2021 Broadband Package & Statewide Middle Mile Network

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

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