



CPUC Public Agenda 3334

Thursday, April 10, 2014, 9:30 a.m.

San Francisco, CA



Commissioners:
Michael R. Peevey
Michel Peter Florio
Catherine J.K. Sandoval
Carla J. Peterman
Michael Picker

www.cpuc.ca.gov





Safety and Emergency Information

- The restrooms are located at the far end of the lobby outside of the security screening area.
- In the event of an emergency, please calmly proceed out of the exits. There are four exits total. Two exits are in the rear and two exits are on either side of the public speakers area.
- In the event of an emergency and the building needs to be evacuated, if you use the back exit, please head out through the courtyard and down the front stairs across McAllister.
- If you use the side exits you will end up on Golden Gate Ave. Please proceed around the front of the building to Van Ness Ave and continue on down to the assembly point.
- Our assembly point is between the War Memorial Building and the Opera Building (House) which is on Van Ness Ave, located between McAllister and Grove.





Public Comment

- Per Resolution ALJ-252, any member of the public who wishes to address the CPUC about matters before the Commission must sign up with the Public Advisor's Office table before the meeting begins. If an individual has signed up using the electronic system on the Commission's website, they must check in with the Public Advisor's Office on the day of the meeting, by the sign-up deadline.
- Once called, each speaker has up to 3 minutes at the discretion of the Commission President, depending on the number of speakers the time limit may be reduced to 1 minute.
- A sign will be posted when 1 minute remains.
- A bell will ring when time has expired.
- At the end of the Public Comment Section, the Commission President will ask if there are any additional individuals who wish to speak. Individuals who wish to speak but did not sign up by the deadline, will be granted a maximum of one minute to make their comments.

The following items are NOT subject to Public Comment:

- Items: 13, 14, 20, 23, and 25
- All items on the Closed Session Agenda





Public Comment

- Per Resolution ALJ-252, any member of the public who wishes to address the CPUC about matters before the Commission must sign up with the Public Advisor's Office table before the meeting begins. If an individual has signed up using the electronic system on the Commission's website, they must check in with the Public Advisor's Office on the day of the meeting, by the sign-up deadline.
- Once called, each speaker has up to 2 minutes to address the Commission.
- A sign will be posted when 1 minute remains.
- A bell will ring when time has expired.
- At the end of the Public Comment Section, the Commission President will ask if there are any additional individuals who wish to speak. Individuals who wish to speak but did not sign up by the deadline, will be granted a maximum of one minute to make their comments.

The following items are NOT subject to Public Comment:

- Items: 13, 14, 20, 23, and 25
- All items on the Closed Session Agenda





Public Comment

- Per Resolution ALJ-252, any member of the public who wishes to address the CPUC about matters before the Commission must sign up with the Public Advisor's Office table before the meeting begins. If an individual has signed up using the electronic system on the Commission's website, they must check in with the Public Advisor's Office on the day of the meeting, by the sign-up deadline.
- Once called, each speaker has up to 1 minute to address the Commission.
- A bell will ring when time has expired.
- At the end of the Public Comment Section, the Commission President will ask if there are any additional individuals who wish to speak. Individuals who wish to speak but did not sign up by the deadline, will be granted a maximum of one minute to make their comments.
- **The following items are NOT subject to Public Comment:**
 - Items: 13, 14, 20, 23, and 25
 - All items on the Closed Session Agenda





Agenda Changes

- Items shown on the Consent Agenda will be taken up and voted on as a group in one of the first items of business of each CPUC meeting.
- Items on Today's Consent Agenda are: 1, 2, 4, 5, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 29, 30, and 31.
- Any Commissioner, with consent of the other Commissioners, may request an item from the Regular Agenda be moved to the Consent Agenda prior to the meeting.
- None from the Regular Agenda has been added to the Consent Agenda.
- Any Commissioner may request an item be removed from the Consent Agenda for discussion on the Regular Agenda prior to the meeting.
None have been moved to the Regular Agenda.
- Item 6 has been withdrawn.
- The following items have been held to future Commission Meetings:
 - Held to 5/1/14: 3, 7, 8, 10, 33, and 38.
 - Held to 5/15/14: 28, and 32.





Regular Agenda

- Each item on the Regular Agenda (and its alternate if any) will be introduced by the assigned Commissioner or CPUC staff and discussed before it is moved for a vote.
- For each agenda item, a summary of the proposed action is included on the agenda; the CPUC's decision may, however, differ from that proposed.
- The complete text of every Proposed Decision or Draft Resolution is available for download on the CPUC's website: www.cpuc.ca.gov.
- Late changes to agenda items are available on the Escutia Table.





Regular Agenda – Communication Resolutions and Reports

Item #34 [12572] - Funding for Ponderosa's Cressman Underserved Broadband Project from the California Advanced Service Fund

Res T-17428

PROPOSED OUTCOME:

- Approves funding in the amount of \$1,027,380 from the California Advanced Services Fund (CASF) for the CASF grant application of the Ponderosa Telephone Company, for its Cressman Underserved Broadband Project (Cressman Project).
- The Cressman Project will extend high-speed internet service to 3.56 square miles covering the Cressman area of Fresno County.

SAFETY CONSIDERATIONS:

- There are several anchor institutions in the area surrounding the Cressman Project, including: elementary and high schools, the US Forest Service, a county library, a fire station, the California Highway Patrol, Cal Trans, California Land Management, U.S. Postal Services, Fresno County Public Works, and Southern California Edison.
- High speed broadband will enhance the Cressman community's access to these entities and the services they provide.

ESTIMATED COST:

- \$1,027,380.





Regular Agenda – Communication Resolutions and Reports

Item #34a [12840] - ALTERNATE TO ITEM 12572

Res T-17428

Comr. Florio

PROPOSED OUTCOME:

- Approves funding in the amount of \$654,360 from the California Advanced Services Fund (CASF) for the CASF grant application of the Ponderosa Telephone Company, for its Cressman Unserved and Underserved Broadband Project (Cressman Project).
- The Cressman Project will extend high-speed internet service to 1.34 square miles covering the Cressman area of Fresno County.

SAFETY CONSIDERATIONS:

- There are several anchor institutions in the area surrounding the Cressman Project, including: elementary and high schools, the US Forest Service, a county library, a fire station, the California Highway Patrol, Cal Trans, California Land Management, U.S. Postal Services, Fresno County Public Works, and Southern California Edison.
- High speed broadband will enhance the Cressman community's access to these entities and the services they provide.

ESTIMATED COST:

- \$654,360.





CASF Broadband Infrastructure Grant

Ponderosa Telephone Company's

CRESSMAN PROJECT



Ryan Dulin, Director
Communications Division

California Public Utilities Commission
April 10, 2014





CASF General Overview

- The Commission authorized the California Advanced Services Fund (CASF) in December 2007

- Encourages deployment of high-quality advanced communications services in order to promote economic growth, job creation, & other social benefits

- Comprised of four accounts
 - Broadband Infrastructure Grant Account
 - Rural & Urban Regional Broadband Consortia Grant Account
 - Broadband Infrastructure Revolving Loan Account
 - Broadband Public Housing Account

- Broadband Infrastructure Grant Account provides funding for the capital costs of broadband infrastructure projects in unserved & underserved areas of California





