

EXHIBIT #1
Excerpts from the
Proposed Changes to the Rural and Regional Urban Consortia
Account (Currently under development by CPUC staff)

Key Changes to the Regional Consortia Account

- The goal for all funded regional consortia is to assist the CASF Program to achieve 98 percent broadband access in each consortia region, as set forth in AB 1665. The consortia regions are those identified by the commission on or before January 1, 2017.
- Consortia eligibility requires that monies in the Consortia Account be made available and utilized for assisting infrastructure applicants in the project development and/or grant application process.
- Each consortium must conduct an annual audit of its expenditures and submit to the Commission an annual report. The cost of the annual audits must be included in the budget requirements.
- With regards to new consortia applications, Staff recommends the Commission allow both existing and newly formed consortia to submit applications. Staff recommends that the Commission not predetermine or mandate the precise number of consortia to receive CASF grants; however, the Commission shall award CASF grants only to one consortium per geographic region.

3. Proposed Changes for Rural and Regional Urban Consortia Account

3.1. Background

AB 1665 was signed into law on October 15, 2017. This bill would revise the goal of the program to provide that its goal is to approve funding by December 31, 2022, for infrastructure projects that will provide broadband access to no less than 98% of California households in each consortia region, as identified by the commission on or before January 1, 2017.

AB 1665 makes the following changes to the Rural and Urban Regional Broadband Consortia Grant Account:

- Change Consortia eligibility and requires that monies in the Consortia Account are available for assisting infrastructure applicants in the project development or grant application process
- Require each consortium conduct an annual audit of its expenditures and submit to the Commission an annual report

3.2. Amount Available for Grants

The total Consortia program appropriation as authorized in AB 1665 is \$10 million. To date, the Consortia Account has \$967,372.00 remaining. This includes \$8,523,106 disbursed for the first solicitation process and \$4,611,114 approved for the second solicitation process. AB 1665 will supplement the existing \$15 million authorized for the consortia grants with an additional \$10 million.

Amount of Grant Funding Allocations

Consistent with Decision (D.) 11-06-038, Staff proposes that the Commission continue to award grants based only upon the budgeted level of program activities approved for each Consortium, subject to a maximum funding cap of \$150,000 per year per Consortium, plus \$10,000 (per consortium for up to 5 representatives) for attendance at one of the annual public workshops as required by AB 1665. The overall combined grant limits for all Los Angeles sub-regional consortia shall not exceed the established caps of \$150,000 per year and \$450,000 for three years.

Where an application seeks multi-year funding, however, the application must still present separate year-by-year annual work plans and budgets. Given the program is operating with a limited amount of funding available, the Commission may award more grants of smaller amounts (proposals requesting less funding) and/or that offer services for less than three years. It is likely that awards will be less than the allowed maximum amounts in order to leverage available funding.

Any CASF grants awarded will be limited and apply only to activities and programs that are not already covered by funding from any other public or private sources.

3.3. Definitions

“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.

3.4. Account Objective and Activities

AB 1665 revised the objective of the Rural and Urban Regional Broadband Consortia Grant Account to facilitate deployment of broadband services by assisting infrastructure applicants in the project development or grant application process. The new legislation changed the core of consortia activities from promote “regionally appropriate and cost-effective broadband deployment, access, and adoption” to facilitate deployment of broadband services by assisting infrastructure applicants in project development or grant application process.

Consistent with the revised objective, Staff proposes the Commission fund grantees for activities consistent with the statutory mandate specified in Pub. Util. Code, § 281:

- ☐ Collaborating with the Commission to engage regional consortia local officials, internet service providers (ISPs), stakeholders, and consumers regarding priority areas and cost-effective strategies to achieve the broadband access goal.
- ☐ Identifying potential CASF infrastructure projects, along with other opportunities, where providers can expand and improve their infrastructure and service offerings to achieve the goal of reaching 98% broadband deployment in each consortia region.
- ☐ Assisting infrastructure applicants in the project development or grant application process.

It is important to reiterate, “the California Emerging Technology Fund (CETF) partners or any other external Consortia grantees will have no formal role in the Commission’s review of CASF applications for infrastructure loans or grants. The CASF review and approval function must remain exclusively under Commission authority.” While Consortia shall work with grant recipients and offer input on proposed CASF infrastructure grant projects, a Consortium grant shall not be used for construction of infrastructure facilities.

3.5. Eligible Applicants

Pub. Util. Code section 281 (g)(1) specifies consortium eligibility criteria which states: 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.

SB 745 expanded the eligibility criteria for a consortium to include, air pollution control or air quality management districts. The membership of consortia can be quite broad, encompassing the range of community interests that share the common purpose of promoting greater deployment and adoption of broadband.

With regards to new consortia applications, Staff recommends the Commission allow both existing and newly formed consortia to submit applications. Staff recommends that the Commission not predetermine or mandate the precise number of consortia to receive CASF grants; however, the Commission shall award CASF grants only to one consortium per geographic region. Staff proposes continuing to provide general standards and guidelines to govern the formation and membership of eligible consortia and the details regarding the membership of each consortium should be worked out within each consortia region.

3.6. Information Required from Applicants

AB 1665 does not contain provisions that substantively change information required from applicants except for the annual audit requirement. Thus remaining guidelines in this document are consistent with D.11- 06-038 and Resolution T-1775, with some minor changes from recent Staff proposal.

As stated, AB 1665 contains a new requirement for each consortium to conduct an annual audit of its expenditures for programs funded and submit to the Commission an annual report that includes both of the following:

- 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.
- The number of project applications assisted.

Any functions and activities necessary for the preparation of the annual audit must be included in the Action and Work Plans. The cost of the annual audits must be included in the budget requirements.