

**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
Services Fund.) (Filed October 25, 2012)

**COMMENTS OF THE
CALIFORNIA EMERGING TECHNOLOGY FUND
ON PHASE II ISSUES**

Sunne Wright McPeak
President and CEO
California Emerging Technology Fund
414 13th Street, Suite 200
Oakland, California 94612
sunne.mcpeak@cetfund.org

Rachelle Chong
Law Offices of Rachelle Chong
345 West Portal Avenue, Suite 110
San Francisco, California 94127
rachelle@chonglaw.net
Outside Special Counsel to CETF

April 16, 2018

Commission be strategic in its infrastructure program to proactively develop cost-effective strategies with the cooperation of the Internet Service Providers (ISPs), the Regional Consortia, local and Tribal leaders, and all stakeholders, in order to extend broadband to as many residents as possible with limited funds.

I. Summary

A. Infrastructure Program

Up front, CETF wishes to highlight two critical recommendations that it advocates most strongly:

First, the Commission should not default to an overbroad interpretation of AB1665 that it cannot allow other ISPs to submit infrastructure applications for all Federal Communications Commission (FCC) Connect America Fund Phase II (CAF II) eligible areas. This inappropriate interpretation would unnecessarily stall broadband advancement in these areas until the end of 2020. California cannot afford any delay in getting world class infrastructure to our people, businesses, farms, and community anchor institutions. *CETF recommends that the Commission immediately should require verified reporting by any existing facilities-based provider who accepted CAF II funds to indicate which exact areas (down to household level) they intend to build out in each Census Block with the CAF II funds so that the remaining areas/households can be marked eligible in the California Broadband Interactive Map (Broadband Map) for CASF grant.* Further, if a CAF II area is released by an existing facilities-based provider, there should be a 90-day period before new CASF infrastructure applications are accepted to give all ISPs the ability to study the released areas and submit their best, most cost-effective application that drives to the 98% goal.

Second, CETF reiterates its overall recommendations to the Commission to reach the new AB1665 98 percent of California households *in each consortia region* infrastructure deployment goal:

- Be proactive in leading collaboration with the Regional Consortia to convene all stakeholders in the key rural regions (Northeast, Sacramento Valley, San Joaquin Valley, Inland Empire, Border Region, North Bay/North Coast, and Central Sierras) to identify public assets, aggregate demand, and develop preferred scenarios so no region is left behind;

- Give priority attention to all CASF infrastructure applications that scale to drive to 98% percent deployment and are the most cost-effective, and adopt a simple screening process for such applications that results in grants within six months; and,
- Give priority attention (which can include expedited, ministerial approval) to CASF infrastructure applications that include low-income and other disadvantaged communities (rural, remote, farmworker and Tribal lands) shown to have low access and adoption rates; however, do not reject or ignore worthy CASF applications that are at scale that drive the 98% broadband deployment goal but do not involve a disadvantaged or low-income community. Those applications should continue to be granted to drive to the 98% deployment goal.

Reporting by Existing Facilities-Based Providers with CAF II and MOU

Obligations. The Commission should require transparency in verified recurring reports from existing facilities-based providers regarding their construction plans under CAF II obligations or in Memorandum of Understandings (MOUs) pursuant to public benefit obligations imposed as conditions by this Commission or the FCC’s approval of corporate consolidations and mergers.³ CETF recommends verified status reports every six months from such providers, including detail on planned builds by area (including by households), so that the Broadband Map can reflect any released CAF II areas promptly. There needs to be specificity and transparency in these reports on broadband construction plans by such providers. Should the provider *not* build out an area after reserving it, there should be some penalty or fine to the provider for blocking these consumers from benefitting from other CASF infrastructure applications that might have been filed by other ISPs. Should a CAF II area be released by a provider, there needs to be a 90-day time period before a CASF application will be accepted. This process will ensure a level playing field for all competitive ISPs and will encourage the most innovative and cost-effective proposals.

