California
Performance Report

Capital Projects Fund
2026 Report

Approved Program Plan Number: CPF_GP 000039

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Executive Summary

The California Public Utilities Commission (CPUC), serving as the state's program lead, will use the state's full allocation of $540 million from the Capital Projects Fund (CPF) to address a significant digital divide that disproportionately affects California's low-income and rural communities. To request funding, the U.S. Treasury required states to submit a grant agreement and a plan for the use of CPF funds.

California is continuing implementation of the CPF allocation via the competitive last mile broadband subgrant program, the Last Mile Broadband Expansion program. The California Legislature established the program in 2021 to fund last mile broadband infrastructure using state and federal funding. California's plan, as reflected in CPUC's program rules, also allows for middle-mile infrastructure, but recipients are encouraged to focus on projects that will achieve last-mile connections—whether by focusing directly on funding last-mile projects, or by ensuring that funded middle-mile projects have potential or partnered last-mile networks to leverage the middle-mile network. The awardees are building out high-speed broadband projects that provide symmetrical 100 megabits per second (Mbps) download and upload speeds. These investments help address affordability for low-income households, as well as encourage affordable internet service for middle-class households.

Following approval of the state's grant plan in April 2023 by the U.S. Treasury, the CPUC built a new implementation team, developed a new grant management system that includes an interactive application portal, and worked with stakeholders to establish a framework that will serve those most in need. The CPUC opened the first application window on June 30, 2023, which closed on September 29, 2023. A second application window opened April 15, 2025, and closed on June 2, 2025. To date, California has awarded 122 projects in all 58 counties in the amount of approximately $1.23 billion (including state and federal funds).[1] Of these 122 projects awarded, 76 projects are funded by California's CPF allocation.

Uses of Funds

Program Objectives

The program objectives are to fund last mile broadband infrastructure projects benefiting every county of the state and equitably distribute funding among counties, while considering historically disadvantaged communities and addressing affordability in awarded areas. The program is focused on investments in unserved areas. Unserved areas are defined as an area where no wireline broadband provider reliably offers broadband service at speeds of at least 25 Mbps download and 3 Mbps upload to the entire community. Funding priority is given to disadvantaged communities as explained in the *Addressing Critical Needs* section of this report. The CPUC issued Decision 22-04-

[1] See Federal Funding Account Recommendations and Awards for additional details.

055 to set rules and guidelines for implementing the last mile infrastructure program (officially known as the "Federal Funding Account" per California Public Utilities Code Section 281, Subdivision (n)). Each county has an allocation pursuant to Senate Bill 156 (Chapter 112, Statutes of 2021).

Challenges in Addressing the Need for Broadband Access

California has immense challenges in terms of the number of unserved locations (estimated at roughly 800,000)[2] and varied geography (almost 164,000 square miles). The California Broadband Investment Model,[3] building on the California Broadband Action Plan[4] and California Cost Model that helped inform the state's multi-year broadband investments, estimated the total cost to serve approximately 996,000 unserved locations with reliable wireline technology is at over $9 billion. To address this need, California is using a suite of broadband programs,[5] which consists of middle-mile[6] and last mile investments—including the Last Mile Broadband Expansion program.

The Last Mile Broadband Expansion program recognizes that "[f]iber optic infrastructure is scalable and enables the next generation of application solutions for all communities." Based on this recognition, to be eligible for funding, projects must be capable of offering wireline broadband service and are given preference over other types of infrastructure, such as digital subscriber line (DSL) and fixed wireless. All the applications considered for award by the Last Mile Broadband Expansion program proposed to deploy fiber infrastructure. Full fiber drops to each household have a higher upfront cost than other types of infrastructure with a longer useful infrastructure life.

The CPUC must navigate additional complexities and costs to deploy reliable and affordable broadband to historically unserved and disenfranchised communities in California. Complexities and cost drivers include the significant cost of middle mile and backhaul infrastructure to reach California's transformative public Middle Mile

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[2] Unserved identified by the CostQuest Technology Availability Likelihood based on California December 2020 service availability and Federal Communications Commission Form 477 June 2020 data. Updated with Federal Communications Commission deployment data as of June 2022 validated with California subscription data. See Federal Funding Account Public Map, https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/broadband-implementation-for-california/last-mile-federal-funding-account/ffa-public-map.

[3] See California Broadband Investment Model (April 2023), https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/communications-division/documents/broadband-implementation-for-california/ffa-webpages/ca-broadband-investment-model_04212023.pdf.

[4] See California Broadband Action Plan (December 2020), Appendix B, Broadband for All Cvr Letter and Action Plan 2020.

[5] See Broadband Deployment, Affordability, and Digital Equity Programs, https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/broadband-initiatives.

[6] See California Middle-Mile Broadband Initiative, https://middle-mile-broadband-initiative.cdt.ca.gov/.

Broadband Network, and environmental permitting, including activities to avoid and mitigate significant effects on the environment under the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA).

In addition, California has historically been prone to wildfire threat. This threat has grown substantially in recent years. Underground networks can reduce or eliminate the damage and future restoration costs for networks damaged by wildfire. The cost of placing fiber underground is frequently three to four times the cost of placing it on an existing pole, and greater still in hard rock or mountainous terrain. The investment in underground construction greatly increases safety during wildfires by allowing critical communications channels to remain open for evacuations and first responder coordination.

