

**Frontier CASF Broadband Infrastructure Grant Application – Taft Cluster
Item #1 - Project Summary**

Applicant: Frontier California, Inc. (U-1002-C)
Contact: Amy Warshauer
Manager, Government & External Affairs
Amy.warshauer@ftr.com
Project Title: Taft Cluster
Location: Kern County
Type: Last Mile
Grant Request: \$1,651,355.90

PROJECT SUMMARY

Frontier California, Inc. (U-1002-C) (Frontier) is applying for a \$2,561,883.10 grant from the California Advanced Services Fund (CASF) Broadband Infrastructure Grant Account to deploy last mile VDSL2 facilities that will enable High Speed Internet broadband, VoIP and over-the-top (OTT) video services (such as Netflix, Hulu, etc.) to 146 unserved CASF-eligible households in the Taft, Buttonwillow, Fellows, McKittrick and Macfarland regions of Kern County. Frontier also seeks to leverage federal Connect America Fund II (CAF II) dollars to build out to 360 CAF II households within the region; this results in an upgrade of a total of 506 households. Frontier refers to the collective areas of this proposal as the “Taft Cluster” Project.

Frontier’s proposed project covers approximately 65.1 square miles and upgrades existing facilities that are capable of providing High Speed Internet and VoIP. Due to the close proximity of each location within the cluster, many operate with the same critical broadband infrastructure, and thus each build is contingent upon one another in order to justify a sound business case while also providing the greatest benefit to connect Frontier customers. The 146 unserved CASF-eligible households and the 306 CAF-eligible households will receive minimum speeds of 10 Mbps download and 1 Mbps upload, and maximum speeds of 115 Mbps download and 7 Mbps upload. As a result of this infrastructure upgrade, an additional 7,713 non-CASF Frontier households within 10,000 feet of the DSLAM will receive improved service ranging from minimum speeds of 10 Mbps download and 1 Mbps upload, and maximum speeds of 115 Mbps download and 7 Mbps upload.

FUNDING RATIONALE

AB 1665 resulted in the rules that disallow CAF II funding in areas that are eligible for CASF grants in order to prevent “double dipping” in public funds. Further, the legislation stated that in CASF regions that contain CAF II households, providers are encouraged to leverage both state and federal funds in order to avoid a “checkerboard” effect where some houses are served while others remain unserved. In the spirit of AB 1665, Frontier is proposing to leverage state funds for 146 households that are CASF-eligible and federal funds for 360 households that are CAF II-eligible.

Under the new CASF rules adopted in D.18-12-018 (issued December 20, 2018) (Decision), Frontier believes the proposed project qualifies for 100 percent funding. The total cost of building to 506

households amounts to a cost of \$2,561,883.10. As previously stated, Frontier plans to leverage federal funding from CAF II toward the 360 households at the CAF II cost of \$2,532.02 per household; a total investment of \$911,527.20. The state funded amount is therefore calculated by removing the \$911,527.20 CAF II household amount from the total projected project budget of \$2,561,883.10, resulting in a finalized CASF request of \$1,650,355.90.

The Decision provides a table which summarizes criteria for funding level determinations. According to this table, only projects in low-income areas or without any service from an existing facilities-based provider (a “dial-up only” area) are eligible to receive up to 100% funding. The proposed Taft Cluster CASF project qualifies for 100% funding as it meets the following criteria:

Criteria	Reimbursement
Baseline for Eligible Project	60%
Presence of dial-up only (all households)	40%
TOTAL	100%

The proposed build resides within an area that is currently not served by any form of wireline or wireless facilities-based broadband and proposes a cost-effective expansion of broadband access to 146 unserved CASF-eligible households, 360 CAF eligible households, and, by DSLAM proximity, upgrades service to an additional 7,713 non-CASF Frontier households. While the CASF cost per household is noticeably above average, it should be noted that Frontier is utilizing all possible funding methods to place these areas on the correct side of the Digital Divide. The proposed projects costs speak to why no service currently exists – or has ever existed – in these areas, and simply reflects the realistic costs to connect an unserved community that is extremely remote and difficult to serve. These are the exact types of communities the legislature had in mind when crafting the Internet for All Now Act. Aside from connecting and/or increasing speed to approximately 8,200 households within the area, the project also establishes vital infrastructure for further expansion of HSI broadband and VoIP services in the future.

