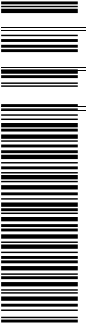


An act to amend Sections 6547.7 and 53167 of, to add Section 26231 to, and to add Chapter 5.8 (commencing with Section 11549.50) to Part 1 of Division 3 of Title 2 of, the Government Code, to add Section 21080.51 to the Public Resources Code, and to amend Sections 275.6, 276.5, 281, 871, 871.5, 873, 875, 912.2, and 914.7 of, to amend the heading of Article 8 (commencing with Section 871) of Chapter 4 of Part 1 of Division 1 of, to add Sections 281.2 and 871.6 to, to repeal Sections 872, 874, 877, 878.5, and 879.5 of, and to repeal and add Sections 878 and 879 of, the Public Utilities Code, relating to communications, and making an appropriation therefor, to take effect immediately, bill related to the budget.

SECURE  
COPY



THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 6547.7 of the Government Code is amended to read:

6547.7. A joint powers entity created pursuant to this chapter may issue mortgage revenue bonds pursuant to Part 5 (commencing with Section 52000) of Division 31 of the Health and Safety Code, revenue bonds for the deployment of broadband infrastructure by a public entity or nonprofit organization that are supported in whole or in part by funding granted pursuant to Section 281.2 of the Public Utilities Code, and industrial development bonds pursuant to the California Industrial Development Financing Act (Title 10 (commencing with Section 91500)).

SEC. 2. Chapter 5.8 (commencing with Section 11549.50) is added to Part 1 of Division 3 of Title 2 of the Government Code, to read:

Chapter 5.8. Office of Broadband and Digital Literacy

11549.50. For purposes of this chapter, the following definitions apply:

- (a) "Department" means the Department of Technology.
- (b) "Office" means the Office of Broadband and Digital Literacy.
- (c) "Open access" means equal non-discriminatory access to eligible entities on a technology and competitively neutral basis, regardless of whether the entity is privately or publicly owned.
- (d) "Statewide open-access middle-mile broadband network" means the broadband infrastructure that is funded pursuant to Section 19.50 of the Budget Act of 2021.

11549.51. There is in state government, in the department, the Office of Broadband and Digital Literacy.

11549.52. The office shall, consistent with Section 19.50 of the Budget Act of 2021, oversee the acquisition and management of contracts for the development and construction of a statewide open-access middle-mile broadband network, and for the maintenance and operation of the broadband network to provide an opportunity for last-mile providers and anchor institutions to connect to, and interconnect with other networks and other appropriate connections to, the broadband network to facilitate high-speed broadband service.

11549.53. (a) The office has the powers and authorities necessary to implement this chapter, including, but not limited to, the authority to enter into contracts with one or more entities to acquire goods and services and to take actions it deems necessary and appropriate for the development, construction, maintenance, and operation of a statewide open-access middle-mile broadband network.

(b) Contracts entered into by the office are exempt from Section 10295 of, and Article 4 (commencing with Section 10335) of Chapter 2 of Part 2 of Division 2 of, the Public Contract Code.

(c) The office has the same authority granted to the department pursuant to paragraph (1) of subdivision (e) of Section 6611 of the Public Contract Code in the implementation of Section 11549.52 of this code.

(d) The office has the same authority granted to the department pursuant to Chapter 3 (commencing with Section 12100) and Chapter 3.5 (commencing with Section 12120) of Part 2 of Division 2 of the Public Contract Code in the



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implementation of Section 11549.52 of this code.

11549.54. (a) The Public Utilities Commission shall assist the office and provide to the office the locations for the statewide open-access middle-mile broadband network in a commission staff report and shall update the locations from time to time as the commission deems appropriate.

- (1) The commission shall identify middle-mile network locations that enable last mile service connections and that are in communities where there is no existing middle mile infrastructure that is open access, with sufficient capacity, and at affordable rates.
- (2) The commission shall identify priority middle-mile network locations, including areas that can be built expeditiously, areas with no middle mile network access, regions underserved by middle-mile networks, and regions without sufficient capacity to meet future middle-mile needs.

b) The Public Utilities Commission shall solicit and receive public comments within 90 days of enactment of this Chapter with respect to (i) the current locations, routes, availability, technical performance characteristics, and other aspects of existing commercial sources of supply of middle-mile broadband network services, and (ii) the locations, routes, technical performance characteristics, network design, regeneration points, interconnection points and tie-ins, and other design, technical, business, and operational considerations that would increase the attractiveness and usefulness of the statewide open-access middle-mile broadband network for commercial internet service providers. These comments will inform the locations for the statewide open-access middle mile network provided to the office pursuant to subdivision (a).

(1) The Public Utilities Commission shall treat any confidential information obtained from the California Department of Technology pursuant to this section consistent with its processes and statutory requirements for maintaining confidential information otherwise received from telecommunications service providers.

(2) The Public Utilities Commission may share with the California Department of Technology any confidential information it receives from communications service providers that is related to the development and operation of the statewide open-access middle-mile network, and the department shall not disclose such information.

(c) The office shall plan and develop the statewide open-access middle-mile broadband network using the information provided pursuant to subdivisions (a), and (b).

(d) (1) In the planning and development of the middle-mile open-access network, the office shall take into consideration technical advice received from entities including but not limited to wireless communications companies, wireline communications companies, state agencies, local governments, tribes, educational institutions, and organized labor.

11549.55. (a) (1) The construction of a statewide open-access middle-mile broadband network under design-build authority is exempt from the design-build procurement authorization limit of subdivision (a) of Section 6821 of the Public Contract Code.

(2) Notwithstanding subdivision (a) of Section 6829 of the Public Contract Code, the design-build procurement authorization under Chapter 6.5 (commencing with Section 6820) of Part 1 of Division 2 of the Public Contract Code shall remain in effect for purposes of the statewide open-access middle-mile broadband network after January 1, 2024, until the completion of the broadband network.

(b) (1) The office, or an entity, including the Department of Transportation, assigned by the office to construct the statewide open-access middle-mile broadband network or a portion of the broadband network, may use the Construction Manager/General Contractor method under Chapter 6.3 (commencing with Section 6700) of Part 1 of Division 2 of the Public Contract Code for the construction of the broadband network.