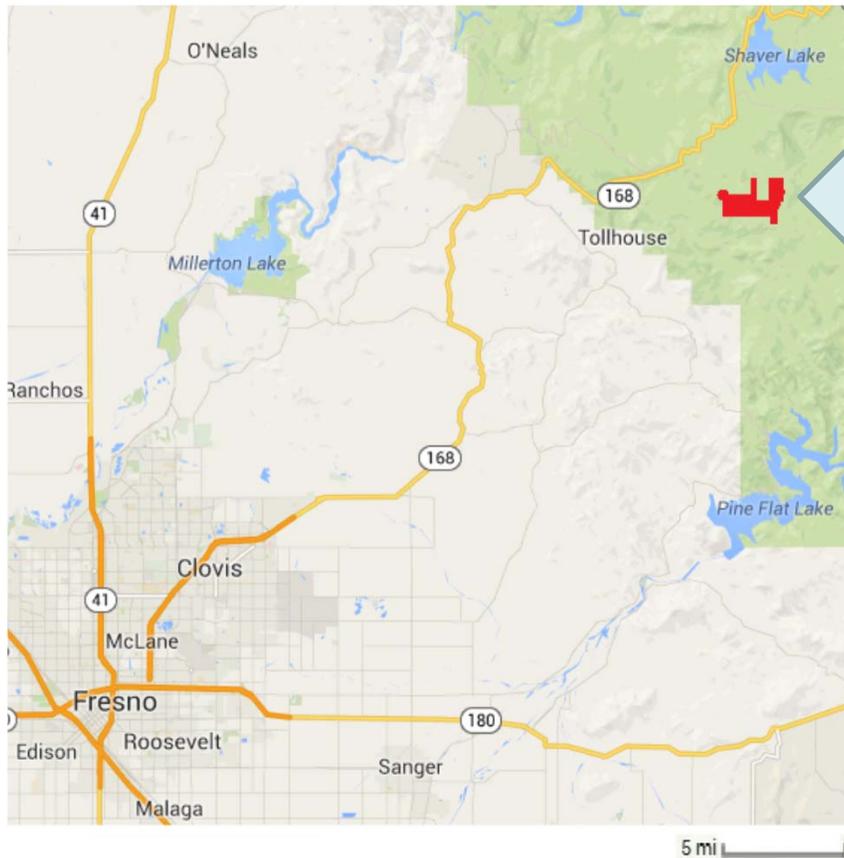
Cressman Project Summary

- Proposed by Ponderosa Telephone Company
- Extends fiber optic backhaul facilities and deploys DSL to the Cressman Community of Fresno County
- 70 households in project area
 - 65 households in Lower Cressman neighborhood
 - 5 households in Rush Creek neighborhood
- Broadband speeds: Minimum of 6 Mbps Upstream / 1.5 Mbps Downstream
Maximum of 24 Mbps Upstream / 2 Mbps Downstream
- Deployment schedule of 21 months





Cressman Project Area



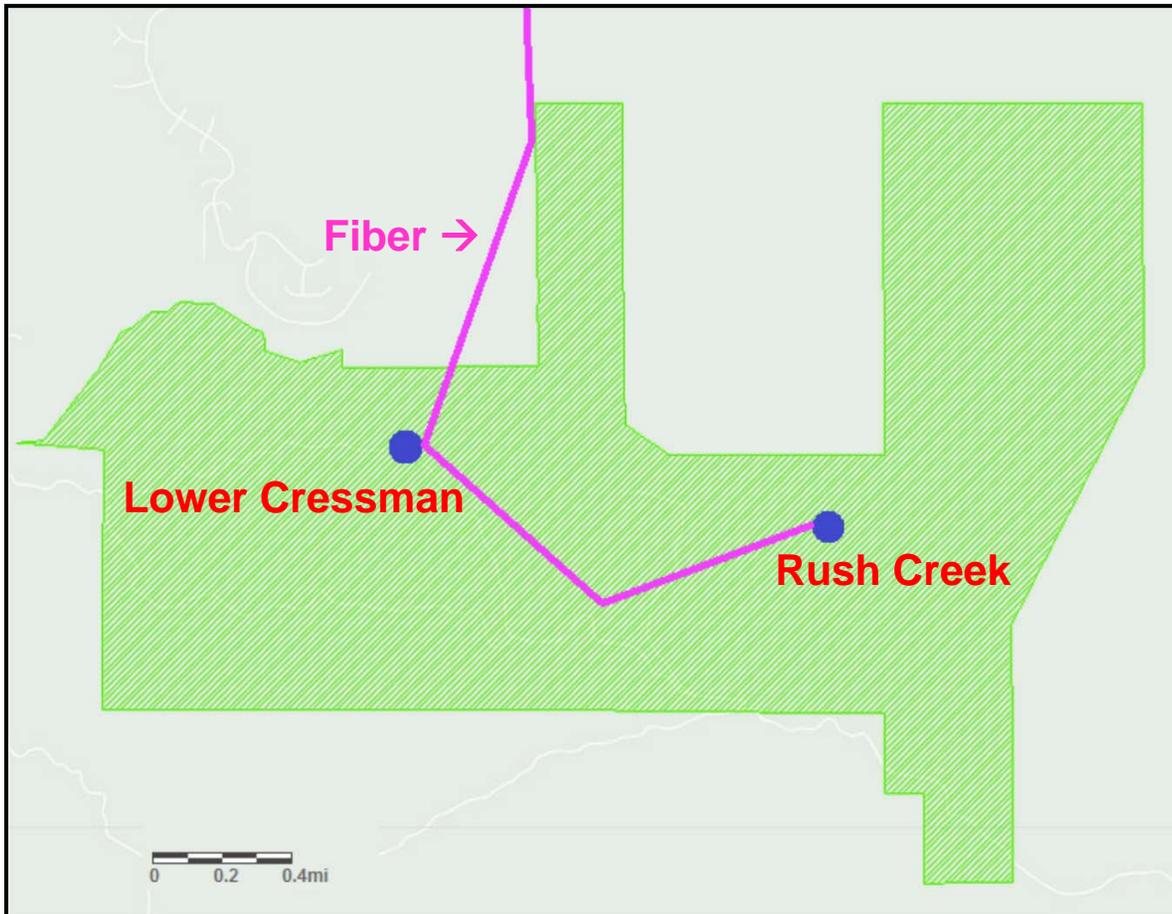
Project Area

- Cressman Community in Fresno County
- Sierra Forest & Foothills
- About 30 miles north-east of the City of Fresno





Cressman Project Summary



- Placing new fiber optic cable from upgraded equipment at Sierra Cedars to new DSL equipment installed in two cabinets at Lower Cressman and Rush Creek
- DSL service delivered to end-user homes via existing copper facilities





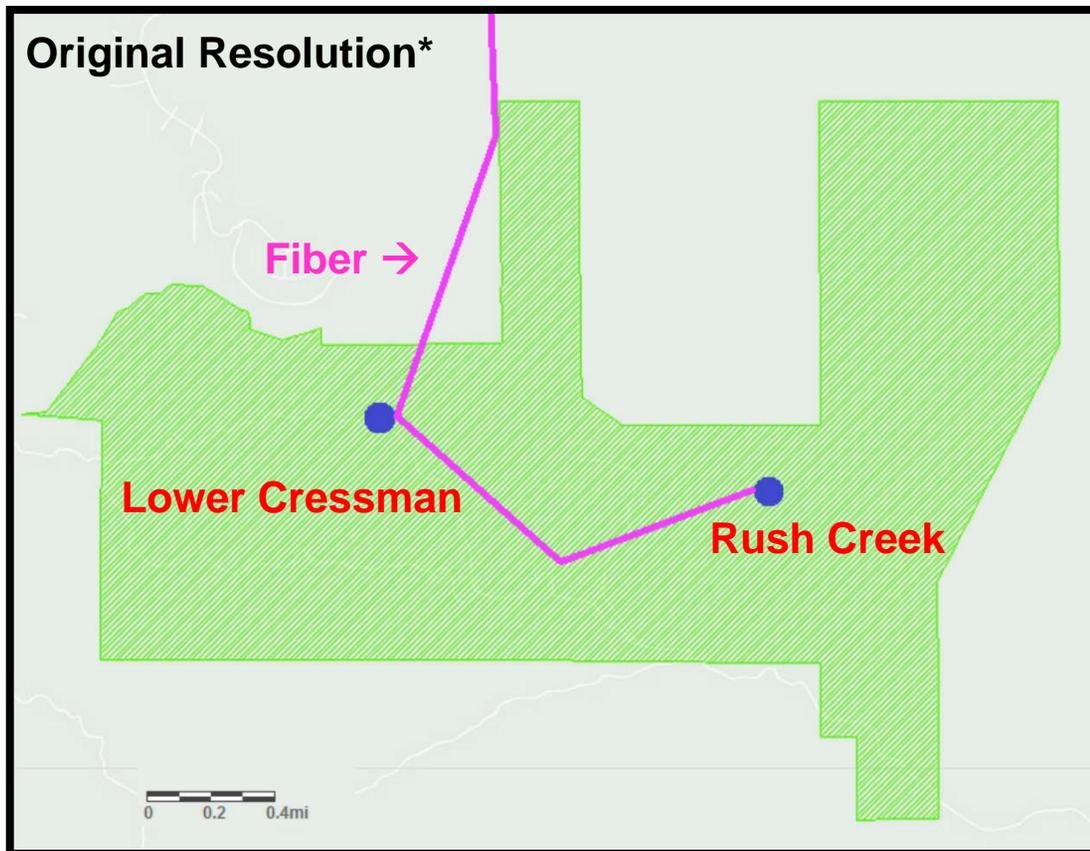
Benefits & Safety

- Brings broadband to 59 unserved and 11 underserved households
- Project scored particularly well in the “Financial Viability” category
- Enhances broadband access to anchor institutions located near the project area, including: elementary and high schools, the US Forest Service, a county library, a fire station, the California Highway Patrol, Cal Trans, California Land Management, U.S. Postal Services, Fresno County Public Works, and Southern California Edison
- Improves access to emergency services in this fire-prone region with harsh weather conditions

