

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking to Establish a Framework  
and Processes for Assessing the Affordability of Utility  
Service.

Rulemaking 18-07-006

**OPENING COMMENTS OF THE GREENLINING INSTITUTE  
TO THE ADMINISTRATIVE LAW JUDGE'S RULING INVITING COMMENTS ON  
STAFF PROPOSAL**

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## **I. INTRODUCTION**

The Greenlining Institute (Greenlining) provides these opening comments pursuant to the Administrative Law Judge’s ruling inviting comments on the Staff Proposal on Essential Service and Affordability Metrics (“Staff Proposal”).<sup>1</sup> Greenlining is very supportive of the development and implementation of regularly updated affordability metrics as a way to promote data driven policymaking that prioritizes communities and areas of California that face affordability challenges. In these comments, Greenlining focuses on the communications aspects of the Staff proposal.

## **II. DISCUSSION**

### **A. Question 1: Do the Proposed Affordability Metrics Adequately Assess Affordability?**

Greenlining generally supports Staff’s definition of essential service as it relates to communications<sup>2</sup> as it closely tracks Greenlining’s comments how to measure and calculate essential quantities of service.<sup>3</sup> However, the proposed metrics could be improved by also calculating the affordability of an essential quantity of mobile broadband in addition to fixed broadband. While mobile and fixed broadband are not substitutes, cash strapped families increasingly must choose between one or the other.<sup>4</sup> Data indicates that 12-18% of the lowest income Californian households only connect to the internet at home through a mobile

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<sup>1</sup> R.18-07-006, Staff Proposal on Essential Service and Affordability Metrics (filed 8-20-2019) (“Staff Proposal”).

<sup>2</sup> Greenlining uses “communications” here as an umbrella term to refer to both broadband and voice services.

<sup>3</sup> Opening Comments of the Greenlining Institute to the Administrative Law Judge’s Ruling Adding Workshop Presentations to the Record and Inviting Post-Workshop Comments at pp. 6-9 (filed May 13, 2019).

<sup>4</sup> CETF, Internet Connectivity and the Digital Divide in California – 2019 *available at* [http://www.cetfund.org/files/002\\_CETF\\_2019\\_002\\_IGS\\_Poll\\_CA\\_Digital\\_Divide\\_ppt.pdf](http://www.cetfund.org/files/002_CETF_2019_002_IGS_Poll_CA_Digital_Divide_ppt.pdf)

connection.<sup>5</sup> Given this pattern of usage, it would be helpful for the Commission as well as other stakeholders to know how the affordability of both fixed and mobile broadband service in California. In determining the California benchmark for mobile broadband, the Commission could follow a similar process the FCC uses in setting minimum Lifeline standards.<sup>6</sup>

**B. Question 2: Are the proposed sources of data for household-level information acceptable for construction of affordability metrics?**

With regards to communication affordability definitions and metrics, the sources of data include data requests to telecommunication services providers, FCC reports, Federal Lifeline minimum service standards.<sup>7</sup> Greenlining recommends that Staff continues to analyze data requests from providers in California to set its essential service minimums as a way to ensure that these essential service benchmarks reflect statewide, as opposed to national, communication needs. In order to obtain pricing information, Staff used CASF grant applications for rural areas and pricing data from the largest provider for urban areas.<sup>8</sup> For greater accuracy, Staff should consider using the service rates from multiple providers within urban Public Use Microdata Areas (PUMA) and weighting by provider market share in that PUMA. When the European Union constructed a broadband price index for California it employed a similar method.<sup>9</sup> Pricing data from multiple providers could also help the Commission and other stakeholders better understand the impact of greater choice or competition on communications affordability.

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<sup>5</sup> 10% of all surveyed Californians connect to the internet at home through smartphone only access with the proportion increasing at lower income levels. *See Id.*

<sup>6</sup> Staff Proposal at p. 14.

<sup>7</sup> Staff Proposal at pp. 13-14.

<sup>8</sup> Staff Telecommunications Work Paper at p. 2.

<sup>9</sup> Study for European Commission: Fixed Broadband Prices in Europe 2017 - SMART - 2016/0044 at pp. 50-56 (2016). “*The ISP sample was drawn from a list of ISPs ranked by market share in each country. ISPs were drawn from the list up to a market coverage at least 80% (90% in each of the EU28, Norway and Iceland) and up to a maximum of five ISPs per country.*”

**C. Question 3: What regulatory, operational, and/or resource considerations might be necessary to effectively implement affordability metrics? How should the Commission monitor and track affordability on a recurring basis, outside of specific proceedings?**

Regularly updated affordability data is a key part of accomplishing the Commission's mission to "monitor market conditions and take appropriate action if it appears that rates are no longer just and reasonable."<sup>10</sup> The Commission should monitor, track and provide updated affordability data to the public on a yearly basis. Allowing easy access to this data whether through online maps, an interactive website, excel files, or reports should be a priority and ensures the public benefits from these Commission efforts. Up to date information would benefit ongoing Commission proceedings, aid policymakers in drafting legislation or other policies aimed at improving affordability and give consumers, academia, and other stakeholders a better understanding of the costs of living in different areas of California. The Commission should strive to minimize the Staff costs of maintaining this resource by using automated tools and processes wherever possible.