(2) The dollar value limitation on the Construction Manager/General Contractor method as specified in paragraph (1) of subdivision (b) of Section 6701 of the Public Contract Code does not apply to the statewide open-access middle-mile broadband network.

(c) The office, or an entity, including the Department of Transportation, assigned by the office to construct the statewide open-access middle-mile broadband network or a portion of the broadband network, may use job order contracting to construct the broadband network as follows:

(1) The office, or an entity, including the Department of Transportation, assigned by the office to construct the statewide open-access middle-mile broadband network or a portion of the broadband network, shall establish a procedure to prequalify job order contractors and shall prepare a set of documents for each job order contract.

(2) The documents shall include a unit price book of construction tasks with preestablished unit prices, job order contract specifications, and any other information deemed necessary to describe adequately the office's or the entity's needs.

(3) Based on the documents prepared under paragraphs (1) and (2), the office, or an entity, including the Department of Transportation, assigned by the office to construct the statewide open-access middle-mile broadband network or a portion of the broadband network, shall prepare a request for bids that invites prequalified job order contractors to submit competitive sealed bids in the manner prescribed by the office or the entity.

(4) Job order contracts may be executed for an initial contract term of no more than 12 months, with the option of extending or renewing the job order contract for two 12-month periods. All extensions or renewals shall be priced as provided in the request for bids. The extension or renewal shall be mutually agreed to by the office, or an entity, including the Department of Transportation, assigned by the office to construct the statewide open-access middle-mile broadband network or a portion of the broadband network, and the job order contractor.

(5) Any job order contractor that is selected to construct a project pursuant to this subdivision shall possess or obtain sufficient bonding to cover the contract amount



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for construction services and risk and liability insurance as the office, or an entity, including the Department of Transportation, assigned by the office to construct the

statewide open-access middle-mile broadband network or a portion of the broadband network, may require.

(d) This section is not intended to affect, expand, alter, or limit any rights or remedies otherwise available at law.

(e) Any construction of the statewide middle-mile broadband network performed by the Department of Transportation and any funds received as reimbursement for the work are not transportation funds subject to Sections 182 and 183 of the Streets and Highways Code.

**11549.56.** (a) All state agencies shall work in cooperation to expedite the delivery and permitting of the statewide open-access middle-mile broadband network.

(b) The Legislature finds and declares that the statewide open-access middle-mile broadband network serves a public purpose. Notwithstanding Section 104.12 of the Streets and Highways Code and any other applicable law, any lease of public property for purposes of the statewide open-access middle-mile broadband network may be made for less than fair market value.

(c) The Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 does not apply to regulations related to the operation of the statewide open-access middle-mile broadband network adopted by the office or a state agency assigned by the office to operate the broadband network.

11549.57. (a) In the operation of the statewide open-access middle-mile broadband network, the office may establish reasonable user policies, perform reasonable network management practices and create related standards and policies.

(b) The office shall ensure that there are a variety of services offered to internet service providers on the statewide open-access middle-mile broadband network.

(c) Where feasible the office shall consider the term of access to dark fiber shall be no less than a 20-year indefeasible right to use.

(d) Where feasible the office shall consider including excess conduit capacity to ensure for potential growth of the statewide open-access middle-mile broadband network.

SEC. 3. Section 26231 is added to the Government Code, to read:

**26231.** (a) For purposes of this section, “broadband internet access service” has the same meaning as defined in Section 53167.

(b) The board of supervisors of a county may acquire, construct, improve, maintain, or operate broadband internet access service and any other telecommunications services necessary to obtain federal or state support for the acquisition, construction, improvement, maintenance, or operation of broadband internet access service.

(c) A county that acquires, constructs, improves, maintains, or operates broadband internet access service shall comply with the requirements of Article 12 (commencing with Section 53167) of Chapter 1 of Part 1 of Division 2 of Title 5.

SEC. 4. Section 53167 of the Government Code is amended to read: **53167.**

For purposes of this ~~article~~: article, the following definitions apply:

(a) “Broadband-~~Internet~~ internet access service” means a mass-market retail



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service provided by a local agency in California by wire or radio that provides the capability to transmit data to and receive data from all or substantially all ~~Internet~~ internet endpoints, including any capabilities that are incidental to and enable the operation of the communications service, but excluding dial-up ~~Internet~~ internet access service. “Broadband ~~Internet~~ internet access service” also encompasses any service provided by a local agency in California that provides a functional equivalent of that service or that is used to evade the protections set forth in this article.

(b) “Edge provider” means any individual or entity that provides any content, application, or service over the ~~Internet~~, internet, and any individual or entity that provides a device used for accessing any content, application, or service over the ~~Internet~~ internet to an end user.

(c) “End user” means any individual or entity in California that uses a broadband ~~Internet~~ internet access service that is provided by a local agency.

(d) “Fixed broadband ~~Internet~~ internet access service” means any broadband ~~Internet~~ internet access service that serves end users primarily at fixed endpoints using

stationary equipment. Fixed broadband ~~Internet~~ internet access service includes fixed wireless services, including fixed unlicensed wireless services, and fixed satellite services.

(e) “Local agency” means any agency of local government authorized by any other law to provide broadband internet access service, including the following:

- (1) A city.
- (2) A county, including a county service area.
- (3) A community services district.
- (4) A public utility district.
- (5) A municipal utility district.
- (6) A joint powers authority.

(f) “Mobile broadband ~~Internet~~ internet access service” means any broadband ~~Internet~~ internet access service that serves end users primarily using mobile stations.

(g) “Network management practice” means a practice that has a primarily technical network management justification, but does not include other business practices.

(h) “Paid prioritization” means the management of a broadband provider’s network to directly or indirectly favor some traffic over other traffic, including through the use of techniques such as traffic shaping, prioritization, resource reservation, or other forms of preferential traffic management, that either:

- (1) Is in exchange for consideration, monetary or otherwise, from a third party.
- (2) Done to benefit an affiliated entity.

(i) “Reasonable network management” means a network management practice that is primarily used for and tailored to achieving a legitimate network management purpose, taking into account the particular network architecture and technology of the broadband ~~Internet~~ internet access service.