ADDITIONAL BENEFITS

- **Existence of communication facilities that may be upgraded to deploy broadband:** The Commission interprets this category to mean that the proposed project relies primarily on existing infrastructure. This project plans to leverage Frontier’s existing infrastructure, and thus will be less expensive to build.

- **Location and accessibility of the area:** The Commission interprets this category to mean that the Legislature directed the Commission to award higher funding levels in remote areas, as specified. The Decision directs staff to award more funding if an applicant proves a proposed project area meets two of the five characteristics outlined below; this proposed project meets 4 of the five, as shown below in bold:
 - ✓ **The proposed project area contains rugged or difficult terrain (e.g., mountains, desert, national or state forest);**
 - ✓ **The proposed project area is an unincorporated community;**
 - ✓ **The proposed project area is more than 10 miles from the nearest hospital;**

- The proposed project area is more than 10 miles from the nearest state or federal highway; and/or (not applicable);
 - ✓ **The proposed project area is located in a rural census block, as defined by the U.S. Census Bureau.**
- **Significant contribution to achieving the program goal:** The proposed project would make a significant contribution to the CASF program as the area lies within the San Joaquin Valley Regional Broadband Consortia Region, a region which is currently served at 96.38% and falls below the 98% goal set forth in AB 1665.
 - **Low-Income Community:** The proposed project area qualifies as a low-income community with a median household income of \$45,409 which falls below the \$50,200 threshold set forth in the Decision.
 - **Low-Income Plan:** Frontier features a choice of two low-income programs for customers: Frontier Fundamentals and Frontier Affordable Broadband.

