

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Approval of Consortia Grant Account
Funding From The California Advanced
Services Fund in R.06-06-028

Draft Resolution T-17355
(Served January 12, 2012)

**COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES ON
DRAFT RESOLUTION T-17355 FOR APPROVAL OF SEVEN (7)
CONSORTIA GRANTS UNDER THE CALIFORNIA ADVANCED
SERVICES FUND'S RURAL AND URBAN REGIONAL BROADBAND
GRANT ACCOUNT TOTALING \$1.05M FOR YEAR 1 ACTIVITIES**

KIMBERLY J. LIPPI

Attorney for the
Division of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Phone: (415) 703-5822
Fax: (415) 703-4492
E-mail: kjl@cpuc.ca.gov

MICHELE KING

Staff Analyst for the
Division of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Telephone: (415) 703-1349
E-mail: mki@cpuc.ca.gov

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I. INTRODUCTION

Pursuant to Rule 14.5 of the Commission's Rules of Practice and Procedure, the Division of Ratepayer Advocates (DRA) submits these Comments on Draft Resolution T-17355 (Draft Resolution) regarding funding from the California Advanced Services Fund (CASF) Rural and Urban Regional Broadband Consortia Account (Consortia Grant Account). The Draft Resolution would approve CASF funding for seven Consortia projects with a combined year 1 budget of \$1,669,895 and three year budget of \$5,007,184. These seven projects are being recommended for funding following their initial applications and request for clarification and modifications from the Communications Division (CD) in Resolution (Res.) T-17349 adopted by the Commission on December 1, 2011.¹

DRA continues to support the goal of ubiquitous broadband in California and given the high ratepayer investment in the CASF program, DRA continues to advocate for cost-effective CASF projects and adoption. DRA's review of the Draft Resolution was constrained because very limited information has been published about the proposed seven projects. There is a continuing need for more transparency in the application review process, consistent with our comments on the CASF program to date, in order to make the CASF process more effective.

DRA urges the Commission to deny the Draft Resolution. The vote should be delayed until more details are published so that the Commission and interested parties may understand what modifications were made to the applications since they were first submitted in Res. T-17349. DRA's comments also underscore that if all seven projects are approved, 80% of the CASF Consortia funds will then be allocated since the Consortia fund cannot exceed \$10 million. Thus, the Commission should rely on a thorough analysis of the proposed projects, which DRA has not seen in Res. T-17349 or

¹ Resolution T-17249, Approval of Seven (7) Consortia Grants Under the California Advanced Services Fund's Rural and Urban Regional Broadband Consortia Grant Account Totaling \$1.670 Million for Calendar Year 2012, p 8, adopted December 1, 2011.

Draft Resolution T-17355, and enable meaningful outside input regarding the combined investment in all 14 projects.

II. DISCUSSION

A. The Commission Should Delay a Vote Until the Project Details Are Published And Parties Can Give Meaningful Input

The Draft Resolution would approve seven projects for CASF Consortia funding totaling \$1.05 million in year 1 and \$3.14 million over three years.² These projects were initially identified in Res. T-17349. In December 2001, that resolution approved seven different consortia projects (\$1.67 million in year 1 and \$5.01 million over three years)³ and noted that seven other applications received passing scores but needed modifications in order to be funded. Among other things, Res. T-17349 noted, “Applicants must work closely with CD to improve their work plan deliverables to produce tangible results that justify the best use of ratepayer funds.”⁴ Draft Resolution T-17355 is now being considered to address those additional projects and modifications.

After comparing the updated information in the Draft Resolution with what was published about the seven projects in Res. T-17349, it is clear that more transparency is needed. It was nearly impossible for DRA to see how each application was augmented given that Res. T-17349 provided only the project names/locations/funding requests and then Draft Resolution T-17355 only provided a high level overview of each project with almost no concrete outcome measures identified. Since parties and the public only have access to the published draft resolution approximately two weeks before a vote is

² The seven consortia grant applicants recommended for funding in Res. T-17355 are: California’s One Million New Internet User Coalition, Central Sierra Connect Broadband Consortium, Connected Capital Area Broadband Consortium, Eastern Sierra Connect Regional Broadband Consortium, Gold Country Broadband Consortium, Inland Empire Regional Broadband Consortium, San Diego Imperial Regional Broadband Consortium.

