

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

Order Instituting Rulemaking to Consider)	
Modifications to the California Advanced)	Rulemaking No. 12-10-012
<u>Services Fund.</u>)	(Filed October 25, 2012)

**COMMENTS OF THE
CALIFORNIA EMERGING TECHNOLOGY FUND
ON PHASE I PROPOSED DECISION**

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Pew Research Center <http://www.pewinternet.org/>

2017 Statewide Survey on Broadband Adoption sponsored by CETF and conducted by University of California, Berkeley Institute of Government Studies at <http://www.cetfund.org/progress/annualsurvey>

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Pursuant to Rule 1.43 of the Commission’s Rules of Practice and Procedure, CETF hereby files timely comments on the Proposed Decision of Commissioner Guzman Aceves entitled “Decision Implementing the California Advanced Services Fund Broadband Adoption, Public Housing and Loan Accounts Provisions” (PD), released on May 18, 2018.

I. CETF Supports the PD and Praises the Actions by the Commission to Obtain Input from Residents, Stakeholders and Community Groups

Overall, CETF greatly appreciates the PD, which reflects a sincere desire by the Assigned Commissioner, Administrative Law Judge (ALJ), and the Communications Division executive leadership and California Advanced Services Fund (CASF) staff to listen and consider all testimony and input, particularly from organizations experienced in advancing broadband adoption and achieving documented new subscriptions by unconnected households, primarily low-income households. The PD demonstrates and underscores the value of the four March 2018 public workshops where input was sought from residents, interested parties, and local government officials. The public workshops also gave stakeholders an opportunity to express their positions before the Assigned Commissioner, ALJ and staff. CETF is pleased that the PD incorporates substantive improvements for implementing CASF and administering the Adoption Account with greater accountability and transparency, which can and should be further strengthened for greater impact.

CETF’s Comments on the PD reveal a handful of minor but important edits. In summary, CETF requests the new program rules in Appendix 1 attached to the PD properly reflect the Assigned Commissioner’s decision to base payment on verified adoptions for the Adoption Program, particularly for Digital Literacy programs but also for Public Access grants

where appropriate. CETF also asks the PD be updated to reflect the latest 2017 Statewide Survey on Broadband Adoption data on statewide adoption rates, which is now at 87% not 84%. CETF seeks to clarify that grantees of Digital Literacy programs may purchase computing devices and related software in order to teach the Digital Literacy classes. Consistent with the PD, CETF requests new language in the CASF rules making it clear that project grantees not be obligated to market only one particular provider's services, but may educate a potential subscriber on all affordable offers available in a particular area. CETF asks that timeframes be set for grants of the CASF Adoption projects, both applications and expedited applications in order to set Commission expectations for both the staff and applicants. CETF asks that it be made clear that Digital Literacy grantees of the Adoption program may include computer devices and related software to use while teaching classes. Finally, the PD could be made stronger by requiring existing ISPs to report on their progress signing up low-income households to their available affordable broadband offers, particularly if they have merger or transfer of control obligations, to ensure they are complying with such obligations. CETF had suggested this be made a condition of a CASF grant for such ISPs. Overall, CETF thanks the Commission for an excellent new Broadband Adoption Program that it knows will improve Digital Literacy and Public Access for disadvantaged communities for the state.

II. The PD Should Be Crystal Clear for the Adoption Program that Verified Adoptions Are the Focus, the Goal, and Required for Payment

At pages 5-6, the PD discusses key lessons from the Regional Consortia (RC) nine adoption projects. CETF concurs with the "key lessons learned" from RC adoption activities ("Minimizing Administration" and "Understanding Community Needs") and strongly recommends that the Commission further apply them to the proposed new rules for the Adoption Account in the PD. First, on "Minimizing Administration," CETF strongly agrees that unnecessary administrative and reporting tasks should be minimized to focus efforts on implementing the program by community-based organizations (CBOs) and CASF staff. This focus will also preserve the limited resources in the Adoption Account.¹

¹ In its initial Comments, CETF recommended that CASF Adoption grant payments should be performance-based and not cost-reimbursement approach, which puts the right focus on the program to achieve verified adoptions which is the goal of the statute.