The Commission should encourage existing facilities-based providers using CAF II or meeting MOU obligations to commit to larger projects using CASF funds to drive to the 98% deployment goal because this kind of leveraging of resources is in the public interest. Such

³ This reporting on MOUs should include detailed reporting on any broadband adoption programs for low-income and disadvantaged households that was committed to pursuant to a Commission corporate consolidation decision.

providers should be required to describe the process they used to evaluate how they might be able to go beyond their specific application area and project to help achieve 98 percent deployment and why they concluded it was not feasible to achieve a greater impact.

Manage Right First of Refusal for Fairness. The Commission should identify with certainty and reliability unserved areas that are available for CASF grant requests that can't be blocked subsequently through incumbent service provider protests. The annual "right of first refusal" should not be allowed by the Commission to be used by incumbent facilities-based providers to thwart opportunity, innovation and competition for the people of California. There must be fairness and a level playing field for all ISP providers. Should a CAF II area be released by an existing facilities-based provider, a 90-day window should be imposed before a CASF infrastructure application is accepted for that area to give all ISPs a fair chance to prepare an application on that released area. Further, the Commission should strongly encourage existing facilities-based providers using CAF II funds or meeting MOU obligations due to a corporate consolidation to commit to larger projects to drive to the 98 percent deployment goal.

Streamline CEQA Process. CETF recommends that the Commission streamline the process for compliance with the California Environmental Quality Act (CEQA) and reduce overly high charges from the Commission's Energy Division for internal reviews of CEQA documents. Streamlining should not result in any diminution of environment or cultural protection. The key to reducing time delays is for the Commission to work with the Regional Consortia, applicants and other stakeholders to convene in one meeting at the beginning of an infrastructure project all the environmental reviewing and permitting agencies to identify environmental and cultural issues and work out a schedule for reviews and permitting. This approach ensures transparency and accountability for all parties.

Engage State Experts. The Commission should engage experts for regional infrastructure scenario planning and establish peer review panels for Infrastructure Grant Account applications from research institutions, higher education, technology enterprises and organizations to gather the best thinking and deepest experience in achieving the 98% deployment goal.

Reduce Delays. The Commission should continue to process pending and new CASF infrastructure applications under existing rules and the plain language of AB1665 and not wait for the new Phase II rules to go into effect. The need for broadband is urgent, and given the

Legislature expressed that CASF can and should be used in conjunction with CAF II grants, applications should be granted during the period between now and 2020 accordingly.

Provide Performance Bond Relief. CETF supports flexibility in the performance bond requirement given the Staff's experiences to date. CETF supports having the bond requirement reduced or even removed as to experienced ISPs who have demonstrated it has been successful in past CASF grants or that have three years of operating experience in broadband systems.

Allow Expedited Review for All Disadvantaged Communities. CETF supports the Staff proposal for a Low-Income Communities Expedited Ministerial Review proposal, but suggests that expedited review should be expanded for all Infrastructure applications that primarily serve disadvantaged communities that the CETF Annual Survey show are unconnected or underconnected. These disadvantaged communities include people with disabilities, non-English speaking, seniors, communities with low education levels such as farmworkers, and the like.

Opposes Annual Submissions. CETF strongly opposes the proposal for an annual submission of CASF Infrastructure applications three months after annual ROFR submissions. This proposal is overly restrictive and will further delay broadband services to the public. The Commission should continue to accept applications on a rolling basis, and they should be scored on a simple screening process as to cost-effectiveness and contribution to the 98% deployment goal mandated by AB1665, with the proposals at scale with the most impact to achieve the 98% deployment goal being considered first with grants within six months of filing.

Streamline CEQA Review. CETF recommends that the Commission streamline the process for compliance with the California Environmental Quality Act (CEQA) and reduce overly high charges from the Commission's Energy Division for internal reviews of CEQA documents. Streamlining should not result in any diminution of environment or cultural protection. The key to reducing time delays is for the Commission to work with the Regional Consortia, applicants and other stakeholders to convene in one meeting at the beginning of an infrastructure project all the environmental reviewing and permitting agencies to identify environmental and cultural issues and work out a schedule for reviews and permitting.

B. Line Extensions

The Commission should require applicants for line extensions to demonstrate that there is no better alternative and this is the last resort to obtain service.

The Commission should determine that there is no larger project in the foreseeable future that can reach the households and/or businesses requesting a line extension before approving large amounts of funds for the purpose.