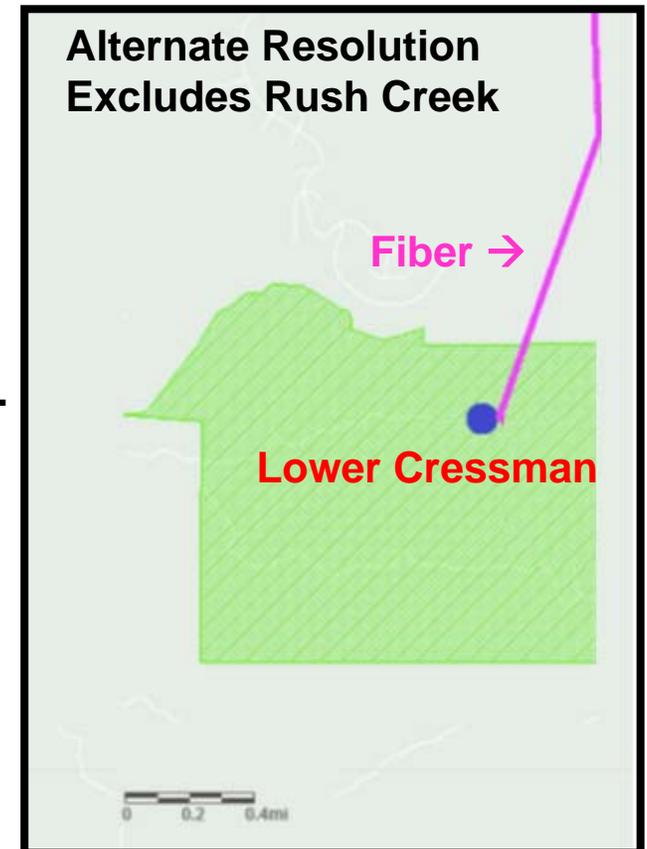




Original vs. Alternate Resolution



VS.



* The Rush Creek extension provides facilities that Ponderosa can eventually use to reach the Blue Canyon subdivision, a U.S. Forest Service workstation and complete a fiber ring to improve regional reliability





Original vs. Alternate Resolution

	Original Resolution	Alternate Resolution
Areas Served	Lower Cressman & Rush Creek	Lower Cressman
Total Project Costs	\$1,712,300	\$1,090,600
CASF Award Amount	\$1,027,380	\$654,360
CASF Award Percentage	60%	60%
Ponderosa Matching Funds	\$684,920	\$436,240
Project Area (square miles)	3.56	1.34
Households in Project Area	70	65
CASF Award Per Household	\$14,677	\$10,067





Regular Agenda – Communication Resolutions and Reports

Item #34 [12572] - Funding for Ponderosa's Cressman Underserved Broadband Project from the California Advanced Service Fund

Res T-17428

PROPOSED OUTCOME:

- Approves funding in the amount of \$1,027,380 from the California Advanced Services Fund (CASF) for the CASF grant application of the Ponderosa Telephone Company, for its Cressman Underserved Broadband Project (Cressman Project).
- The Cressman Project will extend high-speed internet service to 3.56 square miles covering the Cressman area of Fresno County.

SAFETY CONSIDERATIONS:

- There are several anchor institutions in the area surrounding the Cressman Project, including: elementary and high schools, the US Forest Service, a county library, a fire station, the California Highway Patrol, Cal Trans, California Land Management, U.S. Postal Services, Fresno County Public Works, and Southern California Edison.
- High speed broadband will enhance the Cressman community's access to these entities and the services they provide.

ESTIMATED COST:

- \$1,027,380.





Regular Agenda – Communication Resolutions and Reports

Item #34a [12840] - ALTERNATE TO ITEM 12572

Res T-17428

Comr. Florio

PROPOSED OUTCOME:

- Approves funding in the amount of \$654,360 from the California Advanced Services Fund (CASF) for the CASF grant application of the Ponderosa Telephone Company, for its Cressman Unserved and Underserved Broadband Project (Cressman Project).
- The Cressman Project will extend high-speed internet service to 1.34 square miles covering the Cressman area of Fresno County.

SAFETY CONSIDERATION12810S:

- There are several anchor institutions in the area surrounding the Cressman Project, including: elementary and high schools, the US Forest Service, a county library, a fire station, the California Highway Patrol, Cal Trans, California Land Management, U.S. Postal Services, Fresno County Public Works, and Southern California Edison.
- High speed broadband will enhance the Cressman community's access to these entities and the services they provide.

ESTIMATED COST:

- \$654,360.





Regular Agenda – Communication Resolutions and Reports

Item #35 [12749] - Funding for Sunesys, LLC's Connected Central Coast Unserved and Underserved Broadband Project

Res T-17429

PROPOSED OUTCOME:

- Approves funding in the amount of \$7,352,164 from the California Advanced Services Fund for the grant application of Sunesys, LLC for its Connected Central Coast Unserved and Underserved Broadband Project.
- The Project will build a 91.19 middle-mile backbone network from Santa Cruz to Soledad, potentially providing high speed internet service to 430 square miles in the Central Coast area.

SAFETY CONSIDERATIONS:

- This project will provide robust middle-mile network to local internet service providers, which will in turn enable them to offer affordable and reliable services to anchor institutions, emergency first responders, and other public agencies.

ESTIMATED COST:

- \$7,352,164.





Regular Agenda – Communication Resolutions and Reports

Item #35a [12810] - ALTERNATE TO ITEM 12749

Res T-17429

Pres. Peevey

PROPOSED OUTCOME:

- Approves funding in the amount of \$11,028,245 from the California Advanced Services Fund for the grant application of Sunesys, LLC, for its Connected Central Coast Unserved and Underserved Broadband Project.
- The project will build a 91.18 mile middle-mile backbone network from Santa Cruz to Soledad, potentially providing high speed internet service to 430 square miles in the Central Coast area.

SAFETY CONSIDERATIONS:

- This project will provide robust middle mile network to local internet service providers, which will in turn enable them to offer affordable and reliable services to anchor institutions, emergency first responders, and other public agencies.

ESTIMATED COST:

- \$11,028,245.





SUNESYS

THE CONNECTED CENTRAL COAST CASF PROJECT



Robert Wullenjohn
Communications Division

California Public Utilities Commission

April 10, 2014





Revised Sunesys Alternate Resolution Comparison

	Mar 27 Alternate Resolution At 83% Funding	Apr 10 Revised Alternate At 80% Funding
Total Project Costs	\$13,300,000	\$13,300,000
CASF Award Amount	\$11,028,245	\$10,640,000
CASF Award Percentage	83% of \$13.3 million or 90% of CASF pro-rated amount of \$12.3 million	80% of \$13.3 million or 87% of CASF pro-rated amount of \$12.3 million
Sunesys Matching Funds	\$2,271,755	\$2,660,000
Estimated payback period on Sunesys capital investment	8 years	9.5 years
<p>* Best case scenario assumes 15 providers immediately sign up for service at \$8.50 per fiber mile for 91.18 miles for duration.</p>		





Remaining slides from March 27 Presentation for Reference if Needed





CASF General Overview

- The Commission authorized the California Advanced Services Fund (CASF) in December 2007 to encourage deployment of high-quality advanced communications services to all Californians that will promote economic growth, job creation, and the substantial social benefits of advanced information and communications technologies
- The CASF is composed of four accounts:
 1. Broadband Infrastructure Grant Account
 2. The Rural and Urban Regional Broadband Consortia Grant Account
 3. The Broadband Infrastructure Revolving Loan Account
 4. Broadband Public Housing Account
- The Broadband Infrastructure Grant Account provides funding for the capital costs of broadband infrastructure projects in unserved and underserved areas of the state
 - 70% for “Unserved”; an area that is not served by any form of broadband
 - 60% for “Underserved”; an area where broadband is available, but offered speeds are less than 6 mbps download and/or 1.5 mbps upload





CASF Evaluation Criteria per D.12-02-105

- Completed application includes project summary, description, budget, deployment schedule, proposed pricing, financials
- Proposals posted for public challenge
- Challenges received and assessed
 - Staff considers speed test challenge data, direct additional speed tests and may reassign census blocks based on test results
- Staff determinations regarding project eligibility
 - Letter to applicant explaining what remains eligible; what areas may be pro-rated (discounting project costs eligible for funding)
- Projects rated/ranked based on criteria:
 - Subsidy per potential customer, Broadband speed, Financial viability, Pricing, Number of households, Time of project completion, Guaranteed pricing period, Low-income population, Local government and community endorsements

ATTACHMENT B

CASF APPLICATION CHECKLIST (Required for EACH proposed project)

To assist the Commission in verifying the completeness of your proposal, mark the box to the left of each item submitted.

