

**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 ASSIGNED COMMISSIONER RULING ON ELIGIBILITY FOR
AND PRIORITIZATION OF CASE BROADBAND INFRASTRUCTURE FUNDS**

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August 8, 2018

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**COMMENTS OF THE
CALIFORNIA EMERGING TECHNOLOGY FUND
ON ASSIGNED COMMISSIONER RULING ON ELIGIBILITY FOR
AND PRIORITIZATION OF CASF BROADBAND INFRASTRUCTURE FUNDS**

Pursuant to Rule 6.3(d) of the Commission’s Rules of Practice and Procedure, the schedule set forth in the Assigned Commissioner Ruling Setting Workshops and Seeking Comment on Eligibility For and Prioritization of Broadband Infrastructure Funds from the California Advanced Services Fund (“ACR”) issued July 11, 2018, and the emailed ruling on July 26, 2018 by Administrative Law Judge Anthony Colbert extending the response date to August 8, 2018 in the above-referenced proceeding, the California Emerging Technology Fund (“CETF”) hereby timely files comments on the questions raised in the ACR and an additional question on community prioritization raised at the July 25, 2018 Sacramento California Advanced Services Fund (“CASF”) Infrastructure Workshop (“Workshop”).

In its initial Comments, CETF established its expertise as the only non-profit organization in the state set up by this Commission to work exclusively on Digital Divide issues in California, including access to infrastructure and broadband adoption.

I. Eligibility and Challenge Process for CASF Grants

Question 1.a. Currently, ineligible census blocks are largely determined by a service provider’s claim(s) of serving households within such census blocks and information indicating subscriptions within these census blocks. However, not all households within such census blocks may have broadband internet access service (broadband service) available to them. Given the potential overstatement of ubiquitous availability within census blocks, should a census block only be CASF-eligible if the subscription rate within that census block is less than 40% (figure from July Workshop) of all households? We propose that a census block is considered served, if 40% (per July Workshop) of households in that block subscribe to wireline or fixed wireless Internet service.

What should the CASF challenge process look like? Which trigger(s) should be used to start the challenge process for a CASF application? Which trigger(s) should be used to end the challenge process for a CASF application? Should the Commission create a single definitive list of CASF-eligible census blocks and a pre-application eligibility-map challenge process, as AT&T proposes? (See Opening Comments of AT&T on Phase II Staff Proposal, filed April 16, 2018, pp. 9-11).

In looking at this issue, CETF reminds the Commission that AB1665 changed the CASF program goal in an important way. Now, CASF grants are meant to bring broadband service at served speeds to no less than 98% of the households *in each consortia region*. The California Broadband Map reveals that 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. With natural disasters like wildfires and floods besetting our state, it is critically important that broadband and other communications facilities be placed in rural areas to aid in vital and reliable communications in these disasters.

As CETF has set forth before in its Phase II Comments, this new regional focus requires the Commission to lead by first collaborating with the Regional Consortia, stakeholders, and local/Tribal leaders to identify all unserved and eligible areas, inventory local public assets,¹ aggregate demand, and choose the best and most cost-effective projects for achieving 98% infrastructure deployment for each region. We again strongly recommend that the Commission take a more proactive leadership role to first coordinate with the Regional Consortia to convene all stakeholders in the key regions to develop preferred scenarios for achieving the 98% goal for each region. Absent that, there is no basis for determining the economies of scale. It also provides additional context for determining the right percentage (e.g. 60%, 70%, 80% grant) of the CASF grant.

In this process, it is first critical that the Commission obtain data from the CAF II providers about what exact locations they intend to build with the Connect America II ("CAF II") federal funding. This transparency is vital. This information then enables a few paths: 1. the remaining unserved areas in a CAF II area can be funded for a CASF build by the CAF II provider, or 2. If the CAF II provider does not intend to build out the entire CAF II census block, then the remaining unserved area may be deemed eligible for other CASF applicants. On non-CAF II areas, CETF applauds the Commission's initiative in tackling this problem to identify

¹ When looking at public assets, these should include ones that the Regional Consortia and local governments can do to help applicants and what assets can be made available to them.

and then mark as eligible truly unserved areas.