There should be a fair sharing of costs for line extensions by the applicants and some kind of repayment to the CASF fund by the incumbents that assume ownership of the facilities to the CASF.

C. Rural and Regional Urban Consortia Account

Convene Regional Consortia. The Commission should be proactive in achieving 98% deployment *by region* per AB1665 dictates by first coordinating with Regional Consortia as true partners to convene all stakeholders in the key regions to develop preferred scenarios for achieving that goal. The Commission, Regional Consortia and others should be encouraged to work together to facilitate consensus among stakeholders and encourage infrastructure deployment projects at scale that will reach unserved and underserved households with the most cost-effective construction builds to reach 98 percent deployment in each region.

Inventory Public Assets and Aggregate Demand. Regional Consortia should be encouraged and funded to inventory all public assets (rights-of-ways, publicly owned towers, public utility poles, equipment housing, publicly owned property, etc.), which would be available on an open, competitive basis to all ISPs interested in preparing CASF infrastructure applications. The Commission can assist in this process by requesting statewide dedicated networks (such as CENIC, FirstNet, K-12 High-Speed Network, and the California Telehealth Network) to inventory and publish such assets along with the requirements for collaboration. The Commission should encourage, recognize and fund aggregation of demand as a fundamental public asset to drive deployment.

Engage Local Officials. The Commission should encourage Regional Consortia to engage local government elected officials in their governance and activities, including assisting local governments in developing and adopting policies, ordinances, and provisions in their General Plans to encourage broadband deployment and adoption.

Fund Broadband Adoption Activities. The Commission should allow and encourage broadband adoption activities by Regional Consortia to drive deployment. However, the Regional Consortia seeking funds for adoption should be required to delineate a specific strategy and coherent work plan that links adoption to deployment. Also, promotion of available affordable broadband offers by the Regional Consortia should be an allowable and funded part of the work plan.

Adopt Performance Based Grants. The Commission should provide performance-based grants to Regional Consortia and abandon the inefficient, time-consuming, bureaucratic process of reimbursement payments. The Commission should seek approval from the Controller and/or legislative authority to change the payment mechanism for Regional Consortia.

II. Discussion

A. Infrastructure Program

One of the most important changes in AB1665 was the goal modification (or clarification as it was originally intended by CETF) to approve projects that will provide broadband access to no less than 98 percent of California households *in each consortia region*, instead of 98 percent *statewide*. This notable change ensures that no California region will be left behind, particularly those that reside in rural, remote or Tribal lands. The California Broadband Map reveals that there remain significant infrastructure gaps in the state's Northeast, Sacramento Valley, San Joaquin Valley, Inland Empire, Border Region, North Bay/North Coast, Central Sierras, and Gold Country regions.⁴ In CETF's view, this new regional focus requires the Commission to lead by collaborating with the Regional Consortia, stakeholders, and local/Tribal leaders to inventory local assets, aggregate demand, and choose the best and most cost-effective projects for each region.

CETF recommends that the Commission take on a more proactive role than in the past by immediately coordinating with Regional Consortia to convene all stakeholders in the key regions to develop preferred scenarios for achieving the 98 percent goal for each consortia region. This is in contrast to the Commission managing passively the grants program as in the past for the CASF Infrastructure Grants Account. A passive grant program has tended to result in proposals for incremental extensions of service areas and/or cherry-picking of communities for CASF grant

⁴ <http://www.broadbandmap.ca.gov/>

applications. Instead, the Commission, Regional Consortia and others must work together to facilitate consensus among stakeholders and encourage infrastructure deployment projects at scale that will reach both unserved and underserved⁵ households with the most cost-effective construction builds. This requires state leadership of the Commission akin to its efforts in the climate change area.

RFP Proposal. CETF opposes the process suggested in the Staff proposal for a Request for Proposal (RFP) process for high priority areas. (Appendix C at 14-15) One flaw is that the Staff is going to choose the high priority areas without the benefit of consultation with the Regional Consortia, existing ISPs, competitive ISPs, local leaders and community anchors. A second flaw is the amount of time it will take to establish this process and get it off the ground; we have no time to waste to bridge the Digital Divide. A third flaw is the review and approval by the Commission's Contracts Office for the Non-IT Goods & Services which are not broadband infrastructure experts.