SEC. 5. Section 21080.51 is added to the Public Resources Code, to read:

**21080.51.** (a) This division does not apply to a project funded by Section 19.50 of the Budget Act of 2021 that consists of linear broadband deployment in an existing right-of-way if the project meets all of the following conditions:

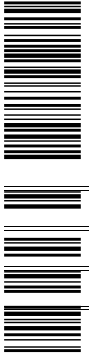
(1) The project is located in an area of the state that the Public Utilities Commission has identified as a priority area for state-owned, open-access deployment of middle-mile broadband infrastructure.

(2) The project is constructed along, or within 30-feet of, the right-of-way of any public road or highway.

(3) The project is either deployed underground where the surface area is restored to a condition existing before the project or placed aurally along an existing utility pole right-of-way.

(4) The project incorporates, as a condition of project approval, measures developed by the Public Utilities Commission or the Department of Transportation to address potential environmental impacts. At minimum, the project shall be required to include monitors during construction activities and measures to avoid or address impacts to cultural and biological resources.

(5) The project applicant agrees to comply with all conditions otherwise authorized by law, imposed by the planning department of a city or county as part of





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a local agency permit process, that are required to mitigate potential impacts of the proposed project, and to comply with the Keene-Nejedly California Wetlands

Preservation Act (Chapter 7 (commencing with Section 5810) of Division 5), the California Endangered Species Act (Chapter 1.5 (commencing with Section 2050) of Division 3 of the Fish and Game Code), as applicable, other applicable state laws, and all applicable federal laws.

(b) If a project meets all of the requirements of subdivision (a), the person undertaking the project shall do all of the following:

(1) Notify, in writing, any affected public agency, including, but not limited to, any public agency having permit, land use, environmental, public health protection, or emergency response authority, of the exemption of the project pursuant to this section.

(2) Provide notice to the public in the area affected by the project in a manner consistent with subdivision (b) of Section 21108.

(3) In the case of private rights-of-way over private property, receive from the underlying property owner permission for access to the property.

(4) Comply with all conditions authorized by law imposed by the planning department of a city or county as part of any local agency permit process, that are required to mitigate potential impacts of the proposed project, and otherwise comply with the Keene-Nejedly California Wetlands Preservation Act (Chapter 7 (commencing with Section 5810) of Division 5), the California Endangered Species Act (Chapter 1.5 (commencing with Section 2050) of Division 3 of the Fish and Game Code), as applicable, other applicable state laws, and all applicable federal laws.

**SEC. 6. Section 275.6 of the Public Utilities Code is amended to read:**

275.6. (a) The commission shall exercise its regulatory authority to maintain the California High-Cost Fund-A Administrative Committee Fund program (CHCF-A program) to provide universal service rate support to small independent telephone corporations in amounts sufficient to meet the revenue requirements established by the commission through rate-of-return regulation in furtherance of the state's universal service commitment to the continued affordability and widespread availability of safe, reliable, high-quality communications services in rural areas of the state.

(b) For purposes of this section, the following terms have the following meanings:

(1) "Carrier of last resort" means a telephone corporation that is required to fulfill all reasonable requests for service within its service territory.

(2) "Rate base" means the value of a telephone corporation's plant and equipment that is reasonably necessary to provide regulated voice services and access to advanced services, and upon which the telephone corporation is entitled to a fair opportunity to earn a reasonable rate of return.

(3) "Rate design" means the ~~mix~~ combination of end user rates, high-cost support, and other revenue sources that are targeted to provide a fair opportunity to meet the revenue requirement of the telephone corporation.

(4) "Rate-of-return regulation" means a regulatory structure whereby the commission establishes a telephone corporation's revenue requirements, and then fashions a rate design to provide the company a fair opportunity to meet the revenue requirement.

(5) "Revenue requirement" means the amount that is necessary for a telephone corporation to recover its reasonable expenses and tax liabilities and earn a reasonable



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rate of return on its rate base.

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(6) "Small independent telephone corporations" are rural incumbent local exchange carriers subject to commission regulation.

(c) In administering the CHCF-A program the commission shall do all of the following:

(1) Continue to set rates to be charged by the small independent telephone corporations in accordance with Sections 451, 454, 455, and 728.

(2) Employ rate-of-return regulation to determine a small independent telephone corporation's revenue requirement in a manner that provides revenues and earnings sufficient to allow the telephone corporation to deliver safe, reliable, high-quality ~~voice~~ voice, and broadband communication service and fulfill its obligations as a carrier of last resort in its service territory, and to afford the telephone corporation a fair opportunity to earn a reasonable return on its investments, attract capital for investment on reasonable terms, and ensure the financial integrity of the telephone corporation.

(3) Ensure that rates charged to customers of small independent telephone corporations are just and reasonable and are reasonably comparable to rates charged to customers of urban telephone ~~corporations~~ and broadband services.

(4) Provide universal service ~~rate~~ support from the California High-Cost Fund-A Administrative Committee Fund to small independent telephone corporations in an amount sufficient to supply the portion of the revenue requirement that cannot reasonably be provided by the customers of each small independent telephone corporation after receipt of federal universal service ~~rate support~~ support, as determined by the commission on a case-by-case basis in a ratesetting proceeding. For the purpose of determining universal service support, the small independent telephone corporations and any affiliate offering broadband internet access service within the same territory shall be considered a single entity.

(5) ~~Promote~~ Provide customer access to advanced services and deployment of broadband-capable facilities in rural areas that is reasonably comparable to that in urban areas, consistent with national and state communications policy.

(6) Provide for customer access in rural areas to advanced services, including broadband internet access service, at prices that are reasonably comparable to those in urban areas.

~~(6)~~

(7) Include all reasonable investments necessary to provide for the delivery of high-quality voice communication services and the deployment of broadband-capable facilities in the rate base of small independent telephone corporations.

(8) Adopt revenue requirements that consider retail revenues and associated expenses from the provision of broadband internet access service by small independent telephone corporations and any affiliate through which they offer retail broadband internet access service.

~~(7)~~

(9) Ensure that support is not excessive so that the burden on all contributors to the CHCF-A program is limited.

(d) In order to participate in the CHCF-A program, a small independent telephone corporation shall meet all of the following requirements:

(1) Be subject to rate-of-return ~~regulation~~ regulation or an alternative form for



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regulation pursuant to subdivision (g).