<input type="checkbox"/>	1. Project Summary
<input type="checkbox"/>	2. Type of Funds Requested (Check one only):
<input type="checkbox"/>	Grant
<input type="checkbox"/>	Grant Amount: _____
<input type="checkbox"/>	Grant/Loan Combination
<input type="checkbox"/>	Grant Amount: _____
<input type="checkbox"/>	Loan Amount: _____
<input type="checkbox"/>	3. Area Applied for
<input type="checkbox"/>	Unserved
<input type="checkbox"/>	Underserved, with existing broadband service below advertised speed of 6 mbps download and 1.5 mbps upload, Broadband infrastructure whether existing or ongoing construction not CASF funded
<input type="checkbox"/>	Underserved, with existing broadband service below advertised speed of 6 mbps download and 1.5 mbps upload, Broadband infrastructure whether existing or ongoing construction CASF funded
<input type="checkbox"/>	4. CPCN / U-Number / CPUC Registration Proof (As a single document)
<input type="checkbox"/>	Applicant's U-Number and/or Proof of applicant's Certificate of Public Convenience and Necessity (CPCN)
<input type="checkbox"/>	Proof of CPCN application pending approval, or CPCN Application Number (in the absence of a CPCN)
<input type="checkbox"/>	CPUC registration Number (wireless carriers)
<input type="checkbox"/>	5. Information Sheet with a Certificate of Good Standing issued by the CA Secretary of State attached
<input type="checkbox"/>	6. Organizational Chart, Company History and Readiness to Build, Manage and Operate Broadband
<input type="checkbox"/>	Organizational Chart
<input type="checkbox"/>	Company History





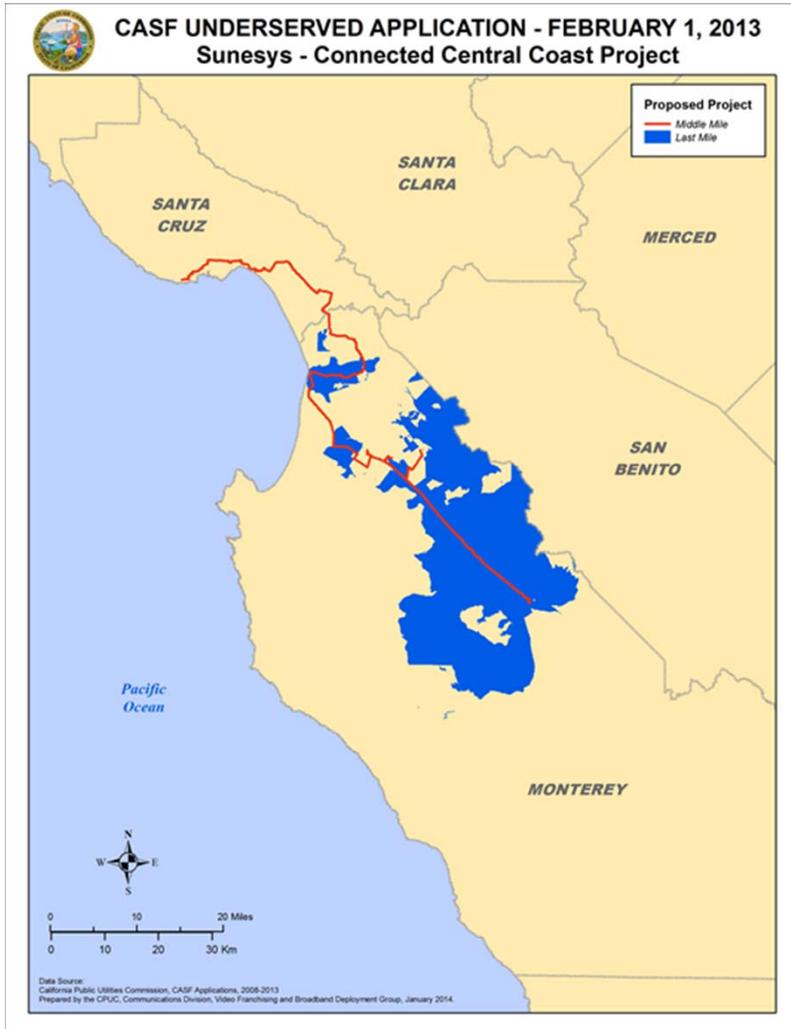
Sunesys Project Summary

- Project originally sought \$11,970,000 in CASF funds (90% of \$13.3 million). After project review and assessment (i.e. pro-rate of served areas), Sunesys seeks 83% of \$13.3 million or 90% of CASF Pro-rated eligible amount of \$12.3 million for a 91.18 mile middle-mile backhaul network from Santa Cruz to Soledad covering 430 square miles
- This Middle-Mile network will enable last-mile providers to serve up to 11,124 households in the Central Coast. An example of such are the Surfnet project proposals currently being considered for funding (T-17430 & T-17431)
- Average households median income \$63,784
- Speeds of 100+ Gbps
- Five years price commitment
 - Pricing commitment continues for the duration of the contract, if contract is signed during the initial five years
- Project ranked well, about 7th out of 22 eligible project proposals





Sunesys Project Area



- Connecting backhaul services from Santa Cruz County to unserved and underserved cities and surroundings in Monterey County, including Soledad, Castroville, Prunedale, Chualar, and Gonzalez
- 91.18 mile network passes through 1,232 unserved and 445 underserved census blocks, potentially benefiting about 430 square miles





Pricing

Dark Fiber Lease Price

- \$8.50 per fiber mile per month
 - Derived as 10% of their average rate of \$50 per fiber mile (\$5.00) plus \$3.50 for operations and maintenance
 - \$500 minimum for two strands of dark fiber

Data Transport Price

- 1 Gbps – 4 Gbps \$700/ month first gig; \$400/month for additional gig
- 5 Gbps – 9 Gbps \$2,000/ month five gigs; \$300/month for additional gig
- 10 Gbps + \$3,000/ month ten gigs; \$2,000/month for each additional 10 gigs

Charges for Lateral Connections to the Project

- Negotiated with the customers; e.g., individual case basis expenses for infrastructure, splicing, termination, or equipment required for the lateral connection





Benefits of the Project

- This new backbone network will provide to local ISPs middle mile access at discounted prices, which will enable them to offer affordable services to anchor institutions, emergency first responders, public agencies, businesses and residential households
- Improved available bandwidth services to Anchor Institutions
 - 400 other anchor institutions, including health facilities, K-12 schools, colleges and universities, government offices, community based organizations
- Public Safety
 - More than 150 emergency first responders
 - 8 Public Safety 9-1-1 Answering Points
 - According to Sunesys, this middle-mile project is important to the migration to Next Generation (NG) 9-1-1 as well as the functioning of the emergency first responders





Comparison of the Original and the Alternate Resolution

	CD Staff Original Resolution	Alternate Resolution
Total Project Costs	\$13,300,000	\$13,300,000
CASF Award Amount	\$7,352,164	\$11,028,245
CASF Award Percentage	55% of \$13,300,000 million or 60% of CASF Pro-rated amount of \$12,253,606 million	83% of \$13,300,000 million or 90% of CASF Pro-rated amount of \$12,253,606 million
Sunesys Matching Funds	\$5,947,836	\$2,271,755
Estimated payback period on Sunesys capital investment	21 years	8 years
<p>* These numbers assume that 15 providers will sign up for service at \$8.50 per fiber mile for 91.18 miles from the start of service.</p>		





Community Support for Alternate

- **Strong support from local service providers, institutions, and government and community agencies**
 - California State Assembly – Districts 29 and 30
 - Central Coast Broadband Consortium
 - The Corporation for Education Network Initiatives in California (CENIC)
 - City of Santa Cruz
 - City of Watsonville
 - County of Santa Cruz
 - Cruzio
 - California State University – Monterey Bay
 - Wireless Education & Technology, CSU Monterey Bay
 - California Telehealth Network
 - Hartnell College
 - Monterey County
 - RedShift Internet Services
 - Steinbeck Innovation Foundation
 - Surfnet Communications





Regular Agenda – Communication Resolutions and Reports

Item #35 [12749] - Funding for Sunesys, LLC's Connected Central Coast Unserved and Underserved Broadband Project

Res T-17429

PROPOSED OUTCOME:

- Approves funding in the amount of \$7,352,164 from the California Advanced Services Fund for the grant application of Sunesys, LLC for its Connected Central Coast Unserved and Underserved Broadband Project.
- The Project will build a 91.19 middle-mile backbone network from Santa Cruz to Soledad, potentially providing high speed internet service to 430 square miles in the Central Coast area.