Census Blocks Covered

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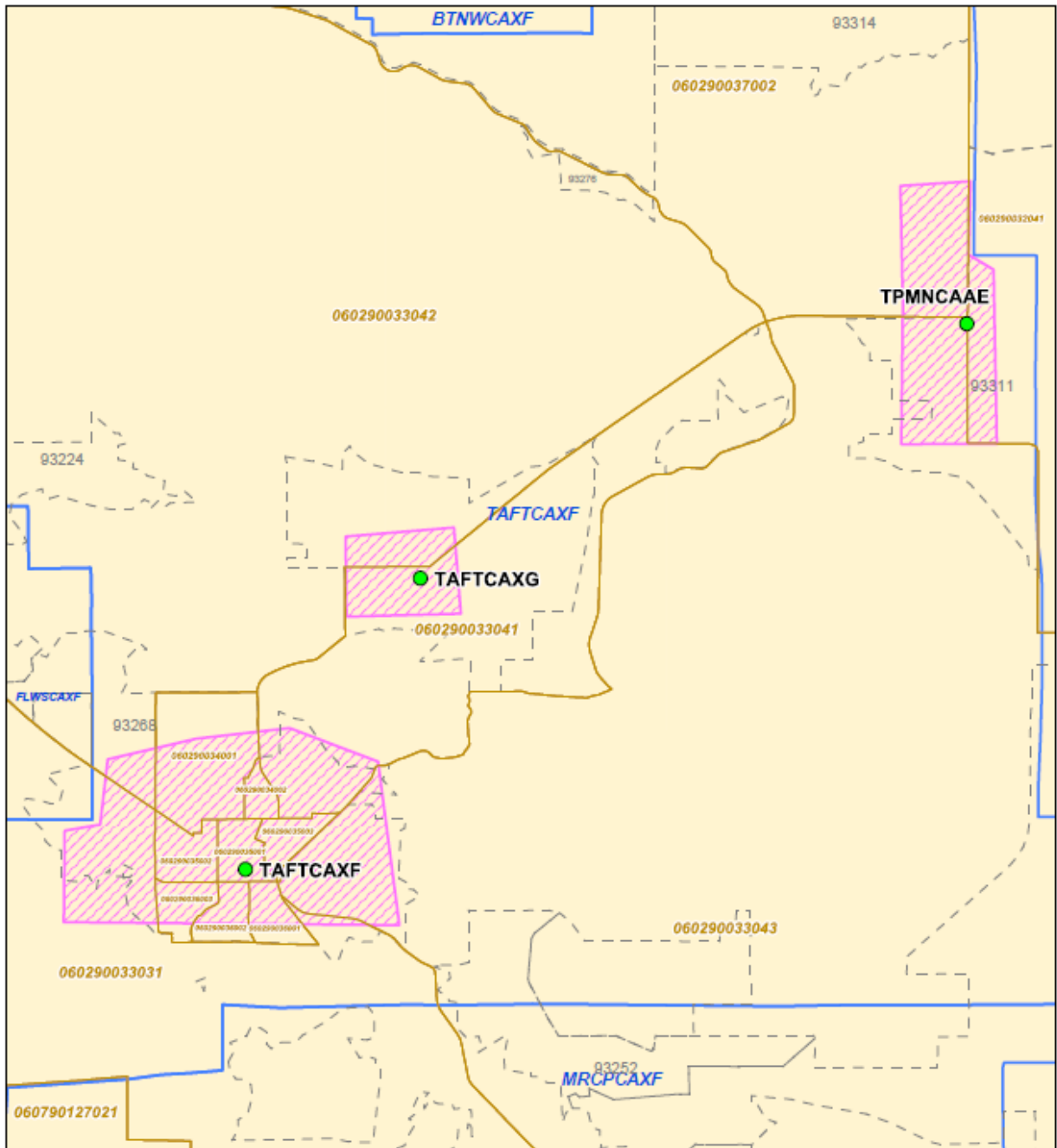
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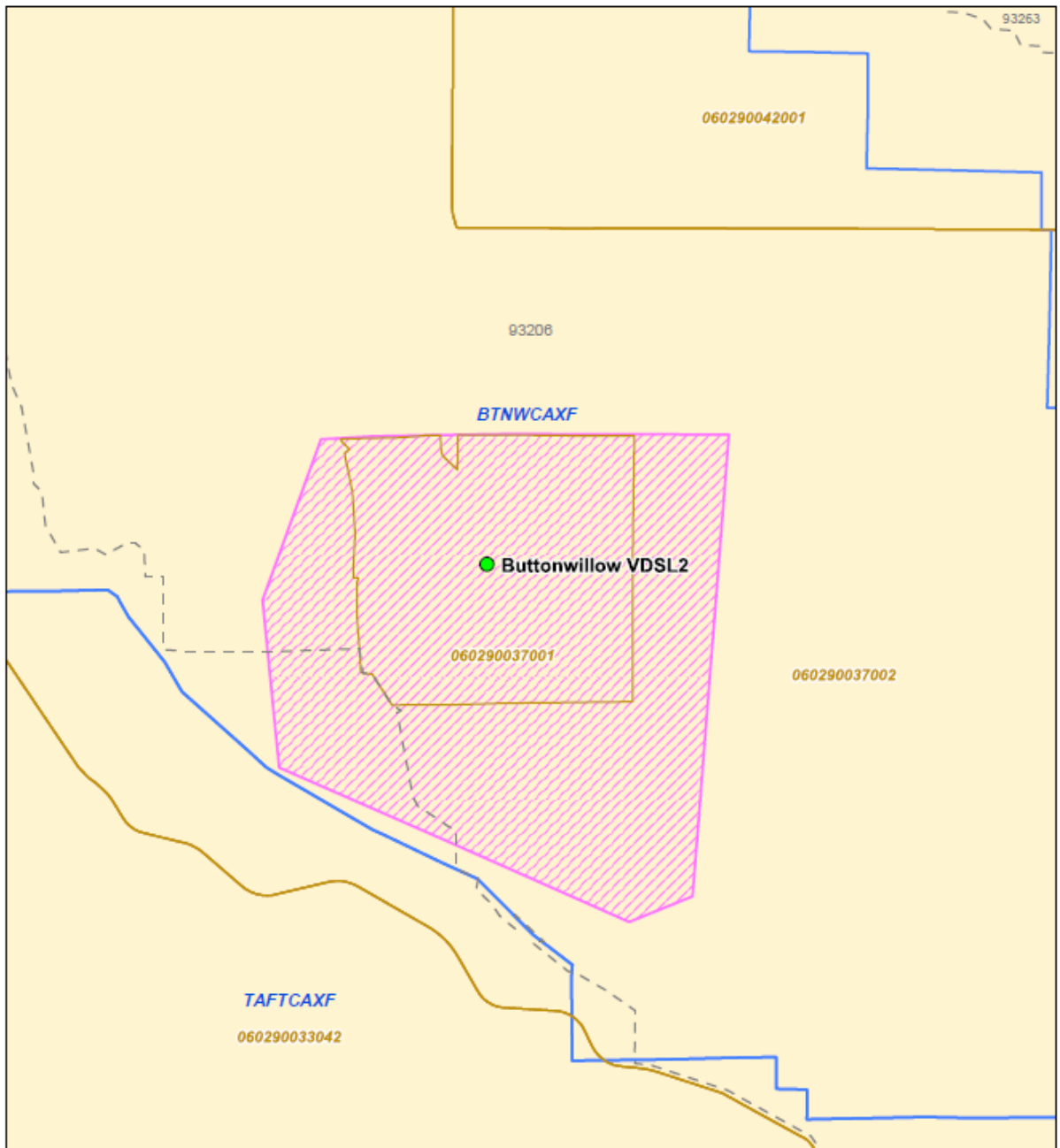
TAFT VDSL2 CASF



