California Public Utilities Commission

FY 2022-2023 California Advanced Services Fund
Performance Audit Report
Report Date: August 29, 2025
Issued Date: December 22, 2025

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Summary

Weaver and Tidwell, L.L.P. (Weaver), was engaged by the California Public Utilities Commission (CPUC) to conduct a performance audit of the CPUC's California Advanced Services Fund (CASF) Program for the period of January 2022 through December 2023. This entailed a review of code compliance, implementation compliance, legislative requirements implementation, CASF programmatic effectiveness, and broadband mapping accuracy and effectiveness.

Our audit determined that:

- The CPUC's 2022 and 2023 CASF Annual Reports did not include required information on the status and completion of CASF-funded Tribal Technical Assistance projects.
- The CASF Adoption Account program relied on internal review criteria that lacked sufficient specificity, limiting the program's ability to effectively monitor impact and revealing misalignment between programmatic decisions and the guidance outlined in the Public Utilities Code.
- The CASF Adoption Account was observed to be operating off decision criteria and programmatic rules during the audit time that did not fully align with the impact intent of the Public Utilities Code and legislative intent. The interpretation of programmatic rules lessened the program's ability to impact the community with broadband adoption in a sustainable and penetrating way.
- The CASF Public Housing Account program exhibited limited ongoing monitoring, which constrained the CASF team's ability to assess and track community impact effectively.

Background

CASF Program History

The CPUC implemented the CASF Program on December 20, 2007, when it adopted Decision (D.) 07-12-054, in accordance with Public Utilities Code (PUC) section 701. The CPUC allocated $100 million to the program, funded by a 0.25% surcharge on revenues collected from end-users of intrastate telecommunications services, effective January 1, 2008. CASF Program grants support projects that provide broadband access to unserved and underserved areas of California.

The CPUC adopted the CASF Program application requirements, timelines, and scoring criteria for parties to qualify for broadband project funding in Resolution T-17143, issued on June 12, 2008. The CASF Program was given a program sunset date of January 1, 2013, and codified in PUC section 281. Since 2008, the CASF Program has been expanded numerous times by enacted statutes and CPUC decisions.[1]

As of December 31, 2023, the following bills have shaped and expanded the CASF Program:

[1] The structure and language of this report intentionally mirror those of previous performance audit reports to maintain continuity and consistency over time. [CASF Performance Audit Report for the period of January 1, 2019, through December 31, 2021]

- Senate Bill 1040[2] (Chapter 317, Statutes of 2010) extended the program sunset date to June 30, 2016; authorized the CPUC to collect an additional $125 million from telecommunication ratepayers; and created three subaccounts within the CASF: the Broadband Infrastructure Grant Account (Infrastructure Account), the Broadband Infrastructure Revolving Loan Account (Infrastructure Loan Account), and the Rural and Urban Regional Broadband Consortia Grant Account (Consortia Account).

- SB 740[3] (Chapter 522, Statutes of 2013) added an additional $90 million to the Infrastructure Account, increasing total CASF Program funding to $315 million.

- AB 1299 [4](Chapter 507, Statutes of 2013) established the Broadband Public Housing Account (Public Housing Account), which was funded by reallocating $20 million from the Infrastructure Account and $5 million from the Infrastructure Loan Account. Pursuant to AB 1299, any remaining funds not awarded from the Public Housing Account by December 31, 2016, would be returned to the original funding accounts, proportionally.

- AB 1665[5] (Chapter 851, Statutes of 2017) eliminated the Broadband Infrastructure and Revolving Loan Account as of January 1, 2018, and directed that funds remaining in that account be transferred to the Infrastructure Account; extended the Infrastructure Account to include funding to households for line extension with the aggregate amount of grants awarded not to exceed $5 million (thus creating the Line Extension Program); created the Broadband Adoption Account (Adoption Account); and allocated $300 million to the Infrastructure Account, $10 million to the Consortia Account, and $20 million to the Adoption Account. The additional $330 million of funding is to be collected beginning January 1, 2018 and continuing through the 2022 calendar year.

- SB 156[6] (Chapter 112, Statutes of 2021) amended PUC sections 281, 912.2, and 914.7 and added section 281.2 in order to revise the CASF Program. Specifically, the goal of providing broadband access to no less than 98% of California households by no later than December 31, 2026, was moved from the CASF Program to the Infrastructure Account. SB 156 also implemented the first year of a three-year $6 billion investment in broadband; and created the Federal Funding Account. This bill also required the CPUC, on or before April 1, 2023, and biennially thereafter, to conduct a fiscal and performance audit of the CASF.

[2] California Senate Bill 1040
[3] California Senate Bill 740
[4] CASF Broadband Public Housing Account Background and History
[5] AB 1665, (Chapter 851, Statutes of 2017), Chaptered Text
[6] SB 156, (Chapter 112, Statutes of 2021) Chaptered Text

- SB 4[7] (Chapter 671, Statutes of 2021) amended PUC section 281, extending the goal of the Infrastructure Account to approve funding for infrastructure projects that will provide broadband access to no less than 98% of California households by no later than December 31, 2032, rather than December 31, 2026. The bill also authorized the CPUC, through imposition of a surcharge, to collect up to $150 million per year.

- SB 156[8] Implementation Milestones (Chapter 112, Statutes of 2021) – Continued enactment of the $6 billion multi-year broadband investment program authorized in SB 156 (2021), including establishment of the Federal Funding Account and alignment of CASF Infrastructure Account priorities with federal broadband programs.

- State Budget Act of 2022 Broadband Provisions[9] (AB 154: Budget Act of 2022) – Incorporated CASF-related appropriations and directed coordination of state broadband investments with middle-mile and last-mile infrastructure initiatives, reinforcing SB 156's statutory framework.

- State Budget Act of 2023 Broadband Provisions[10] (AB 102: Budget Act of 2023) – Maintained and refined CASF and Federal Funding Account appropriations, with legislative intent to synchronize state funding timelines with Broadband, Equity, Access and Deployment (BEAD) program implementation.

- Assembly Bill 286 of 2023 (AB 286, Chapter 645, 2023)[11] – Amended section 281.6 of the Public Utilities Code mandating the CPUC to maintain and update a statewide, publicly accessible, interactive broadband map. The map must show broadband availability and speeds, include features for self-reported data, the ability to refute provider claims, and data must be publicly available by address.

CASF Accounts and Programs

Pursuant to PUC section 281(c), four accounts were created within the CPUC's CASF and the fifth account Tribal Technical Assistance was created under Decision (D.) 22-02-026[12] [13]. Additionally, the Broadband Mapping Program was created under AB 286 in 2023 with the following purposes:

- **Infrastructure Account:** Provides grants to build or upgrade broadband infrastructure in areas that are unserved by existing broadband providers.

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[7] California Senate Bill 4
[8] California Senate Bill 156
[9] California Assembly Bill 154: Budget Act of 2022
[10] California Assembly Bill 102: Budget Act of 2023
[11] California Assembly Bill 286
[12] CPUC Decision (D.) 22-02-026
[13] The TTA program was revised in (D.) 24-03-041.

