To: **Partners within the Connected Capital Area Broadband Consortium (CCABC)**
From: **Trish Kelly, Managing Director, Valley Vision**
Date: **July 6, 2023**
Subject: **Broadband funding opportunities**

INTRODUCTION

This memo provides information on state and federal funding streams for broadband infrastructure development, with a focus on the four counties (Sacramento, Sutter, Yolo and Yuba) covered by the Connected Capital Area Broadband Consortium (CCABC). Valley Vision is a civic leadership organization dedicated to improving livability in the Sacramento region. Valley Vision manages the Consortium and welcomes engagement with local jurisdictions, business groups, community groups, internet service providers, schools, libraries, and other stakeholders.

Included in this memo:
- Current data on unserved and priority unserved households in the four-county region.
- Information on the just-opened infrastructure grant process through the CPUC, known as the Federal Funding Account (FFA). This significant program will implement last mile projects authorized by SB 156, using both state and federal dollars.
- A recap of proposed broadband infrastructure projects submitted by providers for our area during the most recent grant application process for the California Advanced Services Fund (CASF) through the California Public Utilities Commission (CPUC).
- Two other federal programs with funding potential for our region in the future, pending approval of state plans currently being prepared for submittal to the National Telecommunications and Information Administration:
  - A statewide Digital Equity Plan being developed by CA Dept. of Technology.
  - The Broadband Equity, Access and Deployment (BEAD) Program Action Plan being developed by CPUC.

INFRASTRUCTURE NEEDS IN OUR CONSORTIUM REGION

Here is a look at the best available information on broadband access in our region. According to the 2022 CASF Annual Report, April 2023, our four-county Consortium region still has nearly 18,000 households deemed "unserved" or "priority unserved," based on data that CPUC collects from providers. Many consider these numbers an undercount. Below is a look at our four counties from Attachment A, "Wireline and Fixed Wireless Served Status by County."

COUNTY	UNSERVED HOUSEHOLDS (maximum advertised speeds between 10 megabits per second download/1 mbps upload and 25 mbps down/ 3 mbps up)	PRIORITY UNSERVED HOUSEHOLDS (maximum advertised speeds less than 10 mbps down/ 1 mbps up)	TOTAL UNSERVED HOUSEHOLDS
Sacramento	1,888	11,244	13,132
Sutter	278	673	951
Yolo	435	1,832	2,267
Yuba	316	982	1,298
Totals	2,917	14,731	17,648

Statewide, 93.3 percent of households are served by at least 25 megabits per second (mbps) downstream and 3 mbps upstream fixed consumer broadband. This is a lower percentage than the 97.4 percent reported the prior year. This decrease is due to a change in the CPUC data procedure, which now focuses on gathering broadband data from internet service providers at the address level instead of census blocks. This more granular focus shows fewer households served at 25/3 mbps statewide. Importantly, under a 2020 executive order by Gov. Newsom, the state has instituted much higher speed goals. CASF-funded projects, for example, must deploy infrastructure capable of providing broadband access at speeds of at least 100 mbps downstream and 20 mbps upstream.

Deploying adequate infrastructure is critical, but not the only piece of the broadband puzzle. Affordability, access to devices, and digital education and literacy also are key to addressing the Digital Divide and will be the subject of future updates from Valley Vision.

FEDERAL FUNDING ACCOUNT (FFA) CURRENT GRANT OPPORTUNITY

On June 30, 2023, CPUC opened the application period for the Last Mile Broadband Internet Federal Funding Account (FFA) Program. It will be open for three months. In recent weeks, CPUC built out its website and resources in anticipation of this event. Many local jurisdictions and providers have been monitoring this process and are already working on outreach and analysis to generate applications. For others still learning, there is still time to become familiar with the program guidelines, maps, and resources to assess community broadband needs and opportunities for applying for these grant dollars.

