

**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)

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

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Pew Research Center Internet/Broadband Fact Sheet, dated Feb. 5, 2018.

<http://www.pewinternet.org/fact-sheet/internet-broadband/>

American Community Survey, U.S. Census, Internet Use <https://www.census.gov/newsroom/press-releases/2017/internet-use.html>

CETF 2017 Broadband Annual Survey Press Release

http://www.cetfund.org/files/001_CETF_2017_Broadband_Annual_Survey_Press_Final.pdf

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Pursuant to Rule 1.43(d) of the Commission’s Rules of Practice and Procedure, the California Emerging Technology Fund (CETF) hereby files timely Reply Comments on the Proposed Decision of Commissioner Guzman Aceves (PD), released on May 18, 2018.

**I. CETF Does Not Agree with ORA’s Objection to the PD’s Definition of “Low
Broadband Access.”**

The Office of Ratepayer Advocates (ORA) objects to the PD’s definition of “low broadband access” in terms of administering the Adoption Account.¹ ORA is well-intentioned in its plea to restrict Adoption Account grants to areas where there is low “broadband access,” commonly defined as meaning a lack of broadband *infrastructure*. CETF, however, urges that such a restricted view is inconsistent with the interests of the 5 million unconnected and 7 million underconnected² Californians all over the state, and that the PD should retain its definition. In its earlier Comments on the PD, CETF asked the Commission to study the 2017 Statewide Survey on Broadband Adoption which provides ample data to show the depth of unconnected and underconnected residents in California urban areas, as well as rural, remote and tribal areas.³ After reviewing current data, the Commission should conclude that it is appropriate for the Adoption Account to be applied to anywhere in California where there is high levels of unconnected and underconnected persons as to home broadband. CETF applauds the PD for recognizing the large number of low-income households in urban areas. There is concentrated and

¹ ORA at 1-4.

² By the phrase “underconnected,” CETF means persons connected to the Internet for personal use by smart phones only.

³ CETF Comments on the PD, at 5-6. Other reliable surveys are the American Community Survey taken annually by the Census Bureau (<https://www.census.gov/newsroom/press-releases/2017/internet-use.html>) and the national Internet/Broadband Fact Sheet survey performed by Pew Research Center. “Who Has Home Broadband. As is true of internet adoption more broadly, home broadband adoption varies across demographic groups. Racial minorities, older adults, rural residents, and those with lower levels of education and income are less likely to have broadband service at home.” Pew Research Center Internet/Broadband Fact Sheet, dated Feb. 5, 2018. <http://www.pewinternet.org/fact-sheet/internet-broadband/>

persistent poverty in all regions, and in the view of CETF, broadband adoption work is necessary in urban as well as rural, remote and tribal regions.

II. The Latest 2017 California Broadband Adoption Numbers Should Be Included in the PD and the PD Should Not Include Mobile Wireless Connections in its Assessment of Broadband Adoption Rates.

CETF is pleased that ORA, like CETF, recommends using the latest broadband adoption statistics, currently the 2017 Statewide Survey on Broadband Adoption statistics.⁴ CETF further agrees with ORA that the PD should not include mobile wireless connections in its assessment of broadband adoption rates.⁵ CETF agrees the state’s broadband adoption rate should exclude smartphone-only households, so the current statewide broadband adoption rate should be benchmarked at 69%.

III. CETF Supports Evaluation Criteria for Adoption Pilots.

CETF supports ORA’s suggestion of pilot evaluations⁶ and if adopted, CETF suggests that questions should include evaluation between programs of actual verified adoptions. Verified adoptions should be the primary metric for comparison of impacts of various grants programs because this is the goal of the statute and the Adoption program. CETF also supports the TURN/Greenlining suggestion that report data from Adoption Program projects be analyzed by staff on an ongoing basis to reevaluate the application criteria or evaluation process so staff can recommend modifications if necessary.⁷

IV. CETF Agrees that the Rules Should Explicitly State that For-Profit Organizations Are Not Eligible for Adoption Program Grants.

