no more than \$1,000 per device.
- Device technical support (not network), either by phone or in person, must be able to respond within 24 hours. A refurbished device supplier must provide a warranty of at least six months and seller of new products should provide a warranty of at least 30 days.

1.11. Resolution Review

Where an application does not meet the above expedited review criteria, it may still be considered for a grant, but it must go through the traditional Commission Resolution approval process.

1.12. Other Issues for Comments

Among the foreseeable issues which may need to be addressed are several questions regarding the efficacy of the Adoption Account. These issues include:

- How can the Commission gather metrics on the program's results?
 - How should the Commission quantify or report on the actual broadband adoption levels from funds expended from the CASF in the prior year?
 - How should the Commission gather and report the number of subscriptions resulting from the Broadband Adoption Account? How can grantees help track performance metrics for the program?

- There is no way to guarantee that education and outreach will effect adoption levels. How can applicants guarantee that their program will result in increased adoption rates among their community?
- How best can we measure the need of a particular community in comparison to any other community with barriers to digital access? How can we compare the different barriers of different socioeconomic groups?
- How can the Commission determine the socioeconomic benefits of the program to the low-income community?

1.13. Reporting

During the ramp-up period: Staff recommends that a “ramp-up period report” is necessary only if the ramp-up period is longer than six months. If the ramp-up period is less than six months, then a “ramp-up period report” is not required, unless payment is requested.

The “ramp-up period report” should include:

1. Any purchase of equipment or supplies, with cost breakdown.
2. Status of computer installation.
3. Community outreach plan.
4. Explanation of why ramp-up period cannot be completed in less than six months, if applicable.

During the deployment period (digital literacy projects only):

Staff recommends that a completion report is required at the end of the 12-month period, or after the work plan milestones/deliverables have been accomplished. A milestone report (e.g. a report after 6 months of deployment) is required when payment is requested, see Attachment B.

The “milestone/completion report” must/shall include:

- A summary of all work done for the digital literacy project including an itemized list of materials purchased and money spent;
- A description of each milestone in the period and how that milestone was met.
- The total number of participants trained;
- The total number of hours that access has been provided to the community and the number of participants served;
- The number of participants that subsequently subscribe to a broadband Internet service provider to use a device in their home.

During the monitoring period (broadband access projects only):

Staff recommends that a completion report is required at the end of the 12-month period.

The “completion report” must/shall include:

- A summary of all work done to create broadband access including an itemized list of materials purchased and money spent;
- A summary of all community outreach completed and the number participants reached through the outreach effort;

- The total number of hours that access has been provided to the community and the number of participants served;
- The number of participants that subsequently subscribe to a broadband Internet service provider to use a device in their home.

Grantees are required to maintain files, invoices, and other related documentation for three years after final payment. Grantee shall make these records available to the Commission upon request and agrees that these records are subject to a financial audit by the Commission at any time within three years after the Grantee incurred the expense being audited.

1.14. Payment

- Grantees must submit a project completion report before submitting a full payment request.
- Grantees may submit payment request after the ramp-up period, along with a “ramp-up period” report.
- Grantees may also submit payment request after six months of deployment, along with a “milestone” report
- Payment can be made for the entire project on the submission of the completion report if the grantee prefers to wait until the completion of the project for payment request. Payment to the project grantee will be made upon project completion and the submission of a project completion report.
- Grantees shall submit final requests for payment no later than 90 days after completion of the project.
- Payment will be based upon receipt and approval of invoices/other supporting documents showing the expenditures incurred for the project are in accordance with their application.
- Grantees must notify the Commission as soon as they become aware that they may not be able to meet project deadlines.
- Payment will be made in accordance with, and within the time specified in California Government Code § 927 et seq.
- 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 the terms of approval granted by the Commission.
- The recipient’s invoices will be subject to a financial audit by the Commission at any time within three years of final payment.

1.15. Execution and Performance

Grantees shall start the project within six months after the grant approval (after the ramp up time) and complete the project within a 12-month timeframe or until work plan milestones/deliverables have been accomplished. The Commission may withhold or terminate grant payments if the grantee does not comply with any of the requirements set forth in its application and compliance with the CASF. In the event that the grantee fails to complete the project in accordance with the terms of approval granted by the Commission and this Resolution, the grantee, represented by the Fiscal

Agent, will be required to reimburse some or all of the CASF funds that it has received.

The CASF grant recipient must complete all performance under the award on or before the termination date of the award.