  - Households and property owners that would otherwise not be able to afford line extensions to their properties can apply for grants from the **Line Extension Program**, which is funded by the Infrastructure Account. LEP was adopted in CASF D.19-04-022, and provides grants to individual low-income households or property owners to offset the costs of connecting to an existing or proposed facility-based broadband provider. This account has a cap of five million dollars ($5,000,000) allocation.
- **Consortia Account:** Provides grants to regional consortia (typically a group of several contiguous counties) that are used to facilitate the deployment of broadband infrastructure by assisting infrastructure grant applicants in the project development or grant application process.
- **Public Housing Account:** Provides grants and loans to low-income communities (including, but not limited to, publicly supported housing developments and other housing developments or mobile home parks with low-income residents, as determined by the CPUC) to build broadband networks offering free broadband service to these communities.
- **Adoption Account:** Provides grants that are used to provide digital literacy education to communities with limited broadband adoption and free broadband access to community training rooms or other public spaces.[14]
- **Tribal Technical Assistance:** Provides grants to California tribes and tribal consortia to pursue improved voice and broadband communications. Grants are available for, but not limited to, market studies, feasibility studies, business plans, grant writing, and consultant services.
- **Broadband Mapping Program:** Collects annual broadband availability data and displays it on the California Interactive Broadband Map, allowing residents to view service providers and broadband speeds in their area. The map also identifies funding eligibility for CASF Infrastructure Account applicants by showing existing broadband coverage and provides data to inform public policies aimed at closing the digital divide in California.

CASF Program Administration

CPUC's Communications Division performs administrative duties related to the CASF Program, including, but not limited to:

- Reviewing CASF Program grant applications and recommending approval. Several CPUC decisions assign Communications Division staff members the task of approving applications that meet certain ministerial criteria;
- Reviewing grantee progress and completion reports, and approving grantee payment requests;
- Monitoring the Telecommunications and User Fee Filing System (TUFFS) for electronic reporting and remittance of surcharges and user fees due to the CPUC from telecommunications corporations and Voice over Internet Protocol providers; and

[14] Federal Funding Account has the same auditing requirement. It is detailed in statute, but this audit focuses only on CASF.

- Processing and validating broadband data collected from California's service providers; providing expertise related to Geographic Information System mapping for the California Interactive Broadband Map; and managing related consultant contracts.

As the lead agency for the California Environmental Quality Act (CEQA), the Infrastructure Planning and CEQA Section of the CPUC's Energy Division conducts environmental reviews for construction of broadband networks in accordance with CEQA.

The Accounting Office of the CPUC's Administrative Services Division is responsible for receiving and disbursing funds, reconciling surcharges recorded in TUFFS with remittances, and maintaining financial records in FI$Cal in accordance with the State Administrative Manual.

The Accounting Office and CASF Project administration CPUC team(s) responsible for this function have experienced significant staff turnover in recent years. As a result, many current team members are relatively new to their roles and may have limited historical knowledge of program processes and prior decisions. This has, at times, affected the team's ability to provide complete responses to audit inquiries, as institutional knowledge continues to be rebuilt.

CASF Reporting

California's PUC section 912.2 requires the CPUC to conduct biennial fiscal and performance audits of the CASF. The reports must also include an update to the maps in the California Broadband Task Force's final report, data on the types and numbers of jobs created as a result of the CASF Program, and information specified in PUC section 914.7.

The CPUC's annual reports on the CASF provide the required update to the maps in the California Broadband Task Force's final report; and other information required by PUC section 914.7, including expenditures, fund recipients, expected benefits, the status of approved projects, broadband adoption levels, efforts to leverage non-CASF moneys, the CASF balance, and the projected amount to be collected annually to fund approved projects. All CASF Program reports, including reports on fiscal and performance audits, are made available on the CPUC's website.

The CPUC issued the 2022 CASF Annual Report in April 2023 and the 2023 Annual Report in April 2024 (Attachment A and B). The 2022 Annual Report covers the period of January 2022 through December 2022, and the 2023 Annual Report covers the period of January 2023 – December 2023. As part of our performance audit procedures, we reviewed the 2022 and 2023 Annual Reports to assess whether the reports met the reporting requirements outlined in Public Utilities Code section 912.2.

Objectives, Scope, and Methodology

Our performance audit objectives were to: [15]

- Assess whether the 2022 and 2023 Annual Report met PUC section 912.2 reporting requirements.

[15] CPUC-Weaver Agreement (Number 24NS0016)

- Assess whether CPUC staff implemented the CASF Program according to state law and CPUC rules, including in the awarding of grants, denying applications, prioritizing projects providing last-mile broadband access to households unserved by an existing facilities-based broadband provider and in managing challenges.
- Assess whether broadband availability and adoption data and maps are updated timely and accurately.
- Determine whether the CASF program produced the intended results to encourage deployment of high-quality advanced communications services to all Californians and helped promote economic growth, job creation, and the substantial social benefits of advanced information and communications technologies.
- Determine the current status or condition of program operations or progress in implementing legislative requirements.

The performance audit period was January 2022 through December 2023.

To achieve our performance audit objectives, we performed the following procedures:

- We reviewed reports on prior audits and engagements related to the CASF Program.
- We gained an understanding of applicable laws, rules, regulations, and CPUC policies and procedures for the CASF Program.
- We reviewed the CASF Annual Reports for calendar years 2022 and 2023.
- We conducted walkthroughs and/or observations and interviewed CPUC staff members to gain an understanding of CASF Program activities, processes, and objectives.
- We obtained each of the CASF program lists of awarded and denied grants made during the audit period.
- Upon gaining an understanding of internal controls over the processing of CASF Program grant applications, we judgmentally selected grant applications from each of the CASF account program logs for testing to determine whether they were properly approved or denied in accordance with PUC section 281 and other applicable laws, rules, regulations, and policies and procedures. All six accounts and programs were evaluated, with performance audit findings identified in three. We tested the following[16]:
  - Infrastructure Account—three approved applications; one denied application
  - Line Extension Program—one approved application[17]
  - Consortia Account—three approved applications[18]
  - Adoption Account—three approved applications; one denied application[19]
  - Public Housing Account—three approved applications[20]

[16] CASF Performance Audit Report for the period of January 1, 2019, through December 31, 2021: Iterative language from CASF 4th Interim Performance Report (Issued September 2023)
[17] No applications were denied during the audit period, and therefore none were tested for these accounts.
[18] 2022 Consortia Grant Applications
[19] July 2023 Broadband Adoption Approved Grant Applications | January 2023 Broadband Adoption Approved Grant Applications
[20] July 2023 Public Housing Approved Grant Applications | January 2023 Public Housing Approved Grant Applications

    - Tribal Technical Assistance—three approved applications[21]
- Upon gaining an understanding of internal controls over the processing of CASF Program progress payments, we judgmentally selected payments for testing for each of the selected approved grantees to determine whether CASF Program funds were expended in accordance with approved terms of the grant agreements, PUC section 281, and other applicable laws, rules, regulations, and policies and procedures.
- We determined whether CASF accounts implemented programs that met programmatic requirements for community impact, effectiveness, and advancement of CASF initiatives. Each CASF program / account was evaluated against its unique authoritative guidance and programmatic goals. Additionally, each account was evaluated in accordance with the California Public Utilities Code[22] applicable to the audit review period (January 2022-December 2023). The evaluation criteria, effectiveness testing sample populations, and relevant authoritative guidance are delineated below:
    - Infrastructure Account:
        - Tested 50% of grant applications from 2022-2023 (10 of 20 projects)
        - Effectiveness Criteria: Expand broadband access to unserved areas, deploy high-speed broadband, support equity in broadband deployment, achieve statewide coverage goals, accelerate broadband infrastructure projects.
        - Applicable Authoritative Guidance: Senate Bill 156[23]; Decision (D.) 22-11-023[24]
    - Line Extension Program:
        - Tested 50% of grant applications from 2022-2023 (2 of 4 projects)
        - Effectiveness Criteria: Connect individual households to broadband, support low-income residents, promote equity in broadband access, ensure cost-sharing and sustainability.
        - Applicable Authoritative Guidance: Decision (D.). 19-04-022[25]
    - Consortia Account[26]:
        - Tested 60% of grant applications from 2022-2023 (9 projects)
        - Effectiveness Criteria: Facilitate infrastructure deployment, coordinate regional broadband planning, support digital equity initiatives, track and report progress, strengthen local capacity.

