

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Order Instituting Rulemaking to Consider
Modifications to the California Advanced
Services Fund.

Rulemaking 12-10-012
(Filed October 25, 2012)

**REPLY COMMENTS OF THE OFFICE OF RATEPAYER ADVOCATES
IN RESPONSE TO THE ASSIGNED COMMISSIONER'S RULING SEEKING
COMMENTS ON THE COMMUNICATIONS DIVISION STAFF REPORT
PROPOSING RULES TO IMPLEMENT THE CALIFORNIA ADVANCED SERVICES
FUND BROADBAND PUBLIC HOUSING ACCOUNT**

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I. INTRODUCTION

Pursuant to the July 7, 2014 Assigned Commissioner Ruling (ACR) issued in this proceeding, the Office of Ratepayer Advocates (ORA) hereby submits these Reply Comments to Opening Comments of the California Emerging Technology Fund (CETF), Valley Vision, and The Utility Reform Network (TURN) to the California Public Utilities Commission's (CPUC or Commission) Communications Division (CD) Report, entitled *Staff Report Proposing Rules to Implement Program Changes to the California Advanced Services Fund Initiated by AB1299* (Report). ORA's reply comments focus on an efficient and balanced application process, ensuring that residents of Publicly-Supported Housing Communities (PSCs) obtain affordable and acceptable fast high-speed Internet access that will enable an increase in broadband adoption in such communities, and furthering program accountability of the California Advanced Services Fund (CASF) Public Housing Account.

II. DISCUSSION

A. The Maximum Threshold for Expedited Funding Should Not be More than \$75,000 Per Application.

The CETF and Valley Vision recommend that the maximum threshold amount for applications delegated to CD staff approval be raised from \$75,000 to \$500,000 so that applicants can include multiple projects under one grant. ORA does not support raising the threshold to \$500,000 per application since a larger funding amount for a single project may require a more detailed review of the project proposal and should require the Commission and the public to have the opportunity to comment and raise any questions or concerns if grant funding is recommended. In addition, the current expedited application process allows an applicant to submit multiple project applications simultaneously. Hence, there is no need to increase the \$75,000 threshold.

The \$75,000 threshold was intended to expedite the approval process by delegating to CD staff the authority to approve smaller "projects" of 100 units or less that are estimated will make up 75% of the applications.¹ ORA interprets this to mean that an application equates to a specific project proposal in a PSC and not a combination of multiple PSCs. CETF and Valley Vision raise concerns that applicants, with multiple projects in their portfolio, will be

¹ Staff Report, p. 2, Finding 20, p. 40, and Recommendation 18, p. 41.

discouraged from requesting funding if they are not allowed to apply for multiple grants simultaneously because the threshold is too low at \$75,000.² The Staff Report, though, does not limit the number of grants an applicant can be awarded, but ORA agrees that the use of the term “applicant” under Recommendation 22 may be confusing. ORA recommends for the proposed criteria to clearly state that all requirements will be applied to each specific project proposal submitted (i.e., each application). For example, in the existing CASF Broadband Infrastructure Account, one entity may have multiple applications representing a unique project proposal. Each project proposal is submitted as one application even though the “applicant” is the same. The same should apply in the Public Housing Account. Each project proposal should be submitted as a unique application even though the applicant is the same. As such, ORA recommends changing the fourth criteria of Recommendation 22 from:

Applicant requests less than \$75,000 in CASF Broadband Public Housing Account infrastructure grant funds.³

to:

Applicant requests less than \$75,000 in CASF Broadband Public Housing Account infrastructure grant funds *per project*.

B. Applications Should be Processed Quarterly

After further consideration, ORA supports TURN’s recommendation to establish four application deadlines per year as opposed to a monthly schedule. Having applications submitted on a "first-come first-served" basis may result in applicants submitting applications before they are truly ready, due to concerns that the funding will run out. Establishing four application deadlines per year would provide more time for Commission review of applications that exceed the \$75,000 threshold for staff approval of infrastructure.⁴ This approach will also allow applications that exceed the expedited process threshold to be assessed during the same time period as the smaller applications submitted and be given a fair opportunity to secure funding.

² CETF Comments on Staff Report, pp. 1-2; Valley Vision Comments, p. 4.

³ Staff Report, p. 42, Recommendation 22, Bullet No. 4.

⁴ TURN Comments on Staff Report for R.12-10-012, p. 8.