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(2) Be subject to the commission's regulation of telephone corporations pursuant to this division.

(3) Be a carrier of last resort in their service territory.

(4) Qualify as a rural telephone company under federal law (47 U.S.C. Sec. 153(44)).

(5) Offer consumer broadband internet access service that meets or exceeds state and federal standards either directly or through an affiliate to all consumers within the service territory.

(6) Participating entities shall utilize all available federal and state funding to deploy, maintain, and upgrade broadband-capable facilities within the entity's service territory.

(e) Upon request from the commission, a small independent telephone corporation that receives support from the CHCF-A program shall provide information regarding revenues derived from the provision of ~~unregulated Internet~~ broadband internet access service by that corporation or its ~~affiliate within that corporation's telephone service territory. The commission shall treat as confidential any information provided pursuant to this subdivision.~~ affiliate.

(f) The commission shall structure the CHCF-A program so that any charge imposed to promote the goals of universal service reasonably equals the value of the benefits of universal service to contributing entities and their subscribers.

(g) Notwithstanding subdivision (c), the commission shall examine how the CHCF-A program can more efficiently and effectively meet its stated goals and may adopt alternative forms of regulation and universal service support.

(h) The amendments made to this section by the act that adds this subdivision do not change, add to, or detract from, the commission's existing authority to levy, decrease, or increase charges, or expand the categories of ratepayers subject to charges.

~~(g)~~

(i) This section shall remain in effect only until January 1, 2023, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2023, deletes or extends that date.

**SEC. 7. Section 276.5 of the Public Utilities Code is amended to read:**

276.5. (a) The commission shall develop, implement, and maintain a suitable, competitively neutral, and broad-based program to ~~establish a fair and equitable local rate support structure aided by~~ provide universal service rate support to ~~telephone corporations~~ eligible entities serving areas where the cost of providing services exceeds rates charged by providers, unserved or high-cost areas, as determined by the commission. The program shall be known, and may be cited, as the California High-Cost Fund-B Administrative Committee Fund program or CHCF-B program. The purpose of the program shall be to promote the goals of universal ~~telephone service and~~ voice communications service and broadband internet access to reduce any disparity in the rates charged by ~~those companies.~~ eligible entities and to provide for the continued affordability and widespread availability of safe, reliable, and high-quality voice communications service and broadband internet access service. Except as otherwise explicitly provided, this subdivision does not limit the manner in which the commission collects and disburses



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funds, and does not limit the manner in which it may include or exclude the revenue of contributing entities in structuring the program.

(b) Eligible entities shall be determined by the commission and may include telephone corporations, communications service providers, local governments, tribes, and joint powers authorities.

(c) Eligible entities shall offer broadband internet access service that meets or exceeds state and federal standards to all consumers within the CHCF-B service territories at prices that are reasonably comparable to those in urban areas.

~~(b)~~

(d) The commission shall structure the CHCF-B program so that any charge imposed to promote the goals of universal service reasonably equals the value of the benefits of universal service to contributing entities and their subscribers.

~~(e)~~

(e) The commission shall investigate reducing the level of universal service rate support, or elimination of universal service-rate support in service areas with demonstrated competition.

(f) Upon request from the commission, an eligible entity that receives support from the CHCF-B program shall provide information regarding revenues derived from the provision of communications service by the entity or its affiliate.

(g) Eligible entities shall maximize federal and state funding to deploy, maintain, and upgrade broadband-capable facilities within the CHCF-B service territories.

(h) The amendments made to this section by the act that adds this subdivision do not change, add to, or detract from, the commission's existing authority to levy, decrease, or increase charges, or expand the categories of ratepayers subject to charges.

~~(d)~~

(i) This section shall remain in effect only until January 1, 2023, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2023, deletes or extends that date.

**SEC. 8. Section 281 of the Public Utilities Code is amended to read:**

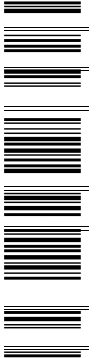
281. (a) The commission shall develop, implement, and administer the California Advanced Services Fund program to encourage deployment of high-quality advanced communications services to all Californians that will promote economic growth, job creation, and the substantial social benefits of advanced information and communications technologies, consistent with this section and with the statements of intent in Section 2 of the Internet-For All Now Act (Chapter 851 of the Statutes of 2017).

(b) (1) (A) The goal of the program is, no later than December 31, ~~2022~~, 2026, to approve funding for infrastructure projects that will provide broadband access to no less than 98 percent of California households in each consortia region, as identified by the commission on or before January 1, ~~2017~~, 2022. The commission shall be responsible for achieving the goals of the program.

(B) ~~(i) Except as provided in clause (ii), for~~ For purposes of this section, ~~“unserved household”~~ the following definitions apply:

(i) “Mbps” means megabits per second.

(ii) (I) Except as provided in subclause (II), “unserved area” means a household an area for which there is no facility-based broadband provider-offers offering at least one tier of broadband service at speeds of at least 6 megabits per second (mbps)-





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~~downstream and one mbps upstream.~~ 25 mbps downstream, 3 mbps upstream, and a latency that is sufficiently low to allow realtime interactive applications.

(ii)

(II) For projects funded, in whole or in part, from moneys received from the federal Rural Digital Opportunity Fund, “unserved household area” means a household ~~for an area in~~ which no facility-based broadband provider offers broadband service at speeds consistent with the standards established by the Federal Communications Commission pursuant to In the Matter of Rural Digital Opportunity Fund, WC Docket No. 19-126, Report and Order, FCC 20-5 (adopted January 30, 2020, and released February 7, 2020), or as it may be later modified by the Federal Communications Commission.

(2) In approving infrastructure projects, the commission shall do both of the following:

(A) Approve projects that provide last-mile broadband access to households that are unserved by an existing facility-based broadband provider, and, upon accomplishment of the goal of the program specified in paragraph (1), also approve projects pursuant to ~~paragraph (15)~~ (13) of subdivision (f).

(B) (i) ~~Give preference to~~ Prioritize projects in unserved areas where internet connectivity is available only through dial-up service that are not served by any form of wireline or wireless facility-based broadband service at speeds at or below 10 mbps downstream and 1 mbps upstream or areas with no internet connectivity.