SAFETY CONSIDERATIONS:

- This project will provide robust middle-mile network to local internet service providers, which will in turn enable them to offer affordable and reliable services to anchor institutions, emergency first responders, and other public agencies.

ESTIMATED COST:

- \$7,352,164.





Regular Agenda – Communication Resolutions and Reports

Item #35a [12810] - ALTERNATE TO ITEM 12749

Res T-17429

Pres. Peevey

PROPOSED OUTCOME:

- Approves funding in the amount of \$11,028,245 from the California Advanced Services Fund for the grant application of Sunesys, LLC, for its Connected Central Coast Unserved and Underserved Broadband Project.
- The project will build a 91.18 mile middle-mile backbone network from Santa Cruz to Soledad, potentially providing high speed internet service to 430 square miles in the Central Coast area.

SAFETY CONSIDERATIONS:

- This project will provide robust middle mile network to local internet service providers, which will in turn enable them to offer affordable and reliable services to anchor institutions, emergency first responders, and other public agencies.

ESTIMATED COST:

- \$11,028,245.





Regular Agenda – Communication Resolutions and Reports

Item #36 [12775] - Funding for Surfnet Communications, Inc.'s Monterey Dunes Underserved Broadband Project

Res T-17431

PROPOSED OUTCOME:

- Approves funding for the Grant and Loan Application of Surfnet Communications, Inc. from the California Advanced Services Fund (CASF) in the amount of \$105,437 for the Monterey Dunes Underserved Broadband Project.
- The Project will cover 0.58 square miles in the Monterey Dunes area, located in Northern Monterey County.

SAFETY CONSIDERATIONS:

- The funding to the Monterey Dunes Project will enable households in the Monterey Dunes area to have access to high-speed Internet and make use of the technology for safety purposes.
- The project area does not include any anchor institutions. However, there are nine emergency first responders, one Public Safety Answering Point, and 125 anchor institutions within 10 miles of the project area which the project will potentially serve and which will benefit from the fiber and the middle facilities, which support the project area.

ESTIMATED COST:

- \$105,437.





Regular Agenda – Communication Resolutions and Reports

Item #37 [12779] - Funding for Sunesys, LLC's Paradise Road Underserved Broadband Project

Res T-17430

PROPOSED OUTCOME:

- Approves funding for the grant and loan application of Surfnet Communications, Inc. from the California Advanced Services Fund in the Amount of \$237,272 for the Paradise Road Underserved Broadband Project.
- The project covers 3.30 square miles in the Paradise Road area, located in Northern Monterey County.

SAFETY CONSIDERATIONS:

- The funding to the Paradise Road Project will enable households in the project area to have access to high-speed Internet and make use of the technology for safety purposes.
- The project area includes one anchor institution which may benefit from this project: Elkhorn Elementary School.
- Additionally, although not in the project area, there are nine emergency first responders, one Public Safety Answering Points and 172 anchor institutions within 10 miles of the project area which the project will potentially serve and which will benefit from the fiber and the middle facilities which support the project area.

ESTIMATED COST:

- \$237,272.





SURFNET CASF PROJECTS PARADISE ROAD AND MONTEREY DUNES



Robert Wullenjohn
Program Manager, Communications Division

California Public Utilities Commission

April 10, 2014





CASF General Overview

- The Commission authorized the California Advanced Services Fund (CASF) in December 2007 to encourage deployment of advanced communications services that will promote economic growth and social benefits
- The CASF is composed of four accounts:
 1. Broadband Infrastructure Grant Account
 2. The Rural and Urban Regional Broadband Consortia Grant Account
 3. The Broadband Infrastructure Revolving Loan Account
 4. Broadband Public Housing Account
- The Broadband Infrastructure Grant and Loan Accounts provide funding for the capital costs of broadband infrastructure projects in unserved and underserved areas of the state





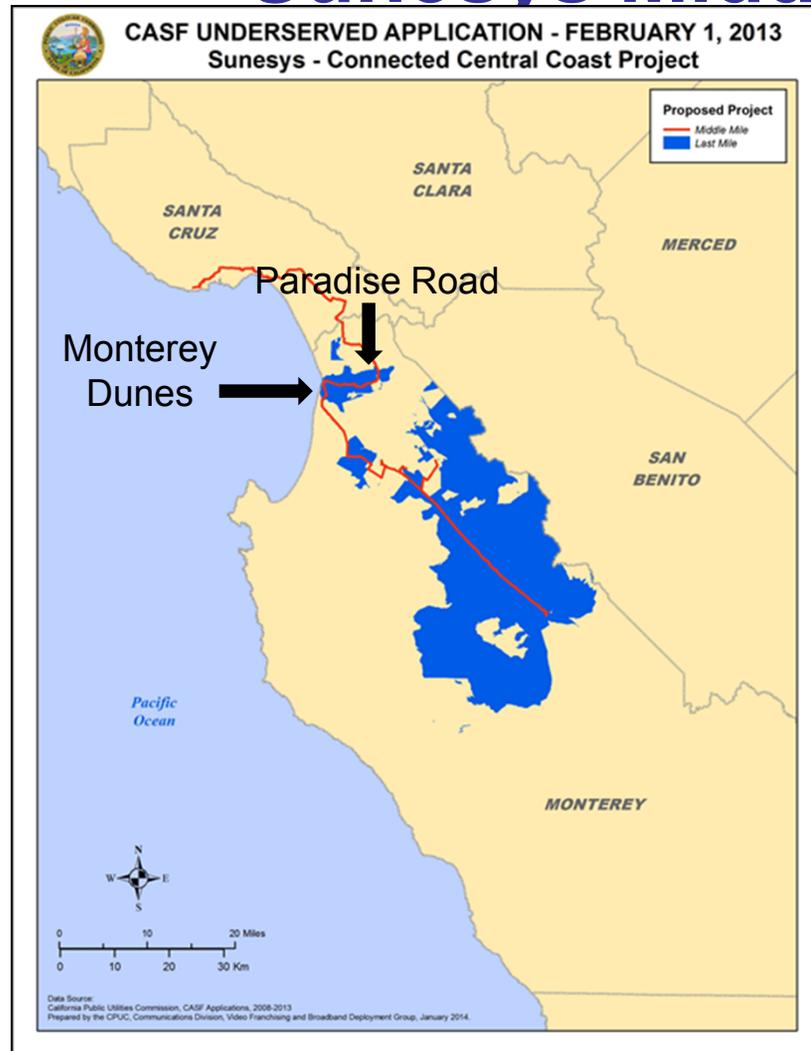
Monterey Dunes and Paradise Road Projects

- Applications filed February 2013
- Up to 100 mbps upstream / 100 mbps down
- Monterey Dunes project: placement of fiber facilities from backhaul network to existing copper wire neighborhood distribution infrastructure. Fiber will be placed underground along the entrance road to the property and will terminate in the Minimum Point of Entry (MPOE).
- Paradise Road project: high speed fiber to the home technology. Cable will be installed on existing utility poles. Service drops will be installed from the pole to the customer's house.