Second, on “Understanding Community Needs,” CETF continues to emphasize based on its decade of adoption program experience that increasing broadband adoption requires a priority focus on verified new subscriptions by unconnected households. California surveys show that most of the unconnected persons are low-income, non-English speaking (example immigrants), people with disabilities and seniors. For many of the unconnected population, adoption outreach requires “in-language” and “in-culture” efforts usually best accomplished by trusted CBOs that can best assess community needs and meet them. Adoption work is arduous because it requires educating the person on why the Internet will provide benefits, going through the process of assessing affordable offers, assisting the person through the often difficult eligibility process for the offer, and then assisting the person on hooking up and then learning to use a computing device. It is CETF’s experience that a verified subscription must be the first priority of any adoption program as the goal, and mere digital literacy training or free public access to computers alone does not deliver adoptions. Thus, CETF suggests the PD errs in not adopting a stronger emphasis on a subscription-based approach. Digital literacy classes are acceptable so long as it has a component of coaching on home broadband adoption. As to the public access program proposed by the PD, CETF acknowledges the need for public access for those who lack computers at home, but given the limited resources in the Adoption Fund, CETF would have preferred to focus on an approach that focused on verified adoptions in this early stage. Or alternatively the public access projects properly could be funded from the Infrastructure Grants Account because it is in some cases due to the lack of adequate infrastructure in unserved and underserved areas.

III. Specific CETF Suggestions for Proposed Decision Adoption Account Rules and Requirements

Section 2.1 Goal for the Adoption Account. The PD proposes no goal for the Adoption Account because the funds available for the Adoption Account is insufficient to achieve CETF’s suggested 90 percent adoption goal by 2023. (PD at 10) While CETF is sympathetic to the restraints of current Adoption Account resources, CETF notes this is not the only tranche of broadband adoption funds that could be approved by the Legislature, it is merely the first. CETF more importantly strongly encourages the Commission—as a prominent state leader on broadband policy—to set and recommend to the Administration and Legislature an appropriate

statewide adoption goal of 90% by 2023. As Pablo Picasso said, “Our goals can only be reached through a vehicle of a plan, in which we must fervently believe, and upon which we must vigorously act. There is no other route to success.”² As set forth in our comments, CETF analysis indicated a need of \$100 million for the Adoption Account to achieve 90% adoption in five years (taking into account churn rates), which is five times the \$20 million authorized by the Legislature in AB1665. CETF acknowledges that it may difficult to set a goal in the form of a statewide adoption rate with only \$20 million to work within the new Adoption Account. However, CETF suggests that it is possible to set an “Impact Objective” for the existing Adoption Account. For example, with \$20 million in the Adoption Account and allowing the Commission no more than 10% (or \$2 million) for administrative costs, leaving at least \$18 million for grants at \$250 per adoption,³ *a reasonable Impact Objective is 72,000 adoptions.* This is the approach that CETF uses with all of its resources relative to adoption objectives for outcomes. CETF recognizes that the PD allows for digital literacy and public access grants that will not achieve adoptions in the form of verified subscriptions, so the Commission will achieve less impact, but CETF encourages the Commission still to set an Impact Objective for the Adoption Account for a slightly reduced amount of 70,000 adoptions.

Next, CETF recommends the statewide adoption rate be updated in the PD at page 9 as being **87%** from the 2017 Statewide Survey on Broadband Adoption, and not 84% which is the 2016 figure. This translates to 5 million residents being unconnected to broadband at home, and 18% being only connected by a smartphone. CETF provided the Commission with this data at pages 2, 5 and 6 of its initial Comments. CETF requests that footnote 16 of the PD be amended to add the following updated information:

“The 2017 Statewide Survey on Broadband Adoption sponsored by CETF and conducted by University of California, Berkeley Institute of Government Studies found statewide adoption rate at 87%, with 18% smartphone only. Thus, 13% of California households remain unconnected (more than 5 million people) and 18% of households are underconnected by smartphone (more than 7 million people).”