[21] Tribal Technical Assistance Approved Grant Applications
[22] California Public Utilities Code 281
[23] California Senate Bill 156
[24] CPUC Decision D-22-11-023
[25] CPUC Decision D-19-04-022
[26] The consortia account was tested for performance efficacy from the perspective of CPUC's administrative team's performance. Consortia's authoritative guidance and governance places burden of reporting on grantees in many ways in lieu of putting burden on Consortia. Within Weaver's audit plan and testing program, CPUC's responsibilities and performance were examined. It is acknowledged that the Consortia team has cited during interviews with concerns regarding reporting compliance with grantees. Considering the nature of the reporting policies, this was not included within the scope of this performance audit.

        - Applicable Authoritative Guidance: Decision (D.) 22-05-029[27]; (D.) 18-10-032[28]; Senate Bill SB 156[29]; Resolution R. 20-08-021[30]
    - Adoption Account:
        - Tested 50% of grant applications from 2022-2023 (56 of 112 projects)
        - Effectiveness Criteria: Expand broadband access to unserved areas, deploy high-speed broadband, support equity in broadband deployment, achieve statewide coverage goals, accelerate broadband infrastructure projects.
        - Applicable Authoritative Guidance: Decision (D.) 18-06-032[31]; Decision (D.) 22-05-029[32]; Resolution T-17786[33]
    - Public Housing Account:
        - Tested 50% of grant applications from 2022-2023 (14 of 28 projects)
        - Effectiveness Criteria: Provide free broadband access, improve digital equity, support infrastructure deployment, ensure service quality, encourage resident adoption, monitor and evaluate outcomes.
        - Applicable Authoritative Guidance: Resolution T-17575[34]; Decision (D.) 18-06-032[35]; Decision (D.) 20-08-005[36]; (D.) 22-05-029[37]
    - Tribal Technical Assistance:
        - Tested 50% of grant applications from 2022-2023 (19 of 38 projects)
        - Effectiveness Criteria: Support tribal broadband planning, enable grant readiness, build tribal capacity, promote broadband access in tribal lands, encourage participation from new tribes.
        - Applicable Authoritative Guidance: Decision (D.) 20-08-005[38]
- We determined whether broadband availability and adoption data and maps were updated promptly and accurately.
- We gained an understanding of and evaluated the CPUC's process for collecting, validating, and analyzing data related to broadband service, including information about the speed, quality, and availability of broadband service.
    - Effectiveness Criteria for Broadband Mapping Program: Accurate broadband availability mapping, support for public policy and funding decisions, annual data collection and validation, public transparency and engagement, identification of underserved areas, monitoring broadband adoption.

[27] CPUC Decision D-22-05-029
[28] CPUC Decision D-18-10-032
[29] California Senate Bill 156
[30] CPUC Resolution R-20-08-021
[31] CPUC Decision D-18-06-032
[32] CPUC Decision D-22-05-029
[33] CPUC Resolution T-17786
[34] CPUC Resolution T-17575
[35] CPUC Decision D-18-06-032
[36] CPUC Decision D-20-08-005
[37] CPUC Decision D-22-05-029
[38] CPUC Decision D-20-08-005

  - Authoritative Guidance: PUC sections 281(b)(4), 281.6 and 5895[39]
- We determined whether the CPUC was properly tracking data on the types and numbers of jobs created as a result of the CASF Program.
- This report is accompanied by the 5th Interim Fiscal Audit Report; therefore, the CPUC's financial statements were not audited as part of this performance audit. We targeted our audit scope to planning and performing audit procedures necessary to achieve our audit objectives per the performance audit objectives in Agreement Number 24NS0016. Our consideration of internal control was targeted to gaining an understanding of the transaction flows and financial management system, and determining the auditing procedures that were appropriate under the circumstances for the purpose of providing a conclusion based on our audit objectives.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.[40]

Results

As part of our assessment of the five CASF accounts and two CASF programs, a total of **two** findings were identified. Each finding was associated with one of the following CASF accounts: the Tribal Technical Assistance Program and the Public Housing Account. Two observations were identified, with each observation associated the Adoption Account. A summary of the results is provided in the following table (Table 1).

Account	Assessment Outcome	Programmatic Performance
Infrastructure Account	No Findings Identified	The account supported and awarded grants that subsidize the cost of middle-mile and last-mile infrastructure to expand the State's broadband network.
Line Extension Program	No Findings Identified	The account supported and awarded grants that aid individual households and/or property owners to offset the costs of connecting a household or property to an existing or proposed facility-based broadband provider.
Consortia Account	No Findings Identified	The account offered grants to eligible consortia to facilitate deployment of broadband services by assisting CASF broadband infrastructure grant applicants in the project development or application process.

[39] California Public Utilities Code Section 281 (2025)
[40] CASF Performance Audit Report for the period of January 1, 2019, through December 31, 2021: Iterative language from CASF 4th Interim Performance Report (Issued September 2023)

Account	Assessment Outcome	Programmatic Performance
Tribal Technical Assistance Program	**Finding Identified - Finding 01**	The account awarded grants to California Tribes to pursue improved voice and broadband communications. However, the PUC-required project status and project completion date was not reflected in the 2022 and 2023 Annual Reports as detailed in Finding 01.
Adoption Account	**Observation Identified – Observation 01** **Observation Identified – Observation 02**	The account awarded grants to increase digital inclusion[41] and digital literacy, such as grants for digital literacy training programs and public education to communities with limited broadband adoption with an exception as detailed in Observation 01 and Observation 02.
Public Housing Account	**Finding Identified - Finding 02**	The account facilitated grants and loans to low-income communities including but not limited to publicly supported housing developments, and other housing developments or mobile home parks with low-income residents to finance projects to connect broadband networks that offer free broadband service that meets or exceeds state standards for residents of the low-income communities with an exception as detailed in Finding 02.
Broadband Mapping Program	No Findings Identified	The program collected broadband availability data once a year during the period and displayed it on the California Interactive Broadband Map to provide Californians a means to look up broadband speeds and service providers in their area.

Of the two findings identified through our procedures, one pertained to CASF program compliance and one related to program performance and effectiveness:

CASF Program Compliance

- The CPUC generally implemented and administered the CASF Program in accordance with PUC section 281, other applicable laws, rules, and regulations, and CPUC policies and procedures for CASF Program processes. However, we identified the following instance of noncompliance related to reporting:
    - **Finding 01 – Lack of Required Reporting of Project Status and Project Completion Date:** The CPUC's 2022 and 2023 reports did not include required information on the status and completion of CASF-funded Tribal Technical Assistance projects, as mandated by PUC section 914.7(f).

