

2021 Broadband Package & Statewide Middle Mile Network

Commissioner Martha Guzman Aceves
California Public Utilities Commission
November 16, 2021



California Public
Utilities Commission

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

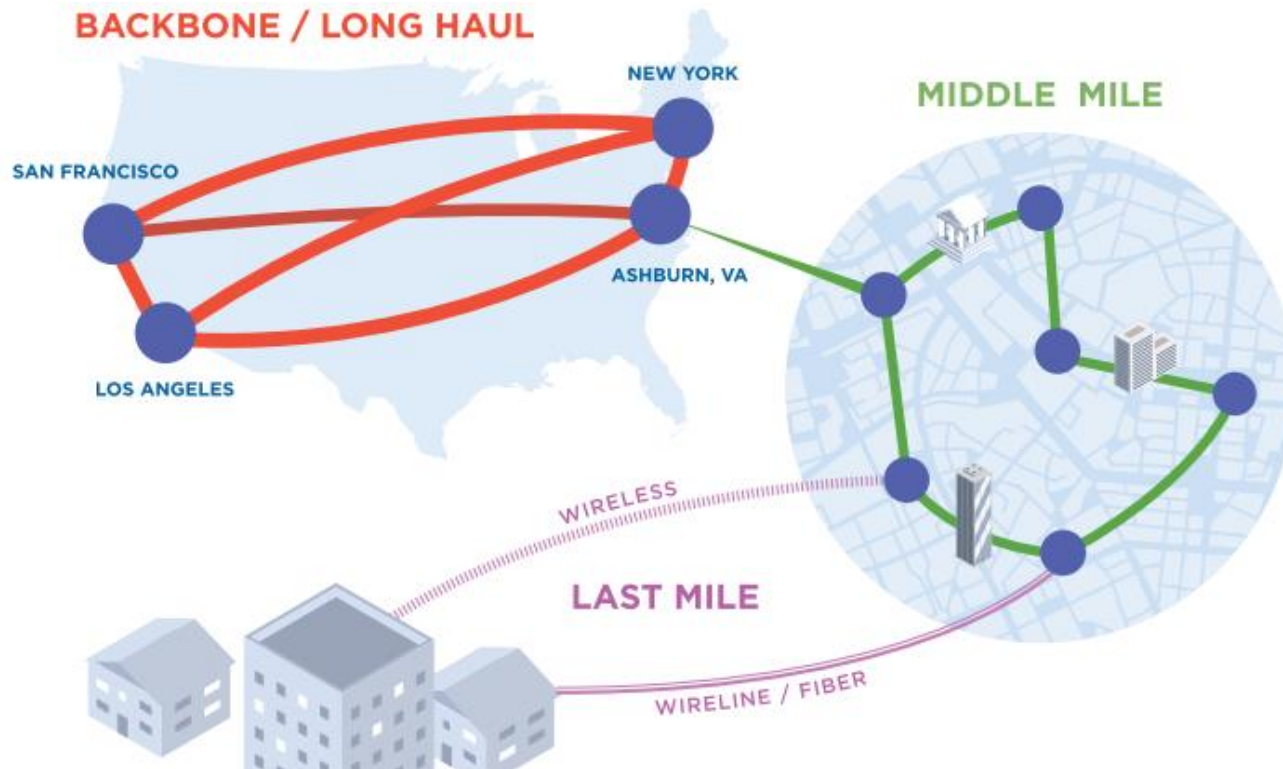


CPUC Implementation

- Deployment Rulemaking [20-09-001](#)
 - Middle Mile Locations
 - Federal Funding Account (Last Mile), ruling with staff proposal (comments filed Oct 29, Nov 15)
 - Urban/Rural \$ Allocation ruling (Comments due Nov 30)
- California Advanced Services Fund (CASF) Rulemaking [20-08-021](#)
 - Technical Assistance, ruling with staff proposal (Comments filed 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>)

