

**EXHIBIT #5**  
**Excerpts from the**  
**CPUC Interim Order for the Adoption, Public Housing**  
**and Loan Accounts**

**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 the California Advanced Services Fund (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.

**1.2. Amount Available for Grants**

\$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.

**1.3. Definitions**

“Basic Internet Skills” may include the following:

1. Computer Basics
  1. How to use the mouse and keyboard
  2. How to use the operating system and important services such as email
2. Internet Basics
  1. How to use the browser
  2. How to search the internet
  3. How to evaluate information sources
3. Internet Safety Basics
  1. How to identify a scam
  2. How to maintain online privacy
  3. How to protect your online identity

Communities with demonstrated “low broadband access” for the Adoption Account are defined as communities or areas having low broadband subscription rates (a.k.a., low

broadband adoption) relative to the statewide average including communities facing socioeconomic barriers to broadband and adoption.

Communities facing socioeconomic barriers to broadband adoption” include low-income communities, communities with a high percentage of residents with limited English Proficiency, communities with a high percentage of residents with limited educational attainment, or communities with some other demonstrated disadvantage which affects broadband adoption.

“Low-income communities” include those communities with a median household income at or below the California Alternate Rates for Energy (CARE) program income limits for a household of four<sup>5</sup> “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 Publicly supported communities (PSCs) are 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. No adoption grant recipient can charge for classes (funded by a grant) or make a profit of any kind from the grant funds.

#### **1.5. Eligible Projects**

##### **Digital Literacy Project**

Digital inclusion projects may include 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.

##### **Broadband Access Project**

In order to increase publicly available or after-school broadband access, the Commission may fund Broadband Access 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 may also fund community outreach, such as analysis, comparison of Internet plans within the community, and call centers that will increase broadband access and adoption.

## **1.6. Subsidy Level**

Proposed projects requesting \$100,000 or less in grants per project may be eligible for expedited review.

## **PUBLIC HOUSING ACCOUNT**

AB 1299 (Bradford) was signed into law on October 3, 2013. AB 1299 expanded then in existence 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 required 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 authorized 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.

### **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 the work 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 an adoptee’s 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.

**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.<sup>1</sup> A housing unit “is not offered broadband Internet service” if the unit does 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.

### **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 sought<sup>3</sup> and the publicly supported community is unserved as defined in Section 2.1.3.4

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.

### **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.

#### **1. Infrastructure Project Application**

Applicants must complete and submit a project application form. Staff will post a list of applicants and projects submitted by the deadline on the CASF webpage and will notify the CASF Distribution List<sup>5</sup> of the submission(s), 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.

## **LOAN ACCOUNT**

### **Background**

Senate Bill SB 1040 (Padilla )<sup>1</sup> 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.