

**Frontier CASF Broadband Infrastructure Grant Application – Northeast Project: Phase I
Item #1 - Project Summary**

Updated 9-13-19

Applicant: Citizens Telecommunications Company of California Inc. d/b/a Frontier Communications of California (U-1024-C)

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Project Title: Northeast Project: Phase I

Location: Lassen & Modoc Counties

Type: Middle & Last Mile

Grant Request: \$11,849,212.87

PROJECT SUMMARY

Citizens Telecommunications Company of California Inc. d/b/a Frontier Communications of California (U-1024-C) (“Frontier”) is applying for a \$11,849,212.87 grant from the California Advanced Services Fund (CASF) Broadband Infrastructure Grant Account to deploy last mile VDSL2 facilities that will enable High Speed Internet (HSI), VoIP and over-the-top (OTT) video services (such as Netflix, Hulu, etc.) to 222 unserved CASF-eligible households in the region of Alturas, Ravendale and Standish within Lassen and Modoc Counties. Frontier also seeks to leverage the federal Connect America Fund II (CAF II) dollars to build out to 187 CAF II households within the region; this results in an upgrade of a total of 409 households. Frontier refers to the collective areas of this proposal as the “Northeast Project: Phase I” which will be explained in more detail below.

Frontier’s proposed project covers approximately 285.3 square miles and upgrades existing facilities that are capable of providing HSI, OTT and VoIP services. This project includes deployment of high capacity middle-mile fiber optic cable along Highway 395 where no other middle-mile infrastructure currently exists. This upgrade will allow service to last-mile customers with minimum speeds of 10 Mbps downstream and 1 Mbps Upstream and maximum speeds of 115 Mbps downstream and 7 Mbps upstream using VDSL2 technology.

This project would also offer these services to community anchor institutions at minimum speeds of 10 Mbps downstream and 1 Mbps Upstream and maximum speeds of 115 Mbps downstream and 7 Mbps upstream. In addition, 869 non-CASF Frontier households will benefit from the equipment upgrade; speeds for these households will also be capable of maximum speeds of 115 Mbps upload and 7 Mbps download and minimum speeds of 10 Mbps upload and 1 Mbps download. Importantly as well is that services will be available through Frontier’s low-income broadband programs described later.

FUNDING RATIONALE

AB 1665 resulted in the rules that disallow CAF II funding in areas that are eligible for CASF grants in order to prevent “double dipping” in public funds. Further, the legislation stated that in CASF regions that contain CAF II households, providers are encouraged to leverage both state and federal funds in order to avoid a “checkerboard” effect where some houses are served while others remain unserved. In the spirit of AB 1665, Frontier is proposing to leverage state funds for 222 households that are CASF eligible and federal funds for 187 households that are CAF II eligible.

Under the new CASF rules adopted in D.18-12-018 (issued December 20, 2018) (Decision), Frontier believes that the proposed project qualifies for 100% funding – \$12,322,700.61 – which represents the full projected costs to provide service to 409 unserved households.

The total cost of building to 409 households amounts to \$12,322,700.61. Frontier plans to leverage federal funding from CAF II toward the 187 households at the CAF II cost of \$2,532.02 per household; a total investment of \$473,487.74. The state funded amount is therefore calculated by removing the \$473,487.74 CAF II household amount from the total projected project budget of \$12,322,700.61, resulting in a finalized CASF request of \$11,849,212.87.

The Decision provides a table which summarizes criteria for funding level determinations. According to this table, only projects in low-income areas or without any service from an existing facilities-based provider (a “dial-up only” area) are eligible to receive up to 100% funding. The proposed Northeast Phase I CASF project qualifies for 100% funding as it meets the following criteria:

Criteria	Reimbursement
Baseline for Eligible Project	60%
Presence of dial-up only (all households)	40%
TOTAL	100%

The proposed build resides within an area that is currently not served by any form of wireline or wireless facilities-based broadband and proposes a cost-effective expansion of broadband access to 222 unserved CASF-eligible households, 187 CAF II households, and by DSLAM proximity, upgrades service to an additional 869 non-CASF/CAF Frontier households. This project provides a fully redundant/diverse ring for the Northeast region and provides necessary backhaul that supports GeoLinks wireless broadband deployment. CASF funding for Phase I will also ensure essential middle-mile backhaul for last-mile deployment to 409 unserved households and enable future deployment to additional households that are eligible for CAF II, further leveraging federal funds to help close the Digital Divide in California.