² https://www.brainyquote.com/quotes/pablo_picasso_120939

³ See PD, footnote 22, which notes CETF’s evidence that broadband adoptions as measured by verified new subscriptions can be achieved for \$250 per adoption if incumbent ISPs are sincere partners in advertising affordable offers and holding community sign-up events. \$250 is sufficient to cover outreach, digital literacy training, help to find an affordable device, assistance with finding all available broadband service offers, and assistance with signing up for service. CETF Opening Comments, at 4.

CETF urges again its recommendation that the Commission embrace a 90 percent adoption goal for 2023. This is an important recommendation from an expert agency to the Administration and the Legislature to foster appropriate public policy.

CETF supports CASF staff establishing a baseline adoption analysis, in order to have verifiable and measurable progress towards the adoption goal. CETF recommends that CASF staff rely on reliable broadband surveys⁴ to establish demographic barriers to adoption, such as age, speaking a language other than English as your primary language, income and education.

CETF concurs with the PD's conclusion at pages 9-10 not to tie together the Adoption and Infrastructure Accounts. The PD properly rejects calls to adopt rules that prioritize funding in consortia regions which have not yet met the CASF 98 percent deployment goal. CETF applauds the Commission for recognizing the large number of low-income households in urban areas. There is concentrated and persistent poverty in all regions, and adoption work is necessary in urban as well as rural areas.

Section 2.2. Preference. CETF agrees with the PD's conclusion to reject ORA's request for a preference to communities with low broadband access, as a gating factor. CETF concurs with the PD to not give preference to low broadband availability regions first, given that there are areas in every region with relatively high broadband availability and low broadband adoption rates. Public Utility (PU) Code Section 281(j)(5) is crystal clear that the Commission should give preference to communities that are low-income, contain seniors, and which face socio-economic barriers to broadband adoption.

Regarding the preference for low-income communities, a typo should be corrected on page 12, and Attachment 1.C (Sample preference checklist), bullet one, that the preference is for "median" (instead of "medium") household income at or below the California Alternate Rates for Energy (CARE) program income limits for a household of four.⁵ CETF concurs with the PD decision to use CARE as the appropriate eligibility criteria for low-income households.⁶

⁴ Pew Research Center <http://www.pewinternet.org/> and CETF's Annual Broadband survey at <http://www.cetfund.org/progress/annualsurvey>

⁵ Conclusion of Law 5 on page 36 has it correctly.

⁶ CETF suggests again that the Investor Owned Utilities be urged to inform their low-income consumers of available affordable broadband offers using bill inserts because broadband connectivity is important for many smart home and time-of-use applications for energy consumers, in addition to monitoring home solar efficiency.

The PD finds that in order to ensure that funds from the Broadband Adoption Account are allocated throughout the state, only \$5 million of the \$20 million authorized will be awarded in the first six month application window (July 2018) and will serve as a “pilot” to determine the effectiveness of the Adoption Strategy and assess demand for such funds. (PD at 12) CETF concurs in limiting the first round of Adoption Account grants to \$5 million; it makes sense to be prudent in evaluating results and impacts to improve focus for the balance of the Adoption Account.

While in its prior comments CETF did not support any preferences at all, CETF expresses its support for the PD’s preference for grants that serve the poorest and most disadvantaged communities with the lowest-income households as set forth in Conclusion of Law 5. This preference shall assist in adoption in the segments of the population that the 2017 Statewide Broadband Survey showed as much less connected than the statewide average: very low-income, Spanish speakers, people with disabilities, adults age 65 or older (seniors), and non-high school graduates.⁷ CETF underscores the need for accountability on outcomes, with the most impactful (and efficient) outcome being a verified subscription for a true adoption.

Further CETF applauds the Commission encouraging collaboration and partnerships by requesting that information in the grant applications. CETF has found that sincere and good faith partnerships with trusted community groups, school districts, and local government leaders are critical to the success of an adoption program. These groups may assist in getting the word out about the programs, media advertising, and sending eligible residents to the programs.

Section 2.4 Eligible Applicants. CETF applauds the PD’s finding that for-profit organizations will not be eligible for Adoption program grants under the PD. CETF requests that language be added to Section 2.4.2 rejecting TURN’s proposal allowing grant recipients to charge for digital literacy classes. (PD at 16).