Surfnet Project Relative to Sunesys Middle Mile Project

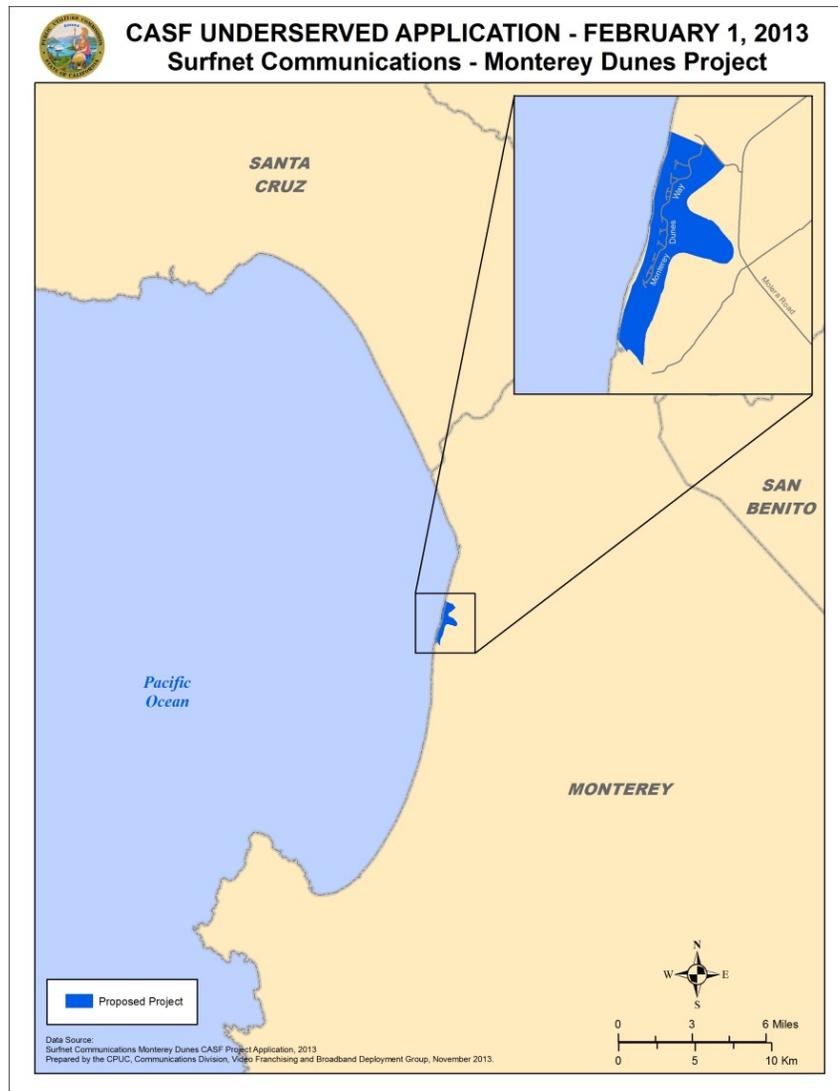


- Both Surfnet projects are located in Northern Monterey County
- Both connect to Sunesys middle mile network for backhaul
- Surfnet project area will serve households identified as eligible in the Sunesys middle mile project area





Monterey Dunes Project Area

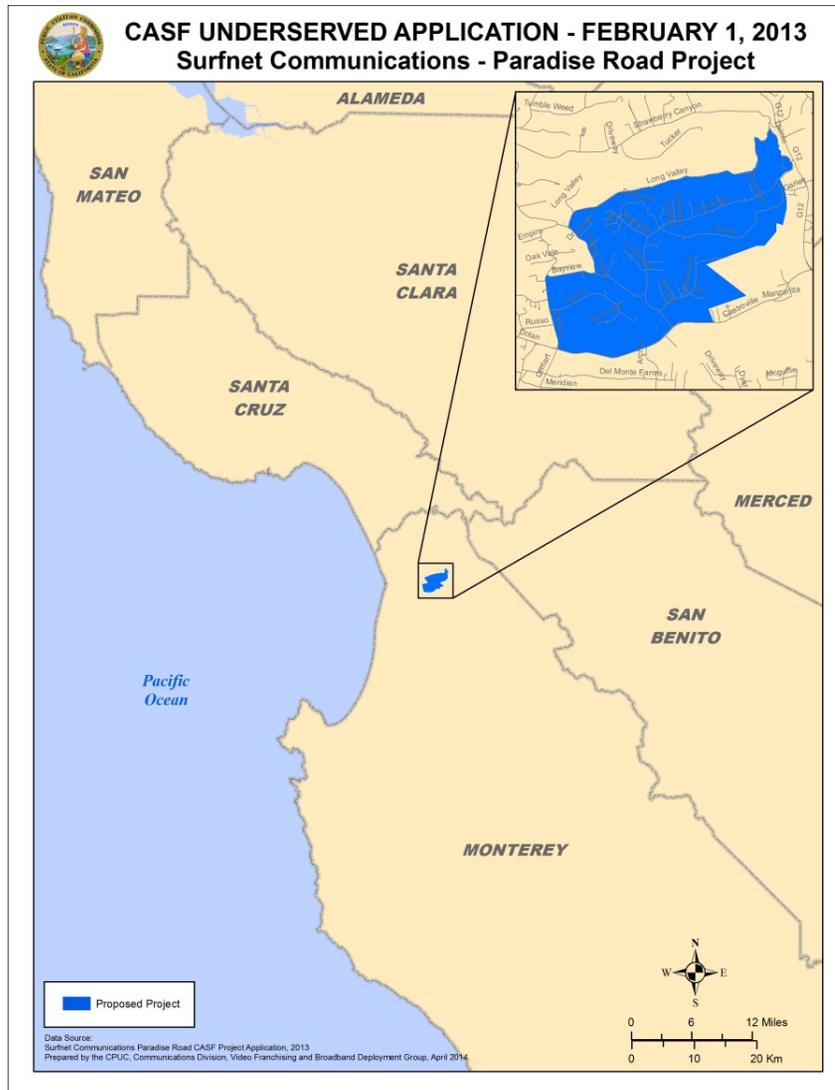


- 0.58 square miles
- 120 underserved households
- Median household income: \$68,243
- Scored well relative to other projects (time, price, cost)
- Wireless challenge not upheld





Paradise Road Project Area



- Paradise Road project area is 3.30 square miles
- 278 underserved household
- Median household income: \$75,421
- Scored well relative to other projects (time, price, cost)
- Wireless challenge not upheld





Surfnet Projects Funding

	Monterey Dunes	Paradise Road
Grant (60%)	\$79,078	\$177,954
<i>- Per HH CASF Grant funding</i>	\$659	\$640
Loan (20%)	\$26,359	\$59,318
Total CASF Funds Requested	\$105,437	\$237,272
<i>- Total Per HH CASF funding</i>	\$879	\$873
Matching Funds Provided by Applicant (20%)	\$26,359	\$59,318
Total Project Cost	\$131,796	\$296,590





Benefits of the Surfnet Projects

- Opportunity for first responders to interconnect networks
- Improves availability of symmetrical 100 mbps service useful to the region's medical services sector
- Nine emergency first responders, one PSAP (Public Safety Answering Points) within 10 miles of the project areas
- Monterey Dunes
 - 125 anchor institutions within 10 miles of the project area
- Paradise Road
 - One anchor institution within the project area
 - 172 anchor institutions within 10 miles of the project area





Regular Agenda – Communication Resolutions and Reports

Item #36 [12775] - Funding for Surfnet Communications, Inc.'s Monterey Dunes Underserved Broadband Project

Res T-17431

PROPOSED OUTCOME:

- Approves funding for the Grant and Loan Application of Surfnet Communications, Inc. from the California Advanced Services Fund (CASF) in the amount of \$105,437 for the Monterey Dunes Underserved Broadband Project.
- The Project will cover 0.58 square miles in the Monterey Dunes area, located in Northern Monterey County.

SAFETY CONSIDERATIONS:

- The funding to the Monterey Dunes Project will enable households in the Monterey Dunes area to have access to high-speed Internet and make use of the technology for safety purposes.
- The project area does not include any anchor institutions. However, there are nine emergency first responders, one Public Safety Answering Point, and 125 anchor institutions within 10 miles of the project area which the project will potentially serve and which will benefit from the fiber and the middle facilities, which support the project area.

ESTIMATED COST:

- \$105,437.





Regular Agenda – Communication Resolutions and Reports

Item #37 [12779] - Funding for Sunesys, LLC's Paradise Road Underserved Broadband Project

Res T-17430

PROPOSED OUTCOME:

- Approves funding for the grant and loan application of Surfnet Communications, Inc. from the California Advanced Services Fund in the Amount of \$237,272 for the Paradise Road Underserved Broadband Project.
- The project covers 3.30 square miles in the Paradise Road area, located in Northern Monterey County.

SAFETY CONSIDERATIONS:

- The funding to the Paradise Road Project will enable households in the project area to have access to high-speed Internet and make use of the technology for safety purposes.
- The project area includes one anchor institution which may benefit from this project: Elkhorn Elementary School.
- Additionally, although not in the project area, there are nine emergency first responders, one Public Safety Answering Points and 172 anchor institutions within 10 miles of the project area which the project will potentially serve and which will benefit from the fiber and the middle facilities which support the project area.

ESTIMATED COST:

- \$237,272.





Regular Agenda – Legal Division Matters

Item #39 [12898] Comments Before North American Electric Reliability Corporation

NERC's Project 2014-04 Physical Security to be Subsequently Filed in FERC Docket No. RD-14-6-000

The Commission will be filing comments at North American Electric Reliability Corporation (NERC) on Reliability Standards for Physical Security Measures (Standards). The Standards will require certain registered entities, including electric corporations in California, to take steps or demonstrate that they have taken steps to address physical security risks and vulnerabilities related to the reliable operation of the Bulk-Power System. The California Public Utilities Commission comments will address issues and concerns specific to California, such as lessons learned from recent events.





Substation Security



Denise Tyrrell
Acting Director
Safety & Enforcement Division





Agenda

Objective: Provide an overview of SED's and other parties actions taken post Metcalf.