Material changes in the entries for this application, such as discontinuing operation or bankruptcy, or change of name (DBA), change of address, telephone, fax number or E-mail address should be reported by a letter to the CPUC, Director of the Communications Division, 505 Van Ness Avenue, San Francisco, CA 94102

1.16. Attachments 1.A-1.B

To assist prospective applicants for Adoption grants in preparing their requests in a manner that meets Commission requirements, staff has provided a series of sample attachments that illustrate various key informational requirements and documents that must be properly completed with the application in order to be considered for approval. The purpose and contents of each of these forms and information requirements is discussed in detail below. The attachments provided are summarized as follows:

- A. Sample of Work Plan Format
- B. Sample of Report and Payment Request Summary

Attachment 1.A

Sample of Work Plan Format
 [Name of Grantee]
WORK PLAN – [MONTH, YEAR]

Milestone Description	Milestone Risks	Milestone Start Date	Milestone End Date	Performance Measures

Activity(ies)	Timeline	Responsible Party(ies)	Performance Measure(s)
Conducted Digital Literacy Training <ul style="list-style-type: none"> • Introductory course 	1/1/18 – 2/21/18 <ul style="list-style-type: none"> • Training: 1/9/18-2/15/18 	<ul style="list-style-type: none"> • Instructor 	<ul style="list-style-type: none"> • Number of participants • Number of hours

Attachment 1.B

Sample of Progress Report Format
[Name of Grantee]
WORK PLAN Milestone – [MONTH, YEAR]

Grantee Name:	
Project Name:	
Project #:	
Award Amount (Grant):	
CASF Payments received to date (\$):	
Date of Report (MM/DD/YY):	
Current Reporting Period (MM/YY – MM/YY):	
Certification: I certify to the best of my knowledge that all statements and representations made in this report are true and correct under penalty of perjury.	

Project Progress Summary

1. Describe project accomplishments during this reporting period
2. Identify project milestones and the percent complete to date. Provide a narrative description if the percent complete is different from the estimated targeted milestones as issued in your CASF application.

Sample Payment Request Summary

Please itemize all expenses claimed for this reimbursement request in the table below. Include also all source documentation, receipts and invoices along with any other necessary forms of substantiation.

<i>Adoption Activities/Items</i>	<i>Description</i>	<i>Quantity</i>	<i>Grant Funds</i>
Education and outreach efforts and materials	Designing, printing, and distributing the flyers and door hangers...	1	1,000

2. **Proposals for Public Housing Account**

Assembly member Steven Bradford introduced AB 1299 on February 22, 2013. Governor Jerry Brown signed it into law on October 3, 2013. AB 1299 expanded the CASF Program by adding a fourth account, the Broadband Public Housing Account (BPHA) dedicated to broadband access and adoption in publicly supported communities (PSCs). In 2016 the Legislature passed SB 745 (Hueso) that extended the date remaining funds from the BPHA are transferred back to other CASF Accounts from December 31, 2016 to December 31, 2020. SB 745 further requires the Commission, in its review of applications for funds from the BPHA, to award grants only to unserved housing developments

In 2017 the Legislature passed AB 1665 that authorizes PSCs eligible for funding via the BPHA, only after all funds available for the BPHA have been awarded, to submit a CASF application for funding from the Broadband Infrastructure Account and/or Broadband Adoption Account.

2.1. Amount Available for Grants

The BPHA provides \$20 million for grants and loans to finance infrastructure projects connecting PSCs with broadband Internet. The Account provides \$5 million for adoption projects for residents in PSCs.

The Commission will award grants and loans to finance up to 100 percent of the costs to install inside wiring and equipment, but will not finance maintenance or operation costs. Grantees must maintain and operate the network for a minimum of five years after receiving Commission funding. The Commission will reimburse for the following expenses:

- All networking equipment, both hardware and software, including wireless access points;
- Low voltage contracting (including the installation of conduit, panels and cabling required to provide power for the equipment funded as part of the project), provided it does not include major rehabilitation, demolition or construction;
- Modems or routers, but not computers or human interface devices;
- Engineering & design;
- Hardware warranty;
- Installation labor from the Minimum Point of Entry (MPOE) to the individual unit; and
- Taxes, shipping and insurance costs directly related to broadband equipment deployed under the BPHA.

The Commission will fund up to 85 percent of the costs for adoption projects for residents in PSCs and will reimburse the following expenses:

- Education and outreach efforts and materials;

- Desks and chairs to furnish a designated space for digital literacy;
- Acceptable computers and devices (excluding smartphones) and software intended for use either in a computer lab or their household;
- Digital literacy instructors;
- Printers for a computer lab or other designated space for digital literacy;
- Routers; and
- Provision of residential (not network) technical support.

