

Fixed Amount Subawards Guidance

LAST MILE FEDERAL FUNDING ACCOUNT

June 2026



**California Public
Utilities Commission**

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Introduction

This guidance document describes the process by which last mile Federal Funding Account program awards may transition from cost-based reimbursements to performance-based Fixed Amount Subawards. This guidance document provides supplemental Fixed Amount Subawards guidance to [Decision 22-04-055: Decision Adopting Federal Funding Account Rules](#) and [Appendix A: Federal Funding Account Rules and Guidelines](#), and the [Federal Funding Account Post-Award Administrative Manual](#).

Fixed Amount Subawards are a streamlined process to pay grant funds to awardees based on the achievement of construction and project milestones. The goal is to demonstrate the public benefit of last mile Federal Funding Account projects by streamlining grant payments. Fixed Amount Subawards will be an option for last mile Federal Funding Account projects funded by Capital Projects Funds (CPF) that can meet the CPF timelines, and other last mile Federal Funding Account projects identified by the Communications Division. Communications Division anticipates updates to this guidance from time to time.

This document outlines the rules, processes, and transition to Fixed Amount Subawards. Links to forms and other documentation can be found on the [Federal Funding Account Awardee Resources webpage](#).

I. Treasury Supplemental Guidance and Commission Authority

The California Public Utilities Commission (Commission) last mile Federal Funding Account program includes funding from the United States Department of Treasury (Treasury) Capital Projects Fund (CPF) and state General Funds.¹ [Decision 22-04-055: Decision Adopting Federal Funding Account Rules and Appendix A: Federal Funding Account Rules and Guidelines](#) implement Senate Bill 156 (Chapter 112, Statutes 2021) and provides that projects funded by the Federal Funding Account shall be implemented consistent with Treasury’s American Rescue Plan Act guidelines. Treasury issued guidance, “Treasury Supplemental Guidance,” with a streamlined process for CPF awardees to comply with the federal Uniform Guidance in the administration of awards.² Communications Division provides this Fixed Amount Subawards Guidance as delegated in Decision 22-04-55. This guidance herein is provided as a supplement to the information in Decision 22-04-55, Appendix A: Federal Funding Account Program Rules and Guidelines, Section 15: Payment.

¹ United States Treasury, [Guidance for the Coronavirus Capital Projects Fund for States, Territories & Freely Associated States](#) (“Treasury CPF Guidance”).

² United States Treasury, [SLFRF and CPF Supplementary Broadband Guidance \(rel. May 17, 2023\)](#) (“Treasury Supplemental Guidance”). Treasury issued the Treasury Supplemental Guidance with the approval of the United States Office of Management and Budget (“OMB”).

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In relevant part, the Treasury Supplemental Guidance:

- Permits the Commission to grant Fixed Amount Subawards to subrecipients, regardless of the amount of the award, so long as the award represents a reasonable estimate of the actual cost;³
- Permits subrecipients [awardees] to retain and use program income without restriction;⁴
- Exempts subrecipients [awardees] that receive Fixed Amount Subawards from the Uniform Guidance Cost Principles⁵ (Uniform Guidance) and Procurement Standards,⁶ while still permitting (but not requiring) the Commission to:
 - Impose a cost-sharing or match requirement on the subrecipient;⁷
 - Require awardees to submit evidence of costs; and
 - Limit payments to awardees to actual costs after review of evidence of costs.⁸
- Modifies the standards for property acquired or improved under the award.⁹

The Uniform Guidance provides that Fixed Amount Subawards may be issued if “the project scope has measurable goals and objectives and if adequate cost, historical, or unit pricing data is available to establish a fixed amount award based on a reasonable estimate of actual cost.”¹⁰ The Commission’s Federal Funding Account awards have measurable goals and objectives, among which are the achievement of specific pre-deployment activities and the readiness for, and deployment of, fiber on a per foot basis to deliver qualifying broadband to eligible locations. The fair and open competitive awardee selection processes employed by the Commission helped deliver adequate cost data necessary to establish Fixed Amount Subawards that are based on a reasonable estimate of actual costs, as applicants had significant incentives during the competitive selection processes to estimate their costs conservatively.¹¹

³ *Id.* Fixed Amount Subawards are, absent an exception, capped at the Simplified Acquisition Threshold, currently \$500,000. *See* [2 CFR 200.333](#). The “reasonable estimate of actual cost” requirement is set forth at [2 CFR 200.201\(b\)\(1\)](#).