- **Existence of communication facilities that may be upgraded to deploy broadband:** The Commission interprets this category mean that the proposed project relies primarily on existing infrastructure. This project plans to leverage Frontier’s existing infrastructure, and thus will be less expensive to build.
- **Location and accessibility of the area:** The Commission interprets this category to mean that the Legislature directed the Commission to award higher funding levels in remote areas, as specified. The Decision directs Staff to award more funding if an applicant proves a proposed project area meets two of the five characteristics outlined below; this

project meets four of the five, as shown below in bold:

- ✓ **The proposed project area contains rugged or difficult terrain (e.g., mountains, desert, national or state forest);**
 - ✓ **The proposed project area is an unincorporated community;**
 - ✓ **The proposed project area is more than 10 miles from the nearest hospital;**
 - The proposed project area is more than 10 miles from the nearest state or federal highway; and/or (not applicable);
 - ✓ **The proposed project area is located in a rural census block, as defined by the U.S. Census Bureau.**
- **Significant contribution to achieving the program goal:** The proposed project would make a significant contribution to the CASF program as the area within the Northeastern California Connect Consortium, a region which is served at 90.4% and falls below the 98% goal set forth in AB 1665.
 - **Low-Income Community:** The proposed project area qualifies as a low-income community with a median household income of \$50,132 which falls below the \$50,200 threshold set forth in the Decision.

Low-Income Plan: Frontier features a choice of two low-income programs for customers: Frontier Fundamentals and Frontier Affordable Broadband.

ADDITIONAL BENEFITS

This project will support the goal of achieving 98% broadband service availability in the Northeastern California Connect Consortium. Based on latest CPUC broadband availability data (as of March, 2019), this consortium is served at 90.4%, being Modoc and Lassen Counties served at 64.9% and 84.9%, respectively. Frontier is the primary service provider in the Northeast region, rendering this project absolutely vital in the larger goal of providing service to those on the wrong side of the Digital Divide. Frontier has designated this project as “Phase I,” as it lays the necessary groundwork that will enable additional project build opportunities and will allow Frontier more options as we continue to assess opportunities to connect some of the most remote areas of the Northeast.

Local governments, the California Emerging Technology Fund and elected officials support this project as expanding and upgrading internet service in Modoc and Lassen Counties will benefit residents and community anchor institutions in areas such as education, healthcare, economic and workforce development, and resiliency, among others. This enhanced internet access will also allow these counties to better reach and provide services and information to rural residents and businesses, and access tools and resources that can help to optimize internal processes to achieve cost efficiencies. Additionally, enhanced internet service capabilities are critical for public safety communications allowing first responders to send and receive critical voice, video and data during emergencies and disasters.

Lassen County Office of Education supports this project based on the understanding that high-speed internet access is integral in connecting teachers to students, parents and educational resources. Rural school teachers and administrators acknowledge connectivity limitations as a primary obstacle to

effectively using technology in the classroom. Additionally, students lacking internet connectivity at home are at a disadvantage when completing assignments that require online access and interaction. As more bandwidth intensive material moves online—such as educational videos, interactive learning tools, and video conferencing tools for teachers—connection speed is quickly becoming a major issue for rural educators. This project will be important to reduce these barriers through expanded internet access in Lassen County.

The Alturas and Lassen Chamber of Commerce supports this Frontier Project as broadband availability is positively related to employment growth, especially in areas with lower population density consistent with the theory that rural remote areas may benefit more from high-speed internet by giving businesses access to regional markets. Additionally, businesses need broadband to access online training and classes to improve their employees’ skills. Rural businesses do not have the budgets to send employees to professional development or are too small to send an employee away from operations. Bringing professional development in-house by enabling high-speed internet access reduces those challenges. Additionally, improved broadband access, speed and capacity allows businesses to expand their markets, diversify their funding streams and increase their workforce.

Farmers and ranchers will also benefit from high speed internet service as it provides innovative technological tools use to maintain greater control over crop and livestock production, processing, distribution, and storage resulting in greater efficiencies, lower prices, safer growing conditions, safer foods and reduced environmental and ecological impact.