2.2. Definitions

“Project” is a publicly subsidized multifamily housing development which is requesting funds under one application from the BPHA.

“Publicly subsidized” means either that the housing development receives financial assistance from the United States Department of Housing and Urban Development (HUD) 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.

“Publicly supported community” (PSC) is 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 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 (16 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.

A “minimum point of entry” (MPOE) is either the closest practicable point to where the wiring crosses a property line or the closest practicable point to where the wiring enters a multiunit building or buildings.

An “unserved” housing development is a housing development where at least one housing unit within the housing development is not offered broadband Internet service.⁶ A housing unit “is not offered broadband Internet service” if the unit does

⁶ Pub. Util. Code, § 281(i)(3)(B)(i) and (ii)

not have access to a commercially available broadband Internet service, such as Digital Subscriber Line (DSL), a cable modem, or another protocol, available at the unit.⁷

2.3. Eligible Applicants

CASF Broadband Public Housing Account funding is limited to publicly subsidized, multifamily housing developments owned by either of the following two entities:

- 1) A public housing agency that has been chartered by the state, or by any city or county in the state, and has been determined an eligible public housing agency by the United States Department of Housing and Urban Development.
- 2) 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 (16 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.

Non-profit housing developers involved in limited partnerships with for-profit entities participating may also be eligible, since the IRS considers an exempt organization's participation as a general partner in a limited partnership with for-profit limited partners as consistent with the organization's exempt status under Internal Revenue Code Section 501(c)(3).

For PSCs applying for infrastructure funds, a PSC may be eligible for funding only if the PSC can verify to the Commission that the PSC has not denied a right of access to any broadband provider that is willing to connect to a broadband network to the facility for which the grant or loan is sought⁸ and the publicly supported community is unserved as defined in Section 2.1.3.9

For PSCs applying for adoption funds, a PSC may be eligible for funding 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.

2.4. Information Required from Applicants

Applicants must submit the following information to the Commission for each proposed project. Applications and supporting material must be submitted online with a hard copy mailed to the CASF Housing Account Coordinator and one sent to the Office of Ratepayer Advocates.

⁷ Resolution T-17575, Appendix A - Implementation of changes in the California Advanced Services Fund program enacted by Senate Bill 745.

⁸ Pub. Util. Code, § 281(i)(3)(A)

⁹ Pub. Util. Code, § 281(i)(3)(A).

1. Infrastructure Project Application

Applicants must complete and submit a project application form, which will be available on the Commission's website. Staff will post all applications submitted by the quarterly deadline on the CASF webpage, allowing ISPs two weeks to challenge the applications. Additional supporting documentation will not be posted online.

A housing authority applying for BPHA funds must include in its submission its Annual HUD Contributions Contract and HA Code, allowing staff to verify its certification, along with its most recent HUD Public Housing Assessment System (PHAS) score.

Non-profit applicants must submit an IRS letter approving the applicant's status as a 501(c)(3) entity incorporated for the purposes of providing affordable housing, which must include the applicant's Tax Identification Number, along with an award letter from a public agency such as the California Tax Credit Allocation Committee (TCAC), proving its receipt of public funding for affordable housing purposes.

Applications must contain the following information.

1.1. Funds Requested

The applicant must indicate the amount of funding requested.

1.2. Project Location

The applicant must include each address it intends to serve along with an image of the location on the map. The Commission will accept a screen shot image from Google maps or similar image.

1.3. Key Contact Information

- First name
- Last name
- Mailing Address
- Email
- Phone

1.4 Key PSC Management

- Position title
- First name
- Last name
- Email
- Phone

1.5 Key vendor contact information (if applicant already has identified its vendor)

- First name
- Last name
- Company name
- Mailing address
- Email
- Phone

1.6 Assertion of Unserved

The applicant must attest to whether or not the property it proposes to serve under its grant request is unserved, as defined in Section 2.1.3. The applicant also must verify that it has not denied an ISP access to its property in order to provision broadband service to any unit. An applicant's previous denial of access for cause (e.g., the ISP's costs to residents or the applicant were unreasonably high) does not constitute a denial of a right of access.

Staff will post all application forms (but not the supporting materials that accompany the application) on its website after the date of submission, whereby ISPs may within two weeks challenge an application.

1.7 Proposed project description

An applicant must provide a detailed description of its proposed project, including the elements discussed below.