(ii) This subparagraph does not prohibit the commission from approving funding for projects outside of the areas specified in clause (i).

(3) Moneys appropriated for purposes of this section may be used to match or leverage federal moneys for communications infrastructure, digital equity, and adoption, including, but not limited to, moneys from the United States Department of Commerce, Economic Development Administration, the United States Department of Agriculture ReConnect Loan and Grant Program, and the Federal Communications Commission for communications infrastructure, digital equity, and adoption.

(4) The commission shall transition California Advanced Services Fund program methodologies to provide service to serviceable locations and evaluate other program changes to align with other funding sources, including, but not limited to, funding locations.

(5) The commission shall maximize investments in new, robust, and scalable infrastructure and use California Advanced Services Fund moneys to leverage federal and non-California Advanced Services Fund moneys by undertaking activities, including, but not limited to, all of the following:

(A) Provision of technical assistance to local governments and providers.

(B) Assistance in developing grant applications.

(C) Assistance in preparing definitive plans for deploying necessary infrastructure in each county.

(c) The commission shall establish the following accounts within the fund:

(1) The Broadband Infrastructure Grant Account.

(2) The Rural and Urban Regional Broadband Consortia Grant Account.

(3) The Broadband Public Housing Account.

(4) The Broadband Adoption Account.

(5) The Federal Funding Account.



(d) (1) The commission shall transfer the moneys received by the commission from the surcharge ~~imposed~~ the commission may impose pursuant to paragraph (3) to

fund the accounts to the Controller for deposit ~~in~~ into the California Advanced Services Fund. Moneys collected shall be deposited in the following amounts in the following accounts:

(A) Three hundred million dollars (\$300,000,000) into the Broadband Infrastructure Grant Account.

(B) Ten million dollars (\$10,000,000) into the Rural and Urban Regional Broadband Consortia Grant Account.

(C) Twenty million dollars (\$20,000,000) into the Broadband Adoption Account.

(2) All interest earned on moneys in the fund shall be deposited ~~in~~ into the fund.

(3) The commission may collect a sum not to exceed three hundred thirty million dollars (\$330,000,000) for a sum total of moneys collected by imposing the surcharge described in paragraph (1). The commission may collect the sum beginning with the calendar year starting on January 1, 2018, and continuing through the 2022 calendar year, in an amount not to exceed sixty-six million dollars (\$66,000,000) per year, unless the commission determines that collecting a higher amount in any year will not result in an increase in the total amount of all surcharges collected from telephone customers that year.

(e) All moneys in the California Advanced Services Fund shall be available, upon appropriation by the Legislature, to the commission for the California Advanced Services Fund program administered by the commission pursuant to this section, including the costs incurred by the commission in developing, implementing, and administering the program and the fund.

(f) (1) The commission shall award grants from the Broadband Infrastructure Grant Account on a technology-neutral basis, taking into account the useful economic life of capital investments, and including both wireline and wireless technology.

(2) The commission shall consult with regional consortia, stakeholders, local governments, existing facility-based broadband providers, and consumers regarding unserved areas and cost-effective strategies to achieve the broadband access goal through public workshops conducted at least annually no later than April 30 of each ~~year through year 2022.~~ year.

(3) The commission shall identify unserved rural and urban areas and delineate the areas in the annual report prepared pursuant to Section 914.7.

(4) ~~(A) (i) The commission shall annually offer an existing facility-based broadband provider the opportunity to demonstrate that it will deploy broadband or upgrade existing facilities to a delineated unserved area within 180 days.~~

~~(ii) Except as provided in clause (iii), the commission shall not approve funding for a project to deploy broadband to a delineated unserved area if the existing facility-based broadband provider demonstrates to the commission, in response to the commission's annual offer, that it will deploy broadband or upgrade existing broadband service throughout the project area.~~

~~(iii) If the existing facility-based broadband provider is unable to complete the deployment of broadband within the delineated unserved area within 180 days, the provider shall provide the commission with information to demonstrate what progress has been made or challenges faced in completing the deployment. If the commission finds that the provider is making progress towards the completion of the deployment,~~



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the commission shall extend the time to complete the project beyond the 180 days. If the commission finds that the provider is not making progress towards completing the

deployment, the delineated unserved area shall be eligible for funding pursuant to this subdivision.

~~(B) (i) Except for information specified in clause (ii), information submitted to the commission that includes the provider's plans for future broadband deployment shall not be publicly disclosed.~~

~~(ii) The commission may publicly disclose information regarding the area designated for a broadband deployment, the number of households or locations to be served, and the estimated date by which the deployment will be completed.~~

~~(C)~~

(4) An existing facility-based broadband provider may, but is not required to, apply for funding from the Broadband Infrastructure Grant Account to make an upgrade pursuant to this subdivision.

(5) Projects eligible for grant awards shall meet all of the following requirements: deploy infrastructure capable of providing broadband access at speeds of a minimum of 100 mbps downstream and 20 mbps upstream, or the most current broadband definition speed standard set by the Federal Communications Commission from time to time, as determined appropriate by the commission, whichever broadband access speed is greater, to unserved areas or unserved households.

(A) The project deploys infrastructure capable of providing broadband access at speeds of a minimum of 10 megabits per second (mbps) downstream and one mbps upstream to unserved households in census blocks where no provider offers access at speeds of at least 6 mbps downstream and one mbps upstream.

(B) All or a significant portion of the project deploys last-mile infrastructure to provide service to unserved households. Projects that only deploy middle-mile infrastructure are not eligible for grant funding. For a project that includes funding for middle-mile infrastructure, the commission shall verify that the proposed middle-mile infrastructure is indispensable for accessing the last-mile infrastructure.

(C) (i) Except as provided in clause (ii), until July 1, 2020, the project is not located in a census block where an existing facility-based broadband provider has accepted federal funds for broadband deployment from Phase II of the Connect America Fund, unless the existing facility-based broadband provider has notified the commission before July 1, 2020, that it has completed its Connect America Fund deployment in the census block.

