



Carolyn McIntyre
President

1001 K STREET, 2ND FLOOR
SACRAMENTO, CA 95814

916/446-7732
FAX 916/446-1605

August 8, 2013

The Honorable Alex Padilla
California State Senate
State Capitol 4038
Sacramento, CA 95814

SENATE BILL 740 (PADILLA) – POSITION NEUTRAL

Dear Senator Padilla:

On behalf of the California Cable & Telecommunications Association (CCTA), I am writing to inform you that the August 7, 2013 amendments remove our opposition to Senate Bill 740.

SB 740 increases funding by \$90 million to the California Advanced Services Fund (CASF) infrastructure grant account and allows the California Public Utilities Commission (CPUC) to provide funding to non-telephone corporations, including local governments, to build broadband infrastructure.

CCTA originally objected to the expansion of eligibility for CASF grants for any entity that is not a telephone corporation which may see to provide a competitive, but subsidized, broadband service in areas of California that are currently served by an existing broadband provider. The August 7, 2013, amendments to SB 740 address this issue by requiring that priority be given to fund broadband projects for unserved households. Funding will not be approved for projects to provide broadband access to underserved households unless an existing facility based provider chooses not to undertake the project.

Another significant concern with SB 740 was the expansion of eligibility for CASF funds to local governments. Local governments often deploy broadband systems to compete with existing providers of fully functional broadband services in order to achieve some financial value. And, while competition for broadband services may be good for consumers, that competition should not be funded with government subsidies. It is particularly troublesome where the competitive provider also controls permitting and other requirements related to the use of right of way. Under the August 7, 2013 amendments to SB 740, local governments may only be eligible for CASF program funding for projects to provide broadband to unserved households or businesses

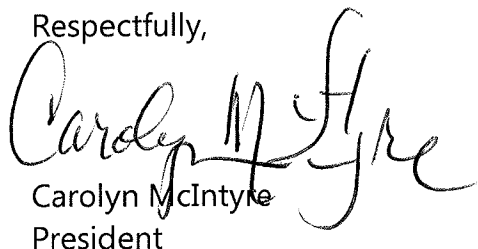
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only after the commission has conducted an open application process for the project and no other eligible entity applied.

CCTA supports the public policy goal of providing broadband access to all Californians. We appreciate the time spent to understand our concerns with the bill and your willingness to work with us to address the issues.

For these reasons, CCTA removes its opposition and moves to a neutral position on SB 740.

Respectfully,

A handwritten signature in cursive script, appearing to read "Carolyn McIntyre".

Carolyn McIntyre
President

cc: Assembly Utilities & Commerce Committee and Staff