In all, $2 billion is currently available in state and federal funding. Half will go to urban counties, half to rural counties, based on CPUC rulemaking explained in this decision (see P. 33) and appendix. The following types of organizations are eligible to apply. This is an opportunity for thinking creatively about partnerships and "out of the box" next steps:

- Entities with a Certificate of Public Convenience and Necessity that qualify as a "telephone corporation" as defined under the Public Utilities Code section 234

- Non-telephone corporations that are facilities-based broadband service providers
- Local government agencies
- Electric utilities
- Nonprofits
- Cooperatives
- California tribes

An extensive set of rules and requirements governs applications and awards. CPUC provides information at this website. The rules and requirements were developed through a lengthy CPUC rulemaking process and are found in Decision D.22-04-055. Per rulemaking, fiber is the preferred technology and will be awarded extra points in the scoring process. The rules do not directly address wireless service; in a webinar June 28, the CPUC advised discussing this possibility further through CPUC caseworker services. Matching funds are not required but will trigger extra points in the scoring process. The CPUC has noted that the application and award process will include a challenge process, and locations already considered "served" will not receive awards.

When formulating applications, applicants and partners will need to explore and use the new CPUC FFA Public Map, located here along with a user guide, FAQ document, scoring rubric, and numerous other resources. In addition to displaying Mass Market Unserved Locations across the state, the map also includes layers displaying Disadvantaged Communities and Low-Income Areas, which will be used to incorporate equity into the project scoring process.
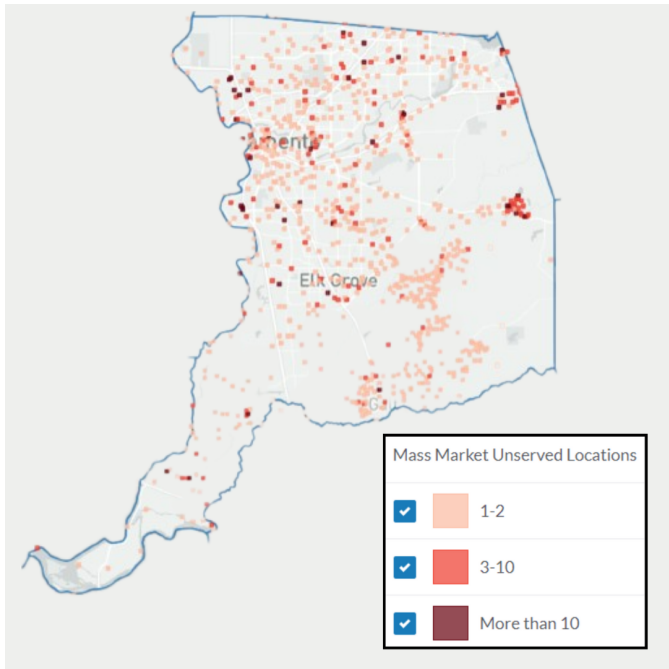
Applicants must register for the FFA Applicant Tool. The tool (1) will enable applicants to create project areas, (2) provides geographic, economic, and business case data necessary to develop applications, and (3) allows applicants to examine service needs, highlight census blocks, and see estimated subsidies for projects, as well as help in estimating costs and potential customers. It can be found on this Application Resources page. **On July 6, 2023, at 10 a.m., CPUC will host a webinar** for this program for prospective applicants. Staff will give an overview of the program and the application process. Interested parties are encouraged to attend and can register here.
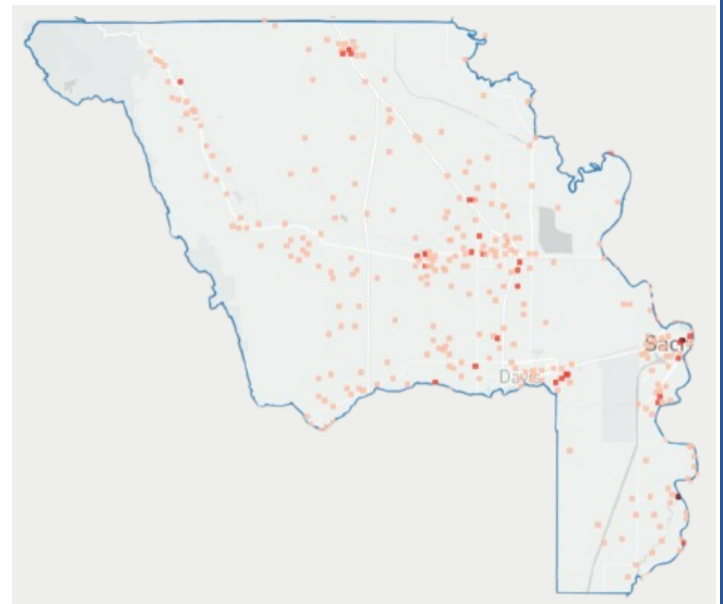
Additional Background:

