

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF
CALIFORNIA**

Draft Resolution T-17443 Implementation
of New Timelines for California
Advanced Services Fund Applicants

DRAFT RESOLUTION T-17443

COMMENTS OF THE CALIFORNIA CENTER FOR RURAL POLICY

ON

DRAFT RESOLUTION T-17443

IMPLEMENTATION OF NEW TIMELINES FOR

CALIFORNIA ADVANCED SERVICES FUND APPLICANTS

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The California Center for Rural Policy (CCRP), hereby submits its comments in response to the **CPUC Draft Resolution T-17443 Implementation of New Timelines for California Advanced Services Fund Applicants.**

CCRP is pleased that SB 740 set a goal for the CASF program to approve funding for infrastructure projects that will provide broadband access to no less than 98% of California households by no later than December 31, 2015. CCRP believes that achieving the 98% goal will require the Communication Division (CD) staff to not only be good grant analysts, but advocates for California unserved and underserved communities.

CCRP would also like to offer comments on the following topics:

- A. Proposed rules regarding existing provider's "right of first refusal" as provided under SB 740.
- B. The Resolution is silent on rescinding CASF grants due to lack of performance
- C. Local Government Agencies' eligibility and Tribal Governments
- D. Priorities for broadband infrastructure deployment

- A. Proposed rules regarding existing provider's "right of first refusal" as provided under SB 740.

- On finding #1: It is reasonable to require an existing broadband provider to submit a letter by September 26, 2014 to the Director of the Communications Division, as shown in Appendix 3, to declare its intent to upgrade its network in an existing territory for the reasons discussed above.

CCRP agrees.

- On finding #2: It is reasonable to require an existing provider to upgrade its facilities by April 1, 2015 and submit documents showing the project area, broadband availability and the speed tiers available with speed tests showing that the project indeed provides served speeds or 6 mbps downstream and 1.5mbps upstream for the reasons discussed above.

Although CCRP is pleased with the timeline suggested in the draft resolution, we have some concerns about existing providers stating intent to upgrade but not following through and existing providers "cherry picking" underserved areas or anchor tenants making remaining areas and households costly.

The resolution should make clear that existing providers should only receive “right of first refusal” and be able to block others from applying to CASF if they are willing to assure they will provide last mile service to residences in the unserved and underserved areas.

CCRP also has concerns that the resolution is vague on when all upgrades need to be completed by existing providers. Do existing providers need to complete the upgrades by April 1st, 2015 even if they apply for a CASF grant by October 1, or does applying for a CASF grant allow an existing provider to take as much as two years to upgrade?

- On finding #3: It is reasonable for the Commission to grant CASF funds for a project in an area where an existing provider fails to finish a project by April 1, 2015.

CCRP certainly agrees on last mile projects, but this may be difficult for middle mile projects, including projects that our region has added to the “high priority list.” For middle mile projects CD should create some standard to determine if a provider is operating in good faith.

In addition, some builds are just too costly for one provider to carry the cost. CD staff should encourage providers in regions where there are clusters of “high priorities” to work together to meet the 98% deployment goal.

- On finding #4: Applications will be taken on a quarterly basis with the first applications due by October 1, 2014, then January 1, 2015; April 1, 2015; July 1, 2015, October 1, 2015; and January 1, 2016.

CCRP is pleased that the draft resolution sets a timeline for submitting grants quarterly into the future and believes this will produce higher quality grant proposals that can be measured against the stated access goal. The resolution should have policies that state when it’s appropriate for CD staff to return a grant proposal to the applicant and encourage them to apply in another cycle because of incomplete information or other conflicts and when CD should allow an applicant to make minor changes and still be considered during the grant cycle.

B. The Resolution is silent on rescinding CASF grants due to lack of performance

In the past, some CASF grants have been rescinded. Sometimes existing providers have been willing to withdraw, however occasionally there have been grantees that have no intention of delivering service and have held on to their CASF grant longer than the expected period of performance blocking communities from seeking other providers and funding.

The Communication Division (CD) staff should set some benchmarks to determine if an applicant is making progress sufficient enough to warrant blockage of future grants. The resolution should also have a mechanism for rescinding a grant if it becomes clear that the applicant is not going to advance the goal of 98% of California households by no later than December 31, 2015 .

C. Local Government Agencies eligibility and Tribal Governments

- On finding #5: Pursuant to SB 740, if, after an open application process, no entity has applied for funds for an unserved area, a local government entity will be permitted to apply for funds for that unserved area. We find that it is reasonable to permit non-local government entity providers two application cycles or until after January 1, 2015 to apply for funds for the reasons discussed above. If, at that time no entity has applied for funds for an unserved area, the CPUC may award a CASF grant to a local government entity to fund a broadband project in that area.

CCRP requests that the resolution make it clear that Tribal Governments are not considered local governments and can apply during any round in areas where an existing provider has not agreed to upgrade services.

- On finding #6: Pursuant to SB 740, a non-telephone corporation is only eligible to apply for projects which “provide last-mile broadband access to households that are unserved by an existing facilities-based provider.”

CCRP is disappointed that SB 740 contained this provision; however we believe that the draft resolution is interpreting it correctly.

D. Priorities for broadband infrastructure deployment

- On finding #7: Regional Consortia and four unrepresented counties have designated 180 areas as priority for broadband infrastructure projects, some of which overlap with other California priority areas.

CCRP offers the following observation--Many of the priority areas will still be difficult to fund even with a CASF grant. And CCRP seriously doubts that there is enough funding in the CASF to meet the estimated 225,000 unserved households in rural California.

CCRP feels a smaller subset of priority communities should be created where there is linkage between the Regional Consortia and other state agencies including the

California Environmental Protection Agency (Cal EPA), California Department of Food and Agriculture, and Governor's Office of Business and Economic Development (GO Biz).

California is a net contributor to the Universal Service Fund; however, California has had difficulty in the past making a case for rural funding for broadband deployment because the federal definition of rural doesn't apply to many rural California communities and tribal governments.

CD staff should help advocate and coordinate efforts for increasing federal match funding especially where priority areas link with federal and state partners.

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Respectfully submitted,



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