In CETF's view, a superior method is to convene the Regional Consortia and stakeholders in the key regions of need to identify public assets and facilitate consensus among stakeholders and encourage infrastructure deployment projects at scale that will reach unserved and underserved households with the most cost-effective construction builds. Regional Consortia should be encouraged and funded to inventory all public assets, which would be available on an open, competitive basis to all ISPs interested in preparing CASF infrastructure applications. The Commission can assist in this process by requesting statewide dedicated networks (such as CENIC, FirstNet, K-12 High-Speed Network, and the California Telehealth Network) to inventory and publish such assets along with the requirements for collaboration.

CAF II Area Treatment. At page 16 of Appendix C, the Staff discusses treatment of CAF II areas, and asks (1) how the Commission can incentivize existing facilities based broadband providers to build out their CAF II obligations in a timely manner, and (2) how and

⁵ AB1665 requires the Commission to give preference to projects in unserved areas, but AB1665 is explicit that the Commission is not prohibited from approving funding for projects outside of the areas as designated as prioritized. This includes underserved areas, which means areas with broadband speeds below 10 Mbps download and 1 Mbps upload. CETF notes that the FCC has set 25 Mbps down and 3 Mbps up as the benchmark broadband speed for fixed services for the nation. <https://www.fcc.gov/reports-research/reports/broadband-progress-reports/2016-broadband-progress-report>. The State of New York has set 100 Mbps download as the benchmark speed for its \$500M in broadband grants, with 25 Mbps download for the most rural and remote areas. <https://www.ny.gov/programs/broadband-all> New CASF infrastructure builds should be encouraged to provide the national benchmark speeds of 25 Mbps download and 3 Mbps upload.

what is the process for existing providers to notify the Commission before July 1, 2020 that it has either completed or elected not to build its CAF II areas? CETF recommends that the Commission immediately require transparency by requiring as a condition of receipt of a CASF infrastructure grant, detailed verified reporting to the Communications Division Director every six months until July 1, 2020 from incumbent facilities-based providers regarding their construction plans under the CAF II program and their MOU obligations. Further, such providers should provide detailed information on the status and results of their public benefit obligations such as affordable broadband offer plans, broadband adoption programs, free public access WiFi programs, and the like, imposed as conditions by this Commission or the FCC's approval of corporate consolidations and mergers. Charter Communications is to be commended for providing a significant amount of deployment information to the Commission. Other incumbent broadband providers, unfortunately, have not made comparable disclosures.

Regular reporting on the incumbents' infrastructure plans is critically important so that the Broadband Map is accurate as to what areas remain unserved and underserved, and thus are eligible for CASF grants. As the Commission's Communication Division Staff has acknowledged, the FCC Form 477 data is inaccurate and chronically overstates broadband service. The issue is that data is reported by ISPs on a large Census Block Tract basis, and if one household is served in the Census Block Tract, the ISP is allowed to report the entire Census Block Tract as "served." This does a huge disservice and results in injustice to the households in the Census Block Tract that do not in fact receive any broadband service. Broadband service data that is "ground truthed" by members of the local community, via customer surveys, or by the CalSPEED app, and demonstrates that "served areas" are in fact unserved or underserved should be reflected in the Broadband Map immediately. Reporting on the public benefit program progress is important to ensure that the incumbents with MOU or settlement obligations are complying with their conditions and helping drive broadband adoption to meet the broadband adoption AB1665 goal.

Related CAF II and MOU Reporting. CETF further recommends that transparency and specificity as to actual broadband service being provided by all existing facilities-based providers to the Commission. On February 6, 2018, Frontier Communications, an existing facilities-based provider who opted in to the CAF II program, notified the Commission that it completed its CAF II deployment in four census block groups in the Desert Shores area, and thus

released a CAF II unserved area in those four CBGs. On the same day, Frontier filed for a CASF infrastructure grant for \$1,478,902 for a Fiber to the Home system for the same Desert Shores area. While not violating any rule, this type of gamesmanship did not allow an independent ISP to assess that unserved area and prepare a competing CASF grant application. Should a CAF II area be released by an incumbent facilities-based provider, CETF recommends that the Commission impose a 90-day window which must pass before CASF applications for that area are accepted. This will ensure all ISPs have a fair chance to assess and put together an application. This rule should be immediately put into place and should not wait for the final Infrastructure rules to issue.

