
Broadband Alliance *of Mendocino County*

March 16th, 2017

Via email You-Young.Sellden@cpcuc.ca.gov

Ms. Clover Sellden
Regulatory Analyst
California Public Utilities Commission
Communications Division
505 Van Ness Avenue, Third Floor
San Francisco, CA 94102-3298

RE: Comments on CPUC “High Impact Areas” White Paper

Dear Ms. Sellden:

The Broadband Alliance would like to take this opportunity to provide comments on the PUC High-Impact Areas White Paper. We commend the CD staff for their serious commitment towards increasing broadband deployments to the residents of the state of California and their intent to improve the efficiency and efficacy of the CASF program. We wish to comment only on the methodology used in the white paper.

With roots going back to 2007, the Broadband Alliance was officially formed in 2010 when the The Community Foundation, The Economic Development and Financing Corporation, and the Mendocino Coast Broadband Alliance formed a collaborative relationship with the county Executive Office for Broadband Planning and coordination. The Alliance is also the working partner with the recently CPUC-funded North Bay North Coast Broadband Consortium (NBNCBC), whose missions are aligned: to eliminate the digital divide in Mendocino County (or in the case of the consortium, in the region), ensuring that all people have affordable and dependable broadband access in their homes, businesses, and public places to support economic viability, ensure health and safety, and access educational opportunities.

As mentioned in the white paper, the state is still short of their goal to reach 98% of California households, with 618,719 California households still considered underserved or unserved. And unfortunately, the CASF infrastructure account is down to the end of its funds and has not yet been re-authorized to collect new monies. Current funding may not even be adequate for potential projects to serve these identified high-impact areas. The need for the most “bang for the buck” is therefore evident, so that the few remaining public dollars are used both

judiciously and expeditiously. The pro-active staff approach for how to best utilize these limited funds with the development of a detailed analysis of unserved communities around the state and the proposal of this model is to be commended. Given the unique circumstances, we support this white paper model *only in this particular circumstance* to get projects launched that will do the most good towards reaching the 98% goal. We are glad to see however, that the white paper specifically states, “Our promotion of these particular communities should not be interpreted as a proposal to limit CASF funds solely to these communities.” We agree that if a provider submits a specific project, they should also be considered eligible for the remaining funding.

However, we feel it is important to recognize that the objectives contained in Public Utilities Code sections 709 and 281 specifically state that California’s telecommunications policies include “...continuing our universal service commitment by assuring the continued affordability and widespread availability of high-quality telecommunications services to *all* Californians”, and in 281 “...encouraging the development and deployment of new technologies and the *equitable* provision of services in a way that efficiently meets consumer need and encourages the *ubiquitous* availability of a wide choice of state-of-the-art services” (emphasis mine). Therefore it seems that implementing the above stated policies of universal and equitable service are at odds with the available funding amounts, leaving the CASF staff in an impossible situation because the policies can’t be accomplished with the remaining funds.

We believe that it is crucial that the CASF program be re-authorized and new monies collected, and that the objectives of “universal service, wide-spread availability, equitable provision, and ubiquitous availability” be the *primary* objectives that drive future decision-making. The model proposed in this white paper does not meet this criteria, as this model unduly discriminates against projects in low-density and geographically challenging terrain in favor of “bang for your buck” economics. Private markets already base deployment decisions purely on economics; CASF was created to address the challenges that the private market was not meeting because rural areas are high cost and do not provide for the most “bang for your buck.” So although efficiency and judicious use of funds is of course important when using public monies, it is not the primary objective in the case of CASF and we therefore cannot support this model going forward.

The metrics of this model will harm the rural areas of the state if continued into a new program, as most areas would not meet the metrics and would therefore be disadvantaged in terms of accessing the CASF infrastructure grant funds. This would result in the continuation of

the current rural/urban “digital divide” that plagues rural counties and ultimately impacts the state as a whole.

In 2014 when the PUC asked for priority area submissions, Mendocino County submitted 17 such priority areas.¹ This priority area map was reviewed with the focus on the stated metrics to see if any of these previously identified areas (and also any unidentified new area) would qualify for inclusion in the white paper. Unfortunately, no area in the county that we could find qualified as a high-impact area despite the fact that the need is still real - we have 7,448 unserved/underserved households or 21% of total households² which are located in low-density areas. Besides being at odds with the “equitable provision to all Californians” broadband objective, it is also economically unfair: a very rough estimate for our county is that our residents have received back only 24% of what they have paid into the CASF fund.³ The “unfairness” of a low-cost area subsidizing a high-cost area is somewhat ameliorated by the fact that the low-cost area would have the services it is subsidizing; but in this case, a high-cost area without services is subsidizing another high-cost area (or potential low-cost area that has not been built out for reasons other than deployment economics, as evidenced by recent articles⁴). It would not be fair, nor meet the stated objectives of the Public Utilities Code, that our rural counties whose residents pay into this fund, be at a disadvantage when an application is submitted for CASF grants to come back to them while the pressing need for effective broadband investment in Mendocino County remains.

