

**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. )

**REPLY COMMENTS OF THE  
CALIFORNIA EMERGING TECHNOLOGY FUND  
ON PHASE I ISSUES**

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Pursuant to Rule 6.2(d) of the Commission’s Rules of Practice and Procedure and the schedule set forth in the Amended Scoping Memo and Ruling of the Assigned Commissioner (Amended Scoping Memo) issued February 14, 2018 in the above-referenced proceeding, the California Emerging Technology Fund (CETF) hereby timely files reply comments on Phase I of Rulemaking No. (R.) 12-10-012.

**I. Adoption Proposals**

CETF is pleased to note that Tenderloin Neighborhood Development Corporation and Radio Bilingue, Inc. endorsed our comments on Adoption in its entirety. Other parties, such as Tech Exchange and most regional broadband consortia who work closely on Digital Divide issues also endorsed much of CETF’s Adoption proposals which focus on verified results. We refer the Commission to pages 3-4 of our Comments which provide a succinct summary of our Adoption Proposals based on our ten years of experience managing digital literacy and adoption programs in the state.

**A. The Commission Should Adopt a Goal for the Broadband Adoption Account.**

CETF and the Office of Ratepayer Advocates (ORA) are in strong agreement that the Staff Proposal for Adoption Account proposals lacks a critical component, a goal. ORA suggests that the Commission prioritize Adoption Account Program goals for consortia regions that have not met the 98% Broadband Access goal, in order to bring funding to the areas of the state with the most significant hurdle to broadband adoption, absence of broadband services. (ORA, at p. 2.) While CETF appreciates the good intention of ORA to prioritize funding for populations most in need, the immensity of the California population needs to be fully appreciated. *The truth*

*is that the vast majority of low-income households that remain unconnected and underconnected are in the urban areas.* Thus, prioritizing funding for areas without broadband access would hinder needed progress for the unconnected in urban areas. Broadband adoption funds need to be available for low-income neighborhoods in *both* urban and rural regions.

In the alternative, should the Commission not prioritize funding according to the level of broadband access, ORA suggests an Adoption Account goal of at least 73% for each consortia region, which is the national adoption average rate. (ORA, at p. 2). In contrast, CETF has recommended an Adoption Goal of 90% per consortia region by 2023, which complements the 98% broadband infrastructure deployment goal. CETF’s recommended Adoption Goal is based on the Statewide Broadband Adoption Survey, which showed statewide adoption rates of 84% in 2016<sup>1</sup> and 87% in 2017<sup>2</sup> (with a 2.7% margin of error). Allowing for both the margin of error and churn, coupled with the reality that the target populations for adoption are harder-to-reach low-income and disadvantaged households, CETF is confident that its recommendation of a 90% adoption goal is reasonable. While decidedly aggressive, it is doable. Thus, CETF respectfully suggests that the ORA proposal for a 73% goal for each consortia region is significantly low and should not be adopted.

Should the Commission decide to prioritize in some way, CETF suggests that it should be for those regions that have adoption rates below the statewide average as revealed in the Statewide Broadband Adoption Survey. In 2008, the Los Angeles region had the lowest adoption rate in the state at 48%, based on the Statewide Broadband Adoption Survey.<sup>3</sup> CETF and its community-based organization partners targeted the Los Angeles region for focused broadband adoption programs. Today, CETF is pleased to report that after a decade of focus and hard work by our partners, the Los Angeles region is now comparable to the statewide adoption average. However, percentages can mask the reality that the Los Angeles region has the most

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<sup>1</sup> See Table 4a, CETF and The Field Poll “Internet Connectivity and the ‘Digital Divide’ in California Households: 2016” [http://www.cetfund.org/files/CETF\\_Annual\\_Survey\\_2016.pdf](http://www.cetfund.org/files/CETF_Annual_Survey_2016.pdf)

<sup>2</sup> See Table 1-4, in the 2-17 CETF IGS Digital Divide Survey of California Adults (May 2017). [http://www.cetfund.org/files/003\\_CET\\_2017\\_IGS\\_Poll\\_CA\\_Digital\\_Divide\\_%20tabulations.pdf](http://www.cetfund.org/files/003_CET_2017_IGS_Poll_CA_Digital_Divide_%20tabulations.pdf)

<sup>3</sup> See pages 4 and 8 of “Californians and Information Technology,” a statewide survey by Public Policy Institute of California and CETF (June 2008): “Majorities in each region of the state say they have home computers and Internet access, but Los Angeles residents report lower rates of broadband connection (48%) than residents in the San Francisco Bay Area (65%), Orange County/San Diego (58%), Inland Empire (56%), and Central Valley (53%). Rural residents are somewhat less likely than urban residents to have a computer (65% vs. 73%), Internet connection (58% vs. 63%), or broadband (51% vs. 56%).” <http://www.cetfund.org/files/PPIC%20Final%200806.pdf>

low-income households in the state and thus Adoption Account funds must be available for those low-income households.

