



Frequently Asked Questions (FAQs) California Broadband Loan Loss Reserve Fund

The following Frequently Asked Questions (FAQs) document is intended to provide guidance on the information set forth in the California Public Utilities Commission's California Broadband Loan Loss Reserve Program (Loan Loss Fund).

Following the release of this document, further questions may be submitted to Broadband.LoanLoss@cpuc.ca.gov for consideration to include in future FAQ documents.

The below FAQs are for informational purposes only and are intended solely to assist potential applicants in better understanding the California Broadband Loan Loss Reserve Fund and the application requirements set forth in the Program Guidelines. The FAQs do not and are not intended to supersede, modify, or otherwise alter applicable statutory or regulatory requirements.



The California Broadband Loan Loss Reserve Fund is designed for local government agencies and non-profit organizations to secure credit enhancement financing for broadband infrastructure. If you are not classified as a local government agency or non-profit, please contact the California Public Utilities Commission at Broadband.LoanLoss@cpuc.ca.gov for more information on other broadband grant programs that may suit your needs.

[California Advanced Services Fund](#)

[Local Agency Technical Assistance](#)

[Last-Mile Federal Funding Account](#)



1. Overview

1 What is the Broadband Loan Loss Reserve Fund?

The California Broadband Loan Loss Reserve Fund is a new \$750 million credit enhancement fund that provides local government agencies and nonprofits who are deploying broadband infrastructure to borrow from bond markets and financial institutions at more favorable terms.

The Broadband Loan Loss Reserve Fund encourages lenders or investors to invest in the California broadband market by providing protection against a certain percentage of the lender's risk of loss in a given financial transaction. By guaranteeing local agencies' bonds, pooling risks, and negotiating on behalf of all local agencies, the Loan Loss Fund lowers borrowing costs for local agencies and provides investors with the certainty they need to invest in public broadband.

The Broadband Loan Loss Reserve Fund is authorized to pay costs associated with the following tasks:

- Payment of costs of debt issuance
- Obtaining credit enhancement
- Funding of reserves for the payment of principal and interest on the debt
- Establishing reserves for debt repayment

Cal. Pub. Util. Code, § 281.2(a)(1) "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. Participation in the Fund

2.1 Is my agency eligible to use the Loan Loss Reserve Fund?

Eligible local government agencies and non-profits are allowed to use the Loan Loss Fund. These consist of any agency of local government authorized by law to provide broadband internet access service as defined in Government Code section 53167 (e), including the following:

- a city
- a county, including a county service area;
- a community service district;



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- a public utility district;
- a municipal utility district;
- a joint powers authority;
- a local educational agency, as defined by Education Code section 47640;
- a sovereign tribal government; and
- an electrical cooperative as defined by Public Utilities Code section 2776.

2.2 When can I apply to the Broadband Loan Loss Reserve Fund?

The final rules for the Broadband Loan Loss Reserve Fund are being developed in the rulemaking “Regarding Revisions to the California Advanced Services Fund” R.20-08-021. You can participate in the development of those rules (see below in 3.3 for participation) and begin/continue designing your projects.

Local government agencies that are seeking resources to design their projects can apply for a grant from the Local Agency Technical Assistance Program.

2.3 What do I need to include in my application?

Requirements are being developed through CPUC Rulemaking R. 20-08-021.

The Commission is authorized by Public Utilities Code 281.2 to establish eligibility requirements, financing terms and conditions, allocation criteria, and other requirements for participation in the Fund. The Commission is also authorized to require local agencies or nonprofit organizations to provide information demonstrating the ability to reasonably finance and implement the funded project.

Information about becoming a party to the Rulemaking is available in the “How do I stay informed?” section 3.3 below.

3. Learning More

3.1 What are the next steps for the Fund?

A Staff Proposal will be issued in 2022 that will request comments on components of the Loan Loss Fund. Example topics include:

- Financing Requirements (reserve requirements, disclosures, documentation, etc.)
- Project Requirements (Revenue, expense, and customer projections, etc.)
- Reporting
- Bondholder Risks
- Legal Disclosures



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- Taxation
- Underwriting

Parties will have 30 days to submit public comments followed by 15 days for reply comments.

A Commissioner will issue a Proposed Decision incorporating public feedback to the Staff Proposal within 3 months of receiving reply comments.

The Commission could vote on a Final Decision incorporating public feedback to the Proposed Decision (following another comment period) in early 2023.

3.2 How is the Fund authorized and funded?

The California Broadband Loan Loss Reserve Fund was authorized in SB156 on July 20, 2021. SB156 funded the Loan Loss Reserve Fund with \$750 million over 3-years from the California General Fund. The Broadband Loan Loss Reserve Fund is codified in Section 281.2 of the Public Utilities Code. Rules for the Fund are being developed in California Public Utilities Commission Rulemaking R.20-08-021.

3.3 How do I stay informed?

Subscribe to CPUC Rulemaking R.20-08-021 (California Advanced Services Fund) at the following website: [Welcome to the CPUC Subscription Service \(ca.gov\)](#).

If you want to become a party to the above rulemaking proceeding you can learn how to do so here: [Methods for Becoming a Party to a Proceeding – Rule 1.4 \(ca.gov\)](#).

The CPUC also offers an online comment portal for the public to submit informal comments electronically on R.20-08-021. To access this feature, visit the docket card at <http://www.cpuc.ca.gov/Docket>, enter the proceeding number, and find the public comment tab to enter your comments.

Consider emailing Broadband.LoanLoss@cpuc.ca.gov to connect with Communications Division staff for questions or comments on the Broadband Loan Loss Reserve Fund.

3.4 What other CPUC broadband grant programs are available?

The CPUC also administers grants for pre-construction broadband planning (Local Agency Technical Assistance or LATA) and last-mile broadband projects (the Federal Funding Account or FFA) as well as the California Advanced



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Services Fund (CASF), which includes several different funding accounts. To learn more, please visit these program webpages:

California Advanced Services Fund

<https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/california-advanced-services-fund>

Local Agency Technical Assistance

<https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/broadband-implementation-for-california/local-agency-technical-assistance>

Last-Mile Federal Funding Account

<https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/broadband-implementation-for-california/last-mile-federal-funding-account>

4. Reporting Requirements

4.1 Biannual Progress Reports

Public Utilities Code 281.2 states that the Commission shall require each local government agency or nonprofit organization receiving funds from the Loan Loss Reserve Fund to file a biannual progress report identifying project milestones and percent completions to date and any other information prescribed by the Commission.

4.2 Completion Reports

Public Utilities Code 281.2(d)(1)(2) also states that the local government agency or nonprofit organization will be required to file a completion report which, for example, might include the following elements:

- A description of the completed project.
- Comparisons of approved versus actual costs of construction.
- Speed test data for all areas served by the project.
- Any other information the Commission may prescribe.



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