

EXHIBIT #6
Excerpts from the
Proposed Guidelines for the Infrastructure Account and the Line
Extension Program (Under Development)

NBNCBC INPUT INTO THESE TWO COMPONENTS OF THE
REVISED CASF PROGRAM

As indicated above, the final guidelines for these two components of the revised CASF Program have not been finalized by the CPUC staff and approved by the Commission. That is to happen in October or later.

However, the CASF staff has sought input into the proposed guidelines. NBNCBC has actively participated in this process over the past several months including:

- Representatives from each of our counties attended a CASF Summit on March 6, 2018.
- NBNCBC submitted comments on the Adoption, Public Housing and Loan accounts on March 16, 2018.
- NBNCBC submitted its reply to all of other entity comments on the Adoption, Public Housing and Loan accounts on March 29, 2018.
- On April 16, 2018 NBNCBC provided comments with recommendations on the Infrastructure, Line Extension and Regional Consortia accounts.
- On July 25, 2018 Calvin, Peter and Mike attended and actively participated in a workshop hosted by Assigned Commissioner Guzan-Aceves seeking comments on the eligibility and prioritization of Broadband Infrastructure projects under CASF.
- As requested in the workshop, on August 8, 2018 NBNCNC submitted reply comments on the eligibility and prioritization of Broadband Infrastructure projects under CASF.
- At the request of CASF staff, on September 4, 2018 Calvin, Peter and Mike participated in a conference call to discuss NBNCBC's recommendations on the Line Extension Program and to provide other input.

BROADBAND INFRASTRUCTURE GRANT ACCOUNT

1. Proposed Changes for Broadband Infrastructure Grant Account

1.1 Background

AB 1665 was signed into law on October 15, 2017. AB 1665 makes the following changes to the Broadband Infrastructure Grant Account:

- Extends the date of the CASF goal from 2015 to 2022 and modifies the goal to approve funding for broadband 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 as of January 1, 2017, instead of 98 percent statewide.

- Requires the Commission to approve projects that provide last-mile broadband access to households that are unserved by an existing facility-based broadband provider.
- Specifies that 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 is required to verify that the proposed middle-mile infrastructure is indispensable for accessing the last-mile infrastructure.
- Requires the Commission to 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. However, the Commission is not prohibited from approving funding for projects outside of the areas that are designated as prioritized.
- Requires the Commission to recognize that broadband advanced communication services include both wireline and wireless technologies.
- Requires the Commission to annually offer existing facility-based providers the opportunity to demonstrate that they will provide broadband access to delineated unserved areas within 180 days and prohibits the Commission from approving funding for a project in those areas also known as right of first refusal (ROFR), provided the existing provider demonstrates that it will deploy broadband or upgrade existing broadband service throughout the project area.
- Specifies that Connect America Fund Phase II (CAF II) areas are ineligible for CASF funding until July 1, 2020, unless the existing facility-based broadband provider has notified the Commission before July 1, 2020 that it has completed its CAF deployment in the census block however, an existing facility-based broadband provider is eligible to apply for CASF funding pursuant to the CAF II fund to expand broadband service within identified census blocks, as needed.
- Requires the provider to provide the Commission with information to demonstrate what progress has been made or challenges faced in completing the deployment if the existing facility-based broadband provider is unable to complete the deployment of broadband within the delineated unserved area within 180 days and allows the Commission to extend the time to complete the project beyond the 180 days if the Commission finds that the provider is making progress towards completing deployment, if the Commission finds that the provider is not making progress towards completing the deployment, the delineated unserved area shall be eligible for CASF funding.
- Requires the Commission to not disclose publicly information submitted by the facility-based broadband provider that includes plans for future deployment, but allows the Commission to disclose publicly information regarding the area designated for broadband deployment, the number of

households or locations to be served, and the estimated date the deployment will be completed.