CETF commends the Commission on putting its finger on the biggest challenge and flaw of the existing California Interactive Broadband Availability Map (“California Broadband Map”). The map overstates broadband coverage, given that if one household is served in a census block, a broadband provider is allowed to mark the entire census block as “served.” This unfortunate rule results in the California Broadband Map overstating actual coverage to the detriment of the goal of the CASF program. As a practical matter, households who live in census blocks marked “served” that in fact do not have broadband access are “out of luck” because these census blocks are ineligible for CASF grants and the fact there is currently no broadband service indicates it is hard to make a business case for service to these areas. CETF applauds the Commission’s recognition of the problem and its resolve to fix it. CETF continues to recommend that the Commission should order all broadband providers to provide coverage information on a more granular basis, starting with CAF II areas, in order to amend the California Broadband Map to reflect all actual unserved areas. This action is necessary to bring service to the unserved areas and to avoid overbuilding, both of which AB1665 requires.

CETF foresees sticky and difficult issues with the proposal that is being floated in the question to use the amount of subscription (40%) as a proxy for whether there is infrastructure access to broadband service. Due to CETF’s annual survey on broadband adoption, CETF can state with certainty that a lack of subscription may be due to issues completely unrelated to lack of access to broadband infrastructure, such as lack of awareness of the benefits of broadband, the inability to afford broadband service due to low-income status, level of education, non-English speaking, or disability.² Thus in CETF’s view, a subscription proxy is not in any way an accurate indicator of lack access to infrastructure. Thus, CETF cautions the Commission away from adopting such an imperfect proxy, unless it is a last resort.

Further, AB1665 reserves scarce CASF Infrastructure Program funds for “unserved” areas. Due to this statutory emphasis, it behooves the Commission to focus its resources on annual outreach to stakeholders, local leaders, consumers and anchor institutions in these areas to drill down to improve the California Broadband Map data. This is a more direct approach which will produce superior results in terms of accurate data. If, in fact, a census block has some “served” areas and some “unserved” areas, the only way to resolve this is for the Commission to

² <http://www.cetfund.org/progress/annualsurvey/2016>

establish smaller geographic areas than census blocks for more granular funding of actual unserved areas. CETF posits that this is a more legally defensible action than using subscription as a proxy.

Question 1.b. What should the challenger have to prove (household subscription rate and broadband service speed) during the challenge process? What information should be required of the challengers to an application, other than what is currently proposed in the Staff Proposal? What information should be required of challengers to determine eligibility as indicated on the California Interactive Broadband Availability Map (as proposed by AT&T)? Could such a pre-application eligibility map challenge partially or entirely replace the post-application challenge? If yes, explain. Is the 21-day staff proposed challenge window timeline and challenge criteria also sufficient for the eligibility-map challenge process? Should the challenges vary by technology? (e.g., should the burden of proof for a fixed wireless Internet service provider submitting a challenge be different than that of a wireline provider?) Why or why not?

As noted above, CETF opposes the proposal to use subscription as a proxy for unserved areas. However, should the Commission move forward on adopting the staff proposal to use a 40% subscription factor to indicate an “unserved” area, CETF provides the following input. CETF suggests that a new California Broadband Map layer be developed which displays census blocks with levels less than 40% subscription. This layer could be called a “potentially eligible census blocks based on less than 40% subscription level.” CASF applications could be submitted for these eligible areas, and a strict 30-day challenge period set up for any existing broadband provider to prove it provides broadband access at served speeds. As always, challengers should bear the burden of proof to show actual service. Proof may include evidence showing speed tests from various points in the census block showing served speeds (which should be validated by CASF Staff), including the specific census block areas with the low rate of subscribership, proof of current subscriptions with address information, etc. Fixed wireless providers should be able to provide proof of coverage at served speeds; however, it is reasonable to consider issues that may impact wireless signals due to its requirement of line-of-sight, such as terrain, dense foliage, weather and other geographic issues which could denigrate coverage.

