2021 Broadband Package & Statewide Middle Mile Network

California Public Utilities Commission
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California’s Broadband Gap

- California has more unserved households than any other state in the nation.
- 52.4% of Californians actively use broadband at the modern benchmark speed of 100 Mbps.
- 51.3% of rural households lack any broadband service at 100 Mbps.
- 28.4% of households on Tribal Lands lack any broadband service at 100 Mbps.
- Almost half of households without access at 100 Mbps are in urban areas.

The Solution

= Infrastructure, Access, and Affordability

See 2021-2022 Enacted Budget Summary: Equitable and Broad Based Recovery
Governor Newsom Signs Historic Broadband Legislation to Help Bridge the Digital Divide

Middle Mile $3.25 billion
• Build, operate and maintain an open access, state-owned middle mile network.

Last Mile $2 billion
• Set up last-mile broadband connections that will connect homes and businesses with local networks.

Loan Loss Reserve $750 million
• Loan loss reserve fund to enable local governments and nonprofits to secure financing for broadband infrastructure.

Local Agency Technical Assistance $50 million
• Technical assistance to local governments to prepare for broadband implementation.

California Advanced Services Fund (CASF) program changes
Wide-ranging changes to the CASF Public Utilities Code section 281 statute
California Advanced Services Fund Legislation

• **AB-14 (Aguiar-Curry) Communications: California Advanced Services Fund: deaf and disabled telecommunications program: surcharges**
  - Extends CASF surcharge to December 31, 2032
  - ISP low-income program reporting
  - Removes DDTP surcharge cap
  - Updates VOIP surcharge statute

• **SB 4 (Gonzalez) Communications: California Advanced Services Fund**
  - GO-Biz permit streamlining
  - Extends CASF program goal to December 31, 2032
  - Makes nonresidential emergency response facilities including fairgrounds eligible
  - Raises annual collection from $66m per year to $150m per year
The new $2 billion **Federal Funding Account** is for last-mile broadband infrastructure grants.

Program goal is to expeditiously connect unserved and underserved communities to broadband service.

Funding is provided by American Rescue Plan Act (ARPA) stimulus funds.

These funds must be encumbered by the **2025** federal deadline, and spent (i.e., projects built) before **2027**.
Local Agency Technical Assistance

- $50 million has been allocated for technical assistance grants to local agencies.
- Local agencies are eligible for technical assistance grants for support of the formation of municipal entities and agreements for financing of broadband infrastructure.
- Funding can be used to create Joint Powers Authorities and other public organizations to deploy broadband infrastructure and for environmental permitting, engineering, and design activities.
- Builds on success of Tribal Technical Assistance grants.
Loan Loss Reserve Fund

• The new **$750 million** Loan Loss Reserve Fund will support development of public broadband networks.

• A loan loss reserve fund is a form of credit enhancement, or a type of insurance, that helps lenders control for the risk that loans will not be repaid. This new funding will provide collateral to local governments for bond financing.

• Public broadband infrastructure can be a cost-effective and revenue-generating solution that improves access, lowers costs, and improves customer service.

• Borrowed funding will be returned through the operating funds of a last-mile project upon maturity.

• The US Department of Energy operates a similar loan loss reserve program.
Implementation

- Deployment Rulemaking 20-09-001
  - Middle Mile Locations
  - Last Mile Federal Funding Account, ruling with staff proposal available for comment (Oct 29, Nov 15)

- California Advanced Services Fund (CASF) Rulemaking 20-08-021
  - Technical Assistance, ruling with staff proposal available for comment (Sept 30, Oct 14)
  - Loan Loss Reserve

- We recommend subscribing to the service list to track a relevant proceeding or becoming a party (CPUC Public Advisor Office has more information https://www.cpuc.ca.gov/pao)
Middle Mile Locations
Public Engagement and Participation
Statewide Middle Mile – $3.25 Billion

“Middle-Mile” refers to the high-capacity fiber-optic cables that traverse long distances (i.e., 10s-100s of miles) to connect communities to the Internet backbone. These high-capacity lines are analogous to transmission lines for electric utilities, or aqueducts and rivers for water utilities.

Source: Benton on Open-Access, Middle-Mile Networks
Lack of Middle Mile is a Barrier to Deployment and Affordability

Expensive to build for smaller broadband service providers.

Very expensive to lease from existing broadband service providers.

Often unavailable, or if available, does not provide sufficient capacity to meet modern broadband network speeds or capacity.

Proprietary networks serve the most densely populated pockets and do not offer middle-mile access to competitors.
Middle Mile is a Foundational Investment for California

- **Promotes Affordability**: Open-access middle-mile provides more affordable service and reduces the price of broadband internet service by encouraging construction of competitive last-mile networks.

- **Enables Last Mile Infrastructure**: Will reduce upfront infrastructure costs, create new opportunities for municipal fiber networks, and promote affordability for consumers.

- **Economic Development**: Will create tens of thousands of good jobs to help the state’s economy recover from the COVID-19 Pandemic to enable teleworking, telelearning, and telehealth.
Middle Mile Locations Determination Process

- CPUC must solicit and receive public comments within 90 days (before October 21, 2021). Government Code Section 11549.54(f)  
  - Criteria for identifying locations. Government Code Section 11549.54(b)

- CPUC, in collaboration with the third-party administrator, provides middle mile network locations in a report to CDT. Government Code Section 11549.54(a)  
  - Locations shall be updated “from time to time”. Government Code Section 11549.54(a)

- CDT plans and develops the middle mile network using the above information. Government Code Section 11549.54(h).
Enabling Last Mile Connections

25/3 last mile connections and data
(25 megabits per second download and 3 megabits per second upload data)

- California Broadband Availability Maps and GIS Data
- Data visualization
- Deployment proceeding data

Source: The Brookings Institution
Statewide Middle Mile Network (proposed)

- ~8,000 road miles
- All state highways / rights of way
- Connecting unserved census designated places

- Deployment Proceeding website
- Anchor Build Fiber Highways web map
CPUC Requests Middle Mile Locations Public Comment

- **Ruling 1 - Aug 6, 2021** - focuses on current network infrastructure
  - Opening Comments - 46 formal party opening comments 31 public comments
  - Reply comments were filed September 21, 2021
- **Ruling 2 - Sep 9, 2021** - focuses on planned network infrastructure
  - Opening comments were filed October 1, 2021
  - Reply comments due on or before **October 15, 2021**

- **Links**
  - Middle-Mile Public Comments and map
  - Broadband Deployment Rulemaking 20-09-001 website and docket with filed comments
  - CPUC Middle Mile Locations implementation website
Commenting on Locations

• Formal Party Comments:
  • Learn how to become a party to a proceeding: https://www.cpuc.ca.gov/pao/
  • Proceeding Website: https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEDURE_SELECT:R2009001

• General/Informal Public Comment:
  • On Middle Mile: https://apps.cpuc.ca.gov/apex/f?p=401:65:0::NO
Implementation Resource Links

- CPUC 2021 Broadband Implementation for California
  - CPUC Middle Mile Implementation page
  - Last Mile Fact Sheet (PDF)
  - Broadband Deployment Rulemaking Docket (R.20-09-001)
  - California Advanced Services Fund Rulemaking Docket (R.20-08-021)

- CDT Middle Mile Advisory Committee
  - Middle Mile Fact Sheet (PDF)
  - Middle Mile Roles & Responsibilities
  - California Broadband Council