

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

REVISED 7/26/2021

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 II

Location: Chester, Mineral & Paynes Creek in Plumas & Tehama Counties

Type: Middle & Last Mile

Grant Request: \$10,030,626.54 (100% Funding Requested)

PROJECT SUMMARY

Citizens Telecommunications Company of California Inc. d/b/a Frontier Communications of California (U-1024-C) (Frontier) is applying for a \$10,030,626.54 grant from the California Advanced Services Fund (CASF) Broadband Infrastructure Grant Account to deploy middle and last-mile fiber to the premise facilities that will provide broadband to 502 unserved CASF-eligible households in the regions of Chester, Mineral and Paynes Creek within Plumas and Tehama Counties. Frontier refers to the collective areas of this proposal as the Northeast Project: Phase II Project (Project) which would expand on the Northeast Project: Phase I (Phase I) CASF grant that Frontier accepted in February of 2020. Frontier requests that the California Public Utilities Commission (Commission) grant full funding for this project in the amount of \$10,030,626.54.

The Project would allow service to last-mile customers with minimum symmetrical speeds of 50 Mbps and maximum symmetrical speeds of up to 1 Gbps using fiber optic technology.

The Project covers approximately 42.05 square miles and upgrades existing facilities capable of providing fiber optic services. Specifically, Frontier will leverage its existing middle-mile network from Alturas to Palo Cedro, as well as the new middle-mile network to be completed from the Phase I build. Middle-mile facilities for this Project are indispensable to provide broadband speeds that will be scalable for the next 30 years to these rural, remote cities. Diversifying the network will also help enhance public safety by providing Internet service capabilities that allow first responders to send and receive critical voice, video and data during emergencies and disasters. It is estimated that this project will be approximately 37% aerial and 63% underground installation with major equipment expenses including, but not limited to, fiber, fiber terminals and distribution hubs, optical line terminals, and Packet Optical Networking.

The estimated construction timeline, after all permits are secured, is within the two-year window as required by D.18-12-018. Due to the rugged terrain, remote location and need to underground, Frontier does not anticipate this project would be exempt from CEQA, and therefore, would not qualify for ministerial review.

FUNDING RATIONALE

Under the CASF rules adopted in D.18-12-018 (issued December 20, 2018) (Decision), Frontier believes that the Project qualifies for 100% funding – \$10,030,626.54 – which represents the full projected costs to provide service to 32

unserved, CASF-eligible households.

The Decision provides a table which summarizes criteria for funding level determinations. According to the table, projects that meet the baseline eligibility and are also without any service from an existing facilities-based provider (a “dial-up only” area) are eligible to receive up to 100% funding. According to the California Interactive Broadband Map, all census blocks proposed within this project are unserved and therefore eligible for CASF funding. The 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%

- **Areas with only dial-up or no Internet connectivity:** 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 32 unserved CASF-eligible households. This Project provides a fully redundant/diverse ring for the Northeast region and provides necessary backhaul that could possibly support further broadband deployment.
- **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.
- **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 Service:** Of the three census block groups in this proposed project area, two qualify as low-income communities with median household incomes of \$39,408 and \$42,083, which fall of fall below the CARE standard of \$52,400 as required by this Decision. The third census block group represents a median household income of \$65,972.
 - ✓ *Low-Income Plan:* Frontier features a choice of two low-income programs for customers: Frontier Fundamental and Frontier Affordable Broadband. The Frontier Affordable Broadband™ product requires customers to be enrolled in Lifeline telephone service. Alternatively, the Frontier Fundamental product is a stand-alone low-income broadband program that does not require a customer to purchase telephone service. Both products will provide minimum symmetrical speeds of 50 Mbps.

ADDITIONAL BENEFITS

Phase II of this Project continues Frontier’s efforts to upgrade and expand broadband infrastructure and services in rural areas in the Northeastern California Connect Consortium (NECCC) region to achieve the California goal of 98% broadband service availability across the state and in each consortium. Based on the latest 2019 CPUC broadband availability data, the NECCC is served at 89%, with Tehama and Plumas Counties served at 84.5% and 85.2%, respectively. Frontier is the primary service provider in the Northeast region, rendering this project absolutely vital in achieving the larger goal of providing service to those on the wrong side of the Digital Divide.

Elected officials, local governments and the California Emerging Technology Fund support this project as expanding and upgrading Internet service in the counties of Tehama and Plumas will benefit residents and community anchor

institutions in areas such as education, healthcare, economic and workforce development, resiliency, and emergency response among others. The recent Governor's shelter in place order across the state due to COVID-19 highlights the need to have ubiquitous, reliable and high-speed Internet (HSI) services available for all residents, as families now rely on distance education, telehealth, telework and online businesses in order to keep communities moving forward.

The Tehama and Plumas Offices of Education support this project as HSI access is critical to connect teachers to students, parents and educational resources. Rural 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. This point was recently reported in a survey conducted in school districts in the NECCC region in March and April 2020. School districts reported the lack of available HSI service in many student households, which prevented students to attend online classes. In some areas, the only available platform to deliver educational material is broadcast television. This project will be important to reduce barriers for Internet service deployments and to make high quality online education available to unserved student homes.

The Chambers of Commerce in Tehama and Plumas Counties support this Frontier Project as broadband availability is positively related to employment growth, especially in areas with lower population density. This is consistent with the theory that rural remote areas may benefit more from HSI by giving businesses access to regional markets. Additionally, businesses need broadband to access online training and classes for improving 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 HSI access reduces those challenges. Additionally, during the shelter in place order, many businesses were not able to move operations to homes due to the lack of high-quality Internet service. This situation negatively impacted economies in rural communities and households. This project is critical to build resilient local economies in rural areas.

Farmers and ranchers will also benefit from HSI service as it provides innovative technological tools 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 provides access to specialists for treatment of multiple conditions. During the shelter at home order, more families are relying on telehealth as a safer approach instead of visiting hospitals which may be dealing with COVID-19 cases and to prevent health care facilities of becoming overcrowded.

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 Tehama and Plumas Counties.

Additionally, this project is supported by the offices of Senator Jim Nielsen, Senator Brian Dahle, Assemblymember Megan Dahle and Assemblymember James Gallagher.

The application of Frontier for the Project 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.

In addition to preparing this application for the CASF Infrastructure Grant Account pursuant to the existing rules and regulations, we have worked with the Regional Consortium to identify anchor institutions within proximity of the fiber middle-mile backhaul deployment that would benefit from connectivity to the new network. If the Legislature and Administration authorize additional support to expand the opportunity for critical broadband expansion beyond last mile deployment, Frontier stands ready to work with qualified anchor institutions to support higher-speed Internet service.

This grant application creates important potential opportunities for anchor institutions help advance broadband in low-income, underserved communities along the path of deployment by supporting distance learning and telehealth-telemedicine, both in response to COVID-19 and to build for the future to secure “Broadband For All.”

Census Blocks Covered

60630005022038	61030001001398	61030001001504
60630005022135	61030001001431	61030001001505
60630005022136	61030001001434	61030001001590
60630005022235	61030001001440	61030001001602
61030001001185	61030001001442	61030001001603
61030001001230	61030001001444	61030001001619
61030001001232	61030001001448	61030001001711
61030001001245	61030001001458	61030001001717
61030001001246	61030001001498	61030001001765
61030001001295	61030001001499	61030001002006
61030001001299	61030001001501	61030001002011
61030001001303	61030001001502	61030001002012
61030001001394	61030001001503	61030001002552

ZIP Codes Covered

96020
96075
96061

Northeast Project: Phase II Map