[41] Digital inclusion is the process of enabling full participation in the digital society by providing access to affordable broadband, appropriate devices, digital literacy training, and support services—so that individuals can use the internet effectively for education, employment, healthcare, civic engagement, and other essential activities.

CASF Program Performance & Effectiveness

- Across the in scope CASF programs and accounts cited in Table 1, the CASF Program is generally producing the intended results of promoting economic growth, job creation, and the substantial social benefits of advanced information and communications technologies, as required by PUC section 281. However, we identified two performance audit findings and one observation related to the Adoption Account and the Public Housing Account:
  - **Observation 01 – Insufficiently Objective Project Review Language Limits Program Impact Measurement**: The Adoption Account's grantee review documentation included elements that were qualitative in nature and lacked specific, measurable indicators for evaluation. This resulted in insufficient programmatic documentation, limiting the ability to measure outcomes and ensure accountability.
  - **Finding 02** – **Incomplete Program Delivery and Limited Oversight:** The Public Housing Account included gaps in effective delivery of free broadband access for low-income housing communities. Free broadband access frequently was not fully confirmed through monitoring of grantees and reporting requirements for grantees, resident adoption efforts were incomplete or undocumented, and monitoring failed to capture usage and verify funds.
  - **Observation 02 - Interpretation of Statutory Guidance in CASF Adoption Account Program Design:** While the Adoption Account correctly recognizes digital literacy and digital inclusion as eligible project types under PUC §281, the way the program is currently operationalized de-emphasizes the broadband access component envisioned in the statute. Because PUC §281 frames adoption as a three-pronged approach—broadband access, digital inclusion, and digital literacy—a program design that focuses primarily on awarding grantees standalone digital literacy efforts results in a siloed portfolio of one-off projects that are not meaningfully connected to improvements in broadband access or other measurable adoption outcomes. As a result, the program reflects a narrower and more fragmented application of the statute than the broader, integrated approach the legislative intent appears to support.

Findings & Recommendations

Through our evaluation of the CASF program, we identified a total of **two** findings and **two** observations.

Findings represent areas of noncompliance or significant programmatic performance issues necessitating corrective action. Observations reflect process improvement opportunities of lesser severity. Definitions of Findings and Observations are provided below for context.

- **Finding:** The performance audit areas identified are considered to be instances of noncompliance with documented CPUC policies and procedures, State rules and regulations required by law, or areas where there is a lack of procedures or internal controls to mitigate risks to CPUC. These issues may also include significant performance deficiencies affecting program effectiveness or operational outcomes.

These issues may pose elevated risks that fall outside CPUC's acceptable risk threshold, potentially impacting financial, operational, performance processes, or resulting in compliance implications.

- **Observation:** The performance audit areas identified are not considered to be non-compliance issues with documented CPUC policies and procedures, State rules and regulations required by law. These are considered to be minor to moderate process improvement observations and the intent for the recommendation of the observation is to strengthen CPUC's current policies, processes, procedures, or internal controls in place to cover risks to CPUC. These issues could potentially result in significant financial, operational processes, or compliance implications.

Finding 01 - Lack of Required Reporting of Project Status and Project Completion Date

We reviewed the CPUC's 2022 and 2023 CASF Annual Reports, as well as its biennial fiscal and performance audits, and found that the Tribal Technical Assistance section did not include a detailed project status update for each CASF-funded project. Specifically, the reports did not indicate whether each project had been completed or provided an expected completion date. These details are required under California PUC section 914.7(f), which mandates that either the annual reports or the biennial audits must include this information.

Recommendation

To comply with PUC section 914.7(f), the CPUC should ensure that future annual reports or biennial fiscal and performance audits include the status of each Tribal Technical Assistance project funded through the CASF. This should include clear indications of whether each project has been completed or the expected completion date. To assist, we recommend that CPUC consider establishing a standardized reporting template or checklist aligned with statutory requirements may help ensure consistent and complete documentation across reporting cycles.

California Public Utilities Commission's Response to Audit Report

Please refer to Appendix D for CPUC's response to the audit report.

Observation 01 – Insufficiently Objective Project Review Language Limits Program Impact Measurement

The standard project review materials used by the Adoption Account contain subjective phrases, ambiguous metrics, and lack outcome-oriented language, making it difficult to measure project eligibility and effectiveness in a standardized and specific way. It is acknowledged that this review template is leveraged internally, and it is noted that it is a standardized part of project review and analysis across all adoption project applications. This issue is evident in both the review template and the supporting documentation submitted by applicants.

The subjective review language hinders the CPUC's ability to measure the potential effectiveness and impact of adoption projects, creating inconsistency across all applications (as detailed in Appendix A) that were submitted and limiting the CPUC's ability to compare or evaluate them objectively.

This becomes particularly problematic for applicants who were not awarded and later obtained their evaluation materials, either directly from the CPUC or through public records requests, as the vague and subjective criteria provide little transparency into how scoring decisions were made. This lack of clarity can leave unsuccessful applicants uncertain about the basis for their denial, hinder their ability to strengthen future submissions, and elevate the risk that applicants may challenge the award decisions, including through formal disputes or litigation, due to perceptions of inconsistent or non-defensible evaluation practices.

Examples of subjective language in the existing review template include phrases such as, "Did the projected number of participants make sense given activities described", "For quality, was the [project] description coherent and concise and did it fit with other information provided". These phrases are highly subjective and lack specific metrics by which to measure project impact and efficacy. There are multiple other instances of vague and subjective language in the Adoption "Review" template for project evaluation criteria, including:

- Project-Review Tab:
    - "Was a project description provided? For quality, was the description coherent and concise and did it fit in with other information provided?"
    - "Did the projected number of participants make sense given activities described?"
    - "Did the description of planned outreach efforts, planned community events, volunteer recruitment and similar provide support for the expected number of people to be reached by the outreach effort?"
    - "Are the project workplan and milestones complete? Specific to quality, are milestone activities and milestone risks fully described?"
- Checklist-Review Tab:
    - "Do You Conclude That the Applicant will Serve a Low-income Community?"
    - "Do You Conclude That the Applicant will Serve a Community with Limited English Proficiency?"

Recommendation

To strengthen the objectivity, transparency, and defensibility of project evaluations for Adoption Account applications, we recommend that the Adoption Account team:

- **Develop a Flexible Framework of Core Outcome Metrics:**
  Define a set of core outcome metrics applicable to all projects, such as the number of individuals trained and indicators of digital inclusion, and require applicants to specify their planned results against these metrics in the application. These metrics should be

broad enough to accommodate diverse project types, but specific enough to allow for objective measurement and comparison. Examples of metrics to measure for this include the following:

1. **Access and Availability**
    - **Broadband coverage rate:** Percentage of households in the target area with access to broadband meeting minimum speed standards.
    - **Infrastructure readiness:** Number of community anchor institutions connected to high-speed broadband.
    - **Device availability:** Percentage of households with at least one internet-capable device.
2. **Affordability**
    - **Cost burden:** Average monthly broadband cost as a percentage of household income.
    - **Subsidy utilization:** Number of households enrolled in broadband affordability programs.
3. **Adoption and Usage**
    - **Subscription rate:** Percentage of households subscribing to a broadband service.
    - **Digital skills training completion:** Number of participants who complete digital literacy or digital skills programs.
    - **Frequency of use:** Average hours per week spent online for essential activities.
4. **Equity and Inclusion**
    - **Demographic adoption rates:** Broadband adoption by income level, age group, race/ethnicity, and disability status.
    - **Language accessibility:** Availability of multilingual resources for broadband enrollment and digital literacy training.
    - **Community engagement:** Number of outreach events or partnerships with organizations serving marginalized or underserved populations.
5. **Impact Indicators**
    - **Employment outcomes:** Changes in job applications, workforce participation, or remote work engagement following broadband adoption.
    - **Education outcomes:** Percentage of students completing online coursework or accessing virtual learning resources.
    - **Healthcare access:** Number of telehealth appointments completed in historically underserved areas.