⁴ Treasury Supplemental Guidance at 2.

⁵ [2 CFR Part 200, Subpart E – Cost Principles](#). While the Uniform Guidance Cost Principles do not apply to Fixed Amount Subawards, the guidance set forth therein is informative and the Communications Division will look to this guidance when and if it is required to review or evaluate costs under Fixed Amount Subawards.

⁶ [2 CFR Part 200, Subpart D – Procurement Standards](#).

⁷ Fixed Amount Subawards generally cannot be used in programs that require mandatory cost sharing or match. *See* [2 CFR 200.201\(b\)\(2\)](#).

⁸ Treasury Supplemental Guidance at 2.

⁹ *Id.* at 3.

¹⁰ [2 CFR 200.201\(b\)\(1\)](#).

¹¹ “Location” means an individual, serviceable location that is identified by street address (if one exists) and latitude/longitude coordinates, as well as potential subscriber type. *See* [Decision 22-04-055, Appendix A: Federal Funding Account Program Rules and Guidelines](#), Section 4, at A-8.

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The Treasury's CPF guidelines authorize Fixed Amount Subawards. This is the basis for the Communications Division authorization and implementation of Fixed Amount Subawards for Federal Funding Account awardees.

A. Identification of Projects

Communications Division will identify projects to transition to the Fixed Amount Subawards. Communications Division identification of projects will consider: (1) projects currently supported by federal CPF monies, (2) projects with the potential to be supported entirely or in part by federal CPF monies, (3) projects with one or more accepted Optical Time Domain Reflectometer (OTDR)¹² test reports filed with the Communications Division, or on track to have one or more OTDR test reports filed with the Communications Division in 2026, and (4) projects on track to submit all payment requests on or before Friday, October 30, 2026.

All projects participating in Fixed Amount Subawards must submit reports in a timely manner and demonstrate progress towards meeting their deadlines. Awardees will be notified if their project(s) have been selected to transition to Fixed Amount Subawards.

B. Projects Not Selected for Fixed Amount Subawards

Not all projects that are considered may be selected for Fixed Amount Subawards payments. Projects not selected to transition to Fixed Amount Subawards will continue using cost-based reimbursements.

C. Opt-Out Option for Awardees

For projects selected to transition to Fixed Amount Subawards, the awardee will have an opportunity to opt out and continue using cost-based reimbursements by sending an email by the date requested, and including the information requested by the Communications Division to federalfundingaccount@cpuc.ca.gov.

II. Performance Milestones

Fixed Amount Subawards requests for payments may be submitted pursuant to the milestone schedule set forth in Table 1.

¹² See the *Construction Progress Reports User Guide* on the [Federal Funding Account Awardee Resource](#) webpage for more information.

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Table 1: Fixed Amount Subawards Milestones

Phase	Percentage of Award Eligible	Criteria	Required Verification
Pre-Construction (35%)	7.5%	California Environmental Quality Act (CEQA) and Federal permits such as National Environmental Policy Act (NEPA) determinations have been obtained.	<p>CEQA Review Complete</p> <ul style="list-style-type: none"> • CD Director Letter <ul style="list-style-type: none"> ○ Notice of Exemption recorded with lead agency, State Clearinghouse filing. ○ Federal permits obtained including NEPA (notification of exclusion, Special Use Permit) • Exemption in Resolution / Ministerial Letter
	12.5%	Awardee submits a permit application for the project.	<p>Proof of filed permit application such as:</p> <ul style="list-style-type: none"> • A copy of a permit obtained • Proof of payment for a permit application, or • An email stating the application is under review.
	15%	Construction begins	Approval of first Construction Progress Report with geotagged photos or as-builts submitted.
Construction (55%)	Customer Ready (5%)		
	5%	Project ready for customer service turn-up	<p>One of the following:</p> <ul style="list-style-type: none"> • Network capable of providing service supported with Accepted OTDR test <p>OR</p> <ul style="list-style-type: none"> • Customer Contract