The FFA was established in accord with SB 156 in July 2021, which was passed by California legislators and signed by Gov. Newsom. This bill committed an unprecedented $6 billion investment to accelerate access to high-speed internet service statewide. Of this amount, $2 billion was allocated to the CPUC to establish the FFA to build last-mile infrastructure for Californians without access to internet service at sufficient and reliable speeds. The funding comes from the American Rescue Plan Act (ARPA), as well as state funds. As noted above, the CPUC is implementing the program through a formal rulemaking process: Rulemaking (R.) 20-09-001. The program calls for $1 billion to go to urban counties and $1 billion to rural counties; each county is to receive a base amount of $5 million with the remainder allocated to counties based on their proportionate share of households without internet access download speeds of at least 100 megabits per second. The federal funding portion must be obligated by Dec. 31, 2024, and federal funds must be spent by Dec. 31, 2026.
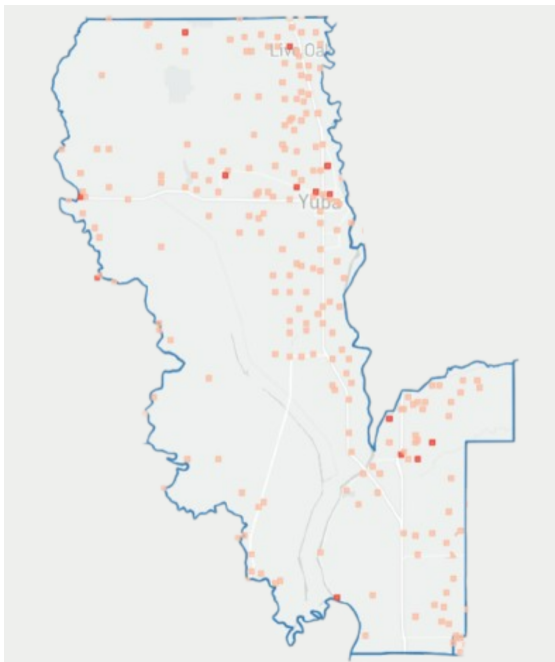
Quick Look at the FFA Maps

Here is a very high-level look at the maps for each county in our Consortia Region. These screenshots suggest the opportunity to drill in and better understand the specific needs in our communities. We note that the maps show that outstanding broadband needs and challenges are not necessarily clustered tightly together but rather tend to be widely scattered throughout the counties.
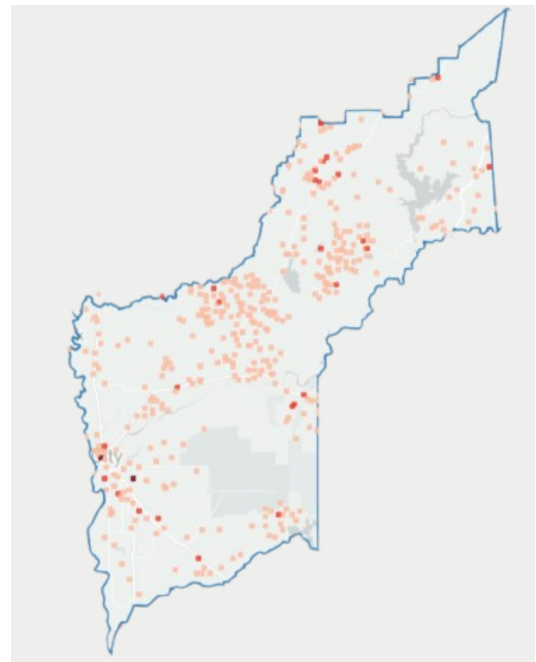

