

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Approval of Consortia Grant Account
Funding From The California Advanced
Services Fund in R.06-06-028

Draft Resolution T-17355
(Served January 12, 2012)

**COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES ON
DRAFT RESOLUTION T-17355 FOR APPROVAL OF SEVEN (7)
CONSORTIA GRANTS UNDER THE CALIFORNIA ADVANCED
SERVICES FUND'S RURAL AND URBAN REGIONAL BROADBAND
GRANT ACCOUNT TOTALING \$1.05M FOR YEAR 1 ACTIVITIES**

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I. INTRODUCTION

Pursuant to Rule 14.5 of the Commission's Rules of Practice and Procedure, the Division of Ratepayer Advocates (DRA) submits these Comments on Draft Resolution T-17355 (Draft Resolution) regarding funding from the California Advanced Services Fund (CASF) Rural and Urban Regional Broadband Consortia Account (Consortia Grant Account). The Draft Resolution would approve CASF funding for seven Consortia projects with a combined year 1 budget of \$1,669,895 and three year budget of \$5,007,184. These seven projects are being recommended for funding following their initial applications and request for clarification and modifications from the Communications Division (CD) in Resolution (Res.) T-17349 adopted by the Commission on December 1, 2011.¹

DRA continues to support the goal of ubiquitous broadband in California and given the high ratepayer investment in the CASF program, DRA continues to advocate for cost-effective CASF projects and adoption. DRA's review of the Draft Resolution was constrained because very limited information has been published about the proposed seven projects. There is a continuing need for more transparency in the application review process, consistent with our comments on the CASF program to date, in order to make the CASF process more effective.

DRA urges the Commission to deny the Draft Resolution. The vote should be delayed until more details are published so that the Commission and interested parties may understand what modifications were made to the applications since they were first submitted in Res. T-17349. DRA's comments also underscore that if all seven projects are approved, 80% of the CASF Consortia funds will then be allocated since the Consortia fund cannot exceed \$10 million. Thus, the Commission should rely on a thorough analysis of the proposed projects, which DRA has not seen in Res. T-17349 or

¹ Resolution T-17249, Approval of Seven (7) Consortia Grants Under the California Advanced Services Fund's Rural and Urban Regional Broadband Consortia Grant Account Totaling \$1.670 Million for Calendar Year 2012, p 8, adopted December 1, 2011.

Draft Resolution T-17355, and enable meaningful outside input regarding the combined investment in all 14 projects.

II. DISCUSSION

A. The Commission Should Delay a Vote Until the Project Details Are Published And Parties Can Give Meaningful Input

The Draft Resolution would approve seven projects for CASF Consortia funding totaling \$1.05 million in year 1 and \$3.14 million over three years.² These projects were initially identified in Res. T-17349. In December 2001, that resolution approved seven different consortia projects (\$1.67 million in year 1 and \$5.01 million over three years)³ and noted that seven other applications received passing scores but needed modifications in order to be funded. Among other things, Res. T-17349 noted, “Applicants must work closely with CD to improve their work plan deliverables to produce tangible results that justify the best use of ratepayer funds.”⁴ Draft Resolution T-17355 is now being considered to address those additional projects and modifications.

After comparing the updated information in the Draft Resolution with what was published about the seven projects in Res. T-17349, it is clear that more transparency is needed. It was nearly impossible for DRA to see how each application was augmented given that Res. T-17349 provided only the project names/locations/funding requests and then Draft Resolution T-17355 only provided a high level overview of each project with almost no concrete outcome measures identified. Since parties and the public only have access to the published draft resolution approximately two weeks before a vote is

² The seven consortia grant applicants recommended for funding in Res. T-17355 are: California’s One Million New Internet User Coalition, Central Sierra Connect Broadband Consortium, Connected Capital Area Broadband Consortium, Eastern Sierra Connect Regional Broadband Consortium, Gold Country Broadband Consortium, Inland Empire Regional Broadband Consortium, San Diego Imperial Regional Broadband Consortium.

³ The seven consortia grant applicants funded in Res. T-17349 were: Central Coast Broadband Consortium; East Bay Broadband Consortium; Los Angeles County Regional Broadband Consortium; Northeastern California Connect Consortium; Redwood Coast Connect; San Joaquin Valley Regional Broadband Consortium; and Upstate California Connect Consortium.

⁴ Resolution T-17349, at 8.

scheduled, and it does not contain enough details, the ability for any party to provide meaningful input prior to a Commission vote is very constrained.⁵ As noted in the Draft Resolution, the Communications Division (CD) posts the following applicant information on the CASF website as required by D.11-06-038: the consortium's name, contact information, and coverage by county.⁶ Although this information is available earlier in the process,⁷ the information is too limited to enable interested parties to weigh in at this stage, and later in the process in the draft resolution stage there is still insufficient information for parties to review.

B. If the Draft Resolution Is Approved, More Than 80% of Consortia Funding Would be Allocated Without Justification of Statewide Benefits

DRA opposes allocating over 80% of the total \$10 million Consortia funding based on the limited information in Draft Resolution T-17355. The Draft Resolution's analysis of the proposed projects, which should be considered in the context of all consortia funding to date, is deficient on a project level basis and also from a broader perspective. In addition to the merits of each project, which should be clearly identified, the mix of projects should be considered in terms of geographic coverage, cost-effectiveness, and ratepayer benefits. DRA is concerned about the absence of any holistic analysis that considers the comprehensive benefits versus costs for the state as a whole. It is impossible to see how the seven projects proposed for funding in Draft Resolution T-17355, or the previously approved seven projects in Res. T-17349, for that

⁵ The pending Proposed Decision Implementing Broadband Grant and Revolving Loan Program Provisions, R.10-12-008, issued December 9, 2011 ("PD"), proposes that DRA be provided a hard copy of applