

**Frontier CASF Broadband Infrastructure Grant Application – Taft Cluster
Item #1 - Project Summary**

Applicant: Frontier California, Inc. (U-1002-C)
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Project Title: Taft Cluster
Location: Kern County
Type: Last Mile
Grant Request: \$1,994,710.62

PROJECT SUMMARY

Frontier California, Inc. (U-1002-C) (Frontier) hereby provides an updated project summary to the California Public Utilities Commission (Commission) on September 17, 2019.

CHARTER COMMUNICATIONS CHALLENGE AND CENSUS BLOCK ELIGIBILITY

On June 5, 2019, Charter Communications, Inc. (Charter) filed a challenge to Frontier’s Taft CASF Application. On August 21, Frontier was informed by the Commission that two of the census blocks that Charter challenged were valid. Frontier’s engineering team determined that the removal of these two census blocks only amounts to a reduction of 14 households (see below).

Census Block	CASF HHs
60290035002008	5
60290047011035	9
Grand Total	14

On September 5, Frontier was notified by the Commission that 97 of the census blocks within the proposed project were considered ineligible as they were already served (this includes the two noted above in the Charter Challenge). Frontier and the Commission determined that 79 eligible census blocks remain, resulting in 265 CASF eligible households. 41 of these households are only CASF eligible, while 224 of these households represent a crossover of CASF/CAF2 eligibility for a total of 265 households in the **project (see below)**:

Original submission:

CASF Only HH's	146
CASF/CAF2 Overlap HH's	360
Total CASF HH's	506

New Submission

CASF Only HH's	41
CASF/CAF2 Overlap HH's	224
Total CASF HH's	265

Consistent with Frontier's original proposal, and to comply with the direction of AB 1665 and D.18-12-008, Frontier will apply for CASF funding for the 41 CASF-only households and will leverage federal CAF II funding for the CASF/CAF 2 overlap households which results in a total upgrade and build of 265 CASF households.

SUMMARY

Frontier is applying for a \$1,994,710.62 grant from the California Advanced Services Fund (CASF) Broadband Infrastructure Grant Account to deploy last mile VDSL2 facilities that will enable High Speed Internet broadband, VoIP and over-the-top (OTT) video services (such as Netflix, Hulu, etc.) to 41 unserved CASF-eligible households in the Taft, Buttonwillow, Fellows, McKittrick and Macfarland regions of Kern County. Frontier also seeks to leverage federal Connect America Fund II (CAF II) dollars to build out to 224 CASF/CAF II-eligible households within the region; this results in an upgrade of a total of 265 households. Frontier refers to the collective areas of this proposal as the "Taft Cluster" Project.

Frontier's proposed project covers approximately 65.1 square miles and upgrades existing facilities that are capable of providing High Speed Internet and VoIP. Due to the close proximity of each location within the cluster, many operate with the same critical broadband infrastructure, and thus each build is contingent upon one another in order to justify a sound business case while also providing the greatest benefit to connect Frontier customers. The 41 unserved only CASF-eligible households and the 224 CASF/CAF II-eligible households will receive minimum speeds of 10 Mbps download and 1 Mbps upload, and maximum speeds of 115 Mbps download and 7 Mbps upload. As a result of this infrastructure upgrade, an additional 7,713 non-CASF Frontier households within 10,000 feet of the DSLAM will receive improved service ranging from minimum speeds of 10 Mbps download and 1 Mbps upload, and maximum speeds of 115 Mbps download and 7 Mbps upload; this brings the total household beneficiaries to approximately 8,000 households.

FUNDING RATIONALE

AB 1665 resulted in the rules that disallow CAF II funding in areas that are eligible for CASF grants 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 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 41 households that are CASF-eligible and federal funds for 224 households that are both CASF and CAF II-eligible.

Under the new CASF rules adopted in D.18-12-018 (issued December 20, 2018) (Decision), Frontier believes the proposed project qualifies for 100 percent funding. The total cost of building to 265 households amounts to a cost of \$2,561,883.10. As previously stated, Frontier plans to leverage federal funding toward the 224 CASF/CAF II-eligible households at a cost of \$2,532.02 per household; a total investment of \$567,172.48. The state funded amount is therefore calculated by removing the \$567,172.48 CASF/CAF II-eligible household amount from the total projected project budget of \$2,561,883.10, results in a finalized CASF request of \$1,994,710.62.

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 Taft Cluster 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 41 unserved CASF-eligible households, 224 CAF eligible households, and, by DSLAM proximity, upgrades service to an additional 7,713 non-CASF Frontier households. While the CASF cost per household is noticeably above average, it should be noted that Frontier is utilizing all possible funding methods to place these areas on the correct side of the Digital Divide. The proposed project costs speak to why no service currently exists – or has ever existed – in these areas, and simply reflects the realistic costs to connect an unserved community that is extremely remote and difficult to serve. It should also be noted that technically this application is only to serve 41-CASF eligible households, the price tag of \$1,994,710.62 will enable the greater overall build to the total of 265 CASF-eligible households. These are the exact types of communities the legislature had in mind when crafting the Internet for All Now Act. Aside from connecting and/or increasing speed to approximately 8,000 households within the area, the project also establishes vital infrastructure for further expansion of HSI broadband and VoIP services in the future.

ADDITIONAL BENEFITS

- **Existence of communication facilities that may be upgraded to deploy broadband:** The Commission interprets this category to 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 proposed project meets 4 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 lies within the San Joaquin Valley Regional Broadband Consortia Region, a region which is currently served at 96.38% 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 \$39,993 which falls well 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.

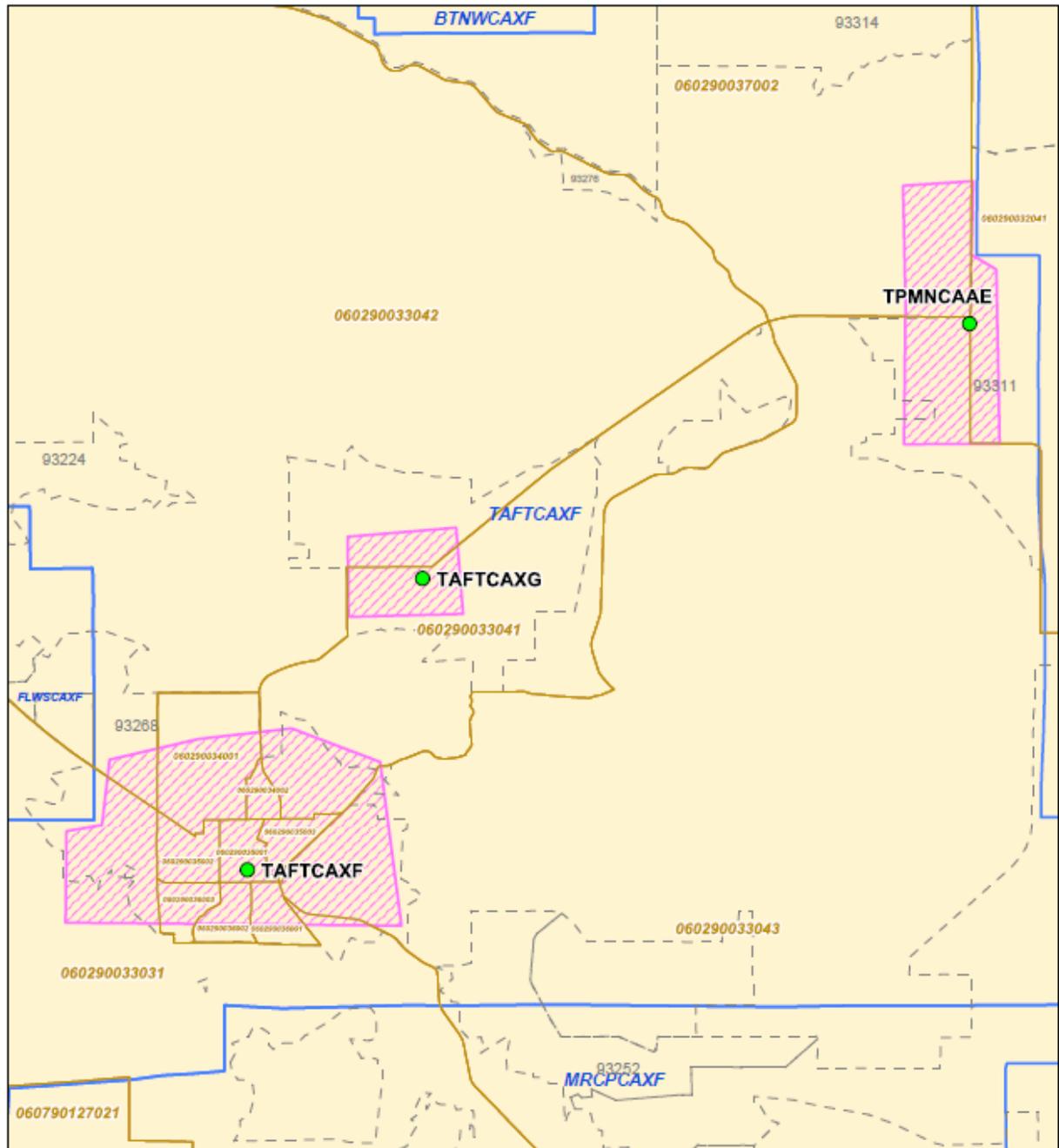
Census Blocks Covered

60290033031062	60290033042999	60290037002539
60290033031148	60290034001064	60290037002577
60290033042420	60290035001081	60290047012006
60290033042923	60290035002007	60290047012033
		60290047021003

ZIP Codes Covered

93206
93252
93251
93250
93268

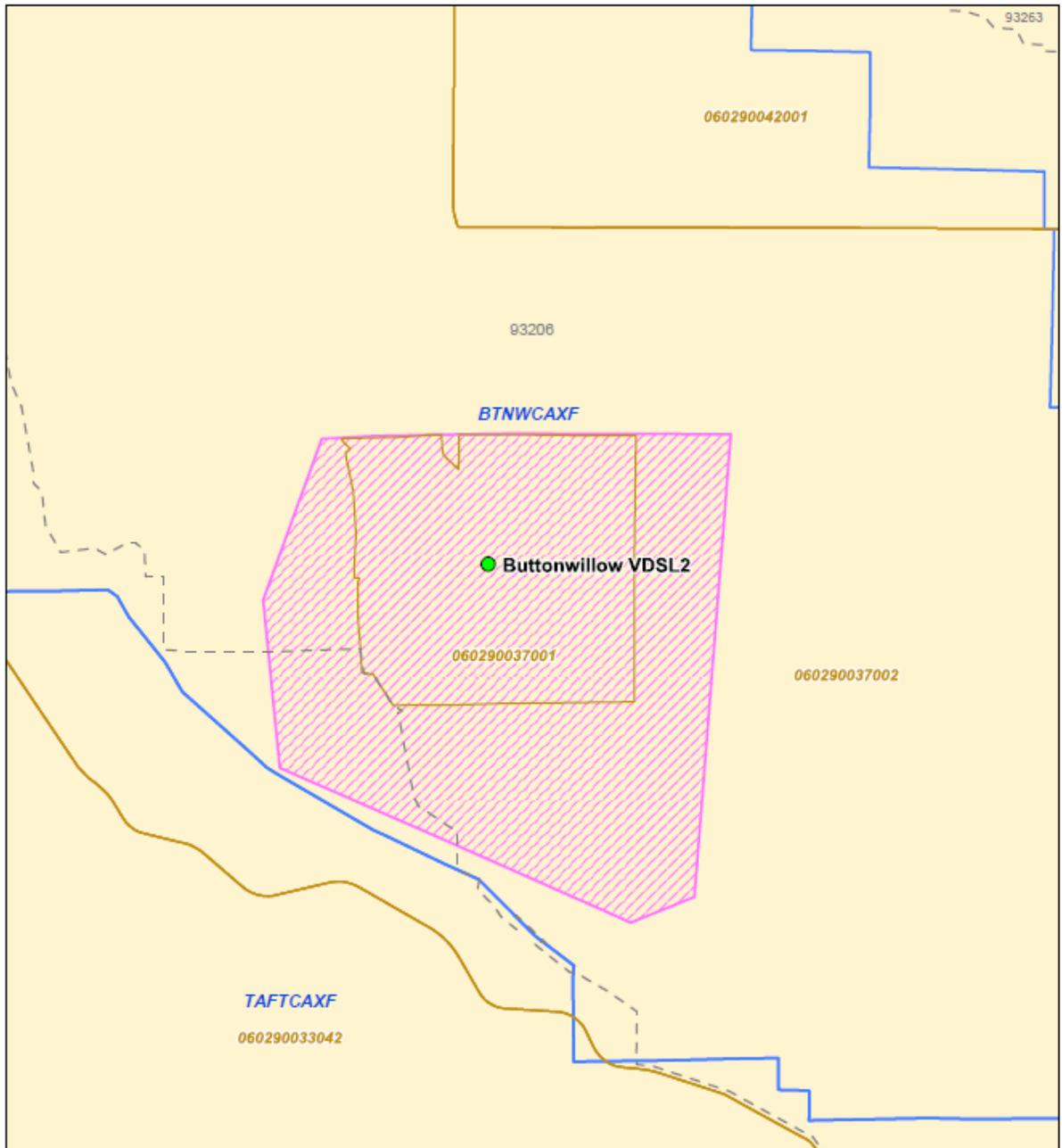
TAFT VDSL2 CASF



04/24/2018

- Legend**
- Remote (Green dot)
 - Serving Area (Pink hatched box)
 - Frontier Wirecenter Boundary (Blue outline)
 - Census Block Groups (Yellow box)
 - Zip Code Boundary (Dashed line)