- **Allow for Project-Specific Success Indicators:**
  Acknowledge that while some projects may propose unique activities, the Adoption Account must maintain consistency and comparability across all applications. To avoid unmanageable variability, allow project-specific indicators only within defined parameters and tied to standardized outcome domains (e.g., adoption, digital literacy, device access, community outreach). Any applicant-proposed indicator should map back to these common domains, be clearly defined, measurable, supported by evidence, and not introduce goals so heterogeneous that they cannot be evaluated against core program

objectives. This approach preserves flexibility without compromising the ability to conduct standardized, objective, and program-wide performance measurement.

- **Incorporate Benchmarking and Continuous Improvement:**
  Develop benchmarks for common project types using historical program data and industry best practices (e.g., typical training completion rates, average adoption rates in similar communities). Require grantees to align their proposed targets with these benchmarks and provide clear justification for any variances. This maintains consistency across projects while allowing limited, evidence-based flexibility within defined parameters.
- **Enhance Reviewer Guidance and Training:**
  Update review materials to replace subjective language with objective criteria and provide reviewers with training on how to assess diverse projects against standardized and project-specific metrics. Include clear definitions and examples to minimize interpretation gaps.
- **Facilitate Peer Learning and Sharing of Impact Strategies:**
  Create opportunities for grantees to share effective impact measurement strategies and documentation practices, fostering innovation and continuous improvement across diverse project types.

By implementing these recommendations, the Adoption Account can maintain the flexibility needed for a diverse portfolio of projects, while ensuring that all funded activities are evaluated against clear, objective, and evidence-based criteria. Strengthening the structure and transparency of the review process will improve the defensibility of award decisions.

California Public Utilities Commission's Response to Audit Report

Please refer to Appendix D for CPUC's response to the audit report.

Finding 02 – Incomplete Program Delivery and Limited Oversight

Evaluation of the Public Housing Account identified two key performance issues:

1. **Insufficient translation of infrastructure into community benefits:**
   The Broadband Public Housing Account (BPHA) was established to provide free broadband access and advance digital equity in low-income housing communities. However, audit review of grantee documentation and CPUC oversight practices from 2022–2023 reveals that many grantees did not clearly demonstrate that residents benefited from these infrastructure investments.

Several grantees did not provide resident usage data or confirmation that free broadband service was actually delivered. This is inconsistent with the requirement that "grantees must maintain the broadband network for five years after it has been installed" and submit quarterly reports showing uptime, unique log-ons, and data usage (D.22-05-029, Appendix 1, p. 14; Resolutions T-17805, T-17791, T-17775).

While the BPHA program rules require grantees to submit a project status report, project completion report, and bi-annual KPI reports for five years (D.22-05-029, Appendix 1, Section VIII), in practice, many grantees did not provide the required documentation, and the CPUC did not consistently enforce these requirements. This gap undermines the ability to confirm that infrastructure investments resulted in meaningful digital inclusion outcomes for residents.

2. **Insufficient monitoring and accountability mechanisms:**
   Program oversight lacked consistent processes to measure adoption or verify fund effectiveness. For example, Satellite Affordable Housing Associates (SAHA) received deficiency letters from CASF requesting additional documentation on usage, while Resources for Community Development (RCD) Housing and PEP Housing provided no usage tracking, resident feedback, or fund verification reports and this information was not subsequently requested from CASF. Decision 14-12-039 from December 18, 2014 obligates grantees to operate and maintain the network for five years post implementation and submit quarterly post-completion reports. In the event that those reports are not submitted, BPHA administrators are responsible for requesting them, placing ownership on the BPHA administrators to maintain project reporting and monitoring post-implementation. .

   Additionally, subrecipients should be tracking KPIs such as monthly percentage uptime, monthly bandwidth utilization, and monthly number of unique devices logged in. CPUC was largely not monitoring these metrics.

While the program emphasized precision and eligibility during the application phase, it lacked robust post-award monitoring. Oversight relied primarily on trust and self-attestation, with limited verification of service delivery or community impact. This approach may not fully align with stewardship expectations for taxpayer-funded grant programs and offers limited assurance of program effectiveness. Consequently, the program's ability to confirm that infrastructure investments led to meaningful digital inclusion outcomes for low-income housing communities was constrained. The absence of comprehensive monitoring and outcome verification increases the risk that public funds may not achieve their intended impact and diminishes accountability to stakeholders. See Appendix B for additional details on grantees with identified performance gaps.

Recommendation

To address gaps in community-level impact and accountability, the Public Housing Account should implement a standardized reporting and accountability framework for all grantees, making the complete submission of required reports a condition for payment. The framework should include:

- **Strengthen post-award monitoring and reporting:** Require grantees to submit verifiable documentation of resident usage, free service delivery, and digital equity outcomes as a condition of payment and ongoing compliance.
- **Enforce KPI reporting requirements:** Ensure that all grantees submit bi-annual KPI reports (including uptime, bandwidth utilization, and unique log-ons) for five years post-installation, and that these reports are reviewed and audited by CPUC staff.

- **Implement regular audits and site visits:** Conduct periodic audits and site visits to verify that infrastructure is operational, free service is being provided, and residents are benefiting as intended.
- **Tie future funding to demonstrated outcomes:** Make future grant eligibility contingent on compliance with reporting and demonstrated community benefit.
- **Technical Assistance**: Provide technical assistance for smaller or community-based grantees to build capacity for accurate reporting and stronger program delivery.

This approach would improve transparency, ensure funds are tied to measurable results, and help Public Housing Account programs deliver tangible and sustained digital equity benefits to underserved communities. By implementing these recommendations, the program can better ensure that public investments in broadband infrastructure translate into real, measurable benefits for California's low-income housing residents.

California Public Utilities Commission's Response to Audit Report

Please refer to Appendix D for CPUC's response to the audit report.

Observation 02 - Interpretation of Statutory Guidance in CASF Adoption Account Program Design

The PUC section 281 (2022–2023) establishes the Adoption Account with the intent to support a comprehensive approach to broadband adoption through three interrelated prongs: (1) increasing publicly available or after-school broadband access, (2) promoting digital inclusion, and (3) providing digital literacy training. The statutory language emphasizes these components collectively, suggesting that impactful programming should integrate all three to support sustained broadband adoption across California's underserved communities.

In Decision (D.) 22-05-029 (May 2022), the CPUC implemented program guidelines for the Adoption Account. While the Decision aligns with the statute in recognizing digital literacy and digital inclusion as eligible project types, it operationalizes the program in a way that de-emphasizes the broadband access component. Specifically, the guidelines allow applicants to submit projects focused solely on either digital literacy or digital inclusion, without requiring integration of broadband access infrastructure or services (e.g., public access points, community Wi-Fi spaces).