- Description of proposed broadband project plan which the Commission will fund using the BPHA, including:
 - The type of technology to be used (attach engineering documents/schematics)
 - Project size (number of units and residents to be connected)
 - Entities that will provide service. (E.g., Wi-Fi provided by property management or named subcontractor, and/or, Internet service offered by a named ISP, etc.)
 - Download speed capabilities for an average user during the peak hours of 7p.m. and 11p.m.
 - Upload speed capabilities for an average user during the peak hours of 7p.m. and 11p.m.
- Project budget outlining a detailed breakdown of cost elements and the availability of matching funds to be supplied by applicant (including bandwidth, maintenance and operation costs).
 - Breakdown of projected cost of items funded by grant:
 - All networking equipment, both hardware and software, including wireless access points;
 - Low voltage contracting, provided it does not include major rehabilitation, demolition or construction;

- Modems or routers, but not computers or human interface devices;
- Engineering and design;
- Hardware warranty;
- Installation labor from the MPOE to the individual unit; and
- Taxes, shipping, insurance costs directly related to broadband equipment deployed under the BPHA.
- Matching funds provided by applicant
 - Bandwidth costs on a monthly basis for the five-year project period
 - Maintenance and operations costs to ensure network is operational for at least five years
- Project schedule
 - A delineated deployment schedule with commitment to complete project within 12 months of Commission approval of the application. The schedule should identify major prerequisite(s), construction and any other milestones that can be verified by Commission staff. Milestones will be listed using the following format:
 - Milestone Description
 - Milestone Start and End Date
 - Milestone Risks
 - Included in its proposed schedule, the applicant must submit its plan to encourage adoption of the broadband Internet service it proposes, in particular what activities it will employ to encourage residents to sign up for the service.
 - In developing the schedule, applicant must include the timeline required for California Environmental Quality Act (CEQA) or other relevant government agency permit review, if needed.
 - If the applicant is unable to complete the proposed project within the required 12-month timeframe, it must notify the Commission as soon as it is aware of this prospect. The Commission reserves the right to reduce payment for failure to satisfy this requirement.

1.8 Organizational Chart and Background

The applicant must submit an organizational chart showing the parent organization, subsidiaries and affiliates.

1.9 Economic Useful Life of Assets to be Funded

The applicant must identify the expected economic useful life of the assets funded by the BPHA grant.

1.10 Current Condition of Property

An applicant must attest that (1) it expects its property to be in residential use for at least the next 10 years, and (2) the buildings included in the application meet standards for acceptable basic living conditions as determined under HUD's

Uniform Physical Condition Standards or similar guidelines provided by other housing funding agencies in the States.

1.11 Proposed Pricing

An applicant must commit to charging residents no more than \$20 per month for broadband Internet service.

1.12 Financials

Applicants must submit the most recently prepared annual reports and audits that it submitted to its respective reporting authority, ie. HUD, the California Tax Credit Allocation Committee, etc.).

A housing authority applying for BPHA funds must include in its submission its Annual HUD Contributions Contract and HA Code, allowing staff to verify its certification, along with its most recent HUD Public Housing Assessment System (PHAS) score.

Non-profit applicants must submit an IRS letter approving the applicant's status as a 501(c)(3) entity incorporated for the purposes of providing affordable housing, which must include the applicant's Tax Identification Number, along with an award letter from a public agency such as the California Tax Credit Allocation Committee (TCAC), proving its receipt of public funding for affordable housing purposes.

1.13 Permitting Compliance

An application should state whether the project is statutorily or categorically exempt from CEQA requirements and cite the relevant authority, as applicable. If a project does require review under CEQA, the grantee must provide the Proponent's Environmental Assessment (PEA) prior to the first 25 percent payment. The PEA submission should include information on any land crossing sites requiring discretionary or mandatory permits or environmental review pursuant to CEQA (include the type of permit required, the name of the permitting agency/agencies and the Lead Agency if an environmental review is required). Additionally, applicants must include any applicable permit review timeline in its construction schedule, with a reference to the government agencies that will issue the permits. Grantees must provide staff with proof of permit approvals before seeking reimbursement.

1.14 Affidavit

An applicant must submit an affidavit, under penalty of perjury, that to the best of their knowledge all the statements and representations made in the application information submitted is true and correct (Attachment A). Additionally, an applicant must also agree to abide by the Commission's Rules of Practice and Procedure, be subject to Public Utilities Code sections 2108 and 2111 and to submit quarterly reports and annual recertification or audit documents.

2. BPHA PSC Adoption Project Application

Applicants must complete and submit a project application form, which will be available on the Commission's website. Staff will post the all applications submitted by the quarterly deadline on the CASF webpage.

Attestation that all units have or will have access to broadband Internet service at the time for the funding for adoption is implemented.