C. Only Minor Electrical Wiring Should be Allowed as a Reimbursable Cost.

ORA does not agree with CETF and Valley Vision that Public Housing Account infrastructure funds should cover all aspects of a unit's electrical connectivity costs. CETF and Valley Vision recommend adding electrical installation and labor required to power the eligible hardware for the project as one more item to the list of approved installation costs.⁵

ORA agrees with the funding eligibility criteria under Recommendation 22 in the Staff Report which states that "Existing property infrastructure requires no significant upgrades to install wiring, equipment and other electronics funded under this grant."⁶ ORA also agrees with finding 32 that reimbursement on electrical work should be limited to low voltage work⁷ and, as noted under Recommendation 13, the low voltage contracting "does not include major rehabilitation, demolition or construction."⁸

Any electrical installation or repair above and beyond low voltage work would likely be cost prohibitive under the Staff Report recommended funding cap per unit and ratepayers for intrastate telecommunications services should not bear the burden of electrical installation, repair or upgrade costs. Furthermore, some of the PSCs may already be obtaining funding from other sources to cover the building's electrical wiring. For example, Housing of Urban Development (HUD) funding already includes electrical wiring costs with minimum requirements for the wiring and outlets provided by the National Association of Housing and Redevelopment Officials and the U.S. Department of Housing and Urban Development.²

D. Broadband Service Fees Should Deliver Comparable Service Speeds

All parties agree, in general, that all low-income customers should receive minimum speeds that are adequate enough for serving the basic needs of its users.¹⁰ In addition, ORA

⁵ CETF Comments, p. 3; Valley Vision Comments, p. 6.

⁶ Staff Report, p. 42, Recommendation 22.

⁷ Staff Report, p. 62, finding 32, fn. 78.

⁸ Staff Report, p. 34, Recommendation 13.

² See, <http://archives.hud.gov/offices/hsg/sfh/ref/sfhp1-26.cfm>.

¹⁰ CETF Comments, p. 3; Valley Vision Comments, p. 5; TURN Comments, p. 4.

agrees with CETF and Valley Vision that \$10 a month is more in line with the economic realities and affordability limits of the residents.¹¹

As noted in ORA's Opening Comments, in order to ensure broadband adoption and the continued use of the Internet, appropriate broadband speeds need to be provided to each unit in the PSCs that are capable of supporting online activities such as distant learning educational applications and real time applications such as video conferencing and Voice-over Internet Protocol (VoIP).¹²

ORA recommends, at minimum, broadband access to each unit in PSCs should meet download speeds greater than or equal to 3 Mbps and less than 6 Mbps. Similarly, for upload speeds, all PSC units should be required to obtain at minimum the upload speed range of greater than or equal to 768 Kbps and less than 1.5 Mbps.¹³ Adopting the recommended minimum speeds will ensure that residents of PSCs are offered speeds closer to "served" levels rather than speeds closer to "unserved" levels.¹⁴

E. Quarterly Reports, Along with a Final report, Should be Required

ORA agrees with TURN's recommendation that quarterly reports for adoption projects should be required and that successful applicants be required to provide a "final" report. The final report should document the results of the project when the funding ends and be publicly available for review.¹⁵

As noted on page 6 of ORA's Opening Comments, publicly supported communities should provide in their quarterly reports a list of residents that have actually connected to the service and are making use of it so that the Commission can measure and assess the success of its adoption program and be consistent with California Pub. Util. Code § 281(h)(4)(A).¹⁶

¹¹ CETF Comments, p. 3.

¹² ORA Comments, p. 3.

¹³ ORA Comments, p. 4.

¹⁴ The CASF program recognizes areas as served if broadband speeds are at least 6 Mbps download and 1.5 Mbps upload and unserved if either no service is available or Internet access is slower than 768 Kbps download or 200 Kbps upload.

¹⁵ TURN Comments, pp. 6-7.

¹⁶ Cal. Pub. Util. Code § 281(h)(4)(A) specifies that grants and loans to a publicly supported community are to support programs "designated to increase adoption rates for broadband services" for residents of that publicly supported community.

III. CONCLUSION

In conclusion, ORA supports adoption of a quarterly application process with the understanding that under the criteria listed under Recommendation 22 , all requirements apply to each application submitted, including the \$75,000 threshold and any electrical work is limited to low voltage work and does not include major rehabilitation, demolition or construction. To ensure long-term broadband adoption, each unit in a PSC should be required to obtain a minimum download speed range of greater than or equal to 3 Mbps and less than 6 Mbps, and an upload speed range of greater than or equal to 768 Kbps and less than 1.5 Mbps. In addition, quarterly reports and a “final” report for adoption projects should be required to ensure an effective and equitable implementation of the CASF Public Housing Account that will help bridge the digital divide.

Respectfully submitted,

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