Rural healthcare facilities and rural residents seeking healthcare services will greatly benefit from this project, as the healthcare sector is emerging as a heavy user of internet services. The evidence is strong for technologies that lower costs, connect remote populations, and expand the reach of urban-centered medical expertise. Furthermore, telehealth can connect physicians with physicians and patients with physicians and also provide access to specialists for treatment of multiple conditions.

Additionally, this project is supported by both Congressman LaMalfa and Assemblyman Dahle’s offices.

The support of these organizations is highly important to ensure internet service adoption as demand aggregation from residential, business and local government customers will ensure viability of broadband service expansion in Modoc and Lassen Counties.

The application of Frontier for the Northeast Project: Phase I is a modest funding request for a region of the state that is severely unserved and underserved, and therefore is a prudent use of funds to help close the Digital Divide.

Census Blocks Covered

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ZIP Codes Covered

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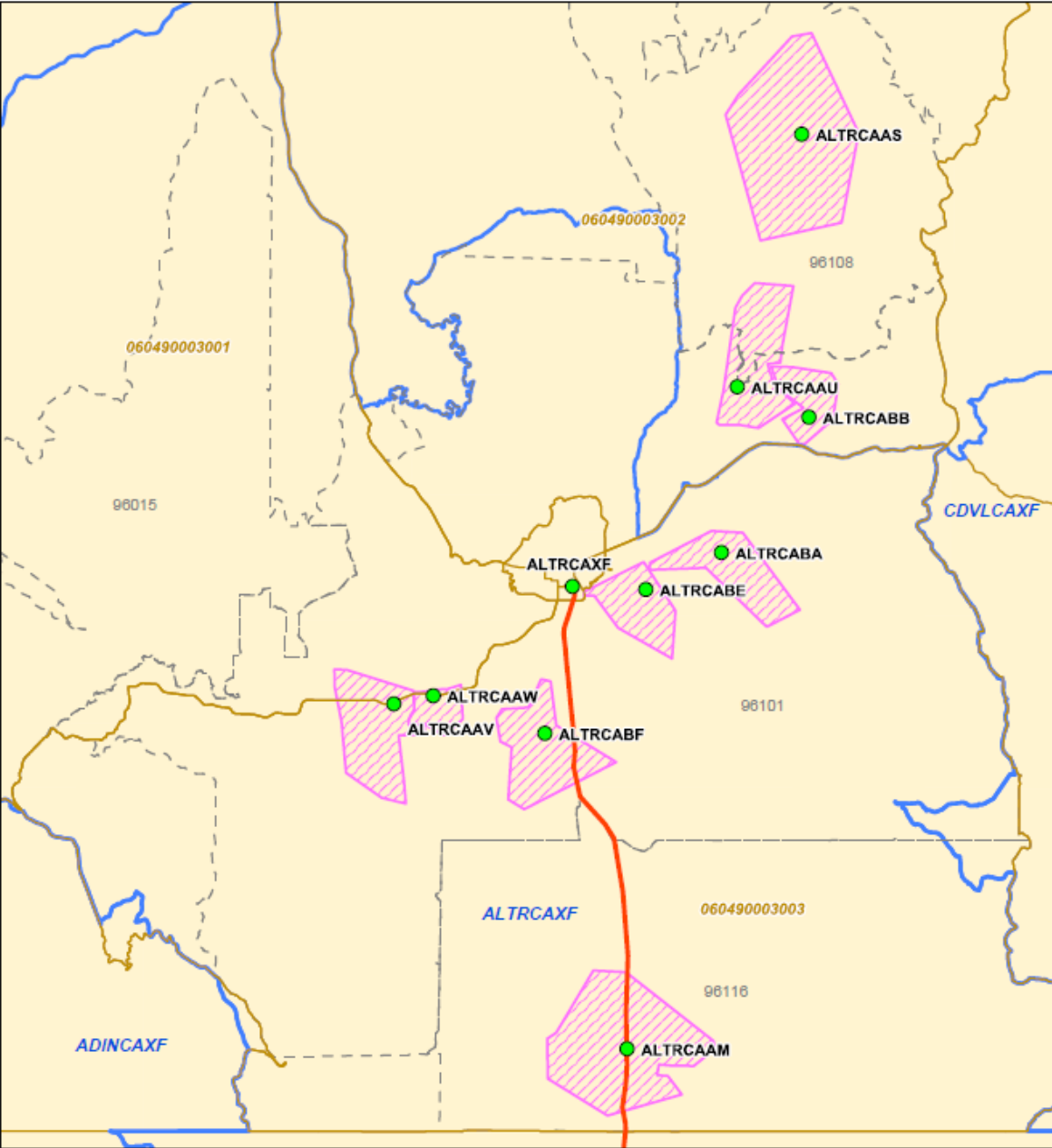
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ALTURAS CASF