**B. CETF Opposes ORA’s Proposal for a Low Broadband Access Definition.**

ORA has proposed to give preferences in Adoption Account programs to communities with “low broadband access” which it defines as the percentage of households with access (or availability) to safe and reliable broadband services (which it defines as 10 Megabits per second (Mbps) download and 1 Mbps upload from a facilities-based Internet service provider), and not solely based on subscription rates. ORA further proposes to give secondary preference to areas with low broadband home subscription rates. (ORA, at pp. 4-7) While this proposal is well intentioned, it fails to understand the depth and degree of concentrated, persistent poverty throughout California, *including in areas with relatively higher broadband access*. For example, although the Bay Area Region has the highest adoption rate in the state at 93%, there are historically low-income neighborhoods, such as West Oakland, Iron Triangle and downtown Richmond, and Story-King area of San Jose that have more than 33% poverty with 25% of residents not connected at home and another 27% underconnected with a smartphone only. A similar pattern of low-adoption exists for low-income neighborhoods in the Orange-San Diego Region at 86% adoption (and Southern Border Broadband Consortium Region which includes both San Diego and Imperial Counties). And, although the Los Angeles Region now stands at 88% adoption, with a total population of 10 million, there are more than 1 million unconnected residents and 2 million underconnected residents who need to be reached.

It would be a huge disservice to the majority of low-income and disadvantaged households to target Adoption Account funds to only communities with low broadband access. CETF suggests that a better focus is not to layer on more limiting requirements to the Adoption Program, but to put a laser focus on results and accountability in the Adoption Program design.

*It is much more important is to put the emphasis on targeting Adoption Account funds for actual adoption as verified by subscriptions for low-income households at a set reimbursement rate, as CETF recommended in its Comments.*<sup>4</sup> That single decision alone will have the most

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<sup>4</sup> The California Cable & Telecommunications Association (CCTA) supports Adoption applicants including in their project descriptions their strategy for ensuring new residential broadband subscriptions (e.g. connecting participants

positive impact on getting California low-income households online, as opposed to well-meaning but not as effective programs that teach digital literacy or provide public access computers but fail to take the necessary actions that result in actual home broadband adoptions. In our decade of experience, CETF has learned that it takes multiple personal interactions with a low-income or disadvantaged resident to educate him on why being connected will make his life better, understand all the available affordable offers to pick the right one, assist with the paperwork and provision of evidence necessary to obtain the low cost offer, and then coach him through setting up the computing device itself once service is activated. It is our experience that this is a complex interaction requiring expertise, persistence and patience. Organizations with programs that can do this well and drive actual results are the ones that Commission should fund.

### **C. For-Profit Applicants Should Not Be Allowed to Apply for CASF Adoption Grants.**

CETF agrees with ORA that for-profit organizations should not be allowed to apply or obtain Adoption Account grants. (ORA, at pp. 7-8) Disallowing for-profit entities will ensure that CASF ratepayer dollars are not used to allow a for-profit entity to charge or make a profit from teaching digital literacy classes or maintaining public access centers. The more appropriate organizations to perform these functions are non-profit organizations such as public schools, public libraries, local agencies, senior centers, and community-based organizations.

### **D. CETF Favors More Flexible Rules on Modest Fees for Digital Literacy Classes.**

On a related matter, TURN objects to rigid rules that a grantee may not charge a fee for a digital literacy class, due to the fact the proposed rules require a 15% grantee match. (TURN at pp. 1-2) CETF does not object to a non-profit organization being entrepreneurial to generate the 15% match, and would find acceptable the organization charging modest fees that can be documented to support the digital literacy classes or refurbished computers needed for such classes.

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with service providers or hosting broadband subscription sign-up events). (CCTA, at p. 2). CCTA further suggests synergies with Commission-supported Adoption Program with the cable industry partners with affordable broadband offers by cable providers. (CCTA, at p. 3). CETF welcomes collaboration between itself, CBOs, and the cable providers, and believes that sincere efforts by such partners could greatly enhance the efforts of the grantees of the Adoption Program.