On the matter of wireline vs. wireless technology, CETF points out that a central tenant of the CASF program was that it was technology neutral. CETF looks at the functionality of the technology for the use of the specific customer (e.g. end-user household, business, anchor institution, public safety, telemedicine, research). Often a combination of wireline and wireless is what we know today to be most cost-effective based on available technology. In very rural or remote scenarios, wireless can offer cost savings over wireline. Further we know that every

wireless communication ends up being a wireline communication, so robust backhaul (middle mile) is needed as well as redundant backbones for reliability. The Commission's CASF staff has the right approach as to the CASF applications to date; it maps unserved areas based on wireline reach, but evaluates applications based on actual field verifications of both wireline and wireless.

Regarding the AT&T Proposal to establish a single definitive list of CASF-eligible census blocks and a pre-application eligibility map challenge process, CETF only finds this acceptable if first, the Commission immediately requires as a condition of receipt of a CASF infrastructure grant, detailed verified reporting of construction plans under the CAF II program and any Memorandum of Understanding or settlement obligations resulting from merger activities, to the Communications Division Director every six months beginning now until July 1, 2020 from existing facilities-based providers subject to these obligations. This transparency is what the public deserves and what the CASF program and California Broadband Map needs. The Commission certainly has the regulatory authority to request this information, and it is the most direct and accurate way to obtain data as to which households are "served" and "unserved" in a particular CAF II area and adjacent census blocks. Provider assertions may be "ground truthed" by members of the local community, via customer surveys, the CalSPEED app, and other similar methods, to demonstrate that served areas are in fact unserved. Should this occur, then a process similar to what AT&T outlines may be useful. A pre-application eligibility map process should *not* replace an application challenge; however, as new construction may have taken place since the initial pre-eligibility map was published, the map would be outdated.

As discussed at the July Workshop, it is correct that the number of FCC CAF II locations (which can be residences or businesses) are "high cost" locations. In most cases, the CAF II funded locations *do not* include all unserved residences in a CAF II census block. Thus, CETF agrees with the Commission that it is in the strong interest of the State to provide incentives for CAF II providers to build out an entire census block during its upgrade of that census block in order to reach the State's 98% goal, for which the Commission is responsible. It is CETF's understanding that the technology incumbent CAF II providers use does not limit the upgrade to just the CAF II-designated locations; it is the choice of the CAF II provider how much of the CAF II area to upgrade once it puts in a new DSLAM or other new technology. Thus, the Commission could decide that CASF funding should only be provided at the higher

levels (above 70%) if the provider agrees to build to 98% of the households in a CAF II census block. Further, CETF agrees with the Commission that there should be incentives provided for providers to also serve adjacent census blocks if residential households are unserved therein, regardless of whether there are CAF II grants in these adjacent census blocks. In the CASF program, consistent with AB1665, the Commission should first look to the CAF II provider to spend its federal CAF II monies first, then if necessary, provide a CASF grant if the CAF II funds are inadequate to bring at least 98% of the census block to “served” status at minimum broadband speeds (10 Mbps. download and 1 Mbps upload). It should be noted that, if a census block is eligible for CAF II, then it is efficient to achieve 100% deployment in the census block as a strategy to drive to 98% in the region. CETF also suggests that, although residential households are the focus of the CASF program, the connection of anchor institutions³ in these census blocks are of equal importance, as these institutions require broadband to serve the public and enhance their own efficient and reliable operations.

CETF objects to CAF II providers turning back a CAF II area and then turning around and applying for a 100% CASF grant for the same area. AB1665 clearly states that federal funds and other funds should be used *first* before CASF funds, and this series of events is not consistent with the AB1665.

Finally, at the July Workshop, we heard from an impassioned speaker from Santa Rosa, who highlighted that the current California broadband map incorrectly shows the Sonoma/Napa wildfire areas as “served,” when in fact much of the broadband infrastructure is destroyed due to the catastrophic wildfire. Given the numerous catastrophic wildfires that have occurred all over California in recent years, it is imperative that the California Broadband Map promptly show wildfire areas where communications infrastructure was completely destroyed as “unserved” so that CASF funds are an option for promptly rebuilding these areas with state-of-the-art broadband systems. In these instances, the annual California Broadband Map upgrade does not serve the urgent needs of the wildfire-impacted communities struggling to get vital services such as broadband and voice back up in these stricken communities.

³ CETF defines anchor institutions to include schools, community colleges, universities, libraries, public health care facilities, public safety, first responders, and local government entities.