³ The seven consortia grant applicants funded in Res. T-17349 were: Central Coast Broadband Consortium; East Bay Broadband Consortium; Los Angeles County Regional Broadband Consortium; Northeastern California Connect Consortium; Redwood Coast Connect; San Joaquin Valley Regional Broadband Consortium; and Upstate California Connect Consortium.

⁴ Resolution T-17349, at 8.

scheduled, and it does not contain enough details, the ability for any party to provide meaningful input prior to a Commission vote is very constrained.⁵ As noted in the Draft Resolution, the Communications Division (CD) posts the following applicant information on the CASF website as required by D.11-06-038: the consortium's name, contact information, and coverage by county.⁶ Although this information is available earlier in the process,⁷ the information is too limited to enable interested parties to weigh in at this stage, and later in the process in the draft resolution stage there is still insufficient information for parties to review.

B. If the Draft Resolution Is Approved, More Than 80% of Consortia Funding Would be Allocated Without Justification of Statewide Benefits

DRA opposes allocating over 80% of the total \$10 million Consortia funding based on the limited information in Draft Resolution T-17355. The Draft Resolution's analysis of the proposed projects, which should be considered in the context of all consortia funding to date, is deficient on a project level basis and also from a broader perspective. In addition to the merits of each project, which should be clearly identified, the mix of projects should be considered in terms of geographic coverage, cost-effectiveness, and ratepayer benefits. DRA is concerned about the absence of any holistic analysis that considers the comprehensive benefits versus costs for the state as a whole. It is impossible to see how the seven projects proposed for funding in Draft Resolution T-17355, or the previously approved seven projects in Res. T-17349, for that

⁵ The pending Proposed Decision Implementing Broadband Grant and Revolving Loan Program Provisions, R.10-12-008, issued December 9, 2011 ("PD"), proposes that DRA be provided a hard copy of applications, at 41. On January 6, 2012, DRA filed comments on this PD urging the Commission to fully disclose applications on the CASF website and also require service to the full Commission Service List. Further, DRA commented that the Commission takes too narrow a view regarding what merits confidential treatment and interested parties should be able to review project details in the application stage, rather than strictly enabling challenges regarding unserved/underserved areas. DRA also recommended that the Commission should require applicants to email their materials to affected local government agencies and community organizations. DRA Comments on the PD, at 10-11.

⁶ Draft Resolution T-17355, at 3.

⁷ Fifteen Consortia applications were filed on August 22, 2011 and CD posted application information on September 6, 2011, Draft Resolution T-17355, at 3.

matter, address the objectives of the consortia program and are a cost-effective mix of projects for California ratepayers. Consistent with DRA's comments on Res. T-17349 and in the absence of this analysis, DRA believes the Commission should deny Draft Resolution T-17355 and not allocate the majority of the Consortia fund until there is a strong case for doing so.

III. CONCLUSION

For the foregoing reasons, the Commission should reject the Draft Resolution T-17355 until parties have enough details to provide meaningful input on the seven projects under consideration. Additionally, the Commission should reject the Draft Resolution unless and until CD publishes a thorough analysis illustrating that the seven projects have been modified as requested in Res. T-17349 and will be well-planned and cost-effective. Given that over 80% of the Consortia account would be allocated upon approval of this Draft Resolution, the majority of California should benefit from the combination of approved consortia projects. Consistent with other CASF filings to date, DRA emphasizes that genuine transparency in the application review process is critical so that interested parties can understand proposed funding decisions early in the decision-making process. The lack of consortia project details demonstrates a lack of fiscal responsibility with ratepayer subsidies.

Respectfully submitted,

/s/ KIMBERLY J. LIPPI

KIMBERLY J. LIPPI

Attorney for the Division of Ratepayer
Advocates
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Phone: (415) 703-5822
Fax: (415) 703-4492

January 27, 2012

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of **COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES ON DRAFT RESOLUTION T-17355 FOR APPROVAL OF SEVEN (7) CONSORTIA GRANTS UNDER THE CALIFORNIA ADVANCED SERVICES FUND RURAL AND URBAN REGIONAL BROADBAND GRANT ACCOUNT TOTALING \$1.05m FOR YEAR 1 ACTIVITIES** to the official service lists in **R.06-06-028, R10-12-008, and all CASF applicants** by using the following service:

E-Mail Service: sending the entire document as an attachment to all known parties of record who provided electronic mail addresses.

U.S. Mail Service: mailing by first-class mail with postage prepaid to all known parties of record who did not provide electronic mail addresses.

