

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

Order Instituting Rulemaking to Consider Modifications to
the California Advanced Services Fund.

R. 12-10-012
(Filed October 25, 2012)

**REPLY COMMENTS OF THE UTILITY REFORM NETWORK, AND THE
GREENLINING INSTITUTE ON PHASE I OF THE FEBRUARY 14, 2018 AMENDED
SCOPING MEMO AND ASSIGNED COMMISSIONER'S RULING**

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I. INTRODUCTION

Pursuant to the February 14, 2018, Amended Scoping Memo and Assigned Commissioners' Ruling, The Utility Reform Network ("TURN") and the Greenlining Institute ("Joint Consumers") respectfully submit these reply comments on Phase I of the Staff Proposal.

II. DISCUSSION

A. The Commission Should Collect and Report Detailed Adoption and Demographic Data

The Commission asks parties to comment on (1) how to prioritize communities for adoption grants, (2) the scoring mechanism for grant applications, and (3) how to evaluate the effectiveness of the broadband adoption account.¹ Opening comments responding to these questions and proposed requirements have a consistent theme: for the Commission to prudently manage the limited funds in the Broadband Adoption Account, the Commission and stakeholders must have access to detailed adoption and demographic data that is regularly updated.

Joint Consumers recommend using broadband adoption funds to commission regular surveys or to supplement the California Broadband Map² and create a resource that combines *census block* adoption rates with data on factors associated with low broadband adoption, for example, education level, age, race, English proficiency and income. If Commission staff has access to detailed demographic and broadband adoption data at the community level, staff could accurately evaluate and prioritize projects and assess the effectiveness of the program, while giving applicants convenient access to the information necessary to design successful programs and efficiently complete the application process.

¹ Appendix B at pp. 2, 5-7, 10-11.

² <http://www.broadbandmap.ca.gov/>

1. Detailed Adoption and Demographic Data Would Improve Application Quality and Streamline Project Evaluation

In evaluating grant applications, Staff proposes requiring grantees to provide a wide range of information: community adoption levels, income, demographics, the need for the project, whether the community has low broadband adoption relative to the statewide average, and the socioeconomic barriers to broadband access and adoption.³ The Office of Ratepayer Advocates (ORA) suggested that applicants should provide reliable statistics showing program necessity in the target community, pointing to the California Broadband Map as one trustworthy source of data.⁴ Similarly, TURN indicated that applications should include data on the barriers a particular community faces.⁵ The Commission should ensure that applicants provide enough data for Staff to adequately evaluate project necessity by creating a comprehensive adoption data portal. This approach would also increase the number and quality of applicants by simplifying the application process and providing easy access to some of the data applicants need to design effective programs.

Joint Consumers suggest the Commission is in the best position, as opposed to community based organizations or providers, to create a tool modeled after the California Broadband Map, which would allow applicants to select the proposed project area and find adoption rates along with statistics on the number of households facing socioeconomic barriers to adoption. The Commission could then encourage applicants to use this resource and include project-area adoption indicators in their grant proposal – reducing the time and research necessary to complete an application. This would increase the organizational resources an

³ Appendix B at pp. 5-8.

⁴ ORA Opening Comments at p. 10.

⁵ TURN Opening Comments at p. 3.

applicant has to design a broadband adoption program that is responsive to the demographic needs of their project area. Additionally, this approach would increase the likelihood that applications have a consistent baseline set of data, making it easier for Staff compare and prioritize projects, track overall metrics on the types of communities served, and determine whether the project is adequately designed.

2. Community-Level Adoption Data Will Allow the Commission to Effectively Evaluate the Effectiveness of the Broadband Adoption Account

The Commission also asked how staff and grantees could gather and quantify metrics like adoption, the effectiveness of the program, and subscriptions resulting from the Broadband Adoption Account.⁶ Many commenters mention the need for participant surveys. San Francisco suggests large-scale statewide broadband adoption surveys that would allow comparison of adoption rates at the neighborhood level.⁷ The North Bay/North Coast Broadband Consortium (NBNCBC) suggests conducting multiple surveys as a way to evaluate program effectiveness.⁸ The California Emerging Technology Fund (CETF) recommends using the survey to collect socio-economic demographic data and adoption rates before and after the grant period to determine if the project increased adoption.⁹ The Commission should take this survey approach but also complement participant surveys by collecting and reporting independent data on community adoption rates. ORA suggests that the Commission already has the means for collecting feedback from participants, but Joint Consumers are not convinced that a form on the

⁶ Appendix B at pp. 10-11.

⁷ City and County of San Francisco Opening Comments at p. 4.