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Phase	Percentage of Award Eligible	Criteria	Required Verification
	Route Ready ¹³ (25%)		
	6.25%	25% of feet of construction route ready for fiber installation	Geotagged photos As-built project design plans
	6.25%	50% of feet of construction route ready for fiber installation	Geotagged photos As-built project design plans
	6.25%	75% of feet of construction route ready for fiber installation	Geotagged photos As-built project design plans
	6.25%	100% of feet of construction route ready for fiber installation	Geotagged photos As-built project design plans
	Fiber Installation ¹⁴ (25%)		
	6.25%	25% of feet of fiber installed	Geotagged photos As-built project design plans
	6.25%	50% of feet of fiber installed	Geotagged photos As-built project design plans

¹³ Route Ready for Fiber installation refers to the completed support structure that is capable of having fiber installed. In an underground environment, this represents completed conduit and vault placements. In an aerial environment, this represents all make ready complete including cable moves, anchors and guys, and strand installation. For existing conduit, proof of rod and rope must be provided. For existing aerial strand and overlash, route ready will be demonstrated by lashed fiber. For direct buried environments, route ready will be demonstrated by installed fiber. Route footages for underground environments will be measured by linear feet of path parallel to roadways, and in aerial environments will be measured by linear feet of path of pole leads.

¹⁴ Fiber Installed refers to all fiber that is installed. Fiber installed footages for underground environments will be measured by linear feet of path parallel to roadways, and in aerial environments will be measured by linear feet of path of pole leads. For the 100% milestone, splicing must be completed for the network and demonstrated with OTDR test results. OTDR test results must go back to a primary access location (distribution hub or Optical Line Terminal (OLT)), allowing for feeder and distribution to be tested independently.

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Phase	Percentage of Award Eligible	Criteria	Required Verification
	6.25%	75% of feet of fiber installed	Geotagged photos As-built project design plans
	6.25%	100% of feet of fiber installed	Geotagged photos As-built project design plans OTDR tests
Final (10%)	10%	Submittal of fully compliant Completion Report in the Broadband Grant Portal	Staff approval of Completion Report

Table 1: Unless otherwise directed by Communications Division staff, all documents listed in this table are required.

Communication Division’s evaluation of Awardee’s Required Verification submissions for each milestone will be conducted consistent with the standards set forth in the *Construction Progress Report User Guide*. Communications Division reserves the right, at its sole discretion based on its risk assessment of the awardee and awardee’s program performance, to reduce the number of Required Verification items or demand additional proof as necessary to demonstrate that the awardee has met the milestone(s) criteria before payment.

III. Preparation for Fixed Amount Subawards Requests

A. Feet of Construction Route

Awardees must submit a low-level design for the network with a breakdown of totals for the footage of conduit to be placed and footage of strand to be placed.¹⁵ The low-level design must be submitted in either a geopackage (.gpkg) file or detailed PDF workprints with footages clearly shown for each item. In addition to the low-level design, the awardee must submit the total construction route footage for both “Route Ready” and “Fiber Installation” footages for the awarded project. After Communications Division have

¹⁵ See the *Construction Progress Report User Guide* on the [Federal Funding Account Awardee Resource](#) webpage for more information.

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reviewed the low-level design, the awardee and Communications Division will reach an agreement with respect to the total feet of construction route in the awarded project.

B. Where Construction Has Been Initiated

Where an awardee already has initiated construction of a Federal Funding Account project, Communications Division will use the data provided in the awardee's first Construction Progress Report to establish the number of feet of construction route in the project to be used for assessing the achievement of construction milestones.¹⁶

The awardee and the Communications Division shall also reach agreement with respect to:

- a. The number of feet ready for fiber installation, and
- b. The number of feet of fiber installed as of the date of the transition of the award.

If the awardee and Communications Division cannot reach agreement with respect to the number of feet ready for fiber installation or feet of fiber installed, the awardee may not transition to Fixed Amount Subawards.

C. Where Construction Has Not Yet Been Initiated

Projects that have not yet initiated construction must submit all the required documentation and meet the criteria to be selected for Fixed Amount Subawards before an agreement with the Communications Division can be reached.