CETF further recommends that the Commission should encourage existing facilities-based providers using CAF II or meeting MOU obligations to commit to larger broadband projects using additional CASF funds to drive to the 98% deployment goal per region, because this kind of leveraging of resources is in the public interest. Further, these incumbents know where the unserved households are, and the extension of service to them are likely cost effective. CASF Infrastructure applicants should be required to describe the process they used to evaluate how they might be able to go beyond their specific application area and project to help achieve the 98% deployment goal and why they concluded it was not feasible to achieve a greater impact.

Right of First Refusal. At page 15 of Appendix C, the Staff asks for comment on the Right of First Refusal (ROFR). The annual “right of first refusal” should not be allowed by the Commission to be used by incumbent ISPs to thwart opportunity, innovation and competition for the people of California. In that spirit, the ROFR process should be carefully watched over by the Staff for anticompetitive conduct, and those invoking a right of first refusal should only be granted a single extension if it promptly provides uncontroverted evidence that the project is about to commence in the next six months. If a ROFR provider fails to timely complete their project, that area should be eligible for a CASF grant by another provider. The Commission promptly should identify with certainty and reliability unserved areas that are available for CASF grant requests that can’t be blocked subsequently through incumbent challenges or through the right of first refusal process. The authors of AB1665 state that it wasn’t their intent to ensure rolling protectionism for incumbents that locks in old technology for rural communities, while blocking smaller innovative broadband companies from being able to participate in the CASF

program. However, that is certainly the perception by independent ISPs, and a possible interpretation of the provisions of AB1665 that were demanded by the incumbent broadband companies. The Commission rulemaking process is pivotal on whether or not that is the effect by default.

Inventory of Public Assets by Regional Consortia. As noted above, CETF recommends that the Commission should request immediately that Regional Consortia inventory all public assets, such as rights-of-ways, publicly-owned towers, public utility poles, equipment housing (for co-location), publicly owned property, permit coordination and streamlining, dark fiber, that can be used by any ISP on an open, competitive basis to prepare CASF applications. This would greatly facilitate ISPs in cost effective planning for projects. The Regional Consortia should be funded for this important activity.

Expert Review. CETF further recommends that the Commission engage experts for regional infrastructure scenario planning and establish peer review panels for Infrastructure Grant Account applications from research institutions, higher education, technology enterprises, and organizations such as the Corporation for Education Network Initiatives in California (CENIC), FirstNet, K-12 High-Speed Network, and the California Telehealth Network, to gather the best thinking and deepest experience in achieving the 98% deployment goal. This new expertise will assist the Commission in application review, to put in place forward-looking infrastructure builds that will serve the state for the next century. As aging copper networks are being considered for phase-out over the next decade, these experts can help the Commission grapple with how it best provides incentives to bring state-of-the-art infrastructure to our state, how to best leverage current state assets particularly in unserved and underserved areas, and other technology issues. This input from state experts should not hold up CASF grants being made within six months from filing, however.

Continuous Infrastructure Application Review While Phase II Rules Pending. As noted in CETF's Phase I comments, it recommends that the Commission continue to process pending and new CASF infrastructure applications under existing rules and not wait for these new Infrastructure rules to be issued. If there is a worthy application that will bring broadband to unserved or underserved areas consistent with CASF 98% deployment goals and AB1665, it should be considered by the Commission and granted without delay. Further, one of AB1665's changes was to ensure that CAF II funding and CASF grants can be deployed together. CAF II

grants must be built out by incumbent ISPs by end of 2020 under FCC rules.⁶ Holding up CASF infrastructure grants until the Phase II rules are issued in June 2018 would result in applications starting to be filed in Fall of 2018. The Staff in Appendix C admits that most CASF applications have taken years to obtain approval,⁷ and then must go through environmental review. This will not leave enough time for coordination with the CAF II grant build outs completing in 2020. This is why it is urgent that CASF Infrastructure application review be greatly simplified and decision making made in no more than six months by the Commission.