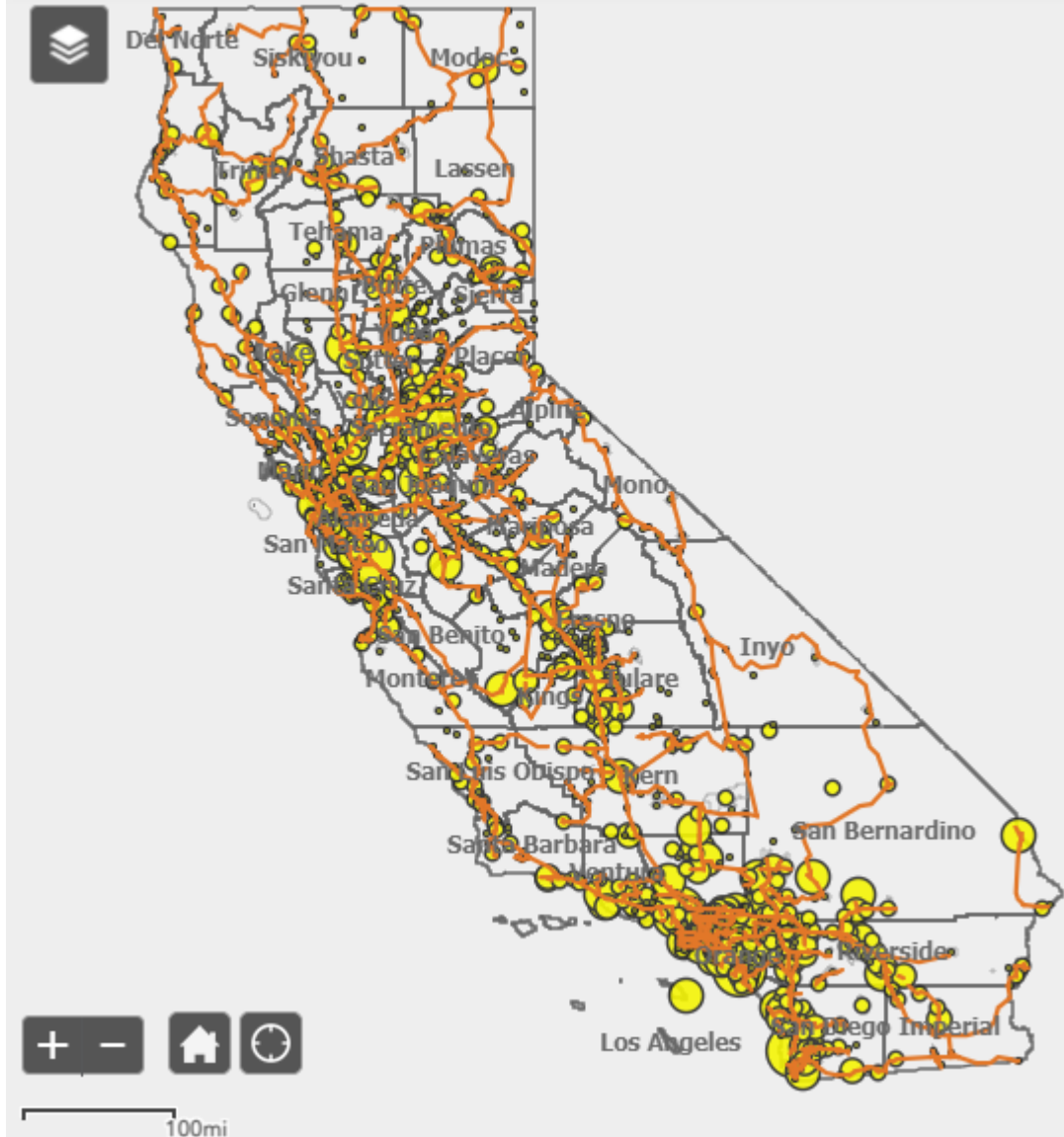


Statewide Middle Mile – \$3.25 Billion



“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](#)



Statewide Middle Mile Network (proposed)