Applications must contain the following information:

2.1. Funds Requested

The applicant must indicate the amount requested. As stated in Section 2.1.2, the Commission will fund up to 85 percent of the costs for adoption projects for residents in PSCs, including reimbursement of the following adoption activities/items:

- Education and outreach efforts and materials;
- Desks and chairs to furnish a designated space for digital literacy;
- Acceptable computers and devices (excluding smartphones) and software intended for use either in a computer lab or their household;
- Digital literacy instructors;
- Printers for a computer lab or other designated space for digital literacy;
- Routers; and
- Provision of residential (not network) technical support.

In order to obtain reimbursement, grantees must also provide sufficient documentation, such as a receipt for the goods or documentation of hours worked.

2.2. Project Location

The applicant must provide the location it intends to serve along with an image of the location on the map (the Commission will accept a screen shot image from Google maps or similar image).

2.3. Key Contact Information

- First name
- Last name
- Mailing Address
- Email
- Phone

2.4 Key PSC Management

- Position title

- First name
- Last name
- Email
- Phone

2.5 Key vendor contact information

- First name
- Last name
- Company name
- Mailing address
- Email
- Phone

2.6 Proposed Project Description

An applicant must provide a detailed description of its proposed project, including the elements discussed below.

- Description of proposed activities the Commission will fund using the BPHA, such as education and outreach efforts.
- Project budget outlining a detailed breakdown of cost elements funded by the grant (85 percent) and provided as match by the Applicant (15 percent). The grant will reimburse for the activities and items listed in section 2.1.
- The Applicant may provide the 15 percent match using the following (1) donations from residents in exchange for devices; (2) donations of devices or software from third parties; and (3) volunteer personnel hours worked to train residents. Applicants must identify the goods and/ or hours worked and its monetary value.
- Project schedule -- A delineated deployment schedule with a commitment to begin the project within six months of Commission approval of the application (the ramp-up period) and to complete project within 12 months thereafter.
 - Milestone Description
 - Milestone Start and End Date
 - Milestone Risks

If the applicant is unable to complete the proposed project within the required 12-month timeframe, it must notify the Commission as soon as it becomes aware of this prospect. The Commission reserves the right to reduce payment for failure to satisfy this requirement.

2.7 Assertion of Property Having Access to Broadband Services

The applicant must attest that all PSC units on the project's property have access to broadband Internet service, or that all PSC units will have access at the time the funding for adoption is implemented.

2.8 Organizational Chart and Background

The applicant must submit an organizational chart showing its parent organization, subsidiaries and affiliates.

2.9 Economic Useful Life of Assets to be Funded

The applicant must identify the expected economic useful life of the assets funded by the BPHA CASF adoption grant.

2.10 Financials

Applicants must submit the most recently prepared annual reports and audits that it submitted to HUD, in the case of chartered public housing authorities, or another government entity, in the case of non-profits (for example, the California Tax Credit Allocation Committee).

A housing authority applying for BPHA funds must include in its submission its Annual HUD Contributions Contract and HA Code, allowing staff to verify its certification, along with its most recent HUD Public Housing Assessment System (PHAS) score.

Non-profit applicants must submit an IRS letter approving the applicant's status as a 501(c)(3) entity incorporated for the purposes of providing affordable housing, which must include the applicant's Tax Identification Number, along with an award letter from a public agency such as the California Tax Credit Allocation Committee (TCAC), proving its receipt of public funding for affordable housing purposes.

2.11 Affidavit of Application's Accuracy

Applicants must submit an affidavit, under penalty of perjury, that to the best of their knowledge all the statements and representations made in the application information submitted is true and correct (Attachment B). Additionally, an applicant must also agree to abide by the Commission's rules of practice and procedure, be subject to Public Utilities Code sections 2108 and 2111 and to submit quarterly reports and annual recertification or audit documents.

2.5. Submission and Timelines

Applicants should electronically file their completed applications using the Commission's FTP file server available at <https://kwftp.cpuc.ca.gov> and mail a separate hard copy to the Communications Division, Attn: California Advanced Services Fund, Housing Coordinator, and mail another hard copy to the Office of Ratepayers Advocates. Since applications are not filed with the Commission's Docket Office, they will not be assigned proceeding number(s).

Applications may be submitted at any time, until all funds available for the BPHA have been awarded. However, staff will consider applications submitted on or

before each deadline listed below as a batch. Additionally, after each deadline, staff will post all applications on its website to give ISPs two weeks from the date of posting to challenge applications.