(ii) An existing facility-based broadband provider is eligible for a grant pursuant to this subdivision to supplement a grant pursuant to Phase II of the Connect America Fund to expand broadband service within identified census blocks, as needed.

(6) (A) An individual household or property owner shall be eligible to apply for a grant to offset the costs of connecting the household or property to an existing or proposed facility-based broadband provider. Any infrastructure built to connect a household or property with funds provided under this paragraph shall become the property of, and part of, the network of the facility-based broadband provider to which it is connected.

(B) (i) In approving a project pursuant to this paragraph, the commission shall consider limiting funding to households based on income so that funds are provided only to households that would not otherwise be able to afford a line extension to the



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property, limiting the amount of grants on a per-household basis, and requiring a percentage of the project to be paid by the household or the owner of the property.

(ii) The aggregate amount of grants awarded pursuant to this paragraph shall not exceed five million dollars (\$5,000,000).

(7) An entity that is not a telephone corporation shall be eligible to apply to participate in the program administered by the commission pursuant to this section to provide access to broadband to an unserved household, if the entity otherwise meets the eligibility requirements and complies with program requirements established by the commission.

(8) The commission shall provide each applicant, and any party challenging an application, the opportunity to demonstrate actual levels of broadband service in the project area, which the commission shall consider in reviewing the application.

~~(9) A local governmental agency may be eligible for an infrastructure grant only if the infrastructure project is for an unserved household or business, the commission has conducted an open application process, and no other eligible entity applied.~~

~~(10)~~

(9) The commission shall establish a service list of interested parties to be notified of any California Advanced Services Fund applications. Any application and any amendment to an application for project funding shall be served to those on the service list and posted on the commission's internet website at least 30 days before publishing the corresponding draft resolution.

~~(11)~~

(10) A grant awarded pursuant to this subdivision may include funding for the following costs consistent with paragraph (5):

(A) Costs directly related to the deployment of infrastructure.

(B) Costs to lease access to property or for internet backhaul services for a period not to exceed five years.

(C) Cost incurred by an existing facility-based broadband provider to upgrade its existing facilities to provide for interconnection.

~~(12)~~

(11) The commission may award grants to fund all or a portion of the project. The commission shall determine, on a case-by-case basis, the level of funding to be provided for a project and shall consider factors that include, but are not limited to, the location and accessibility of the area, the existence of communication facilities that may be upgraded to deploy broadband, and whether the project makes a significant contribution to achievement of the program goal.

~~(13)~~

(12) The commission may require each infrastructure grant applicant to indicate steps taken to first obtain any available funding from the Connect America Fund program or similar federal public programs that fund broadband infrastructure. This paragraph does not authorize the commission to reject a grant application on the basis that an applicant failed to seek project funding from the Connect America Fund program or another similar federal public program.

~~(14)~~

(13) Upon the accomplishment of the goal of the program specified in paragraph (1) of subdivision (b), not more than thirty million dollars (\$30,000,000) of the moneys remaining in the Broadband Infrastructure Grant Account shall be available for





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infrastructure projects that provide last-mile broadband access to households to which

no facility-based broadband provider offers broadband service at speeds of at least 10 mbps downstream and one mbps upstream.

(g) (1) Moneys in the Rural and Urban Regional Broadband Consortia Grant Account shall be available for grants to eligible consortia to facilitate deployment of broadband services by assisting infrastructure applicants in the project development or grant application process. An eligible consortium may include, as specified by the commission, representatives of organizations, including, but not limited to, local and regional government, public safety, elementary and secondary education, health care, libraries, postsecondary education, community-based organizations, tourism, parks and recreation, agricultural, business, workforce organizations, and air pollution control or air quality management districts, and is not required to have as its lead fiscal agent an entity with a certificate of public convenience and necessity.

(2) Each consortium shall conduct an annual audit of its expenditures for programs funded pursuant to this subdivision and shall submit to the commission an annual report that includes both of the following:

(A) A description of activities completed during the prior year, how each activity promotes the deployment of broadband services, and the cost associated with each activity.

(B) The number of project applications assisted.

(h) (1) All remaining moneys in the Broadband Infrastructure Revolving Loan Account that are unencumbered as of January 1, 2018, shall be transferred to the Broadband Infrastructure Grant Account.

(2) All repayments of loans funded by the former Broadband Infrastructure Revolving Loan Account shall be deposited into the Broadband Infrastructure Grant Account.

(i) (1) For purposes of this subdivision, ~~the following terms have the following meanings: “low-income community” includes, but is not limited to, publicly supported housing developments, and other housing developments or mobilehome parks with low-income residents, as determined by the commission.~~

~~(A) “Publicly subsidized” means either that the housing development receives financial assistance from the United States Department of Housing and Urban Development pursuant to an annual contribution contract or is financed with low-income housing tax credits, tax-exempt mortgage revenue bonds, general obligation bonds, or local, state, or federal loans or grants and the rents of the occupants, who are lower income households, do not exceed those prescribed by deed restrictions or regulatory agreements pursuant to the terms of the financing or financial assistance.~~

~~(B) “Publicly supported community” means a publicly subsidized multifamily housing development that is wholly owned by either of the following:~~

~~(i) A public housing agency that has been chartered by the state, or by any city or county in the state, and has been determined to be an eligible public housing agency by the United States Department of Housing and Urban Development.~~

~~(ii) An incorporated nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. Sec. 501(c)(3)) that is exempt from taxation under Section 501(a) of that code (26 U.S.C. Sec. 501(a)), and that has received public funding to subsidize the construction or maintenance of housing occupied by residents~~



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whose annual income qualifies as “low” or “very low” income according to federal-poverty guidelines.

(2) Moneys in the Broadband Public Housing Account shall be available for the commission to award grants and loans pursuant to this subdivision to ~~an eligible publicly supported community if that entity~~ a low-income community that otherwise meets eligibility requirements and complies with program requirements established by the commission.