In terms of analyzing the affordability data, the Commission should consider providing a high level statistical summary of affordability trends on a yearly basis<sup>11</sup> and periodically (e.g. every three years) provide a more detailed report explaining things such as possible causes for those trends, any Commission actions to improve affordability and recommendations to improve access to affordable utility and communication services.

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<sup>10</sup> CPUC, Strategic Directive 04 *available at* [https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/Transparency/spi/Strategic\\_Directives\\_and\\_Governance\\_Policies\\_Adopted\\_August102017.pdf](https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/Transparency/spi/Strategic_Directives_and_Governance_Policies_Adopted_August102017.pdf)

<sup>11</sup> This could include changes in the costs for essential service, or explanations of updated essential service minimums. *See e.g.* EU DESI 2019 Report *available at* [https://ec.europa.eu/newsroom/dae/document.cfm?doc\\_id=60010](https://ec.europa.eu/newsroom/dae/document.cfm?doc_id=60010).

**D. Question 4: When and how should affordability metrics be utilized in Commission decisions and program implementation?**

Overall, affordability metrics will be useful both inside and outside of formal Commission decisions and proceedings because it can help policymakers better understand the needs of vulnerable consumers, and it can allow for better tailored and targeted responses to those needs. For example, the CalEnviroScreen tool helps California equitably distribute state climate investments by identifying disadvantaged communities.<sup>12</sup> Similarly, the Commission’s affordability metrics could help policymakers ensure policy interventions designed to ease utility and communication costs are aimed at areas that need it most. Communications providers, especially those that provide low-income broadband plans, could use affordability data to direct advertising and outreach to areas that would benefit the most from their services.

With regards to Commission actions with regards to communications services, the affordability metrics are generally useful because the essential service quantities provide a baseline “basket” of services for comparison and analysis. This benchmark is important because ISPs have many plans with differing service speeds or data caps making comparisons difficult. With a benchmark quantity of essential service, the Commission can standardize these comparisons when assessing the effectiveness of existing programs or proposed plans. Below is a list of Commission proceedings and the possible ways affordability metrics can be utilized within them:

- R.12-10-012, Order Instituting Rulemaking to Consider Modifications to the California Advanced Services Fund (CASF):

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<sup>12</sup> OEHHA, CalEnviroScreen 3.0 *available at* <https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-30>

- The CASF infrastructure grant process requires applicants to provide information on pricing on their monthly charges for internet plans.<sup>13</sup> Affordability data can be used to supplement Commission analysis of grant requests. For example, a CASF application may have lower prices but a stringent (i.e. 250 GB) data cap and pricey expensive overage charges whereas another application may have higher upfront pricing but a 1024 GB data cap. The affordability metrics, and in particular, the essential service standards, would allow the Commission to better analyze the nuances and impact of these different pricing structures on consumers when making a decision.
- The CASF Adoption Account is a \$20 million fund intended to improve broadband adoption in California.<sup>14</sup> As part of its oversight responsibilities, the Commission is to continually assess the effectiveness of the Adoption Account strategy choose.<sup>15</sup> The Commission is also required to give preference to adoption projects in communities facing “socioeconomic barriers to broadband adoption.”<sup>16</sup> Affordability metrics can help the Commission assess whether a project is effective and whether it is in a community with socioeconomic barriers to adoption. This will become more important as California draws down the Adoption Fund.

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<sup>13</sup> See CASF, Broadband Infrastructure Account Requirements – Application Item 11 at p. 19 *available at* [https://www.cpuc.ca.gov/uploadedFiles/CPUC\\_Public\\_Website/Content/Utilities\\_and\\_Industries/Communications -](https://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/Utilities_and_Industries/Communications_-_Telecommunications_and_Broadband/CASF%20InfrastructurePublished%20Rules%20Revised.pdf)

[\\_Telecommunications and Broadband/CASF%20InfrastructurePublished%20Rules%20Revised.pdf](https://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/Utilities_and_Industries/Communications_-_Telecommunications_and_Broadband/CASF%20InfrastructurePublished%20Rules%20Revised.pdf)

<sup>14</sup> See D.19-02-008, Decision Revising the California Advanced Services Fund Broadband Adoption Account Provisions, R.12-10-012 (Issued April 1, 2019).

<sup>15</sup> *Id.* at 5.

<sup>16</sup> *Id.* at Appendix 1, p. 1.