II. Prioritizing Projects and Areas to Support

Question from July 25, 2018 Workshop: How should the CPUC identify priority communities? What treatment should the CPUC afford to applications proposing to serve these communities?

At the July Workshop, the Commission staff presented how it scored two recent projects for Desert Shores and Lytle Creek, under existing criteria from the CASF rules and taking in to consideration changes from AB1665. CETF supported the CASF staff approach in both of these resolutions as voted.

Identification of priority communities should begin with the Commission annually leading stakeholder meetings for each region to gather the providers, regional consortia, local/Tribal government leaders, and other stakeholders to inventory local assets, aggregate demand, get a transparent view of CAF II activities and MOU/Settlement infrastructure builds, and then choose the best and most cost-effective projects for each region to achieve 98% coverage. This approach is consistent with the AB1665 Legislative Counsel Digest language, at 2: “This bill would require the commission to identify unserved areas and delineate the areas in the annual reports. The bill would require the commission to consult regional consortia, stakeholders, and consumers regarding priority areas and cost-effective strategies to achieve the broadband access goal through public workshops conducted at least annually no later than April 30 of each year.”

Once prioritized, CETF would support expedited review for priority applications, staff level approvals within set criteria by the Commission, and a set time period that the application will be reviewed and decided (example 4-6 months). Also prioritizing the application for CEQA review would also be very helpful.

Question 2a. Which census blocks, census tracts or communities should be prioritized by the Commission? Two examples of previous approaches to prioritization include: Resolution T-17443 (approved by Commission 6/26/14) and the High Impact Analysis developed by Staff and included in the Supporting Materials for the May 25, 2017 CD Staff Workshop on CASF Reform.⁵ Should the Commission use methods similar to this going forward?

CETF directs the Commission’s attention to the statutory language in AB1665 directing the Commission to annually consult with the Regional Consortia, stakeholders and consumers to determine priority areas and cost-effective strategies to achieve the 98% broadband access goal annually. This is the basis for CETF’s recommendation that the very first step must be a convening all stakeholders to get agreement on preferred scenarios on how to get to the 98%

goal, as described above. This should be the immediate priority of the Commission so that the preferred scenarios can be produced in map format as soon as possible (preferably by end of 2018) for each region, and then this data will guide the application priority.

In this process, it is essential for the Commission to request using its regulatory authority and obtain data on planned CAF II builds from the CAF II providers as soon as possible, in order to determine households will obtain broadband via the CAF II funds and which households will remain unserved in those CAF II areas (plus, as the staff suggested, adjacent census blocks if also unserved). This transparency is absolutely essential to the process to bring broadband service to the entire CAF II areas as soon as possible, and serves to prevent these CAF II areas from being “put on ice” until 2020 in terms of eligible for CASF applications by other providers. It is imperative that the Commission use its regulatory authority to obtain this data from the CAF II recipients and update the broadband map to mark any unbuilt out areas as “unserved” and therefore CASF-eligible on the California Broadband Map.

There are several ways to achieve obtaining CAF II area transparency. One example of a process to obtain transparency is for the Commission to produce a set of census blocks by region that have CAF II eligible locations⁴ but for which there are more locations (with HHs set forth as a separate number) than eligible CAF II locations. The Commission should then ask the Regional Consortia which of these census blocks are priorities and part of their preferred scenarios to get to 98% deployment. Then the Commission should ask the CAF II providers which census blocks they intend to build out in the coming year. Should the CAF II providers state they will not build these census blocks out in the coming year, then those census blocks should be made CASF eligible for any provider to apply for as to that year. While CETF understands this is a controversial proposal, this will flush out the critical data the Commission needs to determine which locations will be built out by CAF II providers using federal funds first and prevent them from holding these CAF II areas hostage until 2020. Given that the CASF program is to be technology neutral in approach, this is a fair approach that will bring service to residents as fast as possible, which is the ultimate goal of the program.