- Federal Energy Regulatory Commission (FERC):
 - Direction to NERC
- North American Electric Reliability Corporation (NERC):
 - Actions
- SED: Actions
- SED: Future Actions





Overview of FERC Activities

- March 7, 2014 – Directed NERC to submit standards on security in 90 days
- FERC Docket Number: RD14-6-000
- FERC wants the standard to require at least:
 - Risk assessment of facilities to determine criticality
 - Evaluation of potential threats and vulnerabilities
 - Development and implementation of a security plan





Overview of NERC Activities

- Project 2014-04 Physical Security
- March 12 – 18: Requested Nominations for Drafting Panel
 - Both SCE and PG&E are on the drafting Committee
- March 21 – 28: Sent “Standards Authorization Request” for comments
- April 7 – 22: Sent draft Reliability Standard out for Comment





Overview of SED Activities

- Constant communications with all major IOUs in California
- SED directed investor owned
 - “[E]xamine your company’s security programs and make any necessary changes to minimize the likelihood of a physical or cyber attack”
- Visited substations, including Martin Substation in San Francisco area to review upgrades to security
- SED staff has participated in numerous meetings
- Reviewing and drafting comments to SB699
- Drafting comments to NERC standard





Overview of SED Future Activities

- Hold a two day workshop on security.
 - Waiting for NERC standard to get finalized.
 - Day 1: Will be open to the public and will include:
 - June 17, 2014
 - A briefing of Metcalf
 - Overview of the proposed FERC standards
 - Roundtable discussion
 - Day 2: Will be closed to the public
 - June 18, 2014
 - Due to confidential material being discussed
- Continue working with utilities on security
- Examine feasibility of one staff obtain security clearance





Regular Agenda – Legal Division Matters

Item #39 [12898] Comments Before North American Electric Reliability Corporation

NERC's Project 2014-04 Physical Security to be Subsequently Filed in FERC Docket No. RD-14-6-000

The Commission will be filing comments at North American Electric Reliability Corporation (NERC) on Reliability Standards for Physical Security Measures (Standards). The Standards will require certain registered entities, including electric corporations in California, to take steps or demonstrate that they have taken steps to address physical security risks and vulnerabilities related to the reliable operation of the Bulk-Power System. The California Public Utilities Commission comments will address issues and concerns specific to California, such as lessons learned from recent events.





Regular Agenda – Legislative and Other Matters

SPECIAL MEETING

Item #48 [12907] Public Utilities : Prepaid Voice Communication Services: Surcharge Collection

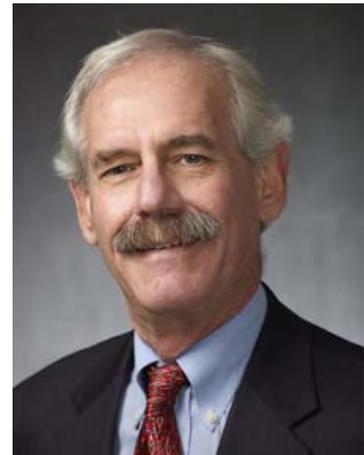
AB 1717 (Perea) as introduced February 13, 2014.

- This bill would change the way surcharges are collected on some or all prepaid wireless services. A Commission position on AB 1717 is proposed for consideration pursuant to the Special Meeting provision of Government Code section 11125.4(a)(2) (to consider proposed legislation).
- This matter is added to the agenda pursuant to Government Code section 11125.4(a)(2).





Commissioners' Reports





Management Reports





State Auditor Report on CPUC Review of Utility Balancing Accounts

March 27, 2014 Commission Meeting

Edward Randolph, Director

CPUC Energy Division

Rami Kahlon, Director

Division of Water and Audits

Joe Como, Acting Director

Office of Ratepayer Advocates





Audit Findings

- The CPUC does not have adequate processes for monitoring utility balancing accounts (BAs)
- The CPUC has not reviewed many large energy utility BAs
- Analysts do not always document, and supervisors do not always approve, Office of Ratepayer Advocates' (ORA) reviews of BAs
- ORA does not always properly document or retain its reviews
- ORA does not ensure that supervisors approve analysts' reviews of BAs
- Most of Water Division's reviews of BAs were supported and were approved by supervisors
- The CPUC does not always comply with the legal requirements to periodically audit the books and records of the utilities it regulates
- Auditors examined 9 BAs that were not reviewed and found all accounts were properly maintained and there were no exceptions





Audit Recommendations

1. The Legislature should amend PU Code §792.5 to require the CPUC to develop a risk-based approach for reviewing BAs
2. The CPUC should regularly update and verify the accuracy of its BA database. The CPUC should use this list to guide their oversight efforts
3. Energy Division (ED) should perform in-depth reviews of BAs that ORA has not reviewed
4. ORA should develop policies within six months to ensure that BA reviews are appropriately documented, subjected to supervisory approval, and retained
5. The CPUC should follow state law requirements to inspect and audit the accounting records of regulated utilities within required timeframes
6. The Legislature should amend state law to remove the requirement that the commission provide audit reports to Equalization





Activities in Place to Address Audit Recommendations

- Division of Water and Audits (DWA) and ED have developed a data base of balancing accounts that will be updated regularly
- ED has reassigned a Person Year (PY) to develop, implement and maintain a risk-based review process
- ED has is finalizing an action plan and has begun to implement
- ORA has begun development of an internal audit guide





Further Implementation of State Auditor Recommendations

1. Incorporate the audit recommendations into the zero-based budget requirement
2. Coordinate with ORA on audits and balancing account reviews to ensure compliance with PU Code Section 314.5
3. Develop procedures to verify the accuracy of the balancing account information collected from the utilities
4. Develop a risk-based approach to identify the balancing accounts to subject to detailed review
5. ED will consult with DWA for advice on conducting in-depth reviews of balancing accounts





Compliance Requirements

- Reports to the CA State Auditor are due 60 days (May 5, 2014), six months (August 4, 2014) and one year (March 4 2015) from the audit issuance date
- Demonstrate efforts to implement the recommendations within the CPUC's statutory authority





Management Reports





Consent Agenda – Energy Resolutions

Item #10 [12838] - Pacific Gas and Electric Company's Agreements for the Procurement of Renewable Energy Credits with Sterling Planet, LLC, Iberdrola Renewables, LLC, and NextEra Energy Power, LLC

Res E-4649 - Advice Letter (AL) 4299-E, AL 4300-E, and AL 4301-E, filed on October 10, 2013 – Related matters.

PROPOSED OUTCOME:

- Approves cost recovery for Pacific Gas and Electric Company's (PG&E) agreements for renewable energy credits with Sterling Planet, LLC, Iberdrola Renewables, LLC, and NextEra Energy Power, LLC.

SAFETY CONSIDERATIONS:

- The agreements approved by this resolution will not alter PG&E's existing agreements or any facility operations. Because these sales agreements do not require a change in PG&E's facility operations, there are no incremental safety implications associated with approval of these agreements beyond the status quo.

ESTIMATED COST:

- Actual costs are confidential at this time.





Resolution E-4649 Agenda Item 10

Pacific Gas and Electric (PG&E) requests approval of three purchase and sale agreements (PSAs) to procure renewable energy credits (RECs) from Sterling Planet, LLC, Iberdrola Renewables, LLC, and NextEra Energy Power, LLC

Presented by:
Edward Randolph, Director – Energy Division





Background of 3 REC PSAs

- PG&E executed 3 PSAs to purchase 1,094,500 unbundled RECs over a 10-year term from Sterling Planet, Iberdrola, and NextEra.¹
- PSAs are front-loaded, REC-only (unbundled) agreements in which 90% of the RECs procured will be eligible for RPS compliance during Compliance Period (CP) 1 (2011-2013).
- The procurement of the remaining 10% of REC deliveries will be spread out from 2014-2022.

¹One REC represents the renewable attributes associated with one MWh of eligible renewable generation.