Activities Implemented During the Reporting Period

Activities in the preceding 12 months have included awarding grant funds and monitoring projects that will provide reliable and affordable service to unserved locations throughout California. Projects are on track and funds will be expended by the deadline consistent with the project timelines to complete construction no later than either 18 months (if exempt under state and federal permitting requirements) or 24 months. No CPF funding will be used to reimburse costs for project construction that is not substantially complete by December 31, 2026, unless otherwise specified by the U.S. Treasury.

The CPUC has implemented the following activities over the reporting period:

- Conducted outreach throughout California regarding grant opportunities, project planning, data and mapping, business models, and regulations.
- Implemented and enhanced technology tools, such as an online grant management system to facilitate the application and grant management processes.
- Developed and implemented processes for project monitoring and requesting reimbursement of project costs from the U.S. Treasury.
- Fully awarded and encumbered 76 projects totaling $540 million in CPF funding. These projects will serve 3,081 community anchor institutions benefitting over 1.6 million Californians,
- Specific progress to date:
    - 33 projects are substantially complete.
    - 70 projects performed ongoing construction.
    - 1,519 estimated fiber miles have been completed.

Future milestones for the CPF allocation are as follows:

- 2026: Continue monitoring project construction and processing reimbursement requests. Ensure reporting requirements are met by grantees. Monitor performance for projects that complete construction. Closeout complete

projects. Ensure all contract deliverables are complete by December 31, 2026.
- 2027: For projects granted an extension by the U.S. Treasury, continue monitoring project construction and reimbursements. For all projects, ensure reporting requirements are met by grantees to complete the final expenditure and performance reports. Meet closeout requirements as specified in the Uniform Guidance and any supplemental CPF guidance issued by the U.S. Treasury.

Addressing Critical Needs

The CPUC prioritized funding for areas lacking reliable access to 25/3 Mbps, implementing affordability measures, and considering digital equity in awarding projects. The CPUC followed the California program statute and considered public comments to equitably allocate funding among rural and urban counties, accounting for households lacking service at 100 Mbps download speeds. The program formulated priority-funding areas to serve an entire community to avoid a patchwork-broadband infrastructure network where some households receive service and others do not. Proposed investments owned, operated, or affiliated with local governments, non-profits, cooperatives, or tribes are encouraged in the program because community-run networks serve entire communities.

The CPUC used a robust application scoring criteria to determine which projects were prioritized for funding in each of California's 58 counties. The CPUC published demographic information to identify disadvantaged communities in the priority areas. Additional points were assigned to projects in which 50 percent or more locations have one or more of the following characteristics: 1) low-income areas where aggregated household incomes are less than 80 percent of the greater of the state or that county's median income, and 2) disadvantaged communities as defined by the California Environmental Protection Agency, and/or tribal lands. The application scoring criteria also provided points to encourage public providers to participate in the grant program, including local governments, non-profits, cooperatives, and tribal entities.

The program requires awardees to participate in the Affordable Connectivity Program (ACP) or a successor program. The ACP, which provided a discount on broadband service and connected devices to eligible households, ended on June 1, 2024. The CPUC has not specified a successor program. Awardees are required to commit to not increasing prices for five years. Additional points were available for projects that committed to not increasing prices for ten years. Furthermore, the scoring criteria included points for offering low-cost plans to all subscribers and California LifeLine or federal Lifeline, which defray the cost of phone and broadband services for eligible households.

Awardees report status monthly through the construction phase on project timelines, engineering, key permitting and construction milestones, monitoring, and testing. Awardees also report quarterly on project details, such as major construction milestones, project accomplishments, challenges, and subscribership data. On an annual basis, awardees must submit to the CPUC a performance report with project speeds, plan pricing, subscription data (including number of customers enrolled in low-cost and low-income broadband plans), and broadband data allowance information on all offered plans. This information will help inform outputs and outcomes for the CPF performance reports.

Labor

California prides itself in having some of the most worker protective labor laws in the country. Grants awarded by the CPUC under its Last Mile Broadband Expansion program are subject to California's prevailing wage laws. Pursuant to these laws, California's Department of Industrial Relations sets wages to be paid to workers employed on public works projects according to the type of work and location of the project.

In addition, the CPUC is prepared to provide any required data for post-award compliance reviews to ensure that awardees meet legal requirements relating to nondiscrimination and nondiscriminatory use of federal funds under Title VI of the Civil Rights Act.

Community Engagement

The CPUC's community engagement and public participation for CPF planning, execution, and monitoring include robust, ongoing public engagement. During the reporting period, the CPUC provided technical assistance to awardees and other stakeholders including:

- 574 in-person and virtual meetings and presentations with interested stakeholders.
- 124 viewings of video seminars.
- 316 responses to written inquiries.
- 2,110 views of Federal Funding Account Awards Dashboard.
- 21,700 web page views of broadband operational content.
- 18 community events celebrating broadband investments and a new service.
- 12 presentations at statewide public broadband stakeholder meetings.

The CPUC communicates with stakeholders through two newsletters, regular meetings with awardees, and provides additional, as-needed programmatic updates on the Last Mile Broadband Expansion program along with related broadband programs and policy initiatives.

Public comments were solicited on the award of the 113 state and federal projects, including the 76 Last Mile Broadband Expansion program projects funded by CPF. In addition, the CPUC continues to engage in consultation with tribes around projects and deployment. The program rules require awardees on tribal lands to consult with California Tribes, consistent with CPUC policy, at the planning stage and throughout the life of the project.