In terms of prioritization, the ACR points to two past approaches taken. One was Resolution No. T-17443, issued June 26, 2014 which presented a list of areas in California that various CASF-funded Regional Consortia groups and state agencies have identified as priorities for broadband infrastructure development. Broadband providers were urged to target these areas

⁴ As noted in the July Workshop, CAF II “locations” can be high cost residential households or businesses.

for CASF infrastructure development. In this process, the Regional Consortia were asked to provide three top priority projects for their regions, using considerations that included social and economic impact, feasibility, anchor institutions, income levels, opportunities for resource management and number of households without broadband access at served speeds. Staff then performed a high level validation of these areas.⁵ Second, the staff also sought input from other public agencies about whether they had any areas as high priority for broadband infrastructure. Staff noted they did not overlap the areas submitted by the Regional Consortia.⁶ CETF gathered some input on this June 2014 process from the Regional Consortia. Some expressed that this was a difficult process given only three priority areas were accepted by the staff and given the wide geographic areas of their regions, this number was too few.

The other approach noted by the staff was the High Impact Analysis performed by the staff in May 2017. Input from the Regional Consortia and CETF is that the major flaw of this exercise is it was purely staff driven and did not begin with critical input from the Regional Consortia. The Regional Consortia represent the local “boots on the ground” expertise and have more precise knowledge of the region’s communications needs, or have resources to find out from local sources. Having said that, CETF received input from some Regional Consortia leaders that this High Priority List did focus potential broadband providers on identified areas of concern. One issue was that no updates or corrections to the High Priority List were ever published. At least one area was served by an ISP that failed to turn in its data to the CPUC/FCC on its service area which caused some confusion. Further, areas that were applied for continued to show as eligible and should have been promptly removed.

Question 2.b. Do parties have additional communities to suggest as priorities? If so, please follow instructions for submitting those priorities in Appendix A.

CETF has asked the Regional Consortia to provide new communities as priorities and to submit them to the Commission. CETF again requests that the Commission set an immediate priority convening all stakeholders to develop preferred scenarios to achieve the 98% deployment as we discuss above in our answer to question 1.

Question 2.c. In order to ensure that priority projects get developed and funded, how should the Commission treat these areas identified as priorities?

i. Should these priority areas be eligible for expedited review?

⁵ Resolution T-17433 at 10-11.

⁶ Resolution T-17433 at 11.

ii. Should these priority areas receive higher funding levels or percentages, perhaps under the argument that they contribute significantly to the program goal, one of the rationale for additional funding in statute?

CETF agrees that expedited review, staff-level approval and the potential for higher level grant funds are appropriate incentives for priority projects if the CAF II provider agrees to provide transparency as to its CAF II builds, and after a convening of the Regional Consortia, stakeholders, consumers and local government representatives to set the preferred scenarios. CETF urges that any high level grant (90% to 100%) should include the provider agreeing to serve at least 98% of the households in the census block (100% is generally feasible), with adequate broadband service also delivered to anchor institutes in the CAF II area. Expedited review is a tool that the Commission can use to obtain data on the CAF II builds, and to secure transparency necessary to bring broadband to 98% of the households in a CAF II area.

III. Providing Access to Broadband Service to Areas Adjacent to CAF II Areas

Question 3. The number of eligible CAF II locations exceeds the number of required locations to which CAF II providers must offer service. Many census blocks may have more households than CAF II eligible locations, meaning that some households will not benefit. How can the Commission incentivize CAF II providers to build beyond their commitments to the Federal Communications Commission? In order to incentivize CAF II providers to deploy throughout the community and in areas adjacent to CAF II areas, should the Commission:

CETF applauds the Commission's astute observation about the households in the CAF II areas that may be left out of any CAF II upgrade, due to the fact the FCC funding does not cover all households in a CAF II area, only "high cost locations." CETF recommends that the Commission follow the process outlined in our answer to Question 2.a. to obtain CAF II build transparency.

a. Provide an expedited review process to approve supplemental grants to expand CAF-II related projects?

Yes, CETF has made it part of a preferred scenario but only if the CAF II applicant has shared all its CAF II build plans in the interests of transparency. CETF suggests that expedited review may be an opportunity to provide an incentive for transparency about what will be built in order to make CASF-eligible any areas that the incumbent CAF II provider is not going to upgrade.

- b. *Should there be a separate process or set-aside of funding for these supplemental builds?*

CETF does not believe there should be any separate process or set-aside of funding for these supplemental builds, otherwise there would be a non-technology neutral bias towards these projects versus other worthy projects vying for scarce CASF dollars.