04/24/2016

- Legend**
- Remote
 - Serving Area
 - Frontier Wirecenter Boundary
 - Census Block Groups
 - Zip Code Boundary

BUTTONWILLOW VDSL2

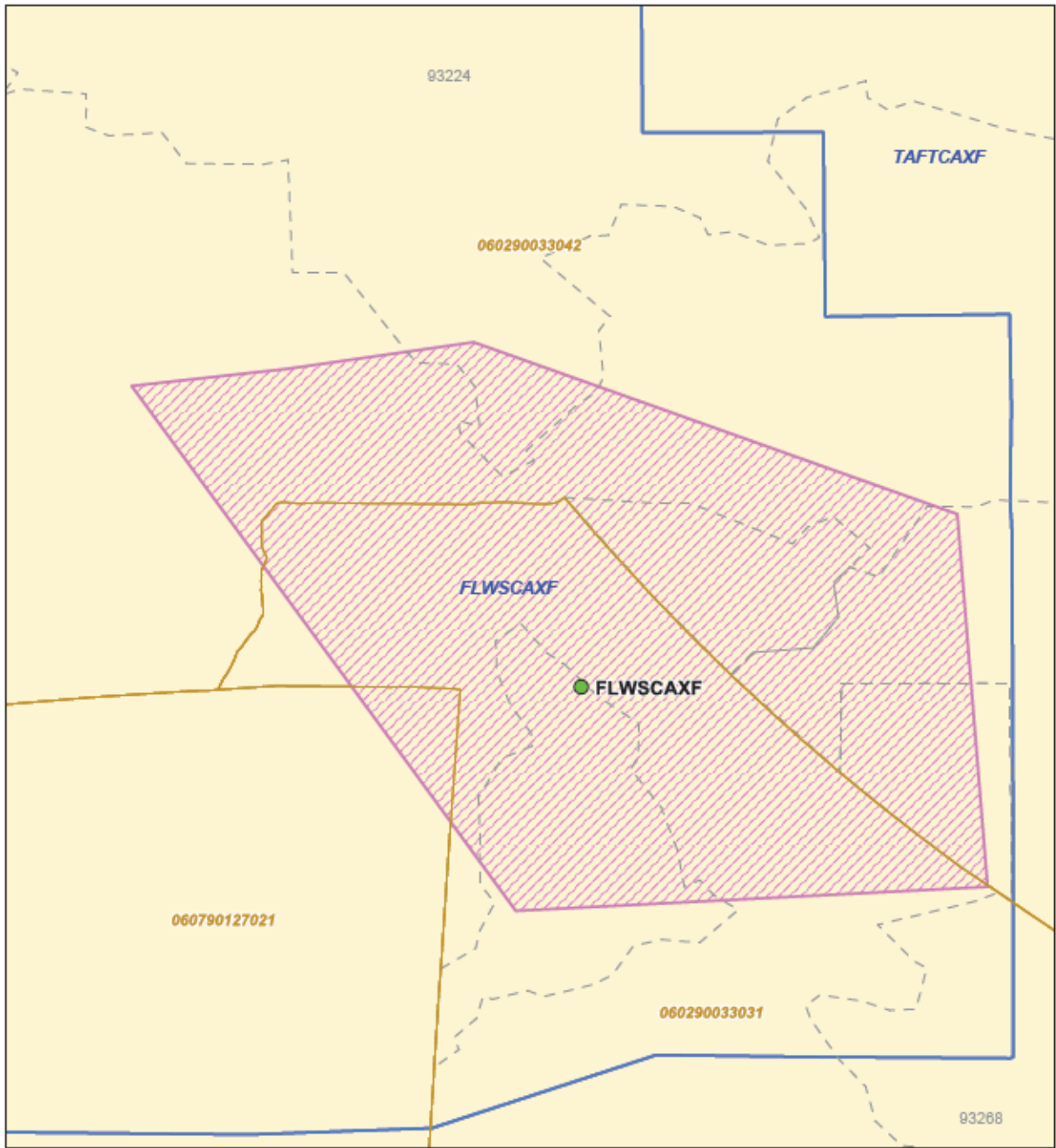


04/24/2018

Legend

- Remote
- ▨ Serving Area
- ▭ Census Block Groups
- Zip Code Boundary
- ▭ Frontier Wirecenter Boundary