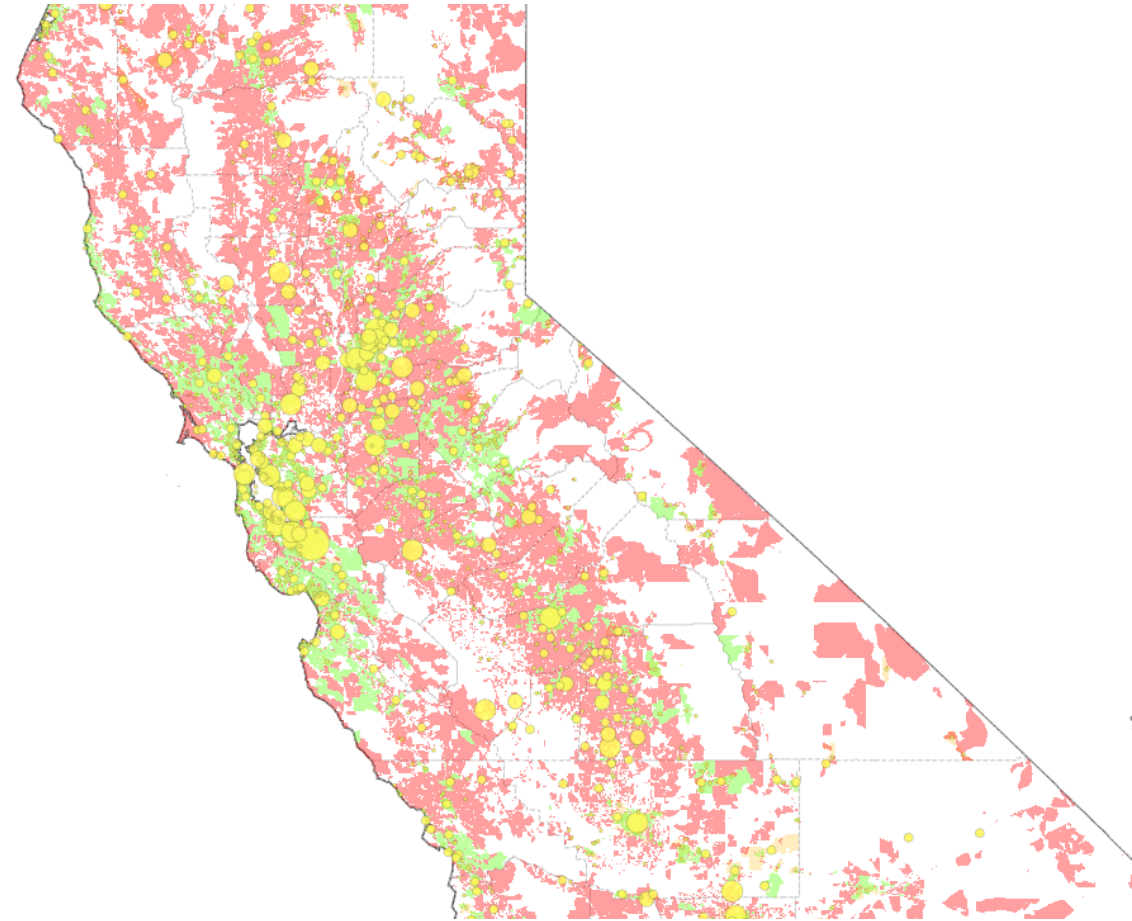
- ~8,000 road miles
- All state highways / rights of way
- Connecting unserved census designated places
- [Deployment Proceeding website](#)
- [Anchor Build Fiber Highways web map](#)

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).

