

March 21, 2017

Ms. Clover Sellden
Communications Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

RE: Comments on CASF Staff White Paper “High Impact Areas for Broadband Availability”

Dear Ms. Sellden:

Frontier Communications Inc. (U-1002-C), Citizens Telecommunications Company of California Inc. (U-1024-C) and Frontier Communications of the Southwest Inc. (U-1026-C) (collectively “Frontier”) hereby submits comments on the February 2017 Communications Division (“CD”) Staff White Paper “High Impact Areas for Broadband Availability” as further discussed at the Commission’s CASF workshop on February 28, which Frontier attended.

Frontier supports the CD staff stated intent to increase broadband deployment, improve CASF program efficiency and efficacy and engage stakeholders in next steps to consider how the CASF program may be revised. Frontier recognizes that this is an ongoing dialogue in a broader context that includes discussion on pending CASF legislation, the results of a CASF audit expected soon, and a pending \$46 million CASF grant for a middle mile project along Highway 299 between Redding and Eureka. From this perspective, Frontier offers these preliminary comments and suggests some additional questions for discussion.

Regarding the White Paper’s proposed list of high impact areas, this proposal needs more clarity on how a CASF application for an area on the list would be treated relative to other CASF applications. The White Paper suggests possible “fast track” status, but does that mean simply faster review or greater likelihood to be awarded a grant? As discussed at the workshop, would special treatment of an application for an area on the list supersede or take precedence over criteria for CASF application review previously adopted by Commission decision? Would a CASF application for an area not on the list be given less priority for funding even if it scored high on existing criteria? The White Paper acknowledges that creating a list of “high priority” areas in 2014 -- with substantial resources by CASF-funded broadband consortia -- did not produce the hoped for result of spurring increased CASF applications and program participation. Thus, as an initial step, it should be clarified what it means to be on the list, how development of a list will spur more CASF applications, and if staff can adopt a new approach for applications derived from such a list without a formal proceeding.

In addition, Frontier respectfully urges CD staff to consider whether developing a list of high impact areas is the program change that is most likely to produce more CASF projects to expand broadband in remaining unserved and underserved areas of California. Is the lack of a list the problem? The White Paper points out that broadband deployment still lags significantly in rural areas, which are the most expensive to serve because of remote location, sparse population, rough terrain, and frequently above-average poverty rates. Many of these areas are so uneconomic to serve that there will never be a business case for private investment. Thus, Frontier urges CD staff to focus on strategies and program revisions aimed at increasing public investment, including:

- Increase CASF project funding up to 100 percent rather than the current 60 or 70 percent.
- Leverage CASF investment with broadband funds under the FCC's Connect America Fund ("CAF") or other federal funding:
 - Do not award CASF grants to overbuild any area where a provider has expanded broadband with CAF funding, making necessary adjustments to CASF eligibility speeds for unserved and underserved areas.
 - Identify potential CASF projects adjacent to CAF areas and give priority CASF funding for those areas so a provider doing a CAF build can efficiently expand broadband access to more areas with combined federal and state funding.
 - Make it a condition for a CASF applicant to indicate steps taken to obtain any available federal funding. For example, an applicant seeking a CASF grant for a mobile broadband project should be required to demonstrate whether it has obtained any available funding from the FCC's Mobility Fund.
 - Ensure California is fully engaged in discussions of any federal broadband or other infrastructure legislation or programs that may provide federal funding opportunities.
- Award CASF funds only for broadband infrastructure projects. Do not include in a CASF grant funding for any item that is outside the scope of last-mile or middle-mile facilities authorized by the CASF statute and program rules. For example, a CASF grant should not fund construction of cell towers to potentially improve cell service reception just because the area eligible for an authorized broadband project also has poor cell service. Nearly all of the remaining CASF-eligible project areas that lack broadband also have poor cell service, but the CASF program was not enacted to address that problem. Awarding precious remaining CASF funds for cell service as an add-on to an underlying broadband project diverts those funds from their authorized use and undermines the integrity of the program at the very time the Legislature considers whether this program deserves additional funding.

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- Review again the California 2008 Broadband Task Force Report for recommendations that have not yet been implemented to ensure that California is pursuing all strategies to close the Digital Divide. These include a state sales tax exemption for purchase of any broadband equipment used to expand service to an unserved area. This has been enacted in other states and could be an additional tool for California to incentivize investment to expand broadband in California's remaining unserved areas.

Frontier appreciates the Commission's efforts to improve the CASF program and looks forward to continued dialogue to achieve the goal of universal access to broadband throughout California. Please contact me with any questions at Jacqueline.kinney@ftr.com.

Respectfully submitted,

A handwritten signature in black ink, reading "Jacqueline R. Kinney". The signature is written in a cursive, flowing style.

Jacqueline R. Kinney
Vice President State Government Affairs – California