Executed on January 27, 2012 at San Francisco, California.

/s/ NANCY SALYER
NANCY SALYER

**Service List for
CASF applicants for
T-17355**

cityattorney@ci.watsonville.ca.us sheaton@rcrcnet.org tjg@cpuc.ca.gov
Phyllis.Whitten@ftr.com Bill.Mueller@valleyvision.org trp@cpuc.ca.gov
mdozier@csufresno.edu tara.thronson@valleyvision.org vf2@cpuc.ca.gov
randylowe@dwt.com john@Spiralinternet.com xsh@cpuc.ca.gov
chabran@cctpg.org lrice@psrec.coop ztc@cpuc.ca.gov
robert.swayze@laedc.org dbforslund@gmail.com twest@cenic.org
jesus.g.roman@verizon.com kaljar@qnet.com mpimentel@ci.watsonville.ca.us
jeff@sdfutures.org DWTCPUCDOCKETS@dwt.com mdozier@csufresno.edu
esther.northrup@cox.com cmemerson@csuchico.edu emarzullo@sbrda.org
XLeonard@gmail.com Christine.Burke@FTR.com aortega@communityunion.org
akrebs@csumb.edu m.h.pokorny@ildmail.com drodriguez@ypiusa.org
kjl@cpuc.ca.gov Susan.Odom@BNSF.com md@sandiegobusiness.org
bnusbaum@turn.org don.eachus@verizon.com jdolgonas@cenic.org
david.discher@att.com jacque.lopez@verizon.com cnutting@csufresno.edu
marg@tobiaslo.com Marcie.Evans@cox.com martha@mvrconsulting.com
pacasciato@gmail.com dmrcandd@iwvisp.com
joshdavidson@dwt.com clenno@csumb.edu
smalllecs@cwclaw.com Gladys.Palpallatoc@cetfund.org
lbest@contracostacouncil.com rcosta@turn.org
douglas.garrett@cox.com agnes.ng@att.com
enriqueg@greenlining.org ramiz.rafeedie@att.com
sierratec@gmail.com maryliz.dejong@att.com
ben.hulet@mlode.com gblack@cwclaw.com
ccase@atcaa.org janewhang@dwt.com
erin@solstice-gis.com Charlie.Born@ftr.com
krustrum@co.tuolumne.ca.us plumasco@psln.com
sandi.romena@gmail.com aj1@cpuc.ca.gov
teri@ShepherdsCrook.us aba@cpuc.ca.gov
kelly_c@co.lake.ca.us ayy@cpuc.ca.gov
mike@ruralbroadbandnow.com cg2@cpuc.ca.gov
gregg@rredc.com gvc@cpuc.ca.gov
connie.stewart@humboldt.edu mca@cpuc.ca.gov
karp@humboldt.edu mki@cpuc.ca.gov
brent@sedcorp.biz nxb@cpuc.ca.gov
shance@atcaa.org rhh@cpuc.ca.gov

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lmb@wblaw.net
jesus.g.roman@verizon.com
esther.northrup@cox.com
srt@cpuc.ca.gov
cmailloux@turn.org
rcosta@turn.org
bnusbaum@turn.org
david.discher@att.com
michael.foreman@att.com
peter.hayes@att.com
Stephen.h.Kukta@sprint.com
thomas.selhorst@att.com
marg@tobiaslo.com
pacasciato@gmail.com
jclark@gmssr.com
mschreiber@cwclaw.com
SmallLecs@cwclaw.com
deyoung@caltel.org
suzannetoller@dwt.com
selbytelecom@gmail.com
tlmurray@earthlink.net
douglas.garrett@cox.com
jon@morenotrenching.com
mort@praxisfiber.com
pucservice@dralegal.org
cratty@comcast.net
Charlie.Born@ftr.com
lesla@calcable.org
beth.fujimoto@cingular.com
cindy.manheim@cingular.com
asj@calcable.org
Phyllis.Whitten@ftr.com
kaljar@qnet.com
judypau@dwt.com
trevor@RoycroftConsulting.org
Johnj@Rapidlink.com
kmudge@Covad.com
lortega@communityunion.org
PHILILLINI@aol.com
don.eachus@verizon.com
jborchelt@gmail.com
mshames@ucan.org
Marcie.Evans@cox.com
lindab@stcg.net
ttf@cpuc.ca.gov
GKarish@millervaneaton.com
marcel@turn.org
gregory.castle@att.com
Kristin.L.Jacobson@sprint.com