FELLOWS VDSL2 CASF

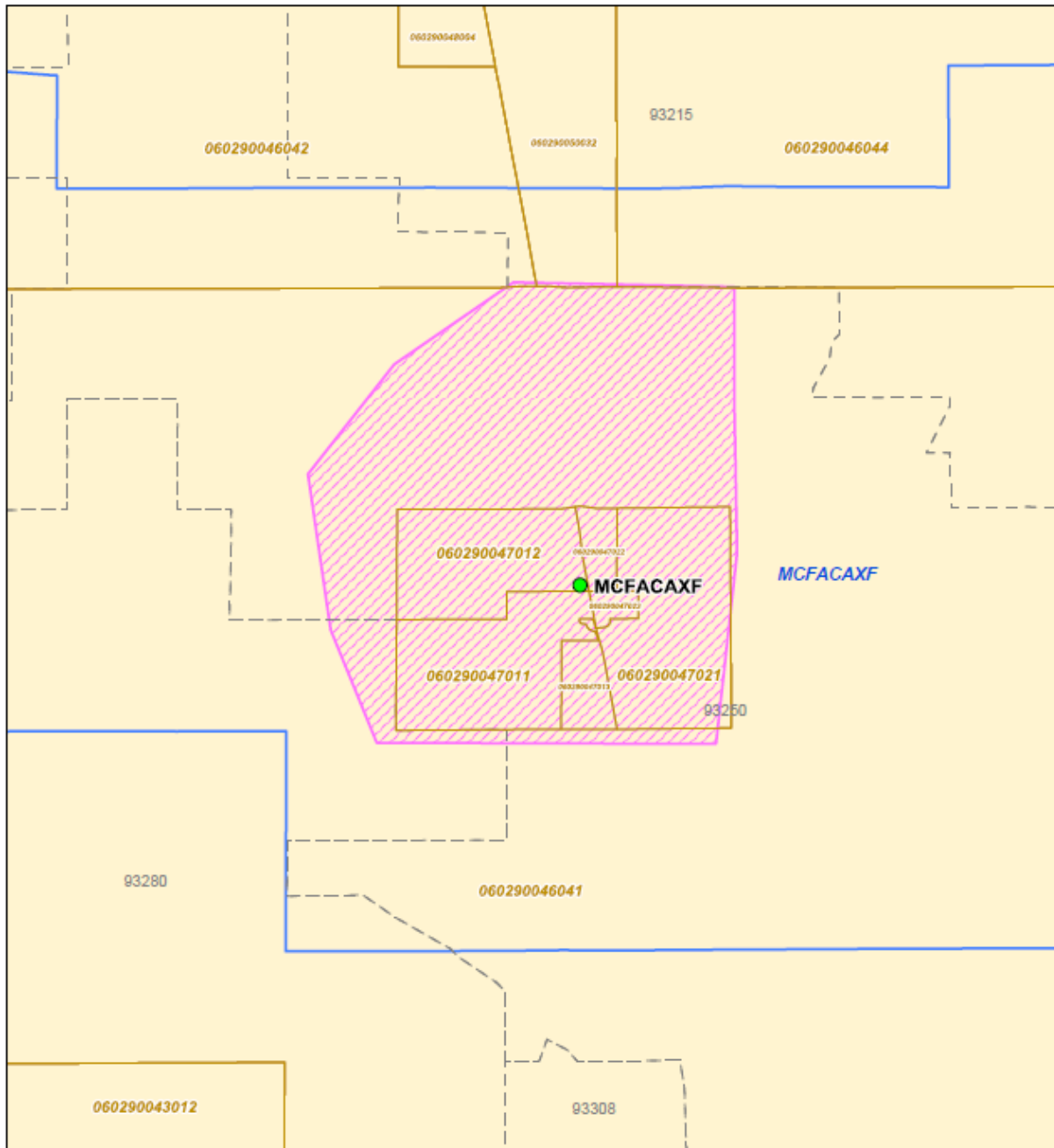


04/24/2016

Legend

-  Remote
-  Serving Area
-  Frontier Wirecenter Boundary
-  Census Block Groups
-  Zip Code Boundary