Other rural counties are in a similar situation. Of the 27 northern counties, there were 14 counties that didn’t have *any* area qualify for inclusion in the 43 “areas of interest” (including Mendocino) and only 2 areas in the north of the state were ultimately included in the final 13 high-impact areas (Bollinas in Marin County and Cobb in Lake County). However, just like the statistics for Mendocino, this does not mean that these counties are adequately served; for example, households in the Assembly District 2, which encompasses the coastal counties of Sonoma (partial), Mendocino, Humboldt, Trinity, and Del Norte, represent only 1.45% of the

¹ <http://www.mendocinobroadband.org/wp-content/uploads/NBNCBC-Newsletter.Vol-1.As-distributed.pdf>

² Round 11 data

³ If the average charge/phone bill the last 7 years of the CASF is .17/month, and at a low estimate of 2 phones/household, that means that county residents have paid into this fund an estimate of over a million dollars, while receiving back only \$311,276, or only 24% of what was put into the fund.

⁴ <http://www.fiercetelecom.com/telecom/at-t-accused-ignoring-lower-income-cleveland-neighborhoods-broadband-needs?>

number of state households; however, 17.7% of these households (33,016) are considered Unserved or Underserved by CPUC metrics⁵ which represent a disproportionate 5.34% of statewide under/unserved households. If this comparison uses only unserved households, the disproportion rises to 8.53% of unserved California households. The white paper criteria will not effectively support the hundreds of thousands of under and unserved households in rural California.

These households are spread across large geographic areas, and challenging terrain. Are they to be left behind in the coming decade?

Conclusion:

This model is useful for CASF staff as a way to identify areas of “low-hanging” fruit to entice potential providers to apply for grants that will provide significant benefits as funding for the program runs out; as such, we support the white paper and fast track as a necessary current expedient in this unique circumstance, but **not** for the future because the criteria do not begin to address the larger need in rural California. Mendocino County is proof that the criteria are not suitable to the task of addressing rural broadband deficiencies. The obvious discrimination against low density and topographically challenging areas would mean much of the state would be locked into sub-standard broadband with the resulting economic inequalities. This does not benefit the state as a whole.

The solution for solving California’s Digital Divide should include a re-authorized state program with adequate funding with a firm focus on “universal access” and how to reach into these underserved and unserved communities that have been neglected by incumbent providers. “Where are these areas, and why are they not getting served?” To find this answer, the CASF is on the right track when it’s stated in the white paper the desire to “engage stakeholders regarding various alternatives” to reach the 98% goal, and to improve the program efficiency and efficacy. Rural counties, with their small pockets of unserved/underserved areas tucked here and there, may be very well served by WISPs and smaller local providers, and as such a concerted effort is needed by the PUC to reach out to these stakeholders who currently are not typically engaged with the program. The question should be asked, “What are the barriers that prevent WISPs/ small providers from engaging with the program, and how can these barriers be removed?” It is stated in the white paper itself, “Thirteen percent of the population is unevenly distributed in the remaining 95 percent area of which fixed-wireless is an important but niche solution.” WISP

⁵ Total Assembly District household population of 187,621; PUC data as of December 31st, 2015

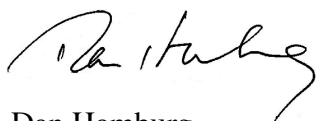
solutions are also very economical and can also create a more resilient diversified network which would be less subjected to widespread outages.⁶ Discussions with stakeholders need to be held around the issues of WISP/small provider capital expenses, operating expenses and backhaul, and how to build sustainable networks.

Ultimately, the PUC should use their GIS mapping expertise to continue proactive highlighting of underserved/unserved last-mile areas, and ask *all* providers who operate in the area, “What would it take (what size subsidy) to build out in this area?” The PUC should concurrently look at solving the long-term middle-mile question of, “How should infrastructure gaps be bridged across the state?”

Of course, this all hinges on an adequately funded CASF program. After that hurdle, our state broadband program should focus on getting ALL residents across the Digital Divide for the benefit of our state as a whole.

Again, we thank the CASF staff for their dedicated work to bring 21st Century telecommunications to the residents of all of California.

Sincerely,



Dan Hamburg
Supervisor, 5th District
Mendocino County NBNCBC
Oversight Committee member



Trish Steel
Chair, Broadband Alliance Executive
Committee
Mendocino County manager for NBNCBC

cc:
Mendocino County Board of Supervisors
Broadband Alliance Executive Committee
Assemblymember Jim Wood
Senator Mike McGuire

⁶ <http://www.foxnews.com/tech/2017/03/09/at-t-911-service-restored-after-brief-outage.html>