- c. *Should supplemental grants be tied to the release of CAF II plans? Should areas where CAF II providers do not commit to build out be reclassified as eligible?*

As to supplemental grants, CETF has made it part of a preferred scenario only if the CAF II provider has shared all its CAF II build plans with the Commission for full transparency, and commits to build out to 98% of the CAF II census block. Supplemental CASF grants may be an opportunity to provide an incentive in exchange for complete transparency about what will be built in CAF II areas. Further supplemental grants can also be an incentive to promote 98% of a CAF II area be built out by the CAF II provider.

Also, CETF agrees that any area that a CAF II provider does not commit to build out should be reclassified as CASF eligible. Any provider should be able to bid on those released CAF II areas.

- d. *How should the interests of the CAF II providers to choose which CAF II areas they build out to with federal funding while also requiring them to complete other projects in the state) be balanced with competitor interest in bidding to build out in those same communities?*

CETF again asks the Commission to consider the process suggested in its answer to Question 2.a. which is a process that could resolve all these issues relating to CAF II builds, transparency, and fairness to all broadband providers in the process.

IV. Reimbursement Process

Question 4. Should the CASF reimbursement process change? AT&T has proposed that grantees receive funding on a monthly basis, instead of being reimbursed after submitting invoices.

- a. *Is it possible to use a new process and still be in compliance with the State Administrative Manual?*

- b. *Are there other state programs the Commission could use as an example? Additionally, given current Staff resources, would payments every two months be acceptable?*

CETF acknowledges that the current system, which pays in arrears by achievement of quarterly milestones, could be improved because it is difficult for grantees to begin large infrastructure projects without any of the grant money. CETF suggests that, similar to the Phase I Broadband Adoption Grants, there should be some limited up front funding, for example 25%, to allow infrastructure grantees to get started, but otherwise funding in arrears by milestones supported by full documentation (e. g. receipts, invoices, and purchase orders) is appropriate.

CETF does not see obvious benefits of AT&T's suggestion of monthly funding, absent the grantee reaching performance milestones in the project.

CETF strongly recommends quarterly payments with reconciliation to deliverables. In the case of deployment grants, the reconciliations need to be actual expenditures linked to construction progress. This is a reasonable approach to prudent management that focuses on results instead of costly and time-consuming bureaucratic reviewing of invoices and months of delay in making payments.

V. Middle Mile Infrastructure

Question 5. How should the Commission verify that a middle-mile build included in a proposed project is "indispensable" to that project, as required by statute? Should Commission Staff rely on the middle-mile location information providers submitted as ordered in D.16-12-025? If middle-mile infrastructure already exists near the proposed project area, under what circumstances may an applicant build its own middle-mile infrastructure? If middle-mile infrastructure already exists near the proposed project area, should there be a limit on how much infrastructure may be built? (e.g., 10 miles, 5 miles, etc.) For purposes of grant funding, is leasing or purchasing middle-mile facilities for terms beyond five years (e.g., IRU for 20 years) allowable or even preferred over building new infrastructure? Alternatively, is a challenge to the project application sufficient to prove it is not indispensable, or a lack of a challenge sufficient to prove that it is?

Much of the geographic areas left unserved in the state are because of the lack of middle-mile to bring last mile broadband service these areas. Middle-mile backhaul is essential for last-mile deployment to be able to occur. However, as some past middle-mile only projects have shown, middle-mile alone does not translate into last-mile deployments immediately, hence the Legislature's focus on last-mile deployment. Middle-mile projects need to be linked with planned last-mile projects for unserved areas. And cost-effective last mile deployment is

not possible without reasonably-priced, middle-mile backhaul. Thus it is axiomatic that middle-mile backhaul is essential for every project, and should be included where necessary.

A way that the Commission should determine that middle-mile backhaul is “indispensable” to a project is for each applicant to state the means by which the last mile deployment will access middle-mile backhaul. If the applicant proposes to build the middle-mile as part of the last mile deployment, then the applicant needs to specify the cost of building the middle-mile and document that it cannot obtain access to middle-mile for the project for less than a 10-year period from any current or nearby middle-mile provider in the area. In other words, if building middle-mile is the most cost effective means to achieve middle-mile backhaul for a project, then it is ‘indispensable’ by definition. This approach may spur more active middle-mile negotiations.