Section 2.5.2 Eligible Projects. Regarding matching funds, CETF is grateful for the PD’s clarification at page 16 that 15% of the match for a grant can come from other sources including dedicated personnel supported by other funds. CETF asks that Appendix 1, Section 1.7 (“Information Required from Applicant”) be amended to make more clear the 15% match and how it may be provided. Also, in Section 1.7, CETF seeks a clarification that computing devices

⁷ See CETF Initial Comments, Table 1, at 5-6.

and required software may be purchased by grantees for use by persons enrolled in the Digital Literacy class in the classroom for teaching purposes.⁸ While consulting with some of our experienced CBOs, CETF noticed that computing devices and software are missing from the list of what can be reimbursed in Appendix 1, Broadband Adoption Program, Section 1.5 “Eligible Projects” and Section 1.7 “Information Required from Applicants” for Digital Literacy Projects, and CETF believes this to be an oversight. Some applicants will not have existing computing devices with which to teach classes and they should be allowed to purchase a reasonable number for instructional purposes only. CETF provides suggested language on our proposed language changes attached hereto.

The PD change as to inclusion for furniture and equipment at page 18 improves the initial proposal. CETF agrees the furniture and equipment requested must be tied to the specific program and outcomes, and after the Broadband Adoption Program, should be used for future tech programs and not mingled with general inventory.

CETF agrees with the PD’s decision to not allow smartphone devices as an alternative to increase broadband adoption. (PD at 18) The PD correctly notes that at present, smartphones have limited utility for productivity. CETF also agrees with the PD that it is not necessary to fund computing devices for low-income residents to take home after digital literacy classes at this time, or to fund Internet access at no cost or low cost to users at home. (PD at 19)

As the Commission may be aware, CETF is active managing broadband adoption grants due to various low-income broadband offers obtained as public benefit obligations during past corporate consolidations.⁹ CETF has numerous experienced CBO grantees that are working to bring about broadband adoptions in many areas of the state. CETF notifies this Commission and its grantees that Frontier adoption grantees may use their grants at \$60 per adoption as match to seek up to \$190 per adoption in a CASF Adoption grant. Also CETF is making available \$2 million for grantees at \$120 per adoption within Charter Service Areas which can be used as match to seek up to \$130 per adoption in a CASF grant to achieve more than 16,000 adoptions.

⁸ By this, CETF does not mean computing devices to be given to enrollees who complete the Digital Literacy class to take home for personal use; CETF agrees with the PD that computing devices need not be funded by the Adoption Program consistent with our initial comments. CETF has helped create new refurbishing device providers around the state that can provide low cost devices to those who need them.

⁹ CETF notes that a number of these affordable broadband offers will expire before the Adoption program is over, and it is important for all ISPs to offer a low-income offer similar to the telephone LifeLine program and the energy CARE program.

Further, the CETF Board has allocated \$250,000 for 15% (or \$38 per adoption) outside of the Frontier and Charter Service Areas so that grantees there may seek up to \$212 per adoption from the Adoption Account which could leverage \$1,272,000 in CASF grants to achieve more than 6,000 broadband adoptions.

Section 2.6 Subsidy Level. CETF supports the PD's reduction in subsidies per device (from \$1,000 to \$750) and reduction in number of devices per location from 20 to 15 per designated space or project in order to stretch the Adoption Program dollars farther. (PD at 21.) CETF suggests that, in special circumstances, the Commission would allow these caps to be waived if necessary to accommodate special circumstances, for example, disability-friendly computing devices for handicapped persons that cost more for special software or monitors. CETF again underscores the need to have accountability for results with grants that have large amounts designated for equipment purchase. CETF agrees the equipment purchase must be tightly tied to the Adoption Program project, and that there is a need to better control the use and disposition of the allowed purchased equipment after the grant is concluded, preferably a second program funded by the grantee itself, or for a similar program by another non profit organization.

Section 2.7 Information Required from Applicants. CETF applauds the changes made in this section of the PD. CETF is particularly gratified to see adoption of performance-based projects with verifiable outcomes and/or requirements for grantees to conduct pre- and post-implementation surveys. This will help drive home broadband adoptions. We request that the payment section of the rules equally require the verifiable outcome in order for the last half of the payments be made (see changes discussed below).