Mass Market Unserved Locations

☑ 1-2

☑ 3-10

☑ More than 10

Sacramento County

Yolo County

Sutter County

Yuba County

On June 15, 2023, CPUC posted public summaries of proposed projects submitted by providers during the most recent grant application period for CASF infrastructure grants. These grants, administered by CPUC, are funded through surcharges on telephone customer bills. The grant period closed June 1, 2023. Proposals with both fiber and wireless technologies were accepted. In our CCABC region, seven project applications were submitted by four internet service providers. (See table below for detail.) **These applications totaled almost $13 million in requested grant funding, and, if approved, would provide last-mile infrastructure to slightly more than 5,000 locations currently <u>underserved</u> with slower available speeds, or <u>unserved</u> with no broadband service at all.** The locations range from rural residences to urbanized areas to mobile home communities, and are located in the four-county consortium region with some spillover into Colusa, Placer, Butte and Solano counties.

NOTE: The California Interactive Broadband Map used to drive these applications can be found here. Although the current CASF infrastructure grant application window has closed, this mapping tool can continue to serve as a useful resource for local jurisdictions, stakeholders, and providers seeking to learn more about service availability and gaps in their communities. For example, information in the maps shows service providers in local areas, which may be helpful to jurisdictions or stakeholders seeking to learn what companies are operating in their communities for outreach and partnering purposes.

Here is a summary of information in the applications in our 4-county consortium region:

PROVIDER	LOCATION	PROJECT TITLE AND TECHNOLOGY	FUNDING REQUEST	NUMBER OF LOCATIONS TO BE SERVED*
AT&T	West Sacramento in Yolo County	"West Sacramento Project." Last mile; fiber-to-the-premises network.	$1,152,583	Priority Eligible: 708 Eligible: 51 Total: 759
AT&T	Dunnigan in Yolo County	"Dunnigan Project." Last mile; fiber-to-the-premises network.	$3,035,076	Priority Eligible: 617 Eligible: 252 Total: 869
Digital Path	Courtland, Walnut Grove, Walker Landing and Galt in Sacramento County. Also portions of Solano County.	"Delta CASF Project." Hybrid middle mile - last mile; fixed wireless deployment.	$932,133	Priority Eligible: 253 Eligible: 540 Total: 793

Digital Path	Dobbins, Oregon House and Loma Rica in Yuba County. Portions of Butte County.	"South Butte Project." Hybrid middle mile - last mile; fixed wireless deployment.	$4,879,362	Priority Eligible: 1,182 Eligible: 440 Total: 1,622
Digital Path	Live Oak, Yuba City, Sutter, West Butte and Pleasant Grove in Sutter County. Elverta in Sac. Co. Grimes in Colusa Co. and Cousman in Placer County.	"Sutter Bypass Project." Hybrid middle mile - last mile; fixed wireless deployment.	$1,410,781	Priority Eligible: 600 Eligible: 112 Total: 712
Frontier	Wilton in Sacramento County.	"Sacramento County Project." Last mile; fiber-to-the-premises.	$955,684	Total CASF Eligible: 96
Kwikbit	2 mobile home communities in Citrus Heights, Sacramento County.	"Mobile Home Park 1 Project." Last mile, fixed wireless network.	$2,827,025 (A total of 12 mobile home parks statewide)	Priority Eligible: 873 (includes nearly 200 in Sacramento County)

