

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

Order Instituting Rulemaking to

Consider Modifications to the California

Advanced Services Fund

Rulemaking 12-10-012

(Filed November 1, 2012)

**COMMENTS OF CAL.NET, INC.
ON THE ORDER INSTITUTING RULEMAKING 12-10-012 TO CONSIDER
MODIFICATIONS TO THE CALIFORNIA ADVANCED SERVICES FUND**

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Cal.net, Inc. (“Cal.net”) hereby submits these comments on the California Public Utilities Commission’s (“Commission”) rulemaking to consider modifications to the eligibility requirements for participation in the California Advanced Services Fund (“CASF”).

Cal.net supports the Commission’s efforts to seek legislative action to change the current eligibility rules of the CASF so as to eliminate the requirement of grant applicants to hold a Certificate of Public Convenience and Necessity (“CPCN”) or a Wireless Identification Registration (“WIR”).

In many, if not most rural regions of California, the scarcity of suitable broadband availability is limiting economic, social, and political opportunities for the citizens of those regions. With few exceptions, and despite having access to CASF grant funding, most of the “telephone corporations” have failed to address the modern communications needs of the rural populace. As a consequence of that oversight, a grass roots industry comprising small local community-oriented Internet Service Providers (“ISPs”) and Wireless ISPs (“WISPs”) has blossomed over the past few years. These companies have grown successful by recognizing and filling a need, and have each developed a body of local knowledge and experience in tackling the challenging deployment environments of rural regions – rough terrain, thick vegetation, and/or sparsely-settled populations. As a result of that experience, they are now in many cases the most suitable entities for continuing to expand and deploy broadband into the underserved and un-served rural regions.

However, the capabilities of the Internet and the expectations of its users have grown exponentially over the past few years, a trend that will continue unabated for the foreseeable future. Consequently, providing ever greater data speeds and service reliability requires significantly more sophistication and greater expenditures than in the early days of the

independent ISPs and WISPs. Access to grant funding resources will enable these organizations to continue on their successful tack, enabling them to invest in the modern resources required to provide ever-improving services to ever-larger numbers of rural Californians. Without such financial support for these local entrepreneurs, rural populations will continue to languish behind their urban brethren.

Independent WISPs and ISPs are not the only organizations that can benefit from access to CASF funding – there are many other potential non-CPCN/WIR candidates who may be the most logical applicants to achieve the most cost-effective deployment of broadband infrastructure in a region. In addition to WISPs/ISPs, the CASF should also encourage proposals from providers and organizations such as middle-mile service providers utilizing fiber or FCC-licensed radio communications, local municipalities and community organizations, local public-private partnerships, and native-American tribal entities.

In conclusion, we recommend that the CPUC ensure that the CASF funds for infrastructure deployment be used in the most cost-effective and efficient manner to achieve the goal of providing broadband access to 98% of all residences in California. The removal of the CPCN/WIR requirement will help facilitate critical broadband innovation and investment in the remaining un-served and underserved regions in California.

Respectfully submitted on December 3, 2012,

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