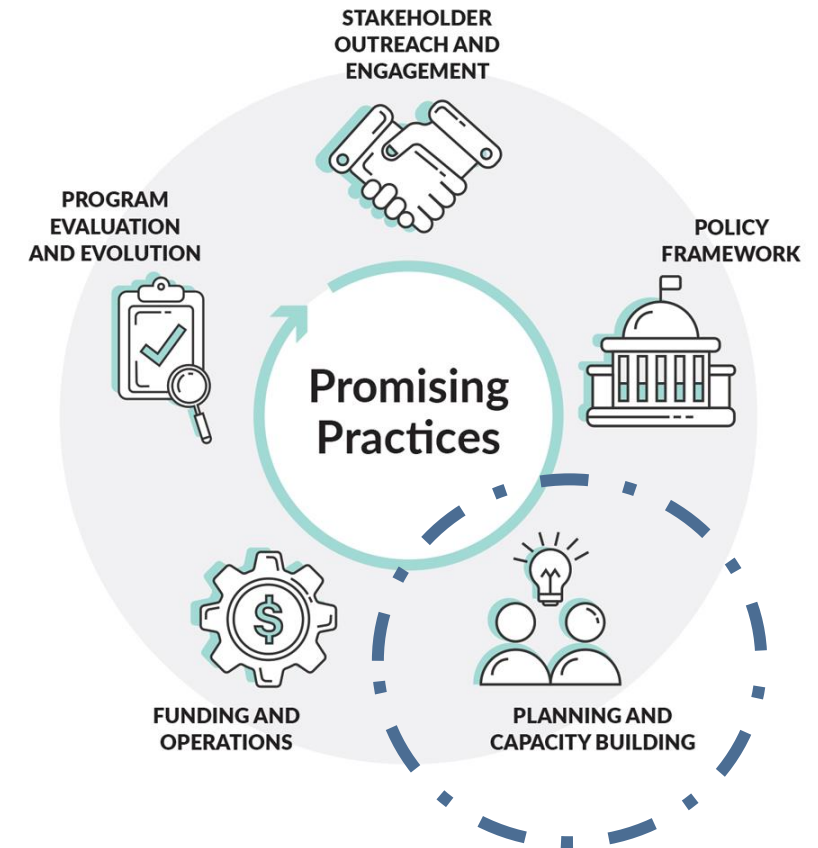
Last Mile Federal Funding Account

- 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

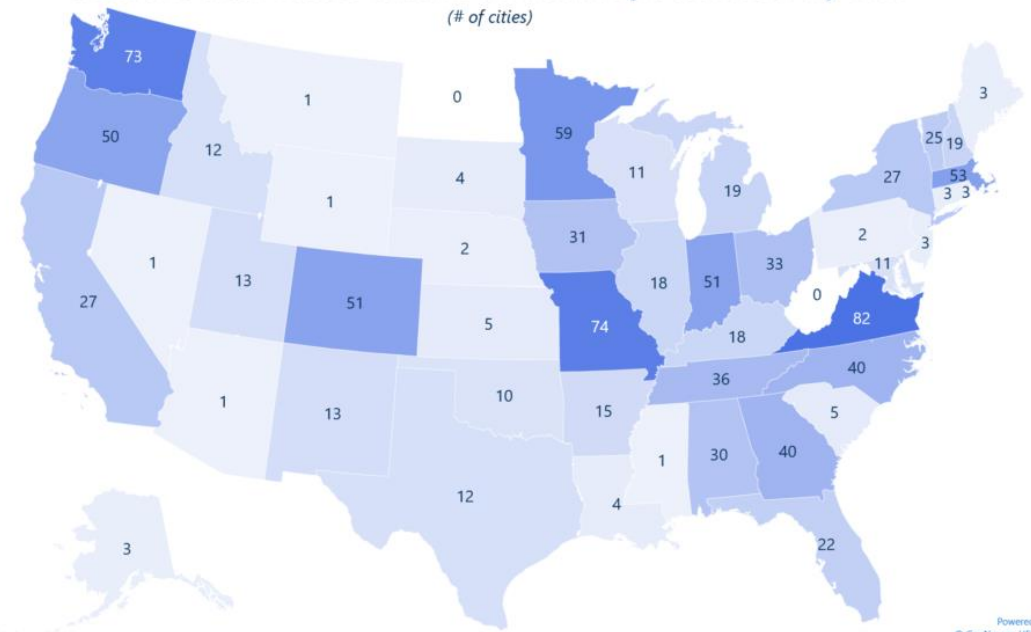
- **\$50 million** has been allocated for **technical assistance grants** to local agencies.
- Local agencies are eligible for technical assistance grants for support of the formation of municipal entities and agreements for financing of broadband infrastructure.
- Funding can be used to create **Joint 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.](#)

Estimated Cities with Broadband from Municipal Networks¹ by State



Sources: Form 477, US Census Data, Muninetworks.org Expert Interviews, AV&Co. Research & Analysis

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Source: [Altman Solon](#)

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](#)

New Federal Infrastructure, Investment and Jobs Act (IIJA)

- Signed yesterday, November 15, 2021 by Pres. Biden
- \$65 billion investment in improving the nation's broadband infrastructure
- The IIJA funds these 4 agencies for broadband projects:
 1. Federal Communications Commission (FCC) with \$14.20 billion for 1 program.
 2. National Telecommunications and Information Administration (NTIA) of the Department of Commerce for \$42.45 billion in 5 programs.
 3. US Department of Agriculture for 2 programs within the Department's Rural Utilities Service (RUS), with \$2 billion appropriated.
 4. US Treasury for 1 program authorized for \$600 million in government-secured bonding authority.

New Federal Infrastructure, Investment and Jobs Act (IIJA)

- Communications Division of CPUC estimates that up to \$ 2.3 billion in funding from the broadband elements of the IIJA is potentially available for California.
- California's single largest bucket of funding will be from the broadband infrastructure, under IIJA's Broadband Equity, Access and Deployment Program (BEAD), to be administered by the NTIA
- Broadband Affordability: \$14.2 billion nationwide, Upon passage of IIJA, EBB will be renamed the Affordable Connectivity Benefit, with a reduced monthly subsidy for low-income subscribers to wireline and wireless services.



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Questions and Requests:

StatewideBroadband@cpuc.ca.gov

Media Inquiries: news@cpuc.ca.gov