On Appendix 1, Broadband Adoption, Section 1.7 "Information Required from Applicants," CETF suggests that a definition be added of what "new residential broadband subscribers" means relating to proposed item u, "Projected number of new residential broadband subscriptions resulting from the project (including documentation of all assumptions and data sources used to compile estimates)". When working with some of CETF's existing CBOs, the issue arose of how "new residential broadband subscribers" should be properly defined. Drawing from their experience, CETF proposes the following definition for inclusion: "A 'new residential broadband subscriber' is defined as a household that either has never subscribed to home broadband service before, is not currently a home broadband subscriber, or whose only broadband connection is a smartphone."

CETF also appreciates the PD for recognizing the concern raised by TURN and CETF that the Commission ensure project proponents are not obligated to and do not market or otherwise exclusively promote a particular carrier's service. (PD at 22) Currently, CETF is being pressured by Frontier Communications to have CBO grantees for adoption outreach market only Frontier's affordable offer. This is contrary to the role of a non-profit organization to educate a potential subscriber to all affordable offers available, and help choose the best one for his or her needs. Thus, CETF requests new language in the rules (Appendix 1, Section 1.7, "Information Required from Applicants," "Broadband Access Project, item 1.m, that set forth this requirement that project grantees not have obligations to only market one particular provider's services.

Section 2.9 Submission and Timelines. CETF suggests a very important practical change to the submission of Adoption Program projects as contained in Appendix 1, Section 1.9 "Submission and Timelines." With the PD being voted by the Commission on June 21, 2018, CETF strongly recommends that the first applications not be due ten days later on July 1, 2018 as set forth in Section 1.9 of Appendix 1, Broadband Adoption, but sixty days from the issuance date of the final decision. Giving applicants at least 60 days to thoughtfully prepare their applications in accord with the final decision is wise. Otherwise, applicants eager to get their applications in first will be forced to rush in their application preparation and won't have time to engage in important collaborative discussions in the community, get accurate quotes for what they need, etc. If this new submission date is acceptable, CETF suggests the first deadline for submission of an application should not be July 1, 2018, but sixty days from the issuance date of the final decision, or to make it simpler for applicants, the date of August 24, 2018 (which is sixty days from June 25, 2018, an estimated issuance date of the final decision). The next deadline would be January 1, 2019, and then every six months thereafter, ending on July 1, 2022 as set forth in the rules in Appendix 1, Adoption Program, Section 1.9, "Submission and Timelines." CETF accordingly proposes language changes to Appendix 1, Adoption Program, Section 1.9.

CETF is disappointed that the PD did not grant the request of CSU Chico and CETF for a review time to be set forth for both expedited and non-expedited Adoption project proposals. (PD at 24) For years, the CASF program has been plagued by long delays on project processing, acceptance of late challenges, and approvals that take well over a year. CETF submits the need

for broadband adoption training is urgent for economic development and competitiveness of our workers. CETF suggests that a timeframe will help the CASF staff understand the Commission's expectation of action within a certain time period, and give grantees a time period by which it will know if their proposals are approved.

CETF applauds the new requirement of posting of updates on applications but think more is necessary for accountability and transparency of the CASF grant process.

Section 2.10 Expedited Review. CETF applauds the increase from \$50,000 to \$100,000 for expedited review of applications and allowing up to two years for completion of the grants. (PD at 25) This is very wise and consistent with the comments.

