

Ms. Clover Sellden, Sr. Regulatory Analyst at You-Young.Sellden@cpuc.ca.gov

March 17, 2017

Re: AT&T California (U 1001 C) Comments on High Impact Areas for Broadband Availability

Dear Ms. Sellden:

Pacific Bell Telephone Company (U1001C) d/b/a AT&T California offers herein its comments about the Communication Division (CD) staff's draft white paper "High Impact Areas for Broadband Availability" (White Paper).

Introduction

CD offers its White Paper as an effort to increase the timely deployment of broadband using the remaining funds in the current CASF. The White Paper lists 13 areas where Internet service providers may have more incentive to deploy broadband and describes the methodology used to identify those areas. AT&T appreciates CD's desire and effort to stimulate the deployment of broadband in unserved and underserved areas of California with the money remaining in the current CASF.

It is difficult to assess whether the identification of high impact areas will achieve the result of stimulating broadband deployment using CASF funds. First, it is not clear that the criteria CD has used for identifying these high impact areas reflect the reasons there are not more providers interested in deploying broadband in these and other unserved areas. Certain existing CASF program requirements may discourage CASF applications more than lack of population density and difficult terrain in an area, two of the criteria used in the White Paper. For example, one commenter at the workshop hosted by CD on February 28, 2017 suggested that current funding rule limitations might make it difficult to justify the economics of program participation in some areas. If factors other than those considered in the White Paper are responsible for lowered interest on the part of providers, then the identification of these high impact areas will have little effect in terms of stimulating provider interest in applying for CASF monies. Second, it currently is not known what, if any, effect the status of being a "high impact area" will have on a Commission decision to award CASF funds. How status as a high impact area affects the CASF award process may or may not encourage providers to make broadband deployment proposals. For example, providing "fast track" preference to new proposals involving high impact areas over pending proposals for non-high impact areas could have a chilling effect on deployment proposals by causing providers to perceive an unfair disadvantage when rules are changed in the middle of the process.

With those caveats in mind, there are a few comments AT&T would make concerning the methodology used in the White Paper:

Remaining CASF money must go to unserved areas first

From the very beginning of the CASF, the Commission’s primary purpose for the fund was to be extend broadband coverage to unserved areas. An unserved area is currently defined as “an area that is not served by any form of wireline or wireless facilities-based broadband, such that Internet connectivity is available only through dial-up service.” (D.12-02-015, p. 13). When it authorized the CASF, the legislature reiterated that the priority use for CASF funds is to get broadband service to unserved areas:

In approving infrastructure projects, the commission shall give priority to projects that provide last-mile broadband access to households that are unserved by an existing facilities-based broadband provider. Cal. Pub. Util. Code § 281.

CD correctly recognizes the need to prioritize unserved areas. Presumably for that reason, the White Paper’s methodology removed areas from consideration that "lack[ed] unserved households.” What isn't clear from the current proposal, however, is whether giving some kind of preference to high impact areas will result in CASF funds being used for the unserved households within those areas. In addition to unserved areas, the high impact areas identified in the White Paper contain, to varying degrees, served areas and underserved areas. CASF funds should not be used to provide broadband service to households that are already served. Thus, the mere fact that a broadband project is in a high impact area does not justify giving it any preference. Similarly, for the reasons stated above, projects to serve unserved areas should be granted prior to giving grants for underserved areas. It is not clear the White Paper implements the need for this prioritization. Ultimately, whatever preference is given to high impact areas must result in awards being granted to unserved areas over underserved areas and, certainly, served areas.

Remaining CASF money should not go to middle mile projects without end-user service obligations

At the February 28 workshop, some commenters suggested that middle mile projects should be favored by whatever process CD might suggest to increase the timely deployment of broadband using the remaining funds in the current CASF. CD should be very cautious in considering such suggestions. The California legislature made it clear that the Commission, in approving infrastructure projects, must “give priority to projects that provide *last-mile* broadband access to households that are unserved by an existing facilities-based broadband provider.” Cal. Pub. Util. Code § 281.

AT&T does not recommend that the CASF’s remaining funds be used to support middle mile facilities in the absence of end-user service obligations. Funding recipients should be

required to make internet access services available to end-user customers. Expending public dollars to provide incentives for network deployments that do not explicitly result in making internet access services available to more people does not help California achieve its intended objectives of providing broadband access to no less than 98 percent of California households, improving people's ability to find jobs online or improving students' online access for educational purposes. Only improved availability of internet access services to end users will achieve those goals. Therefore, broadband deployments to high impact areas should focus on facilities to end-users, not middle mile facilities.

The White Paper's comments on fixed wireless are unnecessary

The White Paper discusses the capability of fixed-wireless to provide broadband service. This discussion does not appear relevant to the topic of high impact areas or the CD's methodology in identifying those areas. Moreover, it is based on what, at best, is unspecific anecdotal evidence, which is subject to debate. AT&T, therefore, will not comment at length on this discussion. Suffice it to say that the Commission's decisions require that the "CASF shall be administered on a technology neutral basis." Decision 07-12-054, p. 28. In many cases, a fixed wireless deployment may be the most cost effective method by which to provide broadband service to an unserved area.

Process for implementing "high impact" methodology

AT&T believes it is premature at this point to comment on how the concept of high impact areas should be implemented procedurally. The procedure needed to implement will depend on the final methodology adopted and the proposed consequences of an area being designated as a high impact area. If the White Paper's methodology or the results of its application are inconsistent with statute or a previous Commission decision, new legislation or a Commission decision, following the required procedure, would be necessary.

AT&T thanks CD for initiating discussion about ways to more efficiently and effectively distribute the funds remaining in the CASF.

Respectfully submitted,

/s/

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