Deadlines:

- July 1, 2018
- January 1, 2019
- July 1, 2019
- January 1, 2020
- July 1, 2020
- January 1, 2021
- July 1, 2021
- January 1, 2022
- July 1, 2022

Any deadline falling on a holiday or a weekend will be extended to the following business day. Staff will notify the CASF Distribution List when all funds available for the BPHA have been awarded, and an eligible PSC may submit an application for funding from the Infrastructure and/or Adoption accounts using the same criteria set forth here.

2.6. Expedited Review

The Commission assigns staff the task of approving applications that meet all of the following criteria:

Infrastructure Projects

- Applicant meets the eligibility requirements under Pub. Util. Code, § 281(i)(1), § 281(i)(2) and (i)(3).
- Applicant attests that the housing development is “unserved” as defined in Section 2.1.3, which is a housing development where at least one housing unit within the housing development is not offered broadband Internet service.¹⁰
- Applicant declares that it has not denied an ISP access to its property to provide broadband Internet service and no ISP challenged this statement; if an ISP challenged an application alleging it was denied access to a PSC, staff determined the denial was reasonable.
- Applicant requests a grant of less than \$75,000 in BPHA infrastructure grant funds per project.
- For projects connecting 51-100 PSC units, proposed project costs \$450 per unit or less.
- For projects connecting 101 PSC units and more proposed project costs \$300 per unit or less.

¹⁰ Pub. Util. Code, § 281(i)(3)(B)(i) and (B)(ii).

- The buildings included in the application meet standards for acceptable basic living conditions as determined under HUD's Uniform Physical Condition Standards or similar guidelines provided by other housing funding agencies in the State.
- Applicant expects property to be in residential use for at least the next 10 years.
- Property qualifies for an exemption pursuant to CEQA Guidelines § 15300.2.
- For wireless networking projects equipment will at least meet the 802.11n standard.
- Applicant attests it will operate and maintain project equipment and technology for at least five years after completion and that it has sufficient funds and warranty to do so, including replacing equipment as needed, and a maintenance agreement and budget have been submitted.
- Proposed project network is capable of offering residents Internet service speeds of at least 6 Mbps downstream/1 Mbps upstream which is supported with appropriate documentation.
- Applicant commits to provide residents with minimum download speeds of 1.5 mbps per unit, during average peak utilization periods, subject to reasonable network management practices.
- Residents will be charged no more than \$20 per month for Internet service.
- Applicant has signed an affidavit agreeing to abide by Commission rules of practice and procedure; Pub. Util. Code, §§ 2111 and 2108; and to quarterly reports and submission of annual recertification/audit documents.
- Applicant agrees to complete project within 12 months.
- Applicant has identified its bandwidth source, either at the MPOE or its wireless equivalent.
- Applicant agrees to secure project funded hardware to prevent theft and vandalism.

Adoption Projects

- Applicant meets the eligibility requirements under Pub. Util. Code, § 281 (i)(1), § 281(i)(2) and (i)(4).
- Applicant requests a grant of \$50,000 or less
- Applicant agrees to perform education and outreach to educate residents of best practice use of available broadband Internet services.
- Applicant or partner organization possesses at least one-year experience in digital literacy training or has previously carried out at least one digital literacy project.
- Applicant must provide at least eight hours of digital literacy training to participating residents.
- Applicant or partner organization will use existing curriculum.
- Applicant has identified onsite designated space for digital literacy training.
- If the applicant or partner organization provides residents computers or other devices to be use as part of its digital literacy training, the devices cost no more than \$250 per device. New or refurbished computers or devices may be

used; if the computer or device is refurbished, it must not be more than two years old. Additionally, a Smartphone is not an eligible device.

- Technical support, either by phone or in person, must be able to respond within 48 hours. A refurbished device supplier should provide a warranty of at least six months and seller of new products should provide a warranty of at least 30 days.
- Applicants must be ready to provide classes within six months of being selected for a BPHA /CASF grant and must submit a work plan with major milestones showing how they propose to meet this deadline.
- Applicants must sustain the adoption project for 12 months or until work plan milestones/deliverables have been accomplished. The applicant must submit a work plan with major milestones showing how they propose to meet this deadline.

2.7. Resolution Review

Where an application does not meet the above expedited review criteria, eligible applicants as defined in Section 2.1.4 may still be considered for a grant, but it must go through the normal Commission Resolution approval process.

2.8. Reporting

Infrastructure project grantees must submit a progress report six months after the project award date if the project has not been completed, irrespective of whether grantees request reimbursement or payment. The progress reports shall include both the schedule for deployment; it shall include major milestones and costs submitted in the proposals and it shall indicate the completion date of each task/milestone as well as problems/issues encountered, and the actions taken to resolve these issues/problems during project implementation and construction. Grantees must certify that each progress report is true and correct under penalty of perjury.