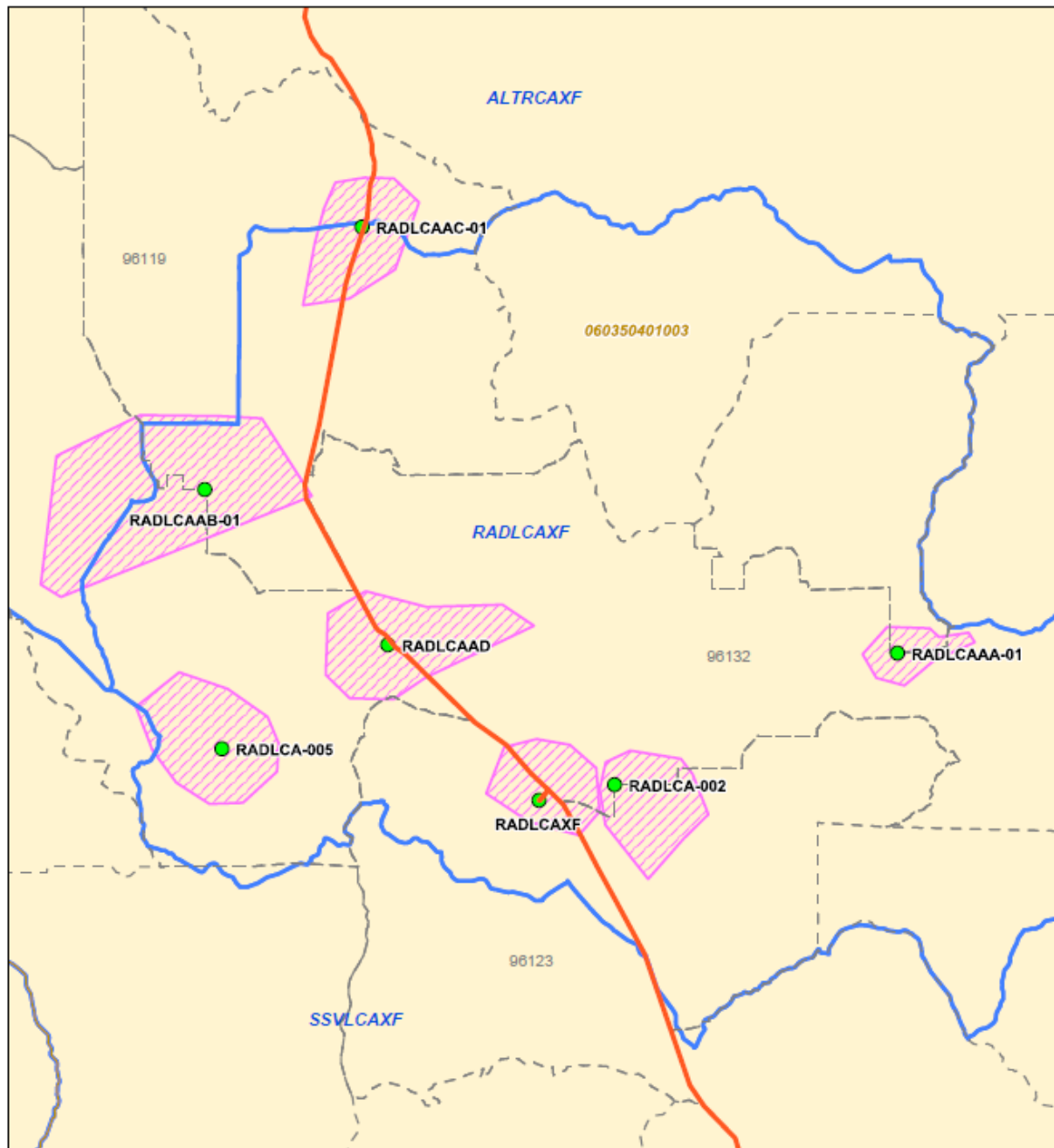


04/05/2019

Legend

- Remote
- Serving Area
- Frontier Wirecenter Boundary
- Fiber
- Census Block Groups
- Zip Code Boundary