### **E. There Is Support for Applicant to Provide a 15% Match to Grants.**

The Staff Proposal requires a 15% match for Adoption Program grants. ORA, CETF and NBNCBC support this proposal. (ORA, at pp. 10-11; NBNCBC, at 2). NBNCBC supported CETF's suggestion to allow in-kind services for the 15% match required by the applicant. (NBNCBC, at p. 2.) It is CETF's experience that it is important for the Applicant to "have some skin in the game" to ensure a firm commitment to the Digital Equality goal.

In its initial Comments, CETF stated it will provide the match (up to \$37.50, which is 15% of \$250) per verified subscription adoption for CBOs interested in partnering with it. (CETF, at p. 4) To add some detail should parties have questions about this, CETF will provide the 15% match (up to \$37.50 per adoption) for true "adoption grants" based on actual verified new subscriptions by low-income households qualifying for available affordable broadband offers in the Frontier and Charter territories for up to \$212.50 per adoption from CASF funds (for a total of \$250 per adoption). CETF is able to offer this match due to CPUC-accepted Memoranda of Agreement with Frontier<sup>5</sup> and Charter Communications<sup>6</sup> during recent mergers. The CETF Board of Directors will consider in May 2018 whether or not to provide match funding outside the Frontier and Charter territories and how much can be allocated for that purpose.

### **F. Adoption Account Projects Must Focus Exclusively on Digital Literacy and Broadband Adoption.**

CETF agrees with ORA's proposal that all Adoption Account projects must focus *exclusively* on digital literacy and broadband adoption. (ORA, at pp. 8-9) CETF strongly agrees that the goals of the Adoption Program are clear: to "increase publicly available or after-school broadband access and digital inclusion, such as grants for digital literacy programs and public education to communities with limited broadband adoption. . ." CETF supports ORA's suggestion that eligible education efforts and materials must exclusively focus on digital literacy

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<sup>5</sup> For existing CETF grantees in the Frontier Partnership, CETF is providing \$60 per adoption and will allow that to be used for match for CASF grant funding for augmented activities up to \$190 per adoption from CASF funding (for a total of \$250 per adoption).

<sup>6</sup> For existing CETF grantees in the Access Broadband Connect program (funded through the Charter Partnership), CETF is providing \$120 per adoption and will allow that to be used for match funding for augmented activities up to \$130 per adoption from CASF funding (for a total of \$250 per adoption).

and broadband adoption. Like ORA, CETF does not want the precious Adoption Account funds squandered on unrelated subject matters to the clear purpose of the Internet for All Act.

**G. Eligibility Criteria Should Not Overcomplicate the Application Process.**

ORA advocates adding nine Adoption Program eligibility criteria to the Staff Proposal. (ORA, at pp. 10-11) While well-intentioned, CETF is concerned that the additional proposed eligibility criteria as a whole seems burdensome and may unnecessarily over complicate the application process. The Commission should not make the application process too burdensome or difficult particularly on small community-based organizations which are leanly staffed. Likewise TURN suggests broadening the application criteria to give more discretion to Staff in its evaluation process to allow for more flexibility in determining eligibility and worthiness to receive CASF Adoption Program Funds. TURN also objects to rules that digital literacy applicants cannot develop their own curriculum, or that applicants cannot pay more than \$250 each for a computing device, or distribute smart phones. TURN believes there could be circumstances where each could be justified. (TURN, at pp. 1-2)

As recommended in our initial comments, CETF is not opposed to some more flexibility on application criteria. But it prefers that the Commission embrace a strong focus on *quantifiable outcomes*, with the most important one (but by all means not the only one) being *broadband adoption measured by a verified subscription with payment of \$250 per adoption.*<sup>7</sup> . In our initial Comments, CETF explained 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 community sign-up events.<sup>8</sup> \$250 is sufficient to cover outreach, digital literacy training, help to find an affordable device (purchased by customer and not part of grant funding), and assistance with comparing broadband service offers and signing up for service. This figure is a good benchmark for allowed amounts per adoption in a grant.

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<sup>7</sup> As noted in CETF's initial Comments at 11, a \$275 cost per adoption figure (\$250 per household plus a 10% administrative fee) was set forth in the Proposed Decision of ALJ Bemserfer, mailed 2/13/2015, at pp. 78-79, and Appendix A, at pp. 4-5 in A.14-04-013 (Joint Application of Comcast Corp. Time Warner Cable, and Bright House, etc.), based upon testimony and cost analysis submitted by CETF (see fn. 201 on p.79, and fn. 205 at App. A, at 5). While this decision never issued due to Comcast voluntarily withdrawing its merger application, this \$250 cost of adoption figure was found credible by the ALJ after a full briefing in a formal docket, and in our view, may be relied on.