Infrastructure project grantees must submit a project completion report describing the total project costs, including engineering, planning, material costs, and an assessment of the average speed the network is delivering to a resident during the peak hours of 7 p.m. to 11 p.m. The grantee must include speed test results in its completion report.

A “ramp-up period report” is necessary only if the ramp-up period is longer than six months. If the ramp-up period is less than six months, then a “ramp-up period report” is not required, unless payment is requested.

The “ramp-up period report” shall include:

1. Any purchase of equipment or supplies, with cost breakdown.
2. Status of computer installation.
3. Community outreach plan.
4. Explanation of why ramp-up period cannot be completed in less than nine months, if applicable.

Adoption project grantees must submit a completion report at the end of the 12-month period, or after the work plan milestones/deliverables have been accomplished. A milestone report (e.g. a report after 6 months of deployment) is required when payment is requested, see Attachment B.

The “milestone/completion report” shall include:

- A summary of all work done for the digital literacy project including an itemized list of materials purchased and money spent
- A description of each milestone in the period and how that milestone was met.
- The total number of participants trained
- The total number of hours that access has been provided to the community and the number of participants served
- The number of participants that subsequently subscribe to a broadband Internet service provider to use a device in their home.

An infrastructure project grantee is required to maintain the broadband network for five years after it has been installed. After installation, for a five-year period, grantees must report for every project awarded on a biennial basis the average monthly percentage of up time, the average monthly number of individual devices that access the system and the average amount of data transferred over the network. This data must be reported by email.

Grantees are required to maintain files, invoices, and other related documentation for three years after final payment. Grantee shall make these records available to the Commission upon request and agrees that these records are subject to a financial audit by the Commission at any time within three years after the Grantee incurred the expense being audited.

2.9. Payment

Payment to the project grantee will be made upon project completion and the submission of a project completion report. The infrastructure project grantee may request payment for expenditures incurred during the first six months if the grantee submits a six-month progress report, and certifies that the progress report is true and correct under penalty of perjury. The adoption project grantee may request payment for expenditures incurred during the ramp up time if the grantee submits a ramp up report.

Payment will be based upon receipt and approval of invoices/other supporting documents showing the expenditures incurred for the project in accordance with the CASF funding submitted by the BPHA CASF recipient in their application.

- Grantees must submit a project completion report before submitting a full payment request.
- Grantees may submit a payment request after six months of deployment, along with a “milestone” report

- Payment can be made for the entire project on the submission of the completion report if the grantee prefers to wait until the completion of the project for payment request. Payment to the project grantee will be made upon project completion and the submission of a project completion report.
- Grantees shall submit final requests for payment no later than 90 days after completion of the project.
- Payment will be based upon receipt and approval of invoices/other supporting documents showing the expenditures incurred for the project are in accordance with their application.
- Grantees must notify the Commission as soon as they become aware that they may not be able to meet project deadlines.
- Payment will be made in accordance with, and within the time specified in California Government Code § 927 et seq.
- 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 the terms of approval granted by the Commission.
- The recipient's invoices will be subject to a financial audit by the Commission at any time within three years of final payment.

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 recipient's invoices will be subject to a financial audit by the Commission at any time within three years of completion of the project.

2.10. Execution and Performance

The infrastructure project grantee shall start the project soon after grant approval and complete the project within a 12-month timeframe. The adoption project grantee shall start the project within six months after the grant approval (after the ramp up time) and complete the project within a 12-month timeframe or until work plan milestones/deliverables have been accomplished. The Commission may withhold or terminate grant payments if the grantee does not comply with any of the requirements set forth in its application and compliance with the CASF. In the event that the project grantee is unable to complete the proposed project within the required 12-month timeframe, it must notify the Commission as soon as it becomes aware of this prospect. The Commission reserves the right to reduce payment for failure to satisfy this requirement.

In the event that the BPHA CASF recipient fails to complete the project, in accordance with the terms of approval granted by the Commission, the CASF recipient must reimburse some or all of the BPHA CASF funds that it has received.

The BPHA CASF grant recipient must complete all performance under the award on or before the termination date of the award. Material changes in the entries for this application, such as discontinuing operation or bankruptcy, or change of name (DBA), change of address, telephone, fax number or E mail address should be reported by a letter to the CPUC, Director of the Communications Division, 505 Van Ness Avenue, San Francisco, CA 94102.