* *"Priority Eligible" unserved locations have less than 10 mbps /1 mbps download/upload speeds available or no access at all. "Eligible" unserved locations have speeds between 10/1 mbps and 25/3 mbps download/upload.*

Applications are expected to vastly exceed available funds this round, meaning not all will be approved. However, new CASF infrastructure grant opportunities are expected to open in the future as surcharges are collected. Foundational funding for ongoing CASF programs was reinforced through legislation that many regional consortia, including CCABC, and other partners worked to achieve in 2021.

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BEAD PROGRAM AND DIGITAL EQUITY PLAN:
TWO ADDITIONAL FEDERAL PROGRAMS UNDER WAY

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Two statewide planning processes, driven by federal processes, are currently proceeding in tandem. When completed, both plans will unlock further broadband funding opportunities for California. We encourage partners within the region to learn and engage in these processes.

Broadband Equity Access and Deployment (BEAD) Program

On June 26, 2023, the federal government announced that $1.86 billion is expected to flow to California through the BEAD program, out of $42.45 billion available nationwide. Eligible uses include: Deploying and upgrading broadband network facilities in locations meeting unserved and

underserved specifications as well as eligible community anchor institutions; data collection, broadband mapping and planning; installing internet and Wi-Fi infrastructure or providing reduced cost broadband service in multi-family residential buildings; implementing adoption and digital equity programs; and workforce and job training. Projects must favor fiber projects, but non-fiber projects may be eligible under certain technical and high-cost criteria.

CPUC is the administering entity in California, responsible for allocating funds through a competitive sub-grantee process that will be developed through this formal rulemaking: R.23-02-016. The CPUC will first develop a high-level 5-year action plan for the state, expected to be released for public comment in July 2023, followed by submission of the plan to the National Telecommunications and Information Administration (NTIA) in August 2023 for approval. The more technical program rules will be developed later this year, pursuant to federal directives. According to the CPUC, "These new networks will be built in federally defined eligible areas that are "unserved" and "underserved" communities across the state. BEAD-funded subgrantees may also build to "Community Anchor Institutions" like schools and libraries, provided they also currently meet "unserved" eligibility standards."
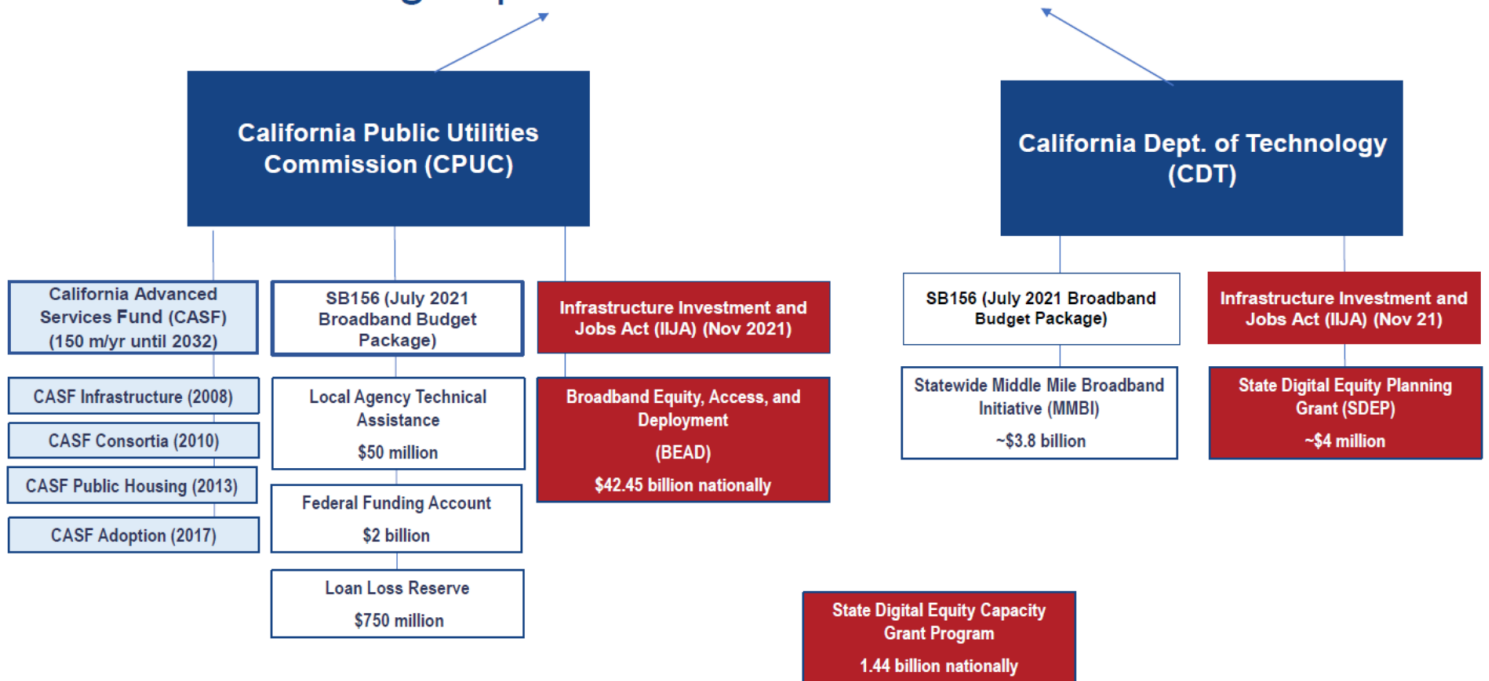
Digital Equity Plan