(3) ~~(A) Not more than twenty million dollars (\$20,000,000) of the moneys~~ Moneys deposited into the Broadband Public Housing Account ~~on or before January 1, 2018,~~ shall be available for grants and loans to ~~a publicly supported community~~ low-income communities to finance a project projects to connect a broadband network to that publicly supported community. A publicly supported community may be an eligible applicant only if the publicly supported community can verify to the commission that the publicly supported community has not denied a right of access to any broadband provider that is willing to connect a broadband network to the facility for which the grant or loan is sought and the publicly supported community is unserved. networks that offer free broadband service that meets or exceeds state standards, as determined by the commission, for residents of the low-income communities. A low-income community may be an eligible applicant if the low-income community does not have access to any broadband service provider that offers free broadband service that meets or exceeds state standards, as determined by the commission, for the residents of the low-income community.

~~(B) (i) In its review of applications received pursuant to subparagraph (A), the commission shall award grants only to unserved housing developments, regardless of when the applicant filed its application.~~

~~(ii) For purposes of this subparagraph, a housing development is unserved when at least one housing unit within the housing development is not offered broadband internet service.~~

~~(C) Only after all funds available pursuant to this paragraph in the Broadband Public Housing Account have been awarded may a publicly supported community otherwise eligible to submit an application for funding from the Broadband Public Housing Account submit an application for funding for these purposes from the Broadband Infrastructure Grant Account.~~

(4) ~~(A) Not more than five million dollars (\$5,000,000) of the moneys deposited into the Broadband Public Housing Account on or before January 1, 2018, shall be available for grants and loans to a publicly supported community to support programs designed to increase adoption rates for broadband services for residents of that publicly supported community. A publicly supported community may be eligible for funding for a broadband adoption program only if the residential units in the facility to be served have access to broadband services or will have access to broadband services at the time the funding for adoption is implemented.~~

~~(B) A publicly supported community may contract with other nonprofit or public agencies to assist in implementation of a broadband adoption program.~~

~~(C) Only after all funds available pursuant to this paragraph in the Broadband Public Housing Account have been awarded may a publicly supported community otherwise eligible to submit an application for funding from the Broadband Public Housing Account submit an application for funding for these purposes from the~~



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~~Broadband Adoption Grant Account pursuant to subdivision (j).~~

(5)

(4) To the extent feasible, the commission shall approve projects for funding from the Broadband Public Housing Account in a manner that reflects the statewide distribution of ~~publicly supported~~ low-income communities.

~~(6)~~

(5) In reviewing a project application under this subdivision, the commission shall consider the availability of other funding sources for that project, any financial contribution from the broadband service provider to the project, the availability of any other public or private broadband adoption or deployment program, including tax credits and other incentives, and whether the applicant has sought funding from, or participated in, any reasonably available program. The commission may require an applicant to provide match funding, and shall not deny funding for a project solely because the applicant is receiving funding from another source.

~~(7) Any moneys in the Broadband Public Housing Account that have not been awarded pursuant to this subdivision by December 31, 2020, shall be transferred back to the Broadband Infrastructure Grant Account.~~

(j) (1) Moneys in the Broadband Adoption Account shall be available to the commission to award grants to increase publicly available or after school broadband access and digital inclusion, such as grants for digital literacy training programs and public education to communities with limited broadband adoption, including low-income communities, senior communities, and communities facing socioeconomic barriers to broadband adoption.

(2) Eligible applicants are local governments, senior centers, schools, public libraries, nonprofit organizations, and community-based organizations with programs to increase publicly available or after school broadband access and digital inclusion, such as digital literacy training programs.

(3) Payment pursuant to a grant for digital inclusion shall be based on digital inclusion metrics established by the commission that may include the number of residents trained, the number of residents served, or the actual verification of broadband subscriptions resulting from the program funded by the grant.

~~(4) The commission shall, in a new or existing proceeding, develop, by June 30, 2018, criteria for awarding grants and a process and methodology for verifying outcomes. The commission shall be prepared to accept applications for grants from the Broadband Adoption Account no later than July 1, 2018.~~

(5)

~~(4) The commission shall give preference to programs in communities with demonstrated low broadband access, including low-income communities, senior communities, and communities facing socioeconomic barriers to broadband adoption. In the proceeding specified in paragraph (4), the~~ The commission shall determine how best to prioritize projects for funding pursuant to this paragraph.

~~(6)~~

(5) Moneys awarded pursuant to this subdivision shall not be used to subsidize the costs of providing broadband service to households.

(k) The commission shall post on the homepage of the California Advanced Service Fund on its internet website a list of all pending applications, application challenge deadlines, and notices of amendments to pending applications.



(l) The commission shall notify the appropriate policy committees of the Legislature on the date on which the goal specified in paragraph (1) of subdivision (b) is achieved.

(m) The commission in a new or existing proceeding shall implement the Federal Funding Account. The commission shall use one-time federal infrastructure moneys that are deposited into the Federal Funding Account to expeditiously connect unserved and underserved communities by applicable federal deadlines.

**SEC. 9. Section 281.2 is added** to the Public Utilities Code, to read:

281.2. (a) (1) The Broadband Loan Loss Reserve Fund is hereby established in the State Treasury. Notwithstanding Section 13340 of the Government Code, moneys in the fund are hereby continuously appropriated, without regard to fiscal years, to the commission and shall be **available to fund costs related to the financing of the deployment of broadband infrastructure by a local government agency or nonprofit organization**, including, but not limited to, payment of costs of debt issuance, obtaining credit enhancement, and establishment and funding of reserves for the payment of principal and interest on the debt.

(2) In the 2021–22 fiscal year, the commission may make cashflow loans to the Broadband Loan Loss Reserve Fund from accounts established pursuant to subdivision (c) of Section 281.

(b) The commission may establish, among other things, eligibility requirements, financing terms and conditions, and allocation criteria, for infrastructure projects deployed using financing supported in whole or in part by funds allocated pursuant to this section.

(c) The commission may require a local government agency or nonprofit organization to provide information demonstrating the agency or nonprofit organization's ability to reasonably finance and implement the infrastructure project deployed using financing supported in whole or in part by funds allocated pursuant to this section.

(d) The commission shall require each local government agency or nonprofit organization receiving funds under this section to file both of the following reports in the form and manner specified by the commission:

(1) Biannual progress reports identifying project milestones and percent completions to date, and including other information as the commission may prescribe.

(2) A completion report, including a full description of the completed project, comparison of approved versus actual costs of construction, speed test data for all areas served by the project, and other information as the commission may prescribe.