Submit completed applications online at <https://kwftp.cpuc.ca.gov> with hard copies mailed separately to:

Communications Division
Attn: California Advanced Services Fund
California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102

Office of Ratepayer Advocates
Re: California Advanced Services Fund
California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102

2.11. Attachment A

NOTARIZED AFFIDAVIT

Name of Publicly Supported Community (PSC) _____

My name is _____. I am _____ [Title] of _____ [PSC]. My personal knowledge of the facts stated herein has been derived from my employment with _____ [Company]

I swear or affirm that I have personal knowledge of the facts stated in this Application for the California Advanced Services Fund, I am competent to testify to them, and I have the authority to make this Application on behalf of and to bind the Company.

I further swear or affirm that _____ [Name of PSC] agrees to comply with all federal and state statutes, rules, and regulations, covering broadband services and state contractual rules and regulations, if granted funding from the California Advanced Services Fund.

I swear or affirm that I agree to comply with Rules 1.11 and 2.2 of the California Public Utilities Commission's Rules of Practice and Procedure.

I swear or affirm, under penalty of perjury, and under Rule 1.1 of the California Public Utilities Commission's Rules of Practice and Procedure, that, to the best of my knowledge, all of the statements and representations made in this Application are true and correct.

If _____ [Grantee Name] violates the terms and conditions of a CASF award or other program and project compliance requirements, it shall be subject to Public Utilities Code Sections 2108 and 2111. The Commission may impose the maximum penalties allowed under Public Utilities Code Sections 2108 and 2111 for failure to meet the program and project compliance requirements, as determined by the Commission.

Adoption project applicants **only**: I attest that the _____ [PSC] is wired and broadband Internet service is available to all PSC units on the property.

Signature and title

Type or print name and title

SUBSCRIBED AND SWORN to before me on the ____ day of ____, 20 ____.

Notary Public In and For the State of _____
My Commission expires _____

3. Proposals for Broadband Revolving Loan Account

3.1. Background

Senate Bill SB 1040 (Padilla)¹¹ expanded the California Advanced Services Fund (CASF) to include the Broadband Infrastructure Revolving Loan Account (Loan Account). Pursuant to Pub. Util. Code section 281(g), money in the Loan Account “shall be available to finance capital costs of broadband facilities not funded by a grant from the Broadband Infrastructure Grant Account. The Commission shall periodically set interest rates on the loans based on surveys of existing financial markets.”

Assembly Bill AB1665 (Garcia) signed by Governor Brown on October 15, 2017, eliminated the Broadband Infrastructure Loan Account and required the remaining unencumbered moneys in that account as of January 1, 2018, and the deposit of moneys collected that would be owed to that account, to be transferred to the Broadband Infrastructure Grant Account.

3.2. Treatment of Existing Loans and Pending Loan Applications

To date, there are three existing approved loans. One loan, Willits Online Boonville project, approved on November 7, 2013, through resolution T-17422, has drawn funds of \$40,977 out of \$40,977, and has 22 payments remaining. The Commission’s Fiscal Office states it can help service this loan.

There are two approved loans which have not yet drawn funds. Bright Fiber Network project, T-17565, approved May 11, 2017, for \$500,000. The second approved loan is Surfnet Communications Paradise Road project, T-17430, approved April 10, 2014, for \$59,318. The loan funds for both projects have been encumbered but have not been drawn.

Additionally, there are two grant/loan projects whose applications have not been approved and whose loan funds have, therefore, not been encumbered. The Surfnet Communications project, Las Cumbres Fiber, Santa Cruz County, seeks Infrastructure Grant funding of \$729,932 and loan funding of \$243,311. The Renegade Vandyland project, proposed in the residential area of Vandenberg Air Force base in Santa Barbara County, seeks Infrastructure Grant funding of \$352,506.20 and loan funding of \$70,501.24. AB 1665 requires that the remaining unencumbered funds as of January 1, 2018 be deposited into the Broadband Infrastructure Grant Account. Projects approved after January 1, 2018 will not have loan funding available through

¹¹ Stats. 2010, c.317, codified at California Public Utilities (Pub. Util. Code section 281), approved by Governor Schwarzenegger on September 25, 2010.

the CASF Infrastructure Revolving Loan account. These applicants may modify their applications accordingly in order to be awarded additional grant funds.

Two projects with loans: Bright Fiber, T-17495 in the amount of \$500,000, and Surfnet Paradise Road T-17430 in the amount of \$59,318 approved through resolutions have not yet requested or drawn loan funds. These loans will be underwritten and serviced by a financing authority, such as The California Infrastructure and Economic Development Bank (iBank). Staff will perform due diligence to establish a loan process for grantees with the chosen financing authority to facilitate the servicing of the CASF loan fund disbursements and repayment processes.

(END OF APPENDIX B)