IV. Submitting Payment Requests

Awardees must correctly submit *all required reporting* prior to submitting payment requests. Incomplete reporting may cause delays in processing payment requests or rejection of the requests.

All payment requests must be submitted through the [Broadband Grant Portal](#). Awardees must follow the instructions in the *Broadband Grant Portal User Guide* and complete all required fields in the Broadband Grant Portal to submit a payment request.

Awardees' Construction Progress Reports must be up to date and complete with supporting documentation as specified in the *Federal Funding Account Post-Award Administrative Manual*, Section 5.D, prior to submitting payment requests. Construction Progress Reports must include an updated Construction Schedule Tracker that specifies the total footage for the month shown, the running total for Route Ready and the running total for Fiber Installation milestones.

¹⁶ If approved changes in awardee's network design result in a change to the number of feet of construction route in the project, Communications Division staff will adjust awardee's remaining disbursement amounts accordingly.

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Payment requests may be submitted for one or more milestones and no more than one payment request may be submitted in a 30-day period. The Communications Division will not accept payment requests for partial achievement of a milestone.

Each phase should be presented sequentially, in that the pre-construction must be complete prior to commencing construction, and construction must be complete prior to the final payment. Awardees may, however, submit a single payment request for the achievement of multiple milestones within each phase.

An awardee may submit a single payment request for the achievement of three construction milestones. For example:

- i. 6.25% - Milestone (25% of feet of construction route ready for fiber installation)
- ii. 6.25% - Milestone (25% of feet of fiber installed)
- iii. 5% - Milestone (Customer Ready)

A. Transition from Cost-Based to Fixed Amount Subawards

If the awardee has received prior payments during the period of performance before transitioning to Fixed Amount Subawards, payment for a given milestone will be adjusted to reflect the amounts previously paid. For example, if an awardee has already requested and received payments for 35% of the award amount, the awardee will not be reimbursed for milestone achievements under the Fixed Amount Subawards until they achieve milestones totaling more than 35% of the award amount.

B. Final Payment Request

Awardees must submit completion reports with requests for final payment. The requirements for the completion report will appear as required fields in the Broadband Grant Portal when the awardee selects the “Fixed Amount Subaward (100% Completion Report)” option for the payment request type. The Communications Division *Federal Funding Account Post-Award Administrative Manual* and other guidance will provide information on completion reporting.

V. Payment Processing for Fixed Amount Subawards

Communications Division may request that awardees submit additional information to support their payment request. Communications Division will review and submit payment requests through the Commission and State Controller’s Office fiscal processes. Upon satisfactory review, the State Controller’s Office will issue and distribute payments to awardees. Payment requests may take several weeks from submission to the date the State Controller’s Office issues payment. Awardees are responsible for submitting payment requests in a timely manner and must ensure requests are submitted well in advance of the October 30, 2026, deadline. Regardless of funding source or payment method, missing or incomplete requests and submission of incomplete or incorrectly submitted reports will delay the processing of payments and could risk awardees receipt of final payments.

VI. Compliance Requirements

Awardees are reminded that they are subject to all program rules and the requirements of the Uniform Guidance except as otherwise specified in this guidance, which includes the Commission and Treasury record retention and audit requirements. Awardees participating in Fixed Amount Subawards and cost-based reimbursements must retain appropriate records to comply with the record retention and audit requirements.¹⁷ Communications Division may request review of additional documentation, including invoices, at any time.

VII. Additional Resources

For more information, please visit [Federal Funding Account Awardee Resources](#) webpage, which provides resources to entities awarded last mile Federal Funding Account grants.

¹⁷ Per [2 CFR 200.201\(b\)\(1\)](#), this transition to a fixed amount subaward does not absolve awardee from the record retention requirements contained in [Sections 200.334](#) through [200.338](#); nor does it absolve awardees of the responsibilities of making records available for review during an audit. See [Section 200.101\(b\)\(5\)\(i\)](#). In all instances, the Treasury CPF Guidance, Treasury Supplemental Guidance, and applicable Title 2 Part 200 CFR sections prevail over this Fixed Amount Subawards Guidance.