Performance Bond. The Staff has suggested some performance bond relief in the program. (Appendix C, at 11). CETF supports having the performance bond requirement reduced or even removed as to experienced ISPs who have demonstrated it has been successful in past CASF grants, or have three years of operating experience in broadband systems. CETF understands that for some small ISPs, the cost of a performance bond has been a barrier and burdensome, so it supports some flexibility as to the performance bond. However, the performance bond does ensure that the CASF applicants are legitimate providers and in this way, a bond is important to help safeguard the integrity of the CASF program.

Low-Income Communities Expedited Ministerial Review. CETF supports the proposal for a Low-Income Communities Expedited Ministerial Review proposal (Appendix C at 13-14), but suggests that expedited ministerial review should be expanded for all Infrastructure applications that primarily serve disadvantaged communities that the CETF Annual Survey show are unconnected or underconnected. These disadvantaged communities include people with disabilities, non-English speaking communities, senior communities, communities with very low education levels such as farmworkers, and the like.

In terms of eligibility requirements for low-income communities, CETF finds problematic the proposal to use costs per household. At this point, the remaining unserved areas tend to be rural, remote, or Tribal. These unserved areas usually are unserved because they are either far from backhaul or an Internet Point of Presence, are very remote, or lack electricity. Thus, setting the costs per household at median levels of the CASF program average does not make sense. If a

⁶ Under FCC rules, incumbent price cap carriers opted into FCC CAF II support in 2014 and have six years (2020) to complete their builds. The broadband speeds provided must be at least 10 Mbps down and 1 Mbps up, with minimum usage allowance of at least 150 gigabytes per month, and rates reasonably comparable to urban rates. See <https://www.fcc.gov/consumers/guides/connect-america-fund-phase-ii-faqs>

⁷ App. C, at 13 under section 1.7.

costs per household factor must be used, then it should be on the highest end, not the median, of the CASF program average. Further, the proposed definition of “low-income area” as median income in the Census Block Group of not more than \$49,200, seems inappropriate, given the broad range of cost of living across the state. CETF supports using the California median household income which is currently \$63,783.⁸

Submission and Selection Timelines. At page 16 of Appendix C, Staff suggests an annual submission of CASF applications three months after annual ROFR determinations. CETF strongly opposes a single annual submission. This proposal is overly restrictive and will further delay broadband services to the public. CETF recommends that the Commission continue to accept Infrastructure applications on a rolling basis, and they be scored on a simple screening process as to cost-effectiveness and contribution to achieve the 98% infrastructure deployment goal, with the proposals at scale with the most impact in achieve the 98% deployment goal being considered first with action within six months.

CEQA Review. At page 19 of Appendix C, Staff proposes a number of changes to the CEQA process. CETF recommends that the Commission streamline the process for compliance with the California Environmental Quality Act (CEQA) and reduce overly high charges from the Commission’s Energy Division for internal reviews of CEQA documents. Streamlining should not result in any diminution of environment or cultural protection. The key to reducing time delays is for the Commission to work with the Regional Consortia, applicants and other stakeholders to convene in one meeting at the beginning of an infrastructure project all the environmental reviewing and permitting agencies to identify environmental and cultural issues and work out a schedule for reviews and permitting. This approach ensures transparency and accountability for all parties.

B. Line Extensions

As to the implementation of the Line Extension program of AB1665 (Appendix C, at 33–39), the Commission should require applicants for line extensions to demonstrate that there is no better alternative and this is the last resort to obtain service. CETF is concerned that the AB1665

⁸ Source: 2012-2016 American Community Survey 5-year Estimates <https://www.census.gov/search-results.html?q=california+low+income&page=1&stateGeo=none&searchtype=web&cssp=SERP>

provisions for line extensions being used to circumvent other requirements of CASF and to avoid public scrutiny, transparency and accountability.