CETF agrees with ORA that there should be explicit statements in the Adoption Program Rules that for-profit organizations are not eligible for Adoption Program grants in Section 1.4 of the Application. The PD makes this finding at page 16 but the finding is not reflected in the rules. Under Section 1.4 of the proposed rules, eligible applicants include “local governments, senior centers, schools, public libraries, non profit organizations, and community-based organizations with programs to increase publicly available or after school broadband access and digital inclusion. . . .”⁸ Some of these eligible applicants such as senior centers, schools and CBOs may be for-profit entities. While Section 1.4

⁴ ORA at 4; CETF at 5. “The Annual Survey found 87% of California households have a broadband connection at home. Among the 87% with a home high-speed Internet connection. . . , 18% have access through a smartphone only, while 69% report having broadband Internet access through a computing device.” http://www.cetfund.org/files/001_CETF_2017_Broadband_Annual_Survey_Press_Final.pdf

⁵ ORA at 5.

⁶ ORA at 5-6.

⁷ TURN/Greenlining at 2.

⁸ PD at Appendix 1, Section 1.4.

provides that, “No adoption grant recipient can charge for classes (funded by a grant) or make profit of any kind from the grant funds,” this language does not adequately disqualify a for-profit organization from obtaining a grant; it just prevents them from charging a fee for classes. CETF recommends that a new sentence be added to Section 1.4 “Eligible Applicants” after the first full paragraph: “For profit organizations are not eligible to apply for Adoption Program grants.”

V. CETF Agrees that Adoption Programs Should Not Allow a Grantee to Favor One Internet Service Provider Over Others in a Market.

CETF shares the concerns of ORA and TURN/Greenlining about Adoption Programs that favor one Internet Service Provider (ISP).⁹ CETF opposes any requirement of an ISP that requires an Adoption Program grantee to exclusively sell only the service of that ISP.¹⁰ The role of an Adoption Program grantee – a non-profit organization, a CBO, a school district, a public library, or a local government agency – is to perform outreach and to educate a potential low-income subscriber as to the benefits of broadband and the available low cost plans for service, not to serve as a corporate sales force. CETF requires its adoption grantees to refer low-income clients to all ISPs that have an affordable broadband offer in an area. CETF is pleased that the PD at page 22 finds that “project proponents are not obligated to and do not market or otherwise exclusively promote a particular carrier’s service” and that “the Adoption Account should be competitively neutral and not give preference to any specific ISP low-income program.” These requirements should be repeated clearly in the Adoption program rules.

CETF agrees with ORA’s proposal that grantees should certify that it will invite all available ISPs in a service area to collaborate on efforts and attend any community sign-up events, and that the grantee will not exclusively sell the services of any particular ISP but perform outreach and education on a non-discriminatory basis as to ISPs. CETF suggests the Commission require grantees to keep documentation that it did invite all ISPs to events, and the ISP responses, in order to ensure compliance with the non-discrimination rule and for the Commission to monitor the participation of the ISPs in supporting the CASF Adoption Program. This reporting could be added to Section 1.13 “Reporting”, “During the Deployment Period (digital literacy projects only)” in the Rules. Add to the milestone/completion report, “6. The names of the ISPs that were invited to collaborate and participate in sign-up events, and their responses.”

⁹ ORA at 7. TURN/Greenlining at 11.

¹⁰ CETF Comments on PD at 10.

VI. CETF Disagrees on Inclusion of Computing Devices for Adoption Program Participants to Take Home, Eligibility and Modification of Curriculum.