michael.sasser@att.com
rudy.reyes@verizon.com
maryliz.dejong@att.com
gblack@cwclaw.com
mmattes@nossaman.com
John_Gutierrez@cable.comcast.com
ashm@telepacific.com
nlubamersky@telepacific.com
anitataffrice@earthlink.net
jwakefield@covad.com
Joe.Chicoine@ftr.com
sheaton@rcrcnet.org
paul.sieracki@surewest.net
alk@cpuc.ca.gov
ayo@cpuc.ca.gov
aba@cpuc.ca.gov
chc@cpuc.ca.gov
crs@cpuc.ca.gov
cg2@cpuc.ca.gov
dgw@cpuc.ca.gov
pod@cpuc.ca.gov
evw@cpuc.ca.gov
gvc@cpuc.ca.gov
kar@cpuc.ca.gov
kjl@cpuc.ca.gov
lah@cpuc.ca.gov
ma1@cpuc.ca.gov
mca@cpuc.ca.gov
mki@cpuc.ca.gov
nxb@cpuc.ca.gov
psp@cpuc.ca.gov
rwh@cpuc.ca.gov
trp@cpuc.ca.gov
tch@cpuc.ca.gov
xsh@cpuc.ca.gov
ztc@cpuc.ca.gov

R.10-12-008

cityattorney@ci.watsonville.ca.us
Phyllis.Whitten@ftr.com
teri@ShepherdsCrook.us
mdozier@csufresno.edu
randylowe@dwt.com
chabran@cctpg.org
robert.swayze@laedc.org
jdolgonas@cenic.org
twest@cenic.org
jesus.g.roman@verizon.com
jeff@sdfutures.org
esther.northrup@cox.com
XLeonard@gmail.com
kevinm@tcoe.org
steveblum@tellusventure.com
akrebs@csumb.edu
kjl@cpuc.ca.gov
bnusbaum@turn.org
david.discher@att.com
marg@tobiaslo.com
pacasciato@gmail.com
sierratec@gmail.com

smalllecs@cwclaw.com
lbest@contracostacouncil.com
douglas.garrett@cox.com
enriqueg@greenlining.org
ben.hulet@mlode.com
ccase@atcaa.org
erin@solstice-gis.com
krustrum@co.tuolumne.ca.us
sandi.romena@gmail.com
kelly_c@co.lake.ca.us
mike@ruralbroadbandnow.com
gregg@rredc.com
connie.stewart@humboldt.edu
karp@humboldt.edu
brent@sedcorp.biz
shance@atcaa.org
fpilot@caminofiber.net
michael@broadbandassoc.com
jhawley@technet.org
sheaton@rcrcnet.org
Bill.Mueller@valleyvision.org
tara.thronson@valleyvision.org
john@Spiralinternet.com
lrice@psrec.coop
dbforslund@gmail.com
kaljar@qnet.com
DWTCPUCDOCKETS@dwt.com

cmemerson@csuchico.edu
Christine.Burke@FTR.com

Susan.Odom@BNSF.com
don.eachus@verizon.com
jacque.lopez@verizon.com
Marcie.Evans@cox.com
ltillery@sbrda.org
dmrcandd@iwvisp.com
clenno@csumb.edu
Gladys.Palpallatoc@cefund.org
rcosta@turn.org
agnes.ng@att.com
ramiz.rafeedie@att.com
maryliz.dejong@att.com
gblack@cwclaw.com
janewhang@dwt.com
anitataffrice@earthlink.net
brad@ucsc.edu
randy@wildirismedical.com
greg@fogeatersinc.com
Charlie.Born@ftr.com
paul.sieracki@surewest.net
plumasco@psln.com
aj1@cpuc.ca.gov
aba@cpuc.ca.gov
ayy@cpuc.ca.gov
chc@cpuc.ca.gov
cg2@cpuc.ca.gov
pod@cpuc.ca.gov
gvc@cpuc.ca.gov
mca@cpuc.ca.gov
mmo@cpuc.ca.gov
mki@cpuc.ca.gov
nxb@cpuc.ca.gov
rhh@cpuc.ca.gov
rwh@cpuc.ca.gov
sni@cpuc.ca.gov
tjg@cpuc.ca.gov
trp@cpuc.ca.gov
vf2@cpuc.ca.gov
xsh@cpuc.ca.gov
ztc@cpuc.ca.gov