Further, the Commission should determine that there is no larger broadband project in the foreseeable future that can reach the households and/or businesses requesting a line extension before approving large amounts of funds for the purpose. Finally, CETF recommends there must be a fair sharing of costs for line extensions by the applicants and that the 25% range may be reasonable so that the applicant has “skin in the game.” Having the applicant pay for some of the line extension also helps prevent fraud in the system. CETF is amenable to giving low-income applicants expedited treatment but is skeptical about how many low-income persons will actually take advantage of this program.

Finally, given the small amount of money set aside for this Line Extension program, the application and payment process should be very simple, with post construction verification required to ensure the line extension was actually done to prevent fraud, waste and abuse.

C. Regional Consortia Account

At section 3 on page 40 of the Appendix C, the Staff proposes a number of changes to the Rural and Regional Urban Consortia Account. CETF works closely with the Regional Consortia and they play a key role in educating local partners in the need for broadband, aggregating demand, and assisting in identifying priority projects. CETF makes the following comments on these proposed changes.

The Commission should strongly engage the Regional Consortia *as partners* (not as regulated entities) to achieve the goal of 98% deployment by region. Regional Consortia should be encouraged and funded to organize and convene stakeholders to educate local leaders on the need for broadband, inventory all public assets, and develop updated preferred scenarios. While fiscal controls are important, the focus should be on results-oriented projects for each Regional Consortia. They play a unique role as ambassadors to the local leaders and advocate of community needs in each region.

In Appendix C, at page 41, the Staff solicits comments on activities for which the Regional Consortia may be funded. CETF suggests adding aggregation of demand to the Regional Consortia tasks. The Commission should encourage, recognize and fund aggregation of demand by the Regional Consortia as a fundamental public asset to drive deployment. It is

CETF's experience over our decade of work that in underserved and unserved areas, a key first step is to aggregate demand for broadband in a region in order to make the business case to surrounding ISPs that service should be extended to that region. The Regional Consortia are very important in playing that role

CETF agrees with the collaboration role of the Consortia with local officials, ISPs, stakeholders and consumers but would extend it beyond "priority area" identification and "cost effective strategies on the broadband access goal." (Appendix C, at 41) The Commission should encourage strongly Regional Consortia to engage local government elected officials in their governance and activities, including assisting local governments in developing and adopting policies, ordinances, and provisions in their General Plans to encourage broadband deployment and adoption. CETF has played a key role in this local government engagement in the past.⁹ For example, CETF has convened two local government roundtables, developed model policies and ordinances that encourage broadband deployment, and sponsored regional roundtables with local leaders. This type of convening role is one that Regional Consortia are well suited to perform and continue.

Further, the Commission should allow and encourage broadband adoption activities by Regional Consortia to drive deployment. However, the Regional Consortia seeking funds for adoption need to be able to delineate a specific strategy and coherent work plan that links adoption to deployment. (See CETF's Phase I Comments where CETF promotes adoption as the focus of any CASF-funded Adoption Program.) Also, nondiscriminatory promotion of affordable offers by the Regional Consortia should be an allowable and funded part of the work plan.

As to payment issues involving disbursement of grant funds (Appendix C, at 50-51), the Commission should provide performance-based grants to Regional Consortia and abandon the inefficient, time-consuming, bureaucratic process of reimbursement payments. The Commission should seek approval from the Controller and/or legislative authority to change the payment mechanism for Regional Consortia.

⁹ See CETF's "Smart Communities" work: <http://www.cetfund.org/investments/initiative-smart-communities>

WHEREFORE, CETF respectfully requests the Commission amend its CASF Phase II proposals contained in Appendix C to be in accord with its Comments. The laser focus of the CASF program should be to drive to the 98 percent broadband deployment in each region goal, with strong, proactive leadership by this Commission to meet that mandate.

Respectfully submitted,

/s/ Sunne Wright McPeak

Sunne Wright McPeak
President and CEO
California Emerging Technology Fund
414 13th Street, Suite 200
Oakland, California 94612
sunne.mcpeak@cetfund.org

/s/ Rachelle Chong

Rachelle Chong
Law Offices of Rachelle Chong
345 West Portal Avenue, Suite 110
San Francisco, California 94127
rachelle@chonglaw.net
Outside Special Counsel to CETF

April 16, 2018