Section 2.11 Reporting and Payment. CETF is pleased to see a performance-based approach for payments adopted by the PD, consistent with comments from TNDC and itself. (PD at 25, Section 2.11.2 "Discussion") CETF is pleased that reporting and payment requests will require documentation of performance and outcomes, that include verified new broadband adoptions, which the goal of the Adoption Program statute. (PD at 25) CETF does acknowledge new references in the rules in Appendix 1 requiring projected number of new residential broadband subscribers as information required in a project application for Digital Literacy and Public Access Projects (See Appendix 1, at Section 1.7, Information Required by Applicant, Digital Literacy Project, item u, and Broadband Access Project, item t.). Also CETF is pleased to see under Section 1.1 Reporting, a new requirement that grantees have included in their reports information about, "4. The number of participants that subsequently subscribe to a broadband Internet service provider to use a device in their home." CETF applauds these important changes to focus applicants and grantees on verified subscriptions as a clear goal. However, in Section 1.14 "Payment" of Appendix 1, CETF does not see an explicit tie of payments after the first 25% payment to a grantee's successful achievement of verified broadband adoptions. Item 3 of Section 1.14 states that "Payments after the "ramp-up period" require *documentation of outcome in the "milestone" report*, but just by stating an outcome should not allow payment if the minimum number of verified broadband adoptions or other objective outcome is not reached by a grantee. CETF recommends a very important edit to Section 1.14, item3: "Payments after the "ramp-up period" require documentation of grantee successfully reaching its milestones of outcomes (example, achievement of verified broadband adoptions) in order to receive payments.

CETF strongly supports the concept of the 25% payment for the “ramp-up period” because that will help with cash flow for CBOs getting started with a program. However, all grant payments thereafter should be *performance-based and only paid if verified adoption milestones in the workplan are met.*¹⁰ The rules in Appendix 1 do not reflect the link of grant payments after the initial 25% payment to performance based on verified adoptions, and so CETF provides suggested amended language attached hereto.

As made clear in our initial Comments, CETF does not favor a cost reimbursement process in order to have the most effective administration of CASF grants while emphasizing performance-based goals. CETF recommends that the Commission seek approve from the Controller and/or pursue legislation to use performance as the basis for grant payments.

Section 2.12.1 Data Collection. CETF applauds the PD’s adoption of a requirement of pre- and post- implementation information regarding program participant and community level adoption to measure broadband adoption. This tracking of new subscriptions and other metrics will help this Commission track new broadband subscriptions and measure program results required by the new law. (PD at 26)

As a related matter, CETF urges the Commission to go farther on requiring ISPs to regularly and publicly report their progress on signing up low-income households in California to their available affordable broadband offers, particularly if they have merger or transfer of control obligations to offer such programs. AT&T’s objection based on confidentiality of subscribership data is misplaced and inappropriate. (PD at 27) The Commission, consumer groups and the public deserves to know how an ISP is performing on its public interest obligations. This reporting should also be required as a requirement of any future CASF grant, whether the Adoption or Infrastructure Program Account. Thus, CETF asks for language requiring this for any incumbent provider who applies for a CASF grant. While the PD only requires adoption program recipients to provide a summary of broadband enrollment/subscription information to the Commission in the payment request reports, CETF suggests more detailed information be provided to the Commission and that evidence of the enrollment information be spot-checked for every grantee to ensure the results are being

¹⁰ Even Public Access projects should contain a component where coaching is available to a user of the Public Access computers about affordable broadband offers in the area, and a referral to a service that can assist the unconnected user in obtaining home broadband service. These Public Access grantees should track their referrals and any verified adoptions obtained thereby to the best of their ability.

accurately reported. CETF supports the requirements that recipients keep copies of all enrollment information for a delineated time period, are subject to audit, and must submit reports under penalty of perjury. (PD at 28)

Section 2.12.2 Collaboration and Sustainable Funding. CETF supports the CASF staff convening a workshop with all ISPs on the topic of maximizing participation in existing low-income broadband subscription offerings, including coordination with Adoption Program grantees. (PD at 28) This workshop should include strategies to increase media advertising and more coordinated marketing of affordable offers including “in language” and “in culture” to disadvantaged communities.

CETF praises the PD discussion of collaboration with other utilities and programs to leverage the broadband adoption efforts. (PD at 29) CETF highlights the opportunity to market all of the Commission’s low-income programs at once to potential subscribers using bill inserts in every utility’s bills, and other advertising avenues used by California utilities. These low-income programs should include Lifeline, CARE, California Teleconnect Fund, and more.

Appendix 1, 1.7 Information Required from Applicants: CETF applauds the requirements of the Work Plan and Performance Metrics Plan which will help drive performance of each grantee. CETF appreciates the Commission’s thoughtful adoption of these sections.