<sup>8</sup> Gold Country Broadband Consortium (GCBC) recommends that ISPs be required to increase media advertising and marketing of affordable offers to reach eligible households and increase adoption. (GCBC, at p. 2) CETF concurs.

Grant payments should be based on performance as opposed to a reimbursement model,<sup>9</sup> which takes months for the Commission to process and is a difficult financial burden for CBOs (particularly the small ones) to bear. In CETF's view, a less complicated approach with a focus on results is the easiest way to get to the accountability, transparency and simplicity that most parties agree are important. Should the Commission adopt a grant payment based on performance, then CETF is comfortable with more flexibility in the application criteria as suggested by ORA and TURN so long as focus is firmly on the outcome and results.

CETF does not favor the proposed rules that would allow funding for desks and chairs. Funding should go for the programming, not furniture that becomes part of the organization's general inventory, to established community-based organizations that already have programs serving the target communities. Further, CETF does not favor the part of the rules that will allow funding for computing devices relating to digital literacy programs.<sup>10</sup> In CETF's funded digital literacy programs in the past, participants had to attend and successfully complete significant computer training to "earn" a free computing device, and often was required to pay part of price to obtain the computing device. This results in the participant having some "skin in the game" relating to the training and the device ownership. Thus, CETF requests that only limited funds be allowed for computing devices out of the Adoption Fund.

CETF opposes TURN's suggestion that the applicant not have to guarantee specific adoption rates. (TURN, at p. 4) While the phrase "guarantee" is probably the word that bothers TURN and other commenting parties, CETF thinks that the concept put forward by the Staff is absolutely appropriate and right. *It makes clear that applicants have to have a clear adoption goal in their digital literacy and public access programs of getting unconnected residents online*

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<sup>9</sup> In its Comments, CETF suggested that applicants should be required to submit a work plan and budget in order to evaluate the viability and practicality of the proposed strategies and activities to produce verified broadband adoption outcomes. CETF urges grant funding based only on performance and verified results, due to the small Adoption Fund size. If performance-based grantmaking is adopted, CETF recommends providing the first quarterly payment at the time the grant agreement is signed, the second quarterly payment based on good-faith progress in implementing the work plan and meeting milestones, and quarterly payments thereafter pursuant to performance reconciled to funding per number of agreed-upon outcomes. The last payment should be made only after the completion report is submitted to the Commission.

<sup>10</sup> Some limited funds for public access computers in places with demonstrated need is acceptable to CETF but in all programs, there should be a goal of home adoption for unconnected users. As pointed out by NBNCBC in its Comments at pp. 5-6, in very rural or remote areas, there may be no public access to broadband at all due to complete lack of infrastructure. CETF agrees with NBNCBC that in unserved areas, other metrics may be used that drive adoption at community computer centers, and these applicants should not be disadvantaged in the application process by the adoption number targets being low. See NBNCBC, at p. 8 for possible alternates.



*at home*. This requirement for adoption as the program goal will change the focus of a program that just teaches digital literacy. In addition to the classes, adoption as a program goal will require the program to coach the unconnected resident through the process of vetting all available affordable offers, assisting her with the paperwork to sign up, assisting in the set-up of the device and any technical support issues that occur in the early days.

TURN argues there could be circumstances where distributing a smartphone may be acceptable, despite the Staff Proposal that disallows smartphones as an acceptable computing device. (TURN, at pp. 1-2) In general, CETF agrees with CASF Staff that a smartphone is not an acceptable computing device. In CETF's 2017 Annual Survey, it found that 87% of California households have a broadband connection at home. Among the 87% with broadband, 18% have access through a smartphone only, while 69% have access through a computing device such as desktop, laptop or tablet device. Between 2015 and 2017, the proportion of Californians connecting only through a smartphone more than doubled from 8% to 18%.<sup>11</sup> Californians who connect using only a smartphone are "underconnected" because one cannot perform all necessary computing tasks on the smartphone form factor. The best example is that a student may find it very difficult to draft a term paper using only a smartphone device. Similarly, a smartphone is inadequate to develop workforce skills for unemployed or underemployed adults. Subsidizing smartphones or allowing adoption using smartphones is counterproductive to achieving Digital Equity.

