

# COUNTY OF NEVADA

STATE OF CALIFORNIA

## BOARD OF SUPERVISORS



**Heidi Hall**

Supervisor, 1<sup>st</sup> District

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## NEVADA COUNTY BOARD OF SUPERVISORS

### Board Agenda Memo

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**MEETING DATE:** January 8, 2019

**TO:** Board of Supervisors

**FROM:** **Supervisor Heidi Hall**

**SUBJECT:** Letter of Support for Approval of Resolution T-17633 that approves the Transfer of Control via Stock Purchase Agreement of Bright Fiber Inc. (U-7287-C) to Race Telecommunications, Inc. (U-7060-C) submitted by Race Telecommunications, Inc. in Advice Letter No. 6 and modifications to the CASF Grant for the Bright Fiber Project Approved by Resolution T-17495

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**RECOMMENDATION:** Approve and authorize the Chair to submit the attached Letter of Support to the California Public Utilities Commission.

**FUNDING:** N/A

**BACKGROUND:**

On February 1, 2013, Bright Fiber Network, LLC submitted an application to the California Public Utilities Commission (CPUC) for California Advanced Series Fund Infrastructure Account (CASF) funding for Broadband Infrastructure development for underserved areas in Nevada County. On December 3, 2015, the CPUC adopted Resolution T-17495 approving grant and loan funding in the amount of \$16,156,323 and \$500,000, respectively, to Bright Fiber for the Bright Fiber Project ("Project"). Under the agreement, Bright Fiber was responsible for 40% of the estimated project costs in the total of \$10,576,095. Unfortunately, Bright Fiber was unable to secure investors for the project and subsequently came to an agreement with Race Telecommunications, Inc. to take over the Project and provide the required 40% funding.

Race Telecommunications, Inc. has proposed to modify the Project, per CPUC's approval, that was outlined in Advice Letter No. 6 that was submitted to the CPUC on June 21, 2018 by: 1) Not requiring the \$500,000 CASF Infrastructure loan initially authorized by the CPUC in Resolution T-17495; 2) Revising the Project's scope from a primarily underground installation to approximately 75% aerial installation to contain costs increased by the requirement to pay prevailing wage; 3) Revising the Project to no longer require the postings of a performance bond, as Race certifies that it has all the necessary funds for its 40% match of the grant, thereby reducing the grant by \$69,534 from its original amount; and 4) Extending the Project's timeline by one year to May 2020.

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CPUC Communications Division Staff received sixteen protest/comments on the proposed transfer and modification of the grant in the summer of 2018, which included nine protests/letters of opposition. After reviewing all of the comments/protests, CPUC Commission Division Staff are recommending the approval of the transfer and modifications to the grant.

Nevada County has been in support of the Project with the Board of Supervisors submitting two Letters of Support to the CPUC on September 18, 2012, and August 11, 2015. The Board also adopted Resolutions 09-106 and 18-324 expressing their support to promote local broadband expansion, access, and usage in Nevada County. In addition, the County Executive Office and I submitted Letters of Support for the transfer of the agreement from Bright Fiber to Race Telecommunications, Inc. on July of 2018, which were included within the sixteen protest/comments that the CPUC received earlier this year.

I respectfully request that the Board of Supervisors approve and authorize the Chair to submit the attached Letter of Support urging the CPUC to adopt Resolution T-17633 approving the transfer of control via Stock Purchase Agreement of Bright Fiber Inc. (U-7287-C) to Race Telecommunications, Inc. (U-7060-C) submitted by Race Telecommunications, Inc. in Advice Letter No. 6 and modifications to the CASF Grant for the Bright Fiber Project Approved by Resolution T-17495. Broadband is a fundamental resource need for households and business in Nevada County and the Bright Fiber Project will undoubtedly have a positive impact on economic development throughout Nevada County.

Sincerely,

Heidi Hall  
Supervisor, District I