- The Commission can integrate the above CASF affordability analyses in its resolutions approving particular infrastructure or adoption projects. To the extent practicable, the Commission should integrate affordability statistics in the CASF annual report and as a layer in the California Broadband Map that supports CASF applications.
- R.11-03-013, Order Instituting Rulemaking Regarding Revisions to the California Universal Telephone Service (LifeLine) Program:
  - The California LifeLine program recently asked stakeholders to submit proposals for pilot programs that would 1) lower barriers for consumers to participate in the Program; 2) to increase participation in the Program; 3) to encourage participation by facilities-based service providers; and 4) to provide scalable solutions.<sup>17</sup> While the pilot proposal submission period has ended, the Commission is still evaluating whether to approve pending pilots and will review the effectiveness of approved pilots at the close of the two year pilot period and affordability data can benefit that analysis. For example, the “Boost Mobile Pilot” gives eligible consumers a monthly \$15 discount.<sup>18</sup> Factors in the Commission’s analysis of this pilot could include how the discount lowers the cost of an essential quantity of service, or how varying the size of the discount could impact overall affordability.

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<sup>17</sup> CPUC, Pilots and Government Partnerships *available at* <https://www.cpuc.ca.gov/General.aspx?id=6442461059>

<sup>18</sup> Boost Mobile Pilot Rate Plan (2019) *available at* [https://www.cpuc.ca.gov/uploadedFiles/CPUC\\_Public\\_Website/Content/Utilities\\_and\\_Industries/Communications\\_-\\_Telecommunications\\_and\\_Broadband/Consumer\\_Programs/California\\_LifeLine\\_Program/BoostMobile-Pilot\\_Rate\\_Plans\\_071919.pdf](https://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/Utilities_and_Industries/Communications_-_Telecommunications_and_Broadband/Consumer_Programs/California_LifeLine_Program/BoostMobile-Pilot_Rate_Plans_071919.pdf)

- California LifeLine has had considerable success in encouraging providers to provide better service to LifeLine participants in California by offering a supplemental California subsidy for providers that offer more minutes or texts than federally required.<sup>19</sup> Now, as the Federal Lifeline program is moving towards a model of providing discounted broadband service as opposed to voice service,<sup>20</sup> the Commission could adopt a similar model and encourage Lifeline broadband providers to provide service that meets California's essential service quantities for broadband in return for a higher supplemental California subsidy.

The Commission also provides several different reports and data tools that are annual, periodic or, on an as needed or ordered basis. Some examples include:

- The Broadband Adoption Gap Analysis (2019);<sup>21</sup>
- The Market Pricing Survey Staff Reports (2014 and 2017);<sup>22</sup>
- Report Analyzing the California Telecommunications Market (2016 and 2018);<sup>23</sup>

Greenlining believes that affordability metrics and analyses could have been integrated in some fashion into these types of reports. Going forward, where the Commission gathers data and reports on the effectiveness of public purpose programs like CASF or LifeLine or analyzes

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<sup>19</sup> CPUC, California LifeLine - "Types of Discounts Available," *available at*

[https://www.cpuc.ca.gov/General.aspx?id=2752#Types\\_of\\_Discounts\\_Available](https://www.cpuc.ca.gov/General.aspx?id=2752#Types_of_Discounts_Available)

<sup>20</sup> USAC, Lifeline Program Requirements *available at* <https://www.usac.org/li/program-requirements/lifeline-broadband.aspx>

<sup>21</sup> CPUC, Broadband Adoption Gap Analysis *available at* [https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/UtilitiesIndustries/Communications/Reports\\_and\\_Presentations/CDVideoBB/BAGapAnalysis.pdf](https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/UtilitiesIndustries/Communications/Reports_and_Presentations/CDVideoBB/BAGapAnalysis.pdf).

<sup>22</sup> CPUC, Market Pricing Survey Staff Reports *available at* <https://www.cpuc.ca.gov/General.aspx?id=6442457235>.

<sup>23</sup> *See e.g.* CPUC, Report Analyzing the California Telecommunications Market (2018) *available at* [https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/UtilitiesIndustries/Communications/Reports\\_and\\_Presentations/CD\\_Mgmt/re/CompetitionReportFinal%20Jan2019.pdf](https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/UtilitiesIndustries/Communications/Reports_and_Presentations/CD_Mgmt/re/CompetitionReportFinal%20Jan2019.pdf)



competition, pricing or market share it should attempt to integrate the use of affordability metrics to provide context for consumers, industry and other stakeholders.

### **III. CONCLUSION**

The Greenlining Institute appreciates this opportunity to comment on the questions contained in the ruling and looks forward to continuing to work with the Commission and other stakeholders to develop a metric for affordability that works across industries. Greenlining respectfully requests that the Commission adopt the above recommendations as part of the implementation of the Affordability Metrics.

Respectfully submitted,

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