This interpretation narrows the scope of the program relative to the broader statutory intent. By permitting applicants to pursue isolated project categories, the guidelines reduce the likelihood that funded projects will address the full spectrum of barriers to broadband adoption. Without concurrent emphasis on access, inclusion, and literacy, the long-term sustainability and effectiveness of adoption efforts may be limited—particularly in communities where physical access remains a foundational barrier. PUC § 281(j)(1) states that funds are available "to increase publicly available or after school broadband access and digital inclusion," explicitly listing "digital literacy training programs and public education" as examples—not as standalone categories. D.22-05-029, while consistent with the statute in its examples, introduces a structure that allows applicants to select one category (e.g., digital literacy only), and does not require broadband access components unless voluntarily included. The Decision further prioritizes digital literacy and inclusion in its definitions, metrics, and funding criteria, while broadband access is treated as optional and less emphasized.

While the Commission's interpretation in D.22-05-029 is within its regulatory discretion, it represents a narrower application of the statutory guidance than what § 281 appears to support.

This narrowing may constrain the program's capacity to achieve maximum broadband adoption impact, particularly in communities where access, inclusion, and literacy must be addressed together.

Future program design may benefit from re-aligning implementation criteria with the integrated intent of the statute to ensure more holistic, meaningful, and sustainable outcomes.

Recommendation

To align program implementation with the statutory intent of PUC Section 281, and to reinforce that the Adoption Account is designed to operate as a coordinated, statewide effort rather than a collection of isolated projects to promote effective broadband adoption, we recommend that the CPUC revise future program guidelines to:

- Reintegrate the three foundational components of broadband adoption—broadband access, digital inclusion, and digital literacy—as interdependent and co-required elements of funded projects. This would ensure that applicants design programs that address physical access, skills development, and inclusion barriers simultaneously, rather than in isolation.
- Clarify in future decisions or administrative guidance that while applicants may emphasize one component, projects that integrate all three will be prioritized for funding. This approach would preserve flexibility for applicants while incentivizing comprehensive solutions aligned with the statute's purpose.
- Update evaluation criteria and scoring rubrics to reflect the integrated model of broadband adoption. For example, additional points could be awarded to applications that demonstrate coordinated efforts across access, inclusion, and literacy, supported by community partnerships and sustainability plans.
- Conduct a program impact review to assess whether single-prong projects (e.g., digital literacy only) have resulted in measurable, sustained broadband adoption in target communities. This review would provide evidence to inform future program design and ensure that funding is achieving its intended outcomes.

By implementing these recommendations, the Commission can better fulfill the legislative intent of § 281, maximize the effectiveness of grant funds, and support more sustainable broadband adoption outcomes for Californians.

California Public Utilities Commission's Response to Audit Report

Please refer to Appendix D for CPUC's response to the audit report.

Appendix A
Observation 01 – Adoption Account Performance

Summary of Performance Gaps by Adoption Account Applicant

This table summarizes the programmatic testing performed for the Adoption Account and lists the applicants sampled as part of audit Observation 01 for the application review assessment. Each program line item corresponds to a series of rigorous tests and performance reviews documented in Weaver's internal workpapers.

- American GI-DL Ventura County
- American GI-Call Center SLO County
- American GI-DL SB County
- American GI-DL SLO County
- Black Men Speak
- Build Hope Inc.
- Canal Alliance
- UNITE-LA
- California Emerging Technology Fund (CETF) DL Pacific Region
- Chico State Enterprises: North State Planning and
- Development Collective
- City of La Puente
- City of Lynwood
- City of Moreno Valley
- City of Palm Springs
- City of Vallejo
- Community Bridges
- County of Los Angeles
- EAH Housing DL 10 Projects
- Every Neighborhood Partnership
- EveryoneOn (Call Center and DL Central LA)
- Felton Institute CASF Digital Literacy
- Gaia Green Earth
- Great Harvest Community Center
- Go Public Schools Fresno
- HACLA DL
- Human-I-T
- International Children Assistance Network
- International Rescue Committee
- San Jose Office
- Loma Prieta Community Foundation
- Nu Communications Alliance
- National Hispanic Media Coalition
- Newstart Housing Corporation
- Organizing Rooted in Abolition, Liberation, and Empowerment
- Parent Institute for Quality Education
- Reading and Beyond

- Riverside County - Eastern Riverside County
- Riverside County - Northwestern County
- Sacramento Zoroastrian Association
- Sacred Heart Community Service
- Satellite Affordable Housing Associates
- Santa Barbara Partners DL
- Santa Barbara Partners in Education
- Sourcewise
- Southside Community Connections
- Tech Exchange BBA
- Tech Exchange CASF Broadband Access
- Tech Exchange Digital Literacy
- Tech Exchange CC
- Tech Exchange San Jose
- The Children's Movement of Fresno County
- UNITE-LA
- Vietnamese Voluntary Foundation
- West Fresno Preservation Society Network
- County of Yolo

Appendix B
Finding 02 – Public Housing Account Performance

Summary of Performance Gaps by Public Housing Account Grantee

Each of these program line items is affiliated with a series of rigorous tests and performance review that are in Weaver's internal workpapers. These programmatic evidence notes are affiliated with audit Finding 02. The red-shaded cells below indicate performance gaps where grantees either did not meet expected standards or lacked sufficient documentation to demonstrate compliance.

Grantee/Project	Free Access Unconfirmed	Equity Goals Unmet	Adoption Efforts Missing	Monitoring Gaps
Las Palmas Housing & Development Corp.				
Satellite Affordable Housing Associates (SAHA)				
Resources for Community Development (RCD) Housing (multiple sites)				
PEP Housing				
Blue Ridge & Broadway (Vallejo)				

1. Free Broadband Access Not Clearly Confirmed in Implementation.

Each of these program line items is affiliated with a series of rigorous tests and performance review that are in Weaver's internal workpapers. These programmatic evidence notes are affiliated with audit Finding 02. The following grantees had infrastructure installed, but resident access to free broadband was not clearly documented:

CASF Grantee	Evidentiary Support
Las Palmas Housing & Development Corp.	Engineering and deployment were completed, but no measurable outcomes confirming free broadband access were reported.
Satellite Affordable Housing Associates (SAHA)	Network diagrams and BOMs were submitted, but a deficiency letter indicated missing documentation on service activation.
Resources for Community Development (RCD) Housing (multiple sites)	Infrastructure was installed, but no usage metrics or confirmation of free access were included.

2. Digital Equity Goals Unmet Due to Lack of Targeting and Outcome Data.

Each of these program line items is affiliated with a series of rigorous tests and performance review that are in Weaver's internal workpapers. These programmatic evidence notes are affiliated with audit Finding 02. The following grantees lacked clear targeting of underserved populations or failed to report on equity outcomes:

CASF Grantee	Evidentiary Support
Satellite Affordable Housing Associates (SAHA)	No outreach, training, or targeting strategies were documented; equity goals were not operationalized.
Resources for Community Development (RCD) Housing	Applications focused on infrastructure; no targeting benchmarks or equity impact assessments were included.
PEP Housing	Infrastructure was deployed across 14 sites, but no equity-focused outreach or training was documented.

