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## Senate Energy, Utilities and Communications Committee Broadband and the Digital Infrastructure Video Competition Act of 2006

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### Who We Are

DRA is the independent consumer advocacy division of the California Public Utilities Commission with a statutory mandate to obtain the lowest possible rate for utility service consistent with reliable and safe service levels.

### Problems with Broadband Grant Programs

Broadband grant programs *funded by all ratepayers* do not deliver ubiquitous broadband deployment and adoption cost effectively *to all ratepayers*

- **Inadequate Project Information and Public Disclosure** – Applications are reviewed confidentially with few, if any, published standards or requirements; the public has little to no opportunity to review or comment before award or denial of the grant; and applicants are not required to make public project details, such as labor and materials or construction milestones
- **Insufficient Accountability** – There is no opportunity for handling concerns or complaints after grant award; weak or non-existent cost-effectiveness criteria; no third-party independent review of project viability; and no independent performance reviews or financial audit of projects
- **Limited Expectations on Grant Recipients** – No guarantee that services will or even should be provided on request to everyone in the service area; awards allow high installation charges and fees that discourage adoption; insufficient commitment to serve the low-income and working poor; and approved projects have proposed speeds below the already-low speed benchmark

### DRA Recommendations

- **Transparency** – Require grant applications to include detailed project costs and make applications and process itself publicly available; mandate public notice to residents in target communities with adequate time to review and comment before award or denial; require the development of published standards and cost thresholds for application review; and establish independent third-party review of applications before award or denial
- **Accountability** – Create standards to ensure cost-effectiveness and project viability and require third-party post-performance audits of construction, costs, and subscriptions
- **Accessibility** – Prioritize funding to underserved and low-income communities; require recipients to share their networks; cap monthly rates at moderate levels for at least two-years; prohibit installation charges and service connection fees; and require speeds for 21<sup>st</sup> century applications