⁸ NBNCBC Opening Comments at p. 7.

⁹ CETF Opening Comments at p. 3.

Commission's website would be sufficient and, instead, Joint Consumers suggest that the feedback and surveys should be funded so that they can be tailored to each project.¹⁰

This proposal aligns with the Central Coast Broadband Consortium's (CCBC) recommendation that Staff evaluate project effectiveness by comparing community-wide adoption rates.¹¹ Both participant surveys and a broader adoption data gathering effort are necessary to see the big picture when evaluating the effect of the adoption account. The impact of grant activities such as digital literacy training promise to reach beyond program participants and encourage others in the community to subscribe to broadband and learn from their peers as they see their community becoming connected. As grant programs increase the number of devices, digital literacy, and knowledge about low-cost broadband offers in a community, this knowledge will likely diffuse out and encourage others to adopt.¹² Therefore, effective evaluation will require measuring the broader impact of a grant on a community.

3. Current Adoption Data is Insufficient and Can Disadvantage Communities with Socioeconomic Barriers to Adoption

A good starting point for creating a broadband adoption data portal for applicants is the California Broadband Map. However, there are several issues with the map that the Commission should fix by performing its own large-scale adoption survey or by supplementing the map with more data. For example, ORA's opening comments note that the California Broadband Map omits adoption statistics for many census tracts to protect the confidential data of Internet Service Providers (ISPs).¹³ Based on Joint Consumers' review of the map, there are a significant

¹⁰ ORA Opening Comments at p. 12.

¹¹ CCBC Opening Comments at p. 2.

¹² See Everett M. Rogers, *Diffusion of Innovations*, 4th ed. The Free Press (1995).

¹³ ORA Opening Comments at p. 4.

number of census tracts in the state that lack adoption data. The map omits adoption data in census tracts where one provider has 80 percent of the market or there are fewer than three providers. Therefore, these are tracts where there is a lack of sufficient ISP competition, meaning prices may be higher or outreach may be inadequate due to the lack of competitive pressures – factors that lead to lower adoption. Therefore, it should be a priority for the Commission to make the data in these areas available if legally possible, or otherwise find a way to fill these data gaps.

Another issue with existing broadband adoption data is that the data are aggregated by census tract rather than more granular census blocks. The result of the census tract grouping is that a tract filled with wealthier households or households that do not represent communities of color can create an overall high adoption rate for the area that could mask communities within that tract that have socioeconomic barriers to broadband access and low-adoption. As a result, organizations attempting to reach low-adoption subsets within a high-adoption census tract could be de-prioritized under the proposed rules since applicants may not have sufficiently granular data to show that the community they are trying to reach has low-adoption rates. The Commission should resolve this issue by collecting and reporting adoption data at the census block level wherever this data is available. This would ensure that applicants and Staff have the best data possible for designing and evaluating projects.

B. The Commission Should Extend the Grant Period Beyond One Year

Staff proposed a twelve-month period for grants with an additional six months for a “ramp-up” phase.¹⁴ Joint Consumers support comments from the Tech Exchange, CETF and

¹⁴ Appendix B at p. 12.

CSU Chico asking the Commission to extend this period.¹⁵ We believe that the grant period should be three years to maximize the impact of grant programs. A report from the National Committee for Responsive Philanthropy (NCRP) found that multi-year grants are integral to programmatic success and crucial to grantee growth and effectiveness.¹⁶ NCRP determined that multi-year grants promote:

- The ability to respond to crisis and opportunities;
- Capacity building and leadership potential;
- The ability to maintain staff continuity and organizational leadership;
- Reduced administrative burdens;
- The organizational capacity to overcome unforeseeable challenges and improve planning.¹⁷

One rural youth non-profit experienced how longer-term funding could improve program success:

“[A] five-year grant initially ... allowed us time to implement the program and evaluate it over a period of time that really showed results.... [With] a one to three year grant, you don't have the time to do that, and it's just like continually starting over again when you have those short term grants. So that the fact that somebody had the foresight to offer a five-year grant really made the difference for us. It was the thing that helped us to be successful and nationally recognized.”¹⁸

In the context of the adoption program, a longer grant period will allow grantees to reach more community members, develop more sustainable models, and allow time for grantees to assess and readjust their strategies if they encounter challenges.

¹⁵ Tech Exchange Opening Comments at p. 3; CETF Opening Comments at p. 3; CSU Chico Opening Comments at p. 2.

¹⁶ See Niki Jagpal, *Criteria for Philanthropy at Its Best - Benchmarks to Assess and Enhance Grantmaker Impact*, National Committee for Responsive Philanthropy at pp. 38-40 (2009) available at https://www.ncrp.org/wp-content/uploads/2016/10/paib-fulldoc_lowres.pdf.