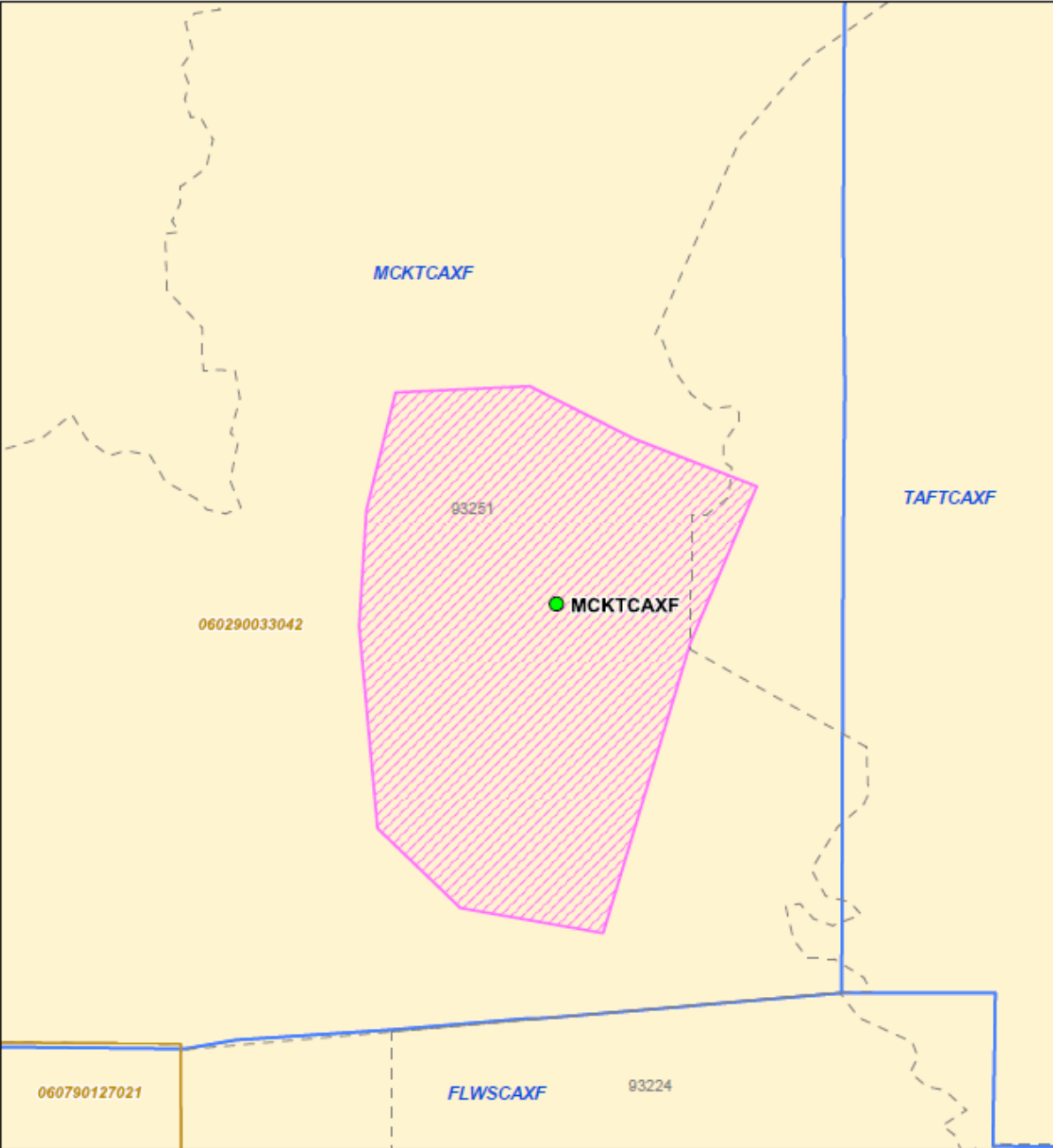
MCFARLAND VDSL2 CASF



Legend

- Remote
- ▨ Serving Area
- ▭ Census Block Groups
- ▭ Frontier Wirecenter Boundary
- - - Zip Code Boundary

MCKITTRICK VDSL2 CASF



04/24/2018

- Legend**
- Remote
 - ▨ Serving Area
 - ▭ Census Block Groups
 - Zip Code Boundary
 - ▭ Frontier Wirecenter Boundary