Public Housing Account and Loan Account. CETF is comfortable with the PD’s treatment of these two programs.

WHEREFORE, CETF respectfully requests the PD be amended consistent with its comments above and the attached suggested redlined changes and additions.

Respectfully submitted,

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June 7, 2018

**Appendix with Proposed Findings of Fact and
Conclusions of Law Sought By CETF**

At page 9, under Section 2.12 Discussion relating to the Goal for the Adoption Account:

“We hereby adopt a goal for the Adoption Account of 90 percent by 2023. Currently, the 2017 Statewide Survey on Broadband Adoption conducted by UC Berkeley Institute of Governmental Studies (IGS) and CETF finds that the California adoption rate is 87%. Five million people are unconnected to the Internet at home, with 18% of them only connected by a smartphone, a device which is inadequate to perform homework, apply for jobs, or acquire workforce skills. We reject ORA’s 73 percent adoption goal as too low. By keeping administrative costs low, the Commission sets an Impact Objective of 72,000 adoptions with the \$20 million that is allocated to the Adoption Account, as suggested by CETF. For example, with \$20 million in the Adoption Account and allowing the Commission no more than 10% (or \$2 million) for administrative costs, leaving at least \$18 million for grants at \$250 per adoption,¹¹ a reasonable Impact Objective is 72,000 adoptions. Given some of the Adoption Account will go for grants for public access which has no verified adoption component, we slightly reduce the Impact Objective to 70,000 adoptions.”

At page 12, under Section 2.2.2 Discussion, third paragraph, fourth line to correct typo “medium” to “median” household income (Conclusion of Law 5 has it correctly):

“Preference will be given for projects serving low-income communities with a **median** household income . . .”

At page 18, under Section 2.5.2 Eligible Projects Discussion, first paragraph, add to end of first sentence so it reads:

“We agree with CETF’s 15 percent match recommendation that it can come from dedicated personnel supported by other funds, in addition to other match monies.”

At page 24, under Section 2.9, Submission and Timelines, add new sentence after the first sentence which reads “The draft Staff Proposal proposed application windows for adoption projects.”

“We amend the first date applications may be filed from July 1, 2018 to August 24, 2018 in order to give applicants approximately 60 days after this final decision is issued to prepare an

¹¹ See footnote 22, *supra*, which notes CETF’s evidence that broadband adoptions as measured by verified new subscriptions can be achieved for \$250 per adoption if incumbent ISPs are sincere partners in advertising affordable offers and holding community sign-up events. \$250 is sufficient to cover outreach, digital literacy training, help to find an affordable computing device, assistance with finding all available broadband service offers, and assistance with signing up for broadband service. CETF Opening Comments, at 4.

application to be submitted in 2018. This will give applicants time to review the final Commission Phase I decision and thoughtfully prepare an application under the revised rules.”

Findings of Facts

Amend Finding of Fact 9 to read as follows:

9. In order to achieve the goal of broadband adoption for our state, we hereby adopt a goal of 90% of broadband adoption at home by the year 2023. We specify that this goal is for computing devices that are not smartphones, because smartphones are not adequate devices for students to perform homework, apply for jobs or acquire workforce skills. By keeping administrative costs low, the Commission sets an Impact Objective of 70,000 adoptions with the \$20 million that is allocated to the Adoption Account.”

Conclusions of Law

Add to existing Conclusion of Law 1:

“In order to realize the intent and objectives of the Adoption Account, we hereby adopt a goal of 90% of broadband adoption at home by the year 2023. We specify that this goal is for computing devices that are not smartphones, because smartphones are not adequate devices for students to perform homework, apply for jobs or acquire workforce skills. By keeping administrative costs low, the Commission sets an Impact Objective of 70,000 adoptions with the \$20 million that is allocated to the Adoption Account.”