3. Resident Adoption Efforts Missing or Undocumented.

Each of these program line items is affiliated with a series of rigorous tests and performance review that are in Weaver's internal workpapers. These programmatic evidence notes are affiliated with audit Finding 02. The following grantees had missing or insufficient documentation of digital literacy training, outreach, or support:

CASF Grantee	Evidentiary Support
Satellite Affordable Housing Associates (SAHA)	No curriculum, training hours, or outreach activities were documented.
Las Palmas Housing & Development Corp.	No resident adoption metrics or training documentation were provided.
Resources for Community Development (RCD) Housing	No measurable outcomes related to resident adoption were reported.
Blue Ridge – 2118 Sacramento & Broadway – 2441 Broadway	Infrastructure was installed, but no digital literacy pairing or adoption support was evident.

4. Monitoring and Evaluation Demonstrated Gaps in Usage and Fund Verification.

Each of these program line items is affiliated with a series of rigorous tests and performance review that are in Weaver's internal workpapers. These programmatic evidence notes are affiliated with audit Finding 02. The following grantees lack monitoring mechanisms or failed to report on usage and fund effectiveness:

CASF Grantee	Evidentiary Support
Satellite Affordable Housing Associates (SAHA)	Deficiency letter requested additional documentation; no monitoring or evaluation data were submitted.
Resources for Community Development (RCD) Housing	No usage tracking, resident feedback, or fund verification reports were included.
PEP Housing	No monitoring data or evaluation of resident engagement was provided.

Appendix C
Review of Prior Audit Findings

Review of Audit Findings from January 2019 – December 2021

The following prior audit findings were not found to have reoccurred during the FY 2022-2023 Performance Audit.

Finding from January 2019 – December 2021	Not Reoccurring	Reoccurring
The CPUC approved Infrastructure Account grant applications that did not meet the minimum performance criteria described in the program guidelines. Specifically, four of the 10 grant applications that we examined stated that affordable broadband plans would be offered to low-income customers; however, the applicant limited eligibility by using a definition of "low-income customers" that did not comply with the CPUC's program guidelines (Finding 1).	✓	
The CPUC did not verify that one consortium met annual audit requirements (Finding 2).	✓	
The CPUC approved an Adoption Account grant application that did not meet expedited review criteria and miscalculated three grant budget amounts (Finding 3).	✓	
CASF Program funds were not consistently expended in accordance with the approved terms of grant agreements and PUC section 281, resulting in improper payments totaling $638,106; and we were unable to verify that certain grantee reimbursements, totaling $4,353,033 were actual expenditures directly related to grant activities because the grantees did not submit adequate supporting documentation (Findings 1, 2, 3, and 4).	✓	
The CASF Program promotes economic growth, job creation, and the substantial social benefits of advanced information and communications technologies as required by PUC section 281. However, the CPUC has not established a method for measuring and obtaining data about the types and numbers of jobs created as a result of the program. Therefore, we are unable to report these details as required by PUC section 912.2 (Finding 5).	✓	

Appendix D
California Public Utilities Commission’s Response to Audit Report

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
505 VAN NESS AVENUE | SAN FRANCISCO, CALIFORNIA 94102
300 CAPITOL MALL | SACRAMENTO, CALIFORNIA 95814

January 29, 2026

Brandon Tanous
Weaver and Tidwell LLP DBA Weaver
800 Figueroa St., Suite 780
Los Angeles CA 90017
E-mail: brandon.tanous@weaver.com

SUBJECT: California Public Utilities Commission Response to the Weaver and Tidwell LLP's Audit—California Advanced Services Fund Program Performance Audit Report

Dear Mr. Tanous,

The California Public Utilities Commission (CPUC) hereby provides its response to the findings and recommendations of the Weaver and Tidwell LLP DBA Weaver's updated draft audit report entitled *California Advanced Services Fund Program Performance Audit Report,* issued on December 22, 2025.

The draft audit report includes two findings and two observations. The CPUC agrees/partially agrees with each of the findings and provides responses as outlined in Appendix 1.

The CPUC appreciates the work performed by Weaver and the opportunity to provide this response to the Draft Report. If you have further questions, please contact me at execdirectorteam@cpuc.ca.gov.

Sincerely,

Rachel Peterson

Rachel Peterson
Executive Director

Enclosure

Appendix 1:

CPUC's Response to California Advanced Services Fund Program Performance Audit Report

Finding 1- Lack of Required Reporting of Project Status and Project Completion Date

Recommendation

To comply with PUC section 914.7(f), the CPUC should ensure that future annual reports or biennial fiscal and performance audits include the status of each Tribal Technical Assistance project funded through the CASF. This should include clear indications of whether each project has been completed or the expected completion date. To assist, we recommend that CPUC consider establishing a standardized reporting template or checklist aligned with statutory requirements may help ensure consistent and complete documentation across reporting cycles.

CPUC Response

The CPUC agrees with the auditor's finding and has already implemented the recommendation. The CPUC has included new columns labeled "project status" and "project completion date," in the CPUC's internal Tribal Technical Assistance payment tracking sheet. The project status and completion date will be included in the next CASF annual report, which is to be issued in the second quarter of 2026.

Observation 1 – Insufficiently Objective Project Review Language Limits Program Impact Measurement

Recommendation

To strengthen the objectivity, transparency, and defensibility of project evaluations for Adoption Account applications, we recommend that the Adoption Account team:

- Develop a Flexible Framework of Core Outcome Metrics:
  Define a set of core outcome metrics applicable to all projects, such as the number of individuals trained and indicators of digital inclusion and require applicants to specify their planned results against these metrics in the application. These metrics should be broad enough to accommodate diverse project types, but specific enough to allow for objective measurement and comparison. Examples of metrics to measure for this include the following:

  1. Access and Availability

  - Broadband coverage rate: Percentage of households in the target area with access to broadband meeting minimum speed standards.
  - Infrastructure readiness: Number of community anchor institutions connected to high-speed broadband.
  - Device availability: Percentage of households with at least one internet-capable device.

  2. Affordability

  - Cost burden: Average monthly broadband cost as a percentage of household income.
  - Subsidy utilization: Number of households enrolled in broadband affordability programs.

  3. Adoption and Usage

- Subscription rate: Percentage of households subscribing to a broadband service.
- Digital skills training completion: Number of participants who complete digital literacy or digital skills programs.
- Frequency of use: Average hours per week spent online for essential activities.

4. Equity and Inclusion

- Demographic adoption rates: Broadband adoption by income level, age group, race/ethnicity, and disability status.
- Language accessibility: Availability of multilingual resources for broadband enrollment and digital literacy training.
- Community engagement: Number of outreach events or partnerships with organizations serving marginalized or underserved populations.

