

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Consider)
Modifications to the California Advanced)
Services Fund) Investigation R.12-10-012
) (filed October 25, 2012)
_____)

OPENING COMMENTS OF CITIZENS TELECOMMUNICATIONS COMPANY OF CALIFORNIA INC. (U-1024-C), FRONTIER COMMUNICATIONS OF THE SOUTHWEST INC. (U-1026-C), AND FRONTIER CALIFORNIA INC. (U-1002-C) ON THE PROPOSED DECISION IMPLEMENTING THE CALIFORNIA ADVANCED SERVICES FUND LINE EXTENSION PROGRAM PROVISIONS

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Frontier Citizens Telecommunications Company of California Inc. d/b/a Frontier Communications of California (U-1024-C), Frontier Communications of the Southwest Inc. (U-1026-C), and Frontier California Inc. (U-1002-C) (collectively “Frontier”), pursuant to Rule 6.2 of the Commission’s Rules of Practice and Procedure, hereby submits to the California Public Utilities Commission (Commission) comments on the Proposed Decision (PD) dated March 26, 2019 to address the implementation of the California Advanced Services Fund (CASF) Line Extension Program (LEP).

On October 15, 2017, Governor Brown signed Assembly Bill 1665 (Garcia) into law, which amended the statutes governing the CASF program. Among its revised provisions, AB 1665 now qualifies an individual or property owner as an eligible applicant for a LEP grant from the program. According to the legislature, this provision was included to offset the costs of closing the Digital Divide and to connect the most difficult-to-serve properties to a broadband provider.¹ Below, Frontier outlines its concerns to the Commission’s PD regarding the development and implementation of the LEP pilot.

LEP PARTICIPATION SHOULD NOT BE LIMITED TO JUST LOW-INCOME PARTICIPANTS

To qualify as an eligible applicant, the PD proposes that the parties must meet the low-income threshold by qualifying for California Lifeline/California Alternative Rates for Energy programs or by having a household income equivalent to the aforementioned programs. While Frontier recognizes that it has been the Commission’s desire to focus on connecting low-income communities, the plain language in AB 1665 does not support this requirement. Limiting the pool of eligible applicants based on household income level is not in synch with the goal of the legislation, which seeks to connect 98 percent of Californian households in each Consortia region regardless of financial standing.

AB 1665 limited the LEP allocation to only \$5 million out of the \$330 million deposited into the CASF Program – a modest appropriation that cannot adequately support a heavy lift of connecting some of the most remote and hard-to-serve households. By establishing rigid program guidelines that disqualify applicants on any basis, providers have less incentive to participate in the program because it reduces the potential larger pool of potential applicants. On a broader scale, any prospective LEPs – regardless of household income – would be one-off projects with very limited revenue opportunities. While it is unlikely that many providers could justify a sound business case to for most LEPs, eliminating the eligibility of those who would otherwise qualify for an LEP only compounds the unlikelihood of a provider’s financial ability to undertake and maintain such projects. The proposal in and of itself is

¹ PUC Code Section 281(f)(6)(A).

counterintuitive to the title of the bill – the Internet For All Now Act – and thus, unnecessary guidelines should be removed to encourage provider participation in closing the Digital Divide via LEPs.

PROVIDERS SHOULD NOT BE RESPONSIBLE TO BEAR THE ADMINISTRATIVE IMPACT OF APPLICATIONS

As referenced in our Phase II Comments and Comments on the Workshop and Rule Setting, Frontier continues to strongly object the proposal that the facilities-based providers should be encouraged to apply on behalf of the individual/household or group of households. While the PD states that providers would be the most “well equipped” to help applicants navigate through the process, these administrative processes only serve to divert more precious resources that could be better leveraged on the focus of planning the potential build. The responsibility of guiding the individual/group through the LEP application is best handled by the local consortia, who are tasked with identifying and establishing community partnerships and strategies that help close the Digital Divide. The various consortiums possess an in-depth knowledge of their respective regions and are best equipped to guide applicants through the regulatory processes required for the application.

Frontier is also concerned that the PD requires an applicant to provide a proposed contract from the facilities-based provider or its approved contractor to construct the line extension. The PD does not explicitly specify what details are to be included within the contract, which places the individual applicant and the provider at risk of dispute and legal backlash. The drafting of state contracts is time consuming, expensive and complex, and further discourages participation with the threat of liability and unnecessary, costly litigation. Frontier suggests that the individual applications should be administered by the applicants in coordination with consortiums and Commission staff.

Frontier appreciates the opportunity to submit comments on the LEP and looks forward to reviewing the comments of other parties.

Respectfully submitted,



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