Add to existing Conclusion of Law 5:

“For the pilot projects, the Commission shall require verified adoptions as a requirement for payment for half of the pilot projects, consistent with Conclusion of Law 15. After these pilots are completed, the Commission shall examine the total home broadband adoptions that result from each pilot program to see if a verified subscription requirement achieved more adoptions than Adoption projects that lacked this requirement. In these pilots, grants for verified adoption should be allowed up to \$250 per adoption, and all other grants for Digital Literacy or Adoption (that do not achieve new subscriptions by low-income households) should be allowed at much less (example \$100) per outcome.”

Appendix 1

In Appendix 1, Broadband Adoption Account, Section 1.5, Eligible Projects, “Digital Literacy Project”, in first paragraph, add a new bullet point after the first bullet point that reads:

“● Computing equipment, including required software (such as browser, word processing, and basic productivity software), for the purpose of teaching Digital Literacy skills in the classroom,

in adequate number for the contemplated maximum class size, and not to exceed in cost \$750 per computing device”

In Appendix 1, Broadband Adoption Account, Section 1.7 Information Required from Applicants, under “Digital Literacy Project,” item 4,c, amend to read:

“Availability of 15% matching funds to be supplied by applicant and/or other sources, which may include personnel funded from other sources and funds from other sources than this CASF program.”

In Appendix 1, Broadband Adoption Account, Section 1.7 Information Required from Applicants, under “Digital Literacy Project”, add a new definition of “new residential broadband subscriptions” at the end of item “u” (Projected number of new residential broadband subscriptions resulting from the project):

“A “new residential broadband subscriber” is defined as a household that has either never subscribed to broadband service before, is not currently a broadband subscriber, or whose only broadband connection is a smartphone.”

Also in Appendix 1, Broadband Adoption Account, Section 1.7, add as a new item to the list after “u” item:

“v. Description of the type and number of computing devices (cost not to exceed \$750) and software required for usage in the Digital Literacy training classes including the maximum class size”

In Appendix 1, Broadband Adoption Account, Section 1.7 Information Required from Applicants, under “Broadband Access Project”, item 4.b amend to read:

“Availability of 15% matching funds to be supplied by applicant, which may include personnel funded from other sources and/or funds from other sources”

In Appendix 1, Broadband Adoption Account, Section 1.7 Information Required from Applicants, under “Broadband Access Project”, add new sentence after 1. (Project Description), m.

“ISPs may not require a grantee to exclusively market or promote a particular carrier’s service. Grant from the Adoption Account should be competitively neutral and not give preference to any specific ISP program.”

In Appendix 1, Broadband Adoption Account, Section 1.1 Reporting, under “During the monitoring period (broadband Access projects only)” heading, revise item 4 as follows and add new language:

“4. The number of participants that subsequently subscribed to a broadband Internet service provider on a monthly basis listed by Internet Service Provider to use a device in their home.

The completion report is to be submitted under penalty of perjury.

5. For any Internet service provider who obtains a Broadband Adoption Program grant, it should report on a monthly basis the number of subscribers who adopted broadband at home subscribing to a low-income Affordable Broadband Offer offered by that ISP. The information should be submitted by service area, and on a monthly basis under penalty of perjury. The ISP should keep copies of all enrollment information for three years, subject to Commission audit.”

In Appendix 1, Broadband Adoption Account, Section 1.9 Submission and Timelines, amend the first sentence to change the first date of applications to August 24, 2018 which is sixty days from June 25, 2018, the estimated date of the issuance of final decision on Phase I issuing if the Commission votes it on June 21, 2018:

“The Commission will begin accepting applications for grants from the Broadband Adoption Account on August 24, 2018 for the first applications and on January 1st and July 1st thereafter ending on July 1, 2022 as set forth in the schedule below.”

Edit the third paragraph of the same Section 1.9 Submission and Timelines, starting after “Deadlines:”

August 24, 2018
January 1, 2019
July 1, 2019
January 1, 2020
July 1, 2020
January 1, 2021
July 1, 2021
January 1, 2022
July 1, 2022

Appendix 1, Broadband Adoption Program, Section 1.14 Payment: Edit item 3 to read as follows:

“Payments after the “ramp-up period” require documentation of grantee successfully reaching its milestones of outcomes (example, achievement of verified broadband adoptions) in order to receive quarterly payments after the initial “ramp up period” payment.