#### **H. Program Effectiveness Should Be Measurable by Verified Adoptions.**

CETF agrees with the concern of ORA that there should be ways for the Commission to ensure program effectiveness is measurable. However, CETF is skeptical that the suggestion of ORA to use an existing Commission online feedback form used for public input in broadband availability, adoption and quality is the best way. (ORA, at pp. 11-12.) In its initial Comments, CETF strongly recommended grantees of Adoption Account projects should be held accountable for results that contribute to verified home broadband adoption by target groups. If there is no verified adoption in the proposal, grantees should be required to set forth in their applications documented evidence/data as to why and how the proposed grant activities will lead to actual

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<sup>11</sup> See <http://www.cetfund.org/progress/annualsurvey> at para. 1, and 2017 CETF IGS California Digital Divide survey, at slide 2 [http://www.cetfund.org/files/002\\_CETF\\_2017\\_002\\_IGS\\_Poll\\_CA\\_Digital\\_Divide.pdf](http://www.cetfund.org/files/002_CETF_2017_002_IGS_Poll_CA_Digital_Divide.pdf)

broadband adoption, to survey persons served as to home connectivity and socio-economic demographic data to establish a baseline of population being served, and to conduct a statistically reliable survey of persons served after the grant to determine if it resulted in increased adoption. In both the application and the completion report, the grantee should be required to report the overall cost per outcome. CETF opposes grants based merely on reimbursement of expenses as set forth in the Staff Proposal, because it is less likely to lead to the specified AB 1665 goal of home adoptions. *In our view, the most important thing this Commission can do is only allow Adoption Account grants for proposals that require verified adoptions<sup>12</sup> in order to receive grant payments.*

Citizens Telecommunications Company of California Inc., Frontier Communications of the Southwest Inc., and Frontier California Inc. (collectively, Frontier) suggests that CASF Adoption Account Program rules should prioritize adoption programs that make CASF infrastructure projects viable by resulting in higher adoption rates. (Frontier, at pp. 3-4) CETF opposes this concept. If the program only rewards grantees for adoption through new subscriptions, there is no need for this prioritization. Further, this prioritization for Adoption Programs tied to CASF infrastructure projects would primarily benefit the two incumbents, AT&T and Frontier, and their Connect America Fund projects in the next three years.

#### **I. CETF Opposes ORA Suggestion that Eligibility Not Be Allowed for Communities with Socioeconomic Barriers to Adoption But High Broadband Access and Subscription Rates.**

ORA proposes two more changes to the Staff Proposal for eligibility requirements for the Adoption account, namely that the “and/or” be removed from the definition of “communities with demonstrated low broadband access” which as written, would let the Commission give preference to projects in communities that demonstrate either low broadband subscription rates or that face “socioeconomic barriers to broadband and adoption.” ORA opposes priority funding to communities with *both* high broadband access and subscription rates so long as the applicant can show the community experiences “socioeconomic barriers to adoption.” (ORA, at pp. 12-

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<sup>12</sup> CETF strongly recommends adoption verification be proven as follows for each household that has not previously been subscribed to broadband: (1) a welcome letter or email from the ISP after installation with a date on it; or (2) a copy of the first ISP bill showing new service. See [http://www.cetfund.org/investment/Grant\\_Opportunities\\_2016/Adoption\\_Verification](http://www.cetfund.org/investment/Grant_Opportunities_2016/Adoption_Verification)

13). CETF opposes ORA's proposed additional restriction on eligibility, as splitting hairs. There are situations where there are certain communities who suffer from socioeconomic barriers to adoption that are so pervasive, that it has indeed been a barrier. As examples, CETF suggests that a tribal area may suffer from barriers to adoption due to a lack of electricity or infrastructure, even though surrounding the tribal area is an area with high broadband access and adoption. Or there could be a community of severely disabled individuals living in an urban setting that suffer from a lack of adoption due to their disabilities and resulting low-income status. CETF does not think that such applications should be denied the chance for priority funding, but reiterates that any funding of an Adoption Program should have as its clear goal connecting Californians at home.

CETF acknowledges the comments of the North Bay North Coast Broadband Consortium (NBNCBC) which expressed concern in its comments about areas with low broadband access/connectivity being disadvantaged in the application proposal as expressed in the Staff Proposal. NBNCBC suggested the Commission may want to consider a different scoring criteria for rural areas and low-income areas, since low population areas with lack of broadband infrastructure may not be able to deliver high numbers. In this case, NBNCBC suggests that a number of projected participants in the program should be acceptable for very rural/remote areas. (NBNCBC, at pp. 5-6). CETF acknowledges that in areas lacking much broadband infrastructure, the staff may accept proposals that are not only teaching digital literacy skills but also coaching community members on how to access the Internet in that community, whether it is at community anchor locations, like libraries, community colleges, or at WiFi hotspots. Reasonable proxies for home broadband connections should be allowed. Proposals that afford free public access to computers in such rural and remote unserved regions should be encouraged, but still should be coupled with specific digital literacy training encouraging future home adoption coupled with follow-up surveys of participants to determine impacts and outcomes on adoption.