¹⁷ *Id.*

¹⁸ Quoted in Rick Cohen, *A Call to Action: Organizing to Increase the Effectiveness and Impact of Foundation Grantmaking*, National Committee for Responsive Philanthropy (2007).

Additionally, a longer time period would allow the Commission to better evaluate grant outcomes. Adoption rates as reported on the California Broadband Map come from FCC form 477 data. This data is nine to twelve months old when released. For example, the FCC released the most recent report in November 2017 and the report data was from the six month period ending in December 2016.¹⁹ Therefore, with a one year grant period, the Commission would be unable to fully evaluate adoption outcomes until nearly a year after the grant ends. A two or three year grant period would allow the Commission to evaluate first-year results in the second year of the program. Therefore, the Commission should extend the grant period beyond one year to ensure proper evaluation and program effectiveness.

C. CASF Program Requirements Should Be Flexible to Meet the Unique Needs of Each Community

CASF's goal to lessen the digital divide for unserved and underserved communities in California should not leave unserved and underserved communities behind, despite the lack of significant program funding.²⁰ While CETF's suggestion for the CASF program to be "laser focused on the most needy population segments" is reasonable, some of its proposals would unduly restrict which communities could benefit from CASF adoption funding. Instead, the CASF program requirements should be flexible to meet the needs of all unserved and underserved communities in California.²¹

¹⁹ See Fixed Broadband Deployment Data: December, 2016 Status V1, *available at* <https://opendata.fcc.gov/Wireline/Fixed-Broadband-Deployment-Data-December-2016-Stat/b5f4-szwq> (last visited April 1, 2018).

²⁰ CETF Opening Comments at p. 6 (noting the Adoption Account only received one-fifth of the funding requested to meet the CASF adoption program needs).

²¹ CETF Opening Comments at p. 6; *See also*, Frontier Opening Comments at p. 4 (rules should not be burdensome so that they deter eligible organizations from submitting applications). But see, Frontier's seemingly contradictory suggestion, at p. 5, that the Commission prioritize for funding those adoption

1. Adoption Verification Requirements

The ultimate goal of CASF is to lessen the digital divide for unserved and underserved communities and increase adoption. However, CETF’s list of barriers to adoptions – cost, relevance, and digital literacy – is not exhaustive.²²

Many communities face unique challenges to broadband adoption that may or may not be shared by other similarly-situated communities. For example, NBNCBC identify the lack of availability of residential broadband providers and services as a barrier to adoption.²³ Residents cannot sign up for residential broadband services that do not exist.²⁴ Other barriers to adoption may include a credit check and subsequent security deposit requirements for individuals with low credit scores, which would exacerbate the affordability barrier to broadband adoption. Moreover, a resident may have developed digital literacy in a CBO computer lab setting and can afford service at home, but cannot afford the equipment necessary to access broadband.²⁵ Further, TURN and Greenlining agree with NBNCBC that communities, especially low-density rural communities, should not be disadvantaged from receiving CASF funding due to their seemingly low participation numbers that may, however, represent a large percentage of the community’s overall population.²⁶

programs that focus on access to online government services. Joint Consumers do not agree. This suggestion is too limiting and would discourage otherwise qualified and worthy applicants.

²² CETF Opening Comments at p. 7.

²³ NBNCBC Opening Comments at pp. 4-5. Frontier’s Opening Comments, at p. 4, suggests aligning adoption grants with infrastructure grants to help mitigate this particular barrier. Joint Consumers agree that this alignment should be one element of the evaluation criteria for these adoption grants. However, the “alignment” should be broadly interpreted and potential applications should not be dismissed solely because they are not located in areas with pending infrastructure grants.

²⁴ NBNCBC Opening Comments at p. 8.

²⁵ *See generally*, NBNCBC Opening Comments at p. 7.

²⁶ NBNCBC Opening Comments at p. 6.