5. Impact Indicators

- Employment outcomes: Changes in job applications, workforce participation, or remote work engagement following broadband adoption.
- Education outcomes: Percentage of students completing online coursework or accessing virtual learning resources.
    - Healthcare access: Number of telehealth appointments completed in historically underserved areas.
    - Allow for Project-Specific Success Indicators:
      Acknowledge that while some projects may propose unique activities, the Adoption Account must maintain consistency and comparability across all applications. To avoid unmanageable variability, allow project-specific indicators only within defined parameters and tied to standardized outcome domains (e.g., adoption, digital literacy, device access, community outreach). Any applicant-proposed indicator should map back to these common domains, be clearly defined, measurable, supported by evidence, and not introduce goals so heterogeneous that they cannot be evaluated against core program objectives. This approach preserves flexibility without compromising the ability to conduct standardized, objective, and program-wide performance measurement.
    - Incorporate Benchmarking and Continuous Improvement:
      Develop benchmarks for common project types using historical program data and industry best practices (e.g., typical training completion rates, average adoption rates in similar communities). Require grantees to align their proposed targets with these benchmarks and provide clear justification for any variances. This maintains consistency across projects while allowing limited, evidence-based flexibility within defined parameters.
    - Enhance Reviewer Guidance and Training:
      Update review materials to replace subjective language with objective criteria and provide reviewers with training on how to assess diverse projects against standardized and project-specific metrics. Include clear definitions and examples to minimize interpretation gaps.
    - Facilitate Peer Learning and Sharing of Impact Strategies:
      Create opportunities for grantees to share effective impact measurement strategies and

documentation practices, fostering innovation and continuous improvement across diverse project types.

By implementing these recommendations, the Adoption Account can maintain the flexibility needed for a diverse portfolio of projects, while ensuring that all funded activities are evaluated against clear, objective, and evidence-based criteria. Strengthening the structure and transparency of the review process will improve the defensibility of award decisions.

CPUC Response

The CPUC appreciates the auditor's observations and offers the following information. Many of the auditor's recommended metrics are metrics already tracked and measured by the CPUC including broadband availability or coverage across the state and broadband adoption rates.

The auditor's reference to "subjective review criteria" cited in its observation comes from an informal internal document used during the grant application review process. This informal internal document is intentionally free form to encourage CPUC reviewers to consider a diverse range of proposals aligned with program goals. Consequently, it is not used as a scoring component in the application review. The authoritative review materials consist of the application form, which adheres to CPUC Decision (D.) 22-05-029, and all required supporting documentation such as the affidavit, workplan template, and cover letter. The application review process is limited to the application phase. Broader program impacts are measured through grantee reporting and reimbursement requests once projects are awarded.

Each project proposal included its own success metrics within the application that align with the program goals and objectives. Once awarded, grantees are responsible for achieving the goals and objectives outlined in their approved projects and listed in CPUC approved resolution or award letter. Once the award is made, the grantee agrees to terms and conditions of the award by signing a CPUC Consent Form within 30 days of grant approval. As it relates to recurring reporting requirements and payment reimbursement requests, the grantee must include supporting information by proper documentation, ensuring clear and verifiable measurement of impact.

Finding 2 – Incomplete Program Delivery and Limited Oversight

Recommendation

To address gaps in community-level impact and accountability, the Public Housing Account should implement a standardized reporting and accountability framework for all grantees, making the complete submission of required reports a condition for payment. The framework should include:

- Strengthen post-award monitoring and reporting: Require grantees to submit verifiable documentation of resident usage, free service delivery, and digital equity outcomes as a condition of payment and ongoing compliance.
- Enforce KPI reporting requirements: Ensure that all grantees submit bi-annual KPI reports (including uptime, bandwidth utilization, and unique log-ons) for five years post-installation, and that these reports are reviewed and audited by CPUC staff.
- Implement regular audits and site visits: Conduct periodic audits and site visits to verify that infrastructure is operational, free service is being provided, and residents are benefiting as intended.

- Tie future funding to demonstrated outcomes: Make future grant eligibility contingent on compliance with reporting and demonstrated community benefit.
- Technical Assistance: Provide technical assistance for smaller or community-based grantees to build capacity for accurate reporting and stronger program delivery.

This approach would improve transparency, ensure funds are tied to measurable results, and help Public Housing Account programs deliver tangible and sustained digital equity benefits to underserved communities. By implementing these recommendations, the program can better ensure that public investments in broadband infrastructure translate into real, measurable benefits for California's low-income housing residents.

CPUC Response

The CPUC partially agrees with the auditor's finding. The CPUC is committed to two actions:

1. Communication with CASF Public Housing Account grantees about Key Performance Indicator (KPI) reports—The CPUC agrees with the recommendation to monitor KPI reports and ensure compliance according to the CASF Public Housing Account rules. The CPUC will emphasize communication with grantees to submit KPI reports in a timely manner.
2. Establish internal mechanisms to systematically monitor and track CASF Public Housing Account KPI reports by July 1, 2026—One of the critical requirements in the CASF Public Housing Account is that grantees must offer broadband service at no cost to the customer in the project area. The CPUC monitors compliance with this requirement at each stage of the application review, post-award project implementation, and post-project reporting processes. Grantees are also required to submit an attestation as part of their application and KPI reporting that broadband service will be provided at no cost to the customer. The CPUC will continue to ensure that grantee's KPI reports are consistently maintained and will establish internal mechanisms to systematically monitor and track these efforts by July 1, 2026.

The CPUC disagrees with the auditor's finding on digital equity outcomes and technical assistance because these items are out of scope for the Broadband Public Housing Account. The auditor's finding that "delivery of community-level impacts is lacking" does not accurately reflect the program. Community-level impact delivery is not required per PUC section 281 or program guidelines and therefore represents expectations outside the scope of the Public Housing Account. The purpose of the Broadband Public Housing Account is to connect broadband networks that offer free broadband service to customers in the project areas. Similarly, the Public Housing Account does not require a specified subscription rate.

Observation 2 - Interpretation of Statutory Guidance in CASF Adoption Account Program Design

Recommendation

To align program implementation with the statutory intent of PUC section 281, and to reinforce that the Adoption Account is designed to operate as a coordinated, statewide effort rather than a collection of isolated projects to promote effective broadband adoption, we recommend that the CPUC revise future program guidelines to:

- Reintegrate the three foundational components of broadband adoption—broadband access, digital inclusion, and digital literacy—as interdependent and co-required elements of funded projects. This would ensure that applicants design programs that address physical access, skills development, and inclusion barriers simultaneously, rather than in isolation.

- Clarify in future decisions or administrative guidance that while applicants may emphasize one component, projects that integrate all three will be prioritized for funding. This approach would preserve flexibility for applicants while incentivizing comprehensive solutions aligned with the statute's purpose.
- Update evaluation criteria and scoring rubrics to reflect the integrated model of broadband adoption. For example, additional points could be awarded to applications that demonstrate coordinated efforts across access, inclusion, and literacy, supported by community partnerships and sustainability plans.
- Conduct a program impact review to assess whether single-prong projects (e.g., digital literacy only) have resulted in measurable, sustained broadband adoption in target communities. This review would provide evidence to inform future program design and ensure that funding is achieving its intended outcomes.

By implementing these recommendations, the Commission can better fulfill the legislative intent of § 281, maximize the effectiveness of grant funds, and support more sustainable broadband adoption outcomes for Californians.

CPUC Response

Thank you for the observation and we provide some relevant information in response. The CASF Adoption Account provides funding for a broad range of broadband digital inclusion activities per PUC section 281(j). The statutory program allows applicants to determine which resources and strategies will best serve their communities. This flexibility is critical because digital inclusion challenges vary widely across regions and communities. By allowing applicants to tailor their application proposals, the program ensures that funding can be directed toward local communities to facilitate meaningful solutions, such as digital literacy training, outreach to underserved populations, or broadband access support. Requiring each applicant to address all aspects of digital inclusion would dilute the impact of the program. It would force grantees to invest in activities in their communities that may not align with the communities' most pressing needs that will ultimately undermining the program's effectiveness.