#### **J. CETF Supports Alternate Measures on How to Identify Low-Income Communities for Priority Treatment.**

ORA suggests that the Commission refine how it assesses the appropriate income threshold to identify low-income communities for priority treatment. The Staff proposed a low-

income community be defined as communities with a median household income below the CARE threshold for a family of four (\$49,200). ORA expresses concern that this approach does not take into account the cost of living which varies greatly throughout the state, or household size which is taken into account in the CARE program. ORA suggests that new analysis be done by the Commission staff based on the Broadband Interactive Map to determine a more refined median household income for each consortia region. Alternatively, ORA suggests greater flexibility be given to applicants to demonstrate low income community status other than simple demonstration that the income level in their project area is under \$49,200. (ORA, at pp. 13-14) CSU Chico proposes to expand the criteria for eligibility to income thresholds 250% above the most recent Federal Poverty Guidelines to include working families not making a livable wage. (CSU Chico, at p. 2)

In response, CETF posits that there is no need for yet another definition of low-income communities for expedited treatment, so long as the Adoption Program targets adoption (verified subscriptions), because the eligibility for the affordable broadband offers already has been set for providers like AT&T, Frontier, Comcast, and Charter by the Federal Communications Commission or the California Public Utilities Commission, thus residents meeting that that affordable offer criteria should be by definition eligible participants in programs funded out of CASF Adoption Account grants. However, should the Commission take a different approach and give Adoption Program grants to programs that deliver something less than actual adoptions, then CETF does support a focus on the lowest-income residents.<sup>13</sup> Whatever approach is adopted should be administratively simple for the staff to administer.<sup>14</sup> CETF disagrees with CSU Chico's proposal to expand the eligibility to income thresholds that are 250% above the most recent Federal Poverty Guidelines as unnecessary and failing to prioritize the scarce program dollars for the neediest communities.

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<sup>13</sup> CETF strongly cautions the Commission against giving grants that, for example, simply place new publicly available computers in public spaces, and fail to have program components that identify and assist users who are not connected at home, educating them on the benefits of connecting, and coach them through the process of connecting at home.

<sup>14</sup> Like CETF, NBNBCB promotes reasonable application and reporting requirements for small capacity applicants such as non-profit organizations and CBOs that are not overly bureaucratic or onerous. (NBNBCB, at p. 2)

### **K. Referrals from Adoption Program Grantees Should Be Competitively Neutral.**

CETF agrees with TURN that CASF Adoption Program grantees should refer program participants not only to one partnered Internet Service Provider (ISP) but to all available ISPs in order to be competitively neutral. (TURN, at p. 6) CETF also had recommended this in its initial Comments. (CETF, at p. 4)

### **L. More Transparency About the Application Process Is Requested.**

TURN brings up a number of practical questions about the application process, such as whether an applicant may apply for both a digital literacy and a public access grant at the same time,<sup>15</sup> whether applicants will know why they were denied, whether there is an appeal process, and whether grants may be for the same community at different points in time. (TURN, at pp. 4-5) CETF sees no reason why one grant should not cover both a public access grant and a digital literacy program so long as the focus and the deliverable in both programs is actual home broadband adoptions by participants. CETF does not find fruitful the concept of CASF staff spending time explaining denials or processing appeals of denials however. There may well be circumstances where one community requires long term efforts so multiple grants may be warranted.

Tech Exchange suggests that the Adoption Account maximum grant length be two years not one year, in order to enhance the project, develop sustainability of the project, collect data about results, and align community resources. (Tech Exchange, at pp. 1-2) CETF agrees that there should not be over rigid short grant lengths and favors flexibility in the general range of two to three years, with at least two years as the preferable length of projects.

CSU Chico asks for a review time to be set forth for project proposals, both expedited ones and non-expedited ones. (CSU Chico, at p. 2.) CETF agrees that a general time frame for both would be very much appreciated so that applicants can have a better sense of when grants can be expected for planning purposes.

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<sup>15</sup> CSU Chico also advocates for combined public access and digital literacy projects, asking that collaborative regional projects lasting up to three years be eligible. (CSU Chico, at p. 2)

### **M. CETF Opposes a Rural Set Aside for Adoption Projects.**

CSU Chico has proposed a rural set aside of funds for Adoption projects. (CSU Chico, at p. 2). CETF does not favor a rural set aside. The Adoption Program funds should be equally available to all regions of the state where there are unconnected residents. A focus on performance – rural and urban – will serve the state better.