- Requires projects eligible for grant awards to meet the following requirements: (a) deploy infrastructure capable of providing broadband access at speeds of a minimum of 10 megabits per second (Mbps) downstream and 1 Mbps upstream to unserved households in census blocks where no provider offers access at speeds of 6 Mbps downstream and 1 Mbps upstream; and (b) all or a significant portion of the project deploys last-mile infrastructure to provide service to unserved households.
- Prohibits the Commission from granting projects that are already funded by the Connect America Fund program or other similar federal public program that funds that infrastructure, except for funding from the federal high-cost support programs that support operations, including High Cost Loop Support, Connect America Fund-Broadband Loop Support (CAF-BLS), or the Alternative Connect America Cost Model (A-CAM).
- Specifies that the Commission may award grants to fund all or a portion of the project, and the Commission shall determine funding on a case-by-case basis.
- Specifies that the Commission may require each infrastructure grant applicant to indicate steps taken to first obtain any available funding from the CAF program or similar federal public programs.
- Allocates \$30 million remaining in the Infrastructure Grant account for projects that provide last-mile broadband access to households at speeds of at least 10/1.
- Requires the Commission to post on the homepage of the CASF on its Internet website a list of all pending applications, application challenge deadlines, and notices of amendments to pending applications.
- Requires the Commission to establish a service list of interested parties to be notified of any CASF 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 website at least 30 days before publishing the corresponding draft resolution.

1.2. Amount Available for Grants

AB 1665 provides \$300 million for grants to the Broadband Infrastructure Grant Account. As of November 30, 2017, \$33,443,763 remains in the Broadband Infrastructure Grant Account.

Upon the accomplishment of the goal, AB 1665 also directs the Commission to reserve not more than \$30 million of Infrastructure grant funds 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 10/1.

The Commission may award grants to finance up to 100 percent of eligible project costs in low-income area census block groups. Eligible projects with areas exceeding the low-income standard may be awarded 80 percent of total project costs.

Set-Aside: In order to ensure that broadband infrastructure reaches eligible unserved low-income communities, Staff is proposing a minimum of \$100 million to benefit low-income communities through all forms of applications.

1.3. Definitions

“Baseline Data” means the reported served status of broadband at or above 6 Mbps downstream and 1 Mbps upstream in California by Consortium as of December 31, 2016, published by the Commission. www.cpuc.ca.gov/General.aspx?id=6442455975

“Broadband Map” means the California Interactive Broadband Map showing served status and eligibility, maintained by the Commission. <http://www.broadbandmap.ca.gov/>

“Consortium Map” means a static (pdf) map showing eligible areas in a Consortium’s region published by the Commission. www.cpuc.ca.gov/General.aspx?id=6442455975

“Eligible Project” means an area containing unserved households and that is not within a CAF II, ROFR or existing CASF project area. CAF II areas remain project eligible to the corresponding existing facilities based provider to extend service within its CAF II area. Eligible projects must be capable of offering broadband service at or above 10/1 Mbps, irrespective of the project’s technology.

“Low-income areas” means areas identified by the median income within a Census Block Group having median income less than \$49,200.

“Unserved household” means a household for which no facility-based broadband provider offers broadband service at speeds of at least 6 mbps downstream and 1 mbps upstream.

“Unserved households with slow-service” means households’ having service at speeds less than 6 Mbps down or 1 Mbps up.

“Unserved households with no-service” means households’ having speeds less than 768 Kbps down or 200 Kbps up, no service, or dial-up service.

“Priority Area” means an area recognized by the Commission in Resolution T- 17443, Appendix 4 “Broadband Infrastructure Priority Areas”.

“High-Priority Area” means an area deemed by the Commission in an order that it should receive a broadband CASF grant with preference given to projects having low-income census tracts.

1.4. Eligible Applicants

The following entities are CASF infrastructure grant eligible:

- Entities with a Certificate of Public Convenience and Necessity (CPCN) that qualify as a “telephone corporation” as defined under Public Utilities (Pub. Util.) Code section 234; or
- Wireless carriers who are registered with the Commission (i.e., hold a WIR)—wireless carriers need not obtain a CPCN to qualify for CASF funding; or
- Non-telephone corporations, which are facilities based broadband service providers—The Commission uses the National Telecommunications and Information Administration’s (NTIA) definition of a facilities-based broadband service provider, which is generally defined as any entity providing internet access service or middle mile transport, over its own fixed or wireless facilities to residence, businesses, or other institution—must meet the CASF eligibility requirements and comply with program requirements. (D.14-02-018 and T-17443)
- A local governmental agency if no other eligible entity applied.

In addition, the Commission will consider applications from satellite service providers provided that the applicants are able to prove functionality, and are able to meet the speeds required. 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.

AB 1665 allows a Public Supported Community (PSC) eligible for funding via the Public Housing Account to submit an application for funding from the Infrastructure Account only after all funds available for the Public Housing Account have been awarded.

