



**California Emerging Technology Fund
Overview of Problems with CPUC Annual Report on CASF
Documentation of the Need for Additional Funds in CASF**

This document summarizes the problems with the CPUC January 2013 Annual Report on the California Advanced Services Fund (CASF) and provides a more complete and accurate presentation of the remaining challenge to meet the goal of 98% broadband deployment and use of the CASF funds to date. The information presented to the Assembly Committee on Utilities and Commerce on July 1, 2013 by the California Cable and Telecommunications Association (CCTA) was simply wrong. There is no rural county or city in California that agrees with either the CPUC Report on CASF or the CCTA interpretation of the situation. Here are the facts:

- The CPUC maps on broadband deployment and availability are inaccurate. There are inherent problems with the CPUC broadband access availability mapping because of aberrations embedded in the industry data and the mapping methodology. The only way to get an accurate understanding of which communities are actually Unserved is to conduct on-the-ground assessments as has been done by the Regional Consortia with support from CETF.
- At least 225,000 Unserved Households remain to be reached with broadband access to achieve the 98% deployment goal (vs. the 12,448 Households stated in the CPUC Report on CASF).
- More than 90% of the Households reached through CASF projects approved to date are in Unserved areas, not Underserved as stated in the CPUC Report. There has been no “overbuilding” to date as a result of approved CASF projects as alleged by CCTA. They are concerned about pending proposals that have not been approved by the CPUC staff because there are legitimate industry concerns about some of the applications.

Attached is the CETF compilation of CASF and other publicly-subsidized broadband deployment projects since the establishment of CASF. This is accurate data derived by continuously contacting all the project sponsors and obtaining updates on the status of the projects. The following summaries the CETF analysis of the status of broadband deployment:

- In addition to setting the 98% goal, it is essential to quantify the number of Unserved HHs that existed in 2008 when the original broadband availability mapping was done for the Governor’s Broadband Task Force and to determine how many of those HHs would have to be reached to achieve the 98% goal including those Unserved HHs. In 2008 the Broadband Task Force maps showed 96% broadband access. But, groundtruthing by Regional Consortia and rural community leaders revealed that those maps were about 50% in error. Errors arise in mapping because: (a) data is submitted by industry which tends to assert that HHs are “served” if they are a certain distance from a central office for DSL lines or within a given radius for wireless technology without taking into account actual terrain or buildings, trees and mountains in the way; and (b) whatever is selected as a map “cell” size, if just 1 HH is served in that geography, then all HHs in that vicinity are deemed to have access—and that is often just not the case.

- Thus, given the on-the-ground feedback and scientific-sample surveying of residents in rural communities, CETF revised the percentage of availability to 94%, which meant that 768,000 HHs were Unserved in 2008. A goal of reaching 98% HHs means providing last-mile access to 4 more percentage points or two-thirds of the existing Unserved HHs (translating to a target of Unserved 512,000 HHs that need to be accounted for in absolute terms). It is essential that the actual HHs reached by CASF (and other public funds) be counted to keep faith with the intent of CASF and commitment to close the Digital Divide in rural California.
- The number of HHs to be reached to date with all public funds since CASF was established is approximately 279,455 of which 255,895 are supported by CASF. Given that there are several variables in identifying exactly the number of HHs reached (or to be reached when projects are completed), CETF has provided reliable rounded figures and the conclusion is that at least 225,000 more Unserved HHs need to be reached in rural communities (not just 12,448 as stated in the CPUC Report).
- The CETF figure of 255,895 HHs reached by CASF-only funds is close to the CPUC figure of 255,246 HHs. Unfortunately, the CPUC staff did not drill down to get to sufficient detail about the nature of the HHs reached. It appears that if a project had any deployment through Underserved areas even though the projects reached primarily Unserved HHs, then the CPUC staff categorized all of the project and HHs reached as “Underserved” which has led to false claims of “overbuilding”.
- Contrary to the CPUC Report which states that more than 90% of the projects funded to date are for Underserved areas, the CETF analysis shows that actually 92% of the CASF funds have been allocated to 2 large projects which reach predominantly Unserved HHs and another 5% of the funds have been allocated to 17 projects reaching more than 11,000 Unserved HHs.
- It is relatively easy to expose the false claim of “overbuilding” by just looking at the 2 largest projects funded by CASF: CVIN reaching 206,764 HHs in the San Joaquin Valley and Sierra Foothills and Digital 395 reaching 28,127 HHs in the Eastern Sierra. Together, these 2 projects account for 92% of the HHs reached by CASF funding. Although these projects are categorized as “Underserved” deployment by the CPUC, these projects are reaching largely Unserved HHs. This conclusion can be confirmed by just asking any opponent to SB740 to identify where there is “overbuilding” by these 2 projects or any other approved CASF project. CCTA and other providers are concerned about pending projects that have not been approved by the CPUC and for which the CPUC staff has raised concerns as it has been reported to CETF by applicants. Thus, the allegation of “overbuilding” is a fear and not a reality based on approved projects.
- It is important to understand that the remaining 225,000 Unserved HHs to be reached are largely in rural communities with residences relatively close to one another—not households that are separated by miles. The 98% deployment goal will leave 2% of all households Unserved by a terrestrial-based wireline or wireless system—these households are the residences that are often separated by miles and will have broadband access only by satellite.
- Lastly, the CPUC annual data contends that there is 97.6% deployment in California currently. This is a statistical illusion and a big disservice as it relates to providing access to Unserved HHs in achieving 98% deployment. CASF should not be a mathematical manipulation game but rather a sincere commitment to reach Unserved rural California.