### **N. CETF Supports Allowing the Cost of a Broadband Connection to Be Included in the Adoption Program Funding for the Life of the Program.**

The City and County of San Francisco (City of San Francisco) requests that the cost of the broadband connection be included for digital literacy and broadband access projects, noting that fast and reliable broadband connections are expensive but essential to success of the classes. (City of San Francisco, at p. 2) CETF first pauses to note the irony of this request; one of the wealthiest cities in California finds the cost of broadband so expensive<sup>16</sup> there that it needs a subsidy to offset the costs of digital literacy training for disadvantaged residents. Indeed as noted in our initial comments, the studies show that the high cost of broadband is *the* major barrier to adoption. Getting back to the City of San Francisco's request, CETF is not opposed to including these costs but only for the duration of the CASF Adoption Program where it is necessary for the success of the program.

## **II. Public Housing Proposals**

CETF is pleased to note that its proposal on Public Housing Funds was supported in full by the Tenderloin Neighborhood Development Corporation (TNDC, at pp. 4-5) and Radio Bilingue (Radio Bilingue, at p.2), with additional support by the Satellite Affordable Housing Associates (SAHA) for CETF's proposal on use of Public Housing Funds to study the status of adoption in all the complexes that were the subject of previously submitted infrastructure grant applications to get a better idea of the barriers to adoption in publicly subsidized housing, and CETF's call to require ISPs to regularly and publicly report their progress on signing up low income households for their available affordable offers for transparency and accountability. (SAHA, at pp. 3-4). CETF urges the CPUC to take a strong policy position in favor of getting

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<sup>16</sup> The U.S. ranks 114<sup>th</sup> in the world for monthly broadband service at \$66.17/month on average. <https://www.forbes.com/sites/niallmccarthy/2017/11/22/the-most-and-least-expensive-countries-for-broadband-infographic/#507930b023ef>

online all residents in publicly-subsidized multi-unit attached housing complexes, and to participate in the stakeholder processes to be convened by state legislators on the topic.

CETF suggests the Commission look closely at the thoughtful comments of SAHA, a nonprofit affordable housing development organization that obtained 13 infrastructure grants and seven adoption projects to date to bring broadband service to more than 1,300 low-income and disadvantaged residents and provided basic digital literacy training to more than 300 residents of publicly subsidized housing. SAHA recounts that SB745 restricted “eligible projects” to unserved housing developments and in one fell swoop, eliminated all 50 remaining SAHA housing communities from eligibility. (SAHA, at p. 1) SAHA urges the Commission to seek an exception from SB745’s restriction that applicants for infrastructure grants must be in an “unserved” housing development, defined as one where at least one housing unit within the housing development is not offered broadband Internet. The exception would be for subsidized developments with Extremely Low Income (ELI), senior and disabled households. SAHA correctly observes that ELI residents do not access existing ISP affordable offers because they cannot afford the \$10-\$15 a month charge; SAHA states that 80% of their residents make less than \$1,000 monthly. SAHA asserts that when the economic barrier of the monthly fee is removed and Internet service is provided free by the housing unit, “adoption soars.” SAHA recounts that 120 computing devices are consistently used on a network in a 150-unit ELI senior housing building. (SAHA, at p. 2) CETF finds this evidence compelling to show that the main barrier to adoption for ELI communities is cost.<sup>17</sup> Thus, there is a need for alternate solutions for ELI communities. CASF public housing infrastructure grants allow housing providers to obtain broadband infrastructure and these grants are “matched” by the housing provider giving thousands of dollars in ongoing operating costs to bring the residents’ access. Like SAHA, CETF urges the Commission to seek appropriate exceptions or changes to the law in order to bring ELI residents online. This broadband access is important to allow ELI residents to seek jobs, government benefits, and for school age children to do their internet enabled homework.

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<sup>17</sup> In CETF’s experience, the other major adoption barrier besides cost is the residents’ hesitation and lack of trust to enter ISP agreements because most such agreements require long term contracts, credit checks and additional fees that are unanticipated by the resident. It is important that ISPs collaborate with housing organizations and other trusted community partners to help get residents online.

