

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

**Re: Draft [Resolution T-17548](#): Approval of funding for the grant application of Inyo Networks, Inc. (U-7159C) from the California Advanced Services Fund (CASF) in the amount of \$41,780,141 for the Digital 299 middle-mile broadband project, which will serve CASF “priority areas.”**

Dated: January 30, 2017

Lesla Lehtonen  
Sr. Vice President &  
General Counsel  
California Cable &  
Telecommunications  
Association  
1001 K Street, 2<sup>nd</sup> floor  
Sacramento, CA 94611  
T: 916.446.7732  
F: 916.446.1605  
E: [lesla@calcable.org](mailto:lesla@calcable.org)

January 30, 2017

VIA ELECTRONIC MAIL

John Baker  
Regulatory Analyst  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102-3298  
[John.baker@cpuc.ca.gov](mailto:John.baker@cpuc.ca.gov)

**Re: Draft [Resolution T-17548](#): Approval of funding for the grant application of Inyo Networks, Inc. (U-7159C) from the California Advanced Services Fund (CASF) in the amount of \$41,780,141 for the Digital 299 middle-mile broadband project, which will serve CASF “priority areas.”**

Dear Mr. Baker:

Pursuant to Public Utilities Code Section 311(g), I am writing to express the concern and objection of the California Cable & Telecommunications Association to Draft Resolution T-17548. This Resolution proposes to approve Inyo Network, Inc.’s application for a grant of \$41.8 million from the California Advanced Services Fund (CASF) Broadband Infrastructure Account for the Digital 299 Broadband Project.

The grant to Inyo Network for the Digital 299 Broadband Project is contrary to the provisions of Public Utilities Code Section 281(e)(3) and the Commission’s rules, to the extent that the grant provides for infrastructure designed to compete with a private company already providing advanced high speed broadband. Moreover, to the extent that Inyo Network intends to overbuild an existing provider in served areas, it must submit proof that its back haul or backbone construction is an *indispensible* part of its plan to reach unserved or underserved communities (D. 12-02-015 at 11). Further, Inyo Networks must prorate construction costs to account for the area in which facilities are to be constructed to exclude all costs of constructing facilities in served areas, so that all of the costs required to build facilities in served areas are excluded from a CASF funding request.

In the case of the Inyo Network proposal at issue here, it is unclear, at best, whether the proposal complies with the Commission’s rules. But certainly, the fact that only \$1.5 million of the \$41.8 million grant is allocated to provide last mile connections to 307 households, along with the fact that the facilities are targeted to additionally reach 117 schools, colleges, research institutions, hospitals, clinics, and other community anchor institutions suggests that a significant portion of the grant

monies will be targeted at large customers that are already served by high-speed broadband providers in the larger communities of Cottonwood and Redding.

At the very least, the Commission must disclose information sufficient to ensure that Inyo Networks is in full compliance with the CASF statute and Commission's rules. CCTA's members welcome the allocation of CASF funds to subsidize infrastructure in areas of California that are unserved and underserved by existing broadband providers. But competition is completely undermined, and public monies are ill-spent, where public funds are used to subsidize the construction of networks where private investment has already achieved the goal of providing advanced broadband services.

For these reasons, CCTA urges the Commission to reject the Draft Resolution and reevaluate the application to ensure full compliance with the CASF program.

Very truly yours,

\_\_\_\_\_/s/\_\_\_\_\_  
Lesla Lehtonen  
Sr. Vice President & General Counsel  
California Cable & Telecommunications  
Association  
1001 K Street, 2<sup>nd</sup> floor  
Sacramento, CA 94611  
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