CETF disagrees with TURN/Greenlining's call for computing devices of a value up to \$150/device for Adoption Program participants with school age children to take home free as part of the funded program.¹¹ In CETF's initial comments on Phase 1 in this docket filed March 16, 2017, at page 10, CETF urged that purchase of computing devices should not be a major part of the Adoption account, given limited Adoption Funds. School districts should prioritize their existing funds to support a technology program with the purchase of adequate student devices. In non-school contexts, given the limited budget for the Adoption program, CETF does not favor purchasing devices for the purpose of giving it to the Digital Literacy class participant, unless it is paired with completion of a Digital Literacy class, a verified broadband subscription, and the participant contributes to the device cost.

CETF finds TURN/Greenlining's argument to expand eligible applicants beyond the language of the statute not persuasive.¹² The statute is clear on its face that eligible applicants for grants shall be local governments, senior centers, schools, public libraries, non-profit organizations and community-based organizations. As to TURN/Greenlining's objection to rules that may seem to prevent modification of digital literacy curriculum,¹³ CETF does not find this change necessary. Modification of existing curriculum based on actual experiences should be done but should not be an additional expense that requires CASF funding. Adoption program funding should not be spent on curriculum changes. It is CETF's experience that any competent grantee will refine and improve curriculum in due course while delivering the program.

VII. CETF Shares Concerns About the Public Housing Program.

Central Coast Broadband Consortia (CCBC) raises important issues relating to the PD's decision on the Public Housing Infrastructure Program, primarily the rejection of a minimum speed standard and the second class citizen treatment of public housing households versus other households.¹⁴ CETF urges the Commission to review CETF's Comments on Phase 1 issues in this rulemaking at pages 13-15, and particularly Attachment B. Attachment B is a summary of six meetings with California ISPs convened by the affordable housing organizations. In every case, ISPs had only no or one solution to offer – their affordable offers ranging from \$10-\$20/month, and CETF's experience is that most ISPs do not actively

¹¹ TURN/Greenlining at 12-13.

¹² TURN/Greenlining at 6-7.

¹³ TURN/Greenlining at 8.

¹⁴ Central Coast Broadband Consortia at 1-4.

market affordable offers to public housing. Further public housing residents cannot afford broadband even at the discounted rates, and may lack access in specific dwelling units. Yet, incumbent ISPs have perverted the Public Housing Program in AB1665 by claiming these public housing units are fully “served” and nothing more needs to be done, rendering the program of little practical utility to bring broadband to our most disadvantaged residents to seek jobs and bring Internet to school age children residing there. In its prior comments on Phase 1 at pages 13-15, CETF provided ideas on what could be done with CASF Public Housing program dollars, such as to gather data on the state of adoption in our public housing. CETF’s data shows that only 25% of people living in public housing subscribe to market rate offers. CETF urges the Commission to convene workshops with stakeholders to develop strategies to increase adoption on par with the rest of the population. The Commission should – independent of CASF – take a fresh, hard look at the real problems underlying broadband access for the disadvantaged and very low-income residents of public housing. CETF respectfully submits it all comes down to affordability and a lack of trust of ISPs,¹⁵ and so the fact that the incumbent ISPs “serve” the building does not a whit of good.¹⁶ The Commission has the opportunity to act as the convener with affordable housing authorities, interested ISPs, and stakeholders to brainstorm creative solutions like requiring ISPs to notify residents of affordable offers, providing free reliable WiFi to public housing units, allowing broadband systems to be provided in public housing units by independent ISPs willing to serve residents with very low cost broadband plans, and requirements that new public housing units be prewired for Internet service. Only with a laser focus on the many difficult broadband adoption issues facing public housing residents will we bridge the Digital Divide for our state’s most disadvantaged residents and bring them social justice.

WHEREFORE, CETF respectfully requests the PD be amended consistent with its reply comments.

Respectfully submitted on June 12, 2018,

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¹⁵ CETF’s experience is that residents are not always informed about low-cost offers and when they are, many fear that ISPs will upsell them or lock them into long term contracts with undisclosed recurring fees.

¹⁶ CETF urges adoption of a permanent broadband low-income program that is similar to the telephone LifeLine and energy CARE programs.