**SEC. 10. The heading of Article 8 (commencing with Section 871) of Chapter 4 of Part 1 of Division 1 of the Public Utilities Code is amended** to read:

Article 8. Universal Telephone Communications Service

**SEC. 11. Section 871 of the Public Utilities Code is amended** to read:

871. This article shall be known and may be cited as the Moore Universal Telephone Communications Service Act.

**SEC. 12. Section 871.5 of the Public Utilities Code is amended** to read:

871.5. The Legislature finds and declares all of the following:



(a) The offering of high-quality basic ~~telephone service~~ communications services at affordable rates to the greatest number of citizens has been a longstanding goal of the state.

(b) The Moore Universal ~~Telephone~~ Communications Service Act has been, and continues to be, an important means for achieving universal service by making ~~basic telephone service~~ communication services affordable to low-income households through the creation of a lifeline class of service.

(c) Every means should be employed by the commission and ~~telephone~~ communication service corporations to ensure that every household qualified to receive lifeline ~~telephone~~ service is informed of and is afforded the opportunity to subscribe to that service.

(d) The furnishing of lifeline ~~telephone~~ service is in the public interest and should be supported fairly and equitably by every ~~telephone~~ communications service corporation, and the commission, in administering the lifeline ~~telephone~~ service program, should implement the program in a way that is equitable, nondiscriminatory, and without competitive consequences for the telecommunications industry in California.

**SEC. 13. Section 871.6 is added** to the Public Utilities Code, to read:

871.6. The commission shall additionally explore providing subsidies for unbundled broadband internet services as part of the California Lifeline Program. The commission shall do everything necessary to implement this change, including, but not limited to, all of the following:

(a) Offer subsidies for broadband service.

(b) Where appropriate, and in line with the state program's objectives, combine the California LifeLine Program subsidy with the federal Lifeline subsidy.

(c) (1) Not later than July 1, 2022, in an existing proceeding, review these requirements and report back to the Legislature with any recommendations for statutory, programmatic, or budgetary changes to maximize the effectiveness of the California Lifeline Program.

(2) The report required pursuant to paragraph (1) shall be submitted in accordance with Section 9795 of the Government Code.

(3) Pursuant to Section 10231.5 of the Government Code, this subdivision shall become inoperative on July 1, 2026.

**SEC. 15. Section 873 of the Public Utilities Code is amended** to read:

873. ~~(a) The commission shall annually~~ shall, as appropriate, do all of the following:

~~(1) Designate a class of lifeline service~~

~~(a) Establish minimum service standards~~ necessary to meet minimum communications needs; needs to include, but not limited to, the ability to originate and receive voice calls and the ability to access broadband internet access service.

~~(2) Set the rates and charges for that service.~~

~~(b) Set lifeline subsidy levels.~~

~~(3)~~





(c) Develop eligibility criteria for that service.

~~(4)~~

(d) Assess the degree of achievement of universal service, including telephone and broadband penetration rates by income, ethnicity, and geography.

~~(b) Minimum communications needs include, but are not limited to, the ability to originate and receive calls and the ability to access electronic information services.~~

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**SEC. 25. Section 912.2 of the Public Utilities Code is amended to read:**

~~912.2. (a) The commission shall conduct an interim financial audit and a final financial audit and an interim performance audit and a final~~ On or before April 1, 2023, and biennially thereafter, the commission shall conduct a fiscal and performance audit of the implementation and effectiveness of the California Advanced Services Fund to ensure that funds have been expended in accordance with the approved terms of the grant awards and loan agreements pursuant to Section 281. The commission 281 or 281.2 and shall report its interim findings to the Legislature by April 1, 2020. The commission shall report its final findings to the Legislature by April 1, 2023. The Legislature. The reports shall also include an update to the maps in the final report of the California Broadband Task Force and data on the types and numbers of jobs created as a result of the program administered by the commission pursuant to Section 281. 281 or 281.2 and shall include information specified in Section 914.7.

~~(b) Pursuant to Section 10231.5 of the Government Code, this section is repealed on January 1, 2027.~~

**SEC. 26. Section 914.7 of the Public Utilities Code is amended to read:**

914.7. (a) By April 1, 2019, and by April 1 of each year thereafter, until April 1, 2023, the commission shall provide to the Legislature either a report to the Legislature or the biennial fiscal and performance audit conducted pursuant to Section 912.2 that includes all of the following information:

- (1)
- (a) The remaining unserved areas in the state.
- (2)
- (b) The amount of funds expended from the California Advanced Services Fund in the prior year.
- (3)
- (c) The recipients of funds expended from the California Advanced Services Fund in the prior year.
- (4)
- (d) The geographic regions of the state affected by funds expended from the California Advanced Services Fund in the prior year, including information by county.
- (5)
- (b) The expected benefits to be derived from the ~~fund~~ funds expended from the California Advanced Services Fund in the prior year.
- (6)
- (f) Details on the status of each project funded through the California Advanced Services Fund and whether the project has been completed or the expected completion date of the project.
- (7)
- (g) Actual broadband adoption levels from funds expended from the California Advanced Services Fund in the prior year.
- (8)
- (h) The cost per household for each project.
- (9)
- (i) The number of formerly unserved households subscribing to broadband service in areas covered by projects funded by the California Advanced Services Fund.
- (10)



(j) The number of subscriptions resulting from the broadband adoption program funded by the California Advanced Services Fund.

~~(11)~~

(k) An update on the expenditures from the California Advanced Services Fund, broadband adoption levels, the progress in achieving the goals of the program, and an accounting of the remaining unserved households in each region of the state as of December 31 of the immediately preceding year.

~~(12)~~

(l) The amount of funds expended from the California Advanced Services Fund to match federal funds.

~~(13)~~

(m) Addition details on efforts to leverage non-California Advanced Services Fund moneys.

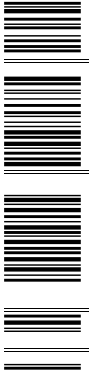
~~(14)~~

(n) The status of the California Advanced Services Fund balance and the projected amount to be collected in each year through 2022 to fund approved projects.

~~(b) This section is repealed on January 1, 2024, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2024, deletes or extends that date.~~

SEC. 28. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act or because costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

SEC. 29. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.



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