Meanwhile, the California Department of Technology is developing a statewide Digital Equity Plan expected to bring hundreds of millions of dollars to California for broadband equity initiatives. The draft plan will be released later this summer for public comment, and will be submitted to NTIA for approval in late November.

CDT has partnered with regional consortia throughout the state to hold regional planning events, including one co-hosted by Valley Vision on May 11 in Sacramento, where more than 160 stakeholders came together to provide inputs for the Digital Equity Plan. CDT continues to seek input from local organizations through its Digital Equity Ecosystem Map (DEEM) information-gathering tool, located here.

The Connected Capital Area Broadband Consortium will continue to monitor these initiatives and keep partners informed of developments.

On the next page is an at-a-glance image showing the various state and federal funding streams addressing the Digital Divide and the California agencies that are implementing the programs.

High speed Internet for all Californians

California Public Utilities Commission (CPUC)

California Advanced Services Fund (CASF)
(150 m/yr until 2032)

- CASF Infrastructure (2008)
- CASF Consortia (2010)
- CASF Public Housing (2013)
- CASF Adoption (2017)

SB156 (July 2021 Broadband Budget Package)

- Local Agency Technical Assistance — $50 million
- Federal Funding Account — $2 billion
- Loan Loss Reserve — $750 million

Infrastructure Investment and Jobs Act (IIJA) (Nov 2021)

Broadband Equity, Access, and Deployment (BEAD)
$42.45 billion nationally

California Dept. of Technology (CDT)

SB156 (July 2021 Broadband Budget Package)

Statewide Middle Mile Broadband Initiative (MMBI)
~$3.8 billion

Infrastructure Investment and Jobs Act (IIJA) (Nov 21)

State Digital Equity Planning Grant (SDEP)
~$4 million

State Digital Equity Capacity Grant Program
1.44 billion nationally

Above information found in CA Senate Bill No. 156 (2021-2022) and the 2021-2022 Spending Plan: Broadband Infrastructure