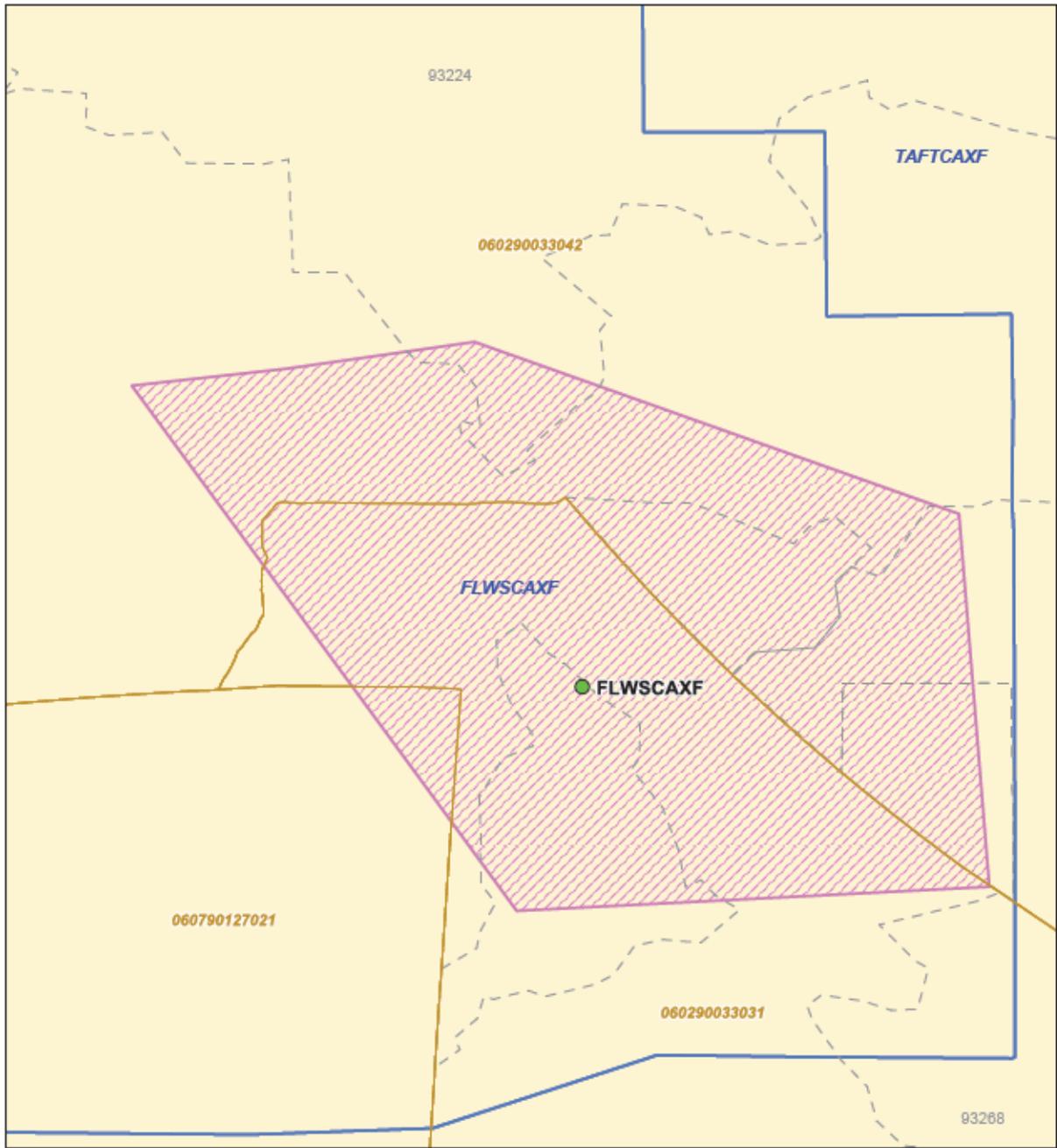
BUTTONWILLOW VDSL2



Legend

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

FELLOWS VDSL2 CASF