Having said this, CETF is troubled by this series of questions because it makes assumptions about middle-mile availability that are not supported in the real world. Just because middle-mile facilities may exist near a proposed CASF project does not mean that the CASF applicant has actual access to it. For example, most incumbent cable companies (e.g. Comcast) decline to make available to third parties any of its network. CETF has received input from three independent Internet Service Providers that while the incumbent carriers will state in a Commission hearing room that it may be willing to provide backhaul to competitors, it is very area specific and in most cases, they say no in the end. Further CETF notes that the national telephone association, US Telecom, has filed at the Federal Communications Commission to request it be allowed to terminate resale and sale of unbundled network elements to competitive local exchange carriers. This would further restrict availability of backhaul by these major local exchange providers, should the FCC grant this relief from 1996 Telecom Act obligations.

CETF has anecdotal evidence from independent ISPs, that as a practical matter, CASF applicants will not bring a project to the Commission unless the applicant has arranged interconnection to backhaul its traffic to an Internet Point of Presence or meet point. If there is no middle-mile in existence or if existing providers have turned down the applicant’s request for use of existing middle-mile, this situation should allow the applicant to propose the most cost effective, available middle-mile connection. There should be no arbitrary limit of middle-mile allowed, as this would disadvantage very rural or remote areas unfairly. Leasing or purchasing middle-mile facilities for terms beyond five years (including IRUs) should be allowable, if

available.

VI. Line Extension Items

Question 6.a. What are the components of a wireline technology line extension connection that should be remunerated by the program? About how much on average do line extensions cost per foot?

Question 6.b. Is the \$1,000 limit per aerial line extension and the \$3,000 limit per underground drop proposed by Race Telecommunications Inc., sufficient to address properties far away from distribution facilities? (See Comments of Race Telecommunications on Phase II Issues, filed April 16, 2018, at 10.) Alternatively, should the Commission allow remuneration for line extensions costs incurred to serve properties several thousand feet away from distribution facilities? What should be the limit? Should there simply be a maximum length of line extension, for example the 750 feet maximum proposed by North Bay North Coast Broadband Consortium? (See Comments of the North Bay North Coast Broadband Consortium on Commissioner's Amended Scoping Memo and Ruling Phase II, filed April 16, 2018, at 16-19.)

CETF suggests that property owners should pay 50% of the cost of the line extension and that it should not be completely covered by the CASF fund, unless there is a group of property owners that can show they are enrolled in a low-income program that makes them eligible for LifeLine. It is fair for the service provider to bear half of the cost of the line extension since the line extension will become the service provider's property. Other property owners along the route to the property owner should have an opportunity to opt-in also. In the big picture, however, CETF has deep concerns that this AB1665 line extension program is a way for incumbent cable companies to obtain benefits from the CASF program (which by and large the cable industry has deigned to participate in to date), without doing the work of a regular CASF application and being subject to challenge by other ISPs to serve the requesting customer.

Question 6.c. What are the components of a fixed-wireless line extension connection that should be remunerated by the program? And how much on average do fixed wireless extensions cost? Is the \$300 limit per wireless extension connection proposed by Race Telecommunications Inc., sufficient?

CETF recommends the Commission consult with a variety of fixed wireless providers to obtain this data as it considers the Race proposal.

Question 6.d. Should a service provider be able to apply for line extension connection cost remuneration on behalf of the property owner requesting such line extension service connection?

CETF agrees that a service provider should be able to apply for line extension connection cost remuneration on behalf of the property owner requesting the line extension service connection. The service provider should be required to retain information about the specific details of the cost of the build, the property owner's name and service address, and a signed consent form that the property owner has agreed to the line extension and that the provider may apply for the remuneration on its behalf. This data should be retained for five years and be subject to audit by the Commission.

WHEREFORE, CETF requests that the Commission consider its comments on these issues and act accordingly in its implementation of updated CASF rules and regulations impacting the Infrastructure and Line Extension programs.

Respectfully submitted,

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August 8, 2018