RAVENDALE CASF

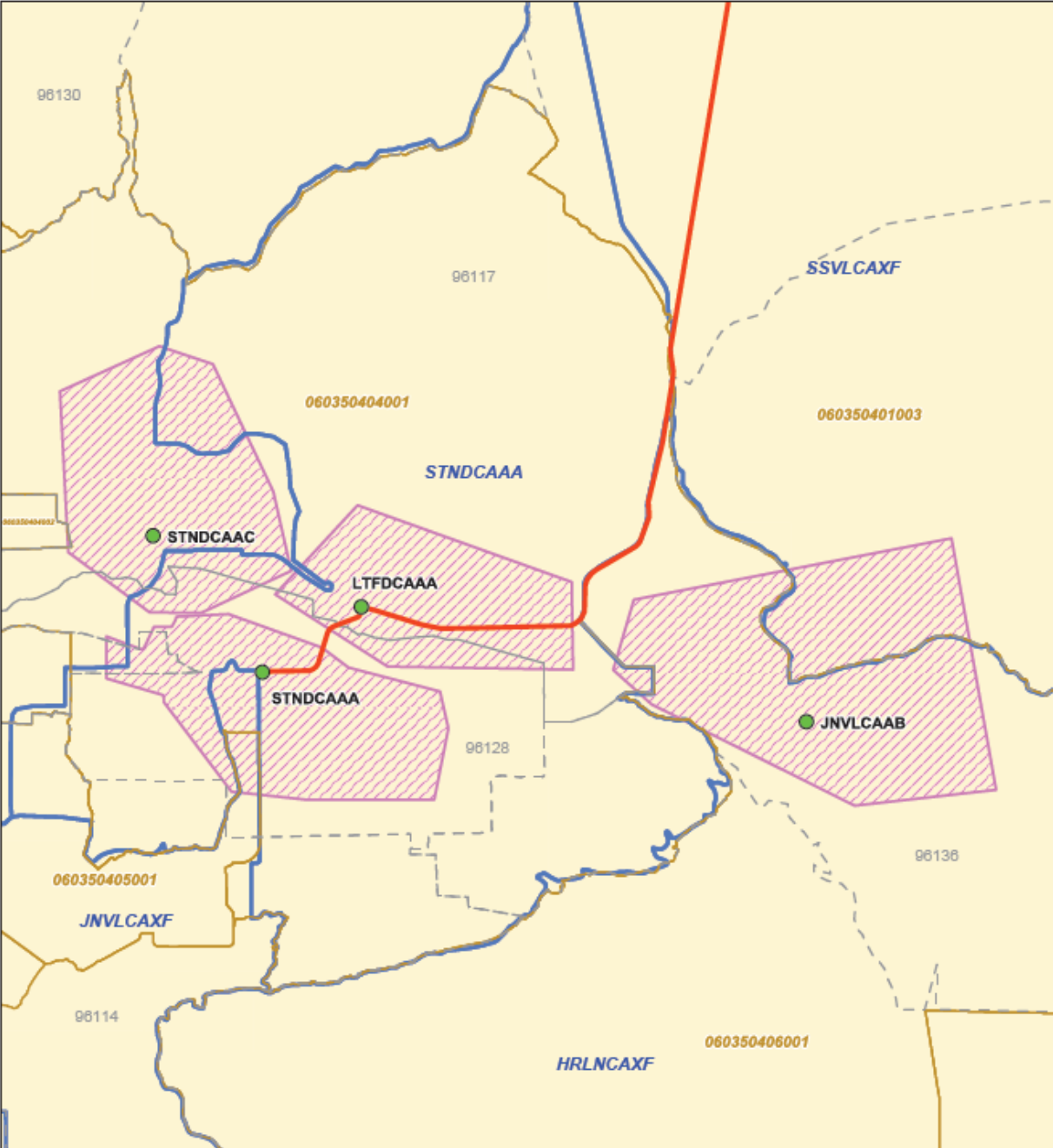


04/05/2019

Legend

- Remote
- Serving Area
- Frontier Wirecenter Boundary
- Fiber
- Census Block Groups
- Zip Code Boundary

STANDISH CASF



04/05/2019

Legend

- Remote
- Serving Area
- Frontier Wirecenter Boundary
- Fiber
- Census Block Groups
- Zip Code Boundary