As such, any program requirements that oblige a CASF applicant to guarantee broadband adoption or otherwise require adoption verification before a CASF recipient can receive payment, may discourage CASF applicants from assisting the unserved and underserved communities that have multiple barriers to adoption, only some of which the program is designed to address.²⁷ ORA also agrees that focusing on subscription rates could be too limiting, arguing that “low broadband access” should focus on the lack of broadband availability and that funding should not be given out “solely according to subscription rates.”²⁸ Moreover, some otherwise strong organizations cannot financially afford to wait until the end of a program to verify adoption numbers and receive payment.²⁹ Therefore, the Commission should reject CETF’s recommendation to require strict adoption verification as a requirement for CASF applicants and as a requirement to receive funding because these requirements potentially would exclude communities with unique barriers to adoption.³⁰

2. Partnerships with Incumbent Providers

TURN and Greenlining agree with CETF that the path to broadband adoption may require a multidimensional approach that includes – but is not limited to – access to equipment, access to affordable broadband service, and digital literacy. However, a CASF applicant should not be disqualified simply because the applicant’s efforts alone are not enough to result in broadband adoption.³¹ The Commission should evaluate each application for the value it brings to the community to reduce the digital divide. Where multiple barriers to broadband adoption

²⁷ Joint Consumers also disagree with CCBC’s similar suggestion that applicants must meet (and verify) a “minimum broadband adoption rate.” CCBC’s Opening Comments, p. 2.

²⁸ ORA Opening Comments at p. 5.

²⁹ CETF Opening Comments at p. 9, 12.

³⁰ NBNCBC Opening Comments at p. 3.

³¹ CETF Opening Comments at pp. 7-8.

exist, even a partnership with an incumbent carrier may not be enough to increase broadband adoption.

Yet, CETF favors forming partnerships with incumbent carriers. With economies of scale, incumbent carriers may be able to provide more cost-effective programs than a start-up or smaller organization.³² However, nearly all of the incumbent carriers currently providing a “voluntary” low-income broadband option are doing so to fulfill the requirements of a merger.³³ Those merger requirements have end dates and it is unclear whether any of those incumbent providers will continue to provide a low-income broadband service option after the merger requirements expire.

It is also critical that applicants do not use the CASF grant money to advantage a particular carrier. While partnerships should be allowed and can have value, they cannot be designed to provide an exclusive channel for the carrier-partner to otherwise upsell services, provide unsatisfactory services, or provide broadband with short-term discounts that may expire.

Applications that propose partnerships should be closely reviewed and the Commission should allow “well-meaning and laudable” start-ups and smaller broadband providers, who have identified a need to close the digital divide in their communities and want to take action to help their communities, to apply for CASF funds.³⁴

D. Other Issues

1. Farmworker Housing Should Be Eligible for Public Housing Funds

³² CETF Opening Comments at pp. 9, 11; *See also*, Frontier Opening Comments at p. 4 (looking forward to partnering with CASF adoption grantees).

³³ CETF Opening Comments at fn. 13.

³⁴ CETF Opening Comments at pp. 7-8, 10.

Joint Consumers support the NBNBCBC’s suggestion that farm worker housing should be eligible from Public Housing Account grants.³⁵ In addition to local farmworker housing solutions, California provides temporary farmworker housing³⁶ for seasonal workers and their families. Farmworkers have significant barriers to adoption and correspondingly low adoption rates:

Farmworker Characteristics³⁷	Broadband Adoption Rate³⁸
Average annual household income of \$14,999	75% Total (27% smartphone only)
Average 8 th grade education level	67% Total (28% smartphone only)
68% have limited English proficiency	70% Total (38% smartphone only)

Given the socioeconomic barriers to adoption that farmworkers face, the Commission should ensure that farmworker units are eligible for public housing account grants.

2. Low-Income Families Should Not Be Required to Provide a 15% Match for a Device

The proposed rules note that no grant recipient is allowed to charge for classes nor make a profit of any kind from the broadband account funds.³⁹ However the NBNBCBC comments asks for the discretion to require participants to personally provide a 15 percent match for each device.⁴⁰ Joint Consumers oppose rules that could lead organizations to deny devices to otherwise qualified low-income families because they are unable to pay. Even 15 percent of a

³⁵ NBNBCBC Opening Comments at p. 10.

³⁶ Office of Migrant Services and Temporary Migrant Family Housing Centers <http://www.lacooperativa.org/office-of-migrant-services-and-temporary-migrant-family-housing-centers/>

³⁷ http://www.ncfh.org/uploads/3/8/6/8/38685499/naws_ncfh_factsheet_demographics_final_revised.pdf

³⁸ CETF Annual Survey 2017

³⁹ Appendix B at p. 3.

⁴⁰ NBNBC Opening Comments at p. 3.

\$250 device, or \$37.50, can be cost prohibitive for low-income families that have to prioritize other significant needs and expenses. Therefore, if the Commission allows organizations to charge for devices, it should implement a sliding scale approach where low-income families that do not have the ability to pay could receive a fee waiver. These rules are necessary to ensure that the most economically vulnerable households are protected.

III. CONCLUSION

For the reasons set forth above, Joint Consumers request that the Staff Proposal be modified in accordance with our recommendations here.

Respectfully submitted,

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