CETF also urges the Commission to consider the suggestion of NBNCBC to provide public housing grants for unique high need communities such as farm worker housing. NBNCBC suggests CASF funding for Wi-Fi on school buses as part of the program for agricultural counties like Napa, Sonoma and Mendocino who have farm worker housing. This will allow children of farmworkers and very rural families, to be able to do Internet-enabled homework on the bus on the long hours on the bus to and from their very rural housing, much of which completely lacks broadband access. (NBNCBC, at p. 10). CETF understands that this type of an innovative program requires a change in the law, but it appreciates the “outside of the box” thinking of NBNCBC. CETF urges the Commission to participate in the stakeholder process to be convened by Assemblymember Eduardo Garcia and Senator Steven Bradford to discuss how best to get all residents of publicly subsidized housing (including farmworker housing) online. This important need highlighted by NBNCBC brings to light yet another urgent need for broadband by a needy population that has no voice in this proceeding.

CETF agrees with Tech Exchange’s suggestion to extend the maximum age of refurbished computers subsidized in Public Housing Accounts from 2 years to 5 years old, as proposed in the Adoption Account. See Tech Exchange, at p. 3 (comparing App. B, p. 29 to App. B, at p. 7). Tech Exchange enunciates sensible technical reasons for this change.

Finally, CETF wishes to address the California Cable & Telecommunications Association (CCTA) Comments on the Broadband Public Housing Program. CETF finds very discouraging the consistent negative drumbeat of the CCTA complaint about this program at the Commission. Last year, CCTA filed comments with the Commission that attempted to narrow the eligible public housing developments that might take advantage of the program based on existing cable service offered to the development. True to form, CCTA takes this new opportunity to cast aspersions on competitive ISPs or housing organizations who seek to offer a free or very low cost broadband solution to all residents of public housing, implying that they may be improperly reselling an underlying facilities-based providers service illegally or may be violating acceptable use policies of the cable ISPs. Further CCTA is very concerned about perfecting the challenge process, presumably so its cable members won’t miss a chance to try and preserve the incumbent cable industry’s ability to keep a tight grip on service to these developments. (CCTA, at pp. 4-5)



CCTA attempts to obfuscate the real issue of getting broadband to public housing residents. As expressed by SAHA (SAHA, at p. 2) and the City and County of San Francisco (San Francisco, at p. 5) so aptly, *the main issue for public housing residents is cost*. Instead of being sensitive to the cost issue which is the elephant in the room, the CCTA throws mud at ISP competitors and the housing developments themselves, and fails to propose any constructive solutions to get these extremely low-income residents online. CETF wearies of this unproductive tactic, and asks the Commission to instead keep the statutory goal firmly in mind: how to connect the unconnected residents in public housing.

As SAHA aptly noted, the cable industry's normal regular market rate plans are completely out of reach for extremely low-income persons. Even the incumbent's lower cost plans which range from \$10-\$15 (and are not permanent offerings) are not affordable for extremely low-income residents who, as SAHA noted, may have as little as \$1,000 to live on for the entire month. To cut to the chase, the only source of assistance to get residents of public housing developments online to date has been the establishment of the Broadband Public Housing Program. CETF provided information in its Comments (see Attachment B thereto) outlining the stonewalling and failure of collaboration or true commitment of the incumbent ISPs including the cable industry to respond to the interest of public housing providers and the needs of the public housing development residents. Thus, CETF finds it necessary to ask with urgency that the Commission and its staff take a proactive role in the stakeholder process to be convened by the Legislature, or on its own motion, to develop a better plan of how best to bring residents of public housing online, given the very serious issue of cost, lack of trust with ISPs, and incumbent opposition.

### **III. Broadband Loan**

CETF agrees with Bright Fiber and Gold Country Broadband Consortium on the proposed staff treatment of the existing broadband loans that are not yet drawn down. (Bright Fiber, at p. 2; Gold Country Broadband Consortium, at p. 1). CETF agrees with Gold Country that what is important is that the existing loans grants for pre-AB1665 projects continue to be honored so that projects are not jeopardized or disrupted.

#### **IV. Issues Relating to the Bifurcated Approach in the Proceeding.**

CETF agrees with Frontier's point that breaking this CASF OIR into two phases unfortunately delays the issuance of CASF Infrastructure grant rules to end of April 2019, leaving very little chance for them to be leveraged with the FCC Connect America Fund program which must be deployed by the end of 2020. (Frontier, at p. 3) CETF urges the Commission to accelerate Phase II and like Frontier, urges the Commission to continue to process all infrastructure CASF applications in the interim consistent with the plain language of the statute. Further CETF urges that any remaining pre-AB1665 CASF infrastructure applications be processed consistent with the prior CASF rules as quickly as possible.

**WHEREFORE,** CETF respectfully requests the Commission amend its CASF proposals contained in Appendix B to be in accord with its comments and reply comments.

Respectfully submitted,

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