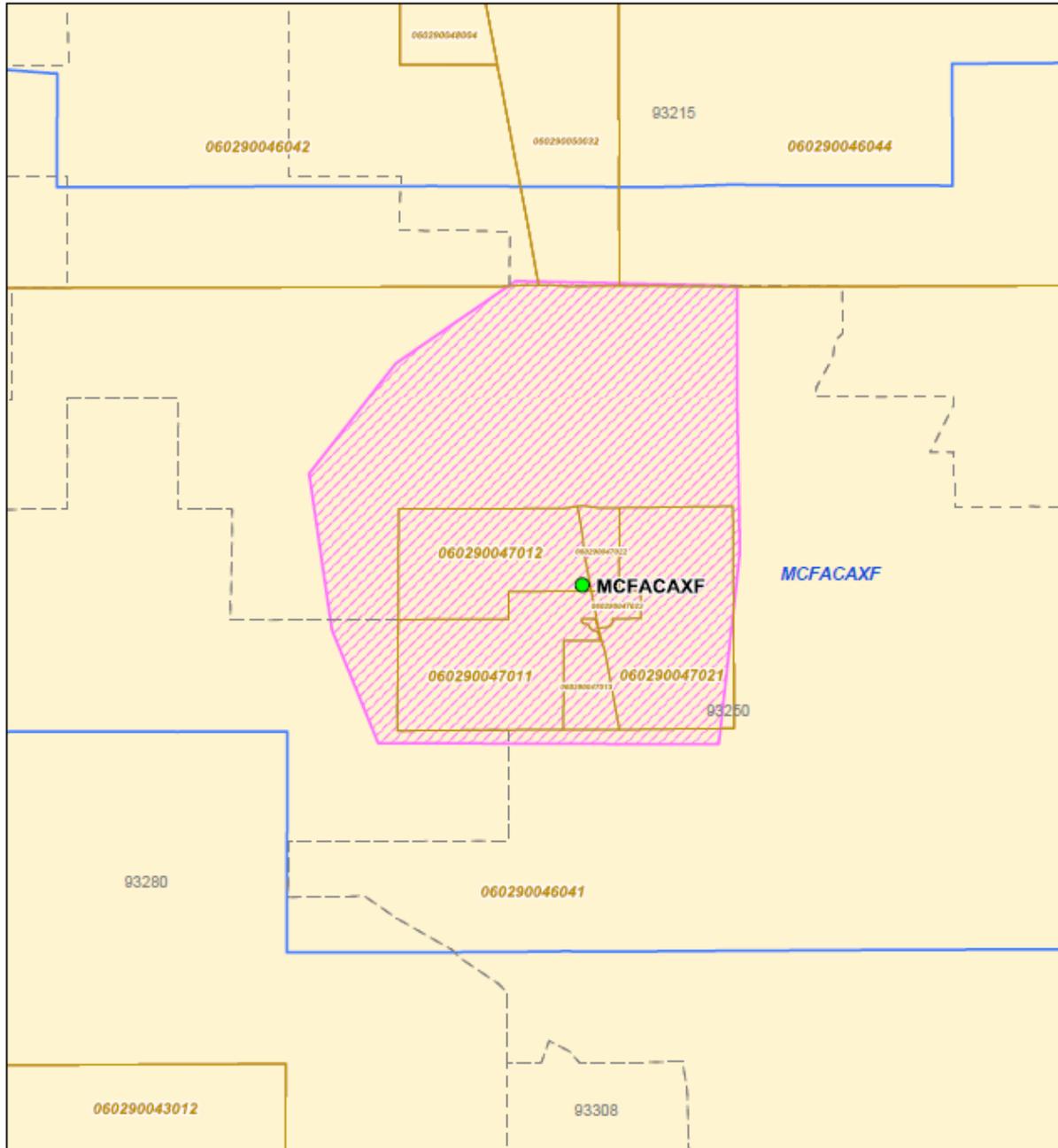


04/24/2016

Legend

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

MCFARLAND VDSL2 CASF

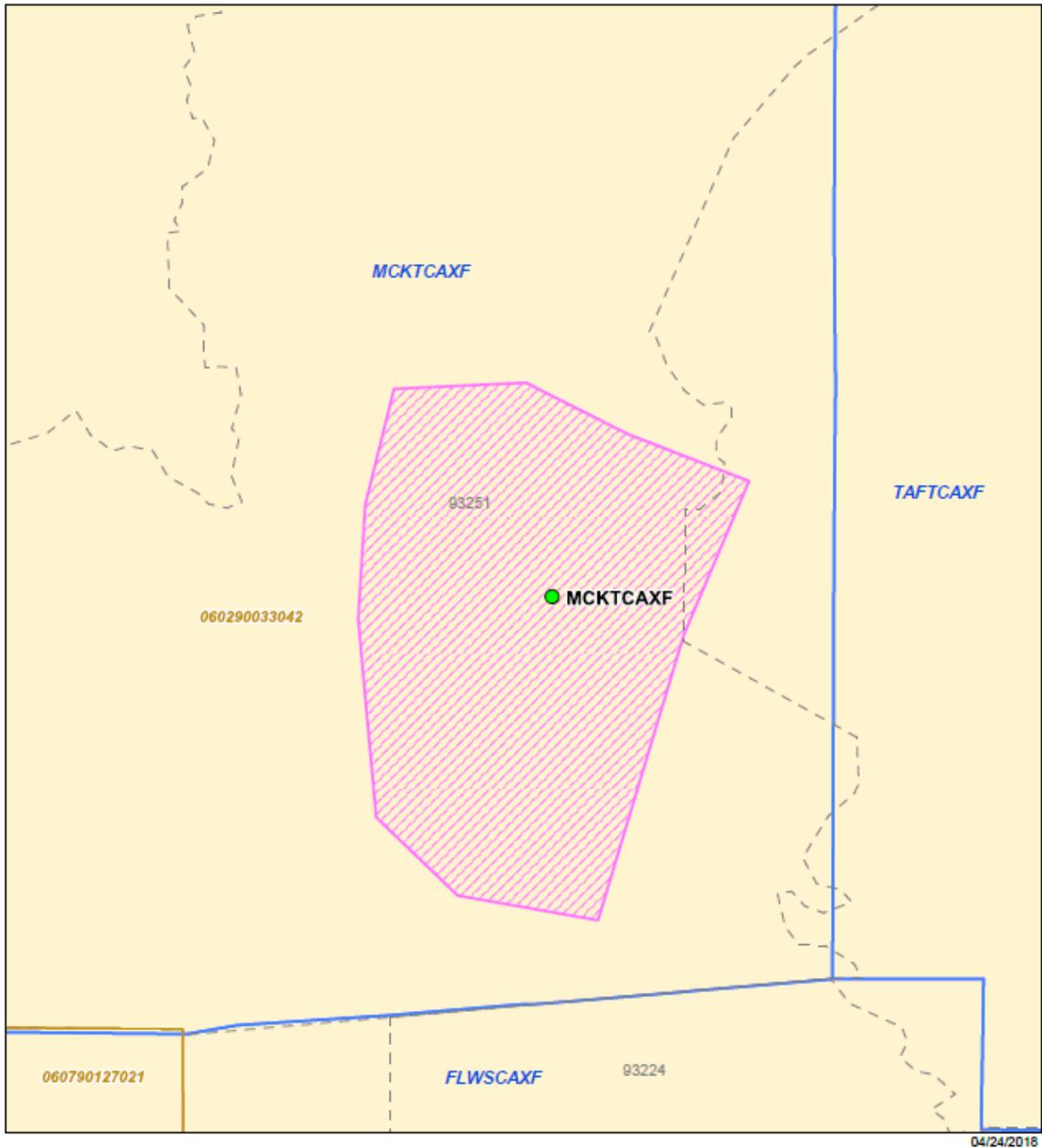


04/24/2018

Legend

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

MCKITTRICK VDSL2 CASF



Legend

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