NOTE: The remainder of the proposed guidelines for the Infrastructure Account deal with the application process and its details. Many of these details are still being discussed in a number of forums.

LINE EXTENSION PROGRAM

2. Proposed Implementation Plan for Line Extension Program

2.1. Background

AB 1665 introduced the Line Extension Program (LEP) as part of the CASF Broadband Infrastructure Grant Account. Under the LEP, an individual household and/or property owner can apply for an infrastructure grant to offset the costs of connecting a household or property to an existing or proposed facility-based broadband provider. Any infrastructure built with funds provided by the LEP shall become the property of, and part of, the network of the facility-based broadband provider to which it is connected. AB 1665 directs the Commission to consider limiting funds 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, to limit grants on a per-household basis and to require a percentage of the project to be paid by the household or owner of the property.

2.2. Amount Available for Grants

Pursuant to AB 1665, the aggregate amount available for awards is \$5 million dollars.

Definitions

Staff seeks comments on the following definitions:

Facilities-based broadband provider: An entity is a facilities-based provider if any of the following conditions are met: (1) it owns the portion of the physical facility that terminates at the end-user premises or obtains the right to use dark fiber or satellite transponder capacity as part of its own network to complete such terminations; (2) it obtains unbundled network element (UNE) loops, special access lines, or other leased facilities that terminate at the end-user premises and provisions/equips them as broadband; (3) it provisions/equips a broadband wireless channel to the end-user premises over licensed or unlicensed spectrum; or (4) it provides terrestrial mobile wireless service using its own network facilities and spectrum for which it holds a license, manages, or has obtained the right to use via a spectrum leasing arrangement.

Line Extensions: Line extensions consist of over-head, underground or wireless extensions of plant from existing distribution facilities to the customer premises network interface device at the demarcation point and exclude additions to plant along existing distribution facilities.

Service Connection: Wire or cable or wireless transmission equipment, and associated supporting structure, from the point of connection from the provider's distribution facilities to the customer premises network interface device. A service connection serves only the property on which it is located.

Telecommunications transmission media (specific to LEP): Twisted-pair (copper); coaxial cable (copper); fiber optics; wireless solutions such as millimeter wave spectrum may be included.

Unserved household: An unserved household is a household for which no facility-based broadband provider offers broadband service at speeds of at least six megabits per second (Mbps) downstream and one Mbps upstream.

Non-profit housing organization (NPHO): 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.

2.3. Income Threshold

AB 1665 requires the Commission to consider income in determining eligibility for grants and requiring a percentage of the project to be paid for by the applicant.

Applicants who would qualify for the California LifeLine or CARE Programs would automatically meet the qualifying income threshold. Staff proposes that exemptions to qualifying income requirements be made for applicants whose properties are used for such activities as farming, for low-income housing, for educational purposes, among others.

2.4. Subsidy Level

If approved by expedited review (see below), the LEP will subsidize 95% of the cost of the proposed project for those applicants who meet the California LifeLine or CARE Program income thresholds or applicants who are NPHOs. Otherwise the percentage to be subsidized will be determined at the time the project is under review.

The Commission may want to consider a requirement for the facilities-based broadband provider to pay for some minimal amount of the proposed line extension given that the provider will own the constructed infrastructure.

Staff invites parties to comment on what the appropriate subsidy level should be used for the LEP consumer and **that of the non-LEP consumer**, given that AB 1665 requires a percentage of the project to be paid by the household or owner of the property and that any infrastructure built with funds from the LEP become the property of the facilities based broadband provider

2.5. Eligible Applicants

An eligible applicant is an individual household who resides at the location to be served or the property owner of the location to be served and who either meets the income based requirements or who qualifies for an exemption to the income requirements.

2.6. Eligible Projects

An eligible project is a project at the property to be served which meets the following:

- The project is to help fund the construction of a line extension or an upgrade to an existing line extension to and on a property which is the residence of the applicant household or which is owned by the applicant property owner.
- This project is for a household that has not received a grant from the LEP.
- The project is for an unserved household.
- The project is for a new service connection or for a service connection to a household that is considered unserved.
- The maximum length of the total line extension and the included service connection length (both maximum and minimum) that could be funded will be limited. Staff invites parties to comment on the maximum and minimum length of a proposed line extension, in context of the transmission media used.
- The project will be constructed on existing rights of way and on the project property.
- The network that the proposed line extension will connect to will provide served speeds, as defined.