Background of 3 REC PSAs (continued)

- PG&E is optimizing its RPS compliance portfolio by procuring up to its 25% CP 1 unbundled REC compliance limit.
- PG&E procured 20.9% of its 20.0% CP 1 RPS procurement obligation (including these PSAs).
- The 3 PSAs allow PG&E the flexibility to bank surplus bundled RECs that have already been procured and would have otherwise been applied to its CP 1 compliance requirement.
- The 3 Advice Letters for the 3 PSAs were protested by The Utility Reform Network (TURN) and The Office of Ratepayer Advocates (ORA)





Summary of 3 PSAs

Counterparty	Resource Type	Project Location	Quantity of RECs (MWh)	Contract Term (years)	Annual Deliveries (RECs)
Sterling Planet, LLC	Various	Any CEC-certified eligible renewable energy resource	500,000	10	Year 1: 455,000 Years 2-10: 5,000
Iberdrola Renewables, LLC			149,500		Year 1: 136,000 Years 2-10: 1,500
NextEra Energy Power, LLC			445,000		Year 1: 400,000 Years 2-10: 5,000





Protest 1: The PSAs Circumvent the RPS Long-Term Contracting Requirement

- The Commission adopted a 10-year long-term contracting requirement for RPS contracts in D.12-06-038.
- D.12-06-038 did not prohibit the front-loading of long-term RPS contracts.
- Consistent with the Commission Decision, the PSAs meet the formal long-term contracting requirement.





Protest 2: The 3 PSAs Provide Inferior Value Compared to Competing Offers in PG&E's 2012 RFO

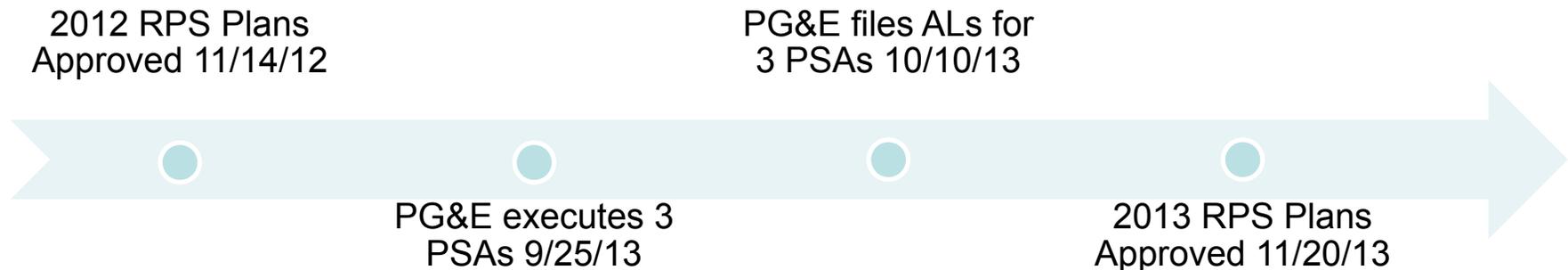
- The value of a REC-only PSA is not directly comparable to bundled agreements because the sole attribute of the PSA is a REC used for RPS compliance and it does not include the procurement of electric energy.
- The resolution does not make a finding regarding the value reasonableness of the 3 PSAs since it is difficult to quantify the value of many of the attributes of the REC-only PSAs such as:
 - 1) The fixed quantity and price of deliveries in the PSAs
 - 2) The front-loading of 90% of the RECs in CP 1
 - 3) Unbundled RECs allowing PG&E to decrease its CP 1 RPS compliance costs
 - 4) PG&E's ability to bank additional surplus RECs with the procurement of the REC-only PSAs
- The principal value of the 3 PSAs is PG&E's ability to build a bank (with other existing contracts) that can be used for future RPS compliance at a low cost to ratepayers.
- Given the difficulty of a value comparison, the Independent Evaluator (IE) compared the PSAs' prices against recently amended REC-only transactions and other REC-only proposals from PG&E's 2012 RFO. The IE states that the 3 PSAs rank favorably.





Protest 3: The Commission Explicitly Rejected PG&E's Proposal to Procure REC-Only PSAs in the 2013 RPS Plans Decision (D.13-11-024)

- This is a timing issue:



- At the time the PSAs were executed, the most recent Commission-approved RPS Plan was PG&E's 2012 Plan, which approves PG&E's procurement strategy of requesting bids for long-term REC-only offers.





Consent Agenda – Energy Resolutions

Item #10 [12838] - Pacific Gas and Electric Company's Agreements for the Procurement of Renewable Energy Credits with Sterling Planet, LLC, Iberdrola Renewables, LLC, and NextEra Energy Power, LLC

Res E-4649 - Advice Letter (AL) 4299-E, AL 4300-E, and AL 4301-E, filed on October 10, 2013 – Related matters.

PROPOSED OUTCOME:

- Approves cost recovery for Pacific Gas and Electric Company's (PG&E) agreements for renewable energy credits with Sterling Planet, LLC, Iberdrola Renewables, LLC, and NextEra Energy Power, LLC.

SAFETY CONSIDERATIONS:

- The agreements approved by this resolution will not alter PG&E's existing agreements or any facility operations. Because these sales agreements do not require a change in PG&E's facility operations, there are no incremental safety implications associated with approval of these agreements beyond the status quo.

ESTIMATED COST:

- Actual costs are confidential at this time.





Management Reports





Eligible Telecommunications Carriers & California Lifeline Eligibility Process



Ryan Dulin, Director

Communications Division

April 10, 2014





OVERVIEW

- Current Approach
 - Federal Eligible Telecommunications Carrier (ETC) Eligibility Process in California
 - California Lifeline Eligibility Process
- Challenges
- Next Steps





CURRENT APPROACH ETC ELIGIBILITY PROCESS

- Telecommunications Carriers seeking to offer Federal Lifeline Service or seeking Federal High-Cost support must file an Advice Letter or Application.
- Staff review Advice Letter or Application
- CD Staff prepares a draft resolution or ALJ prepares a draft decision for public comment
- Staff addresses any comments filed
- Draft resolution or draft decision is submitted for Commission consideration
- ETC approval requires adoption by Commission





CURRENT APPROACH ETC ELIGIBILITY PROCESS (Cont.)

- Carriers must submit information about corporate structures, key officers, product offerings and FCC mandated compliance plan that demonstrates technical and financial viability.
- As part of its review process, the Communications Division also performs the following:
 - Consult with FCC on pending investigations and/or enforcement actions
 - Check for complaints with other State Commissions
 - Check with Consumer Affairs Branch for consumer complaints
 - Check with Safety and Enforcement Division for criminal background
 - Confirm good standing with California Secretary of State
 - Confirm ETC applicant is current with CPUC User Fees and Public Program Surcharges
 - Check Better Business Bureau for consumer complaints
 - Perform web searches of noted consumer complaint websites
 - Review carrier's FCC Compliance plan, including technical competency
 - Review/evaluate public protest for Advice Letter or Application





CURRENT APPROACH CALIFORNIA LIFELINE ELIGIBILITY PROCESS

- CPUC website provides extensive guidance for carriers to aid in demonstrating compliance with California LifeLine program requirements set forth in Commission rule, orders, decision, and P.U. Code.
- Carriers with ETC designation seeking to offer California LifeLine Service must file an Advice Letter.
- If carrier does not have ETC designation from CPUC, Communications Division staff will apply similar criteria to those used for ETC designation including gathering supplemental data about carrier's performance in other states.
- CD Staff reviews advice letter and if compliant approves based on delegated ministerial authority.
- Carriers authorized to participate in California LifeLine must use Third-Party Administrator to establish customer's eligibility.
- Third-Party Administrator has extensive duplicate prevention processes in place for over 5 years that mirror current FCC national accountability database.





CHALLENGES

- Several carriers applying for ETCs have pending Notice of Apparent Liability (NAL).
 - FCC issues NAL when it determines that carriers may have duplicates
 - Appeals of findings have been filed by most carriers
 - FCC has not resolved appeals of any NAL issued in the last year
- FCC has not disclosed to the CPUC if a carrier is subject to pending investigations
- ETC and California LifeLine approval process do not use consistent criteria at this time due to differences between the two programs.





NEXT STEPS

- On April 3, 2014, the FCC requires all new Federal LifeLine carriers to use National Accountability Database to determine if customers duplicate prior to enrolling a customer Federal LifeLine
- Phase II of the LifeLine Proceeding (R.11-03-013) will streamline and update criteria used to approve ETCs to reflect recently adopted FCC rules and align criteria with California LifeLine approval process.
- Improve consistency of eligibility criteria and operational requirements between the Federal and State Lifeline programs
- Improve ongoing compliance and enforcement activities.





Thank You!

For further information related to *ETC Eligibility Process*,
please contact:

Charles Christiansen, Supervisor
CHR@cpuc.ca.gov
415-703-1901

For further information related to *CA LifeLine Eligibility Process*,
please contact:

Fe Lazaro, Supervisor
FNL@cpuc.ca.gov
415-703-2627



www.cpuc.ca.gov





Management Reports





The CPUC Thanks You For Attending Today's Meeting

The Public Meeting is adjourned.

The next Public Meeting will be:

May 1, 2014, at 9:30 a.m.

**Metropolitan Water District
The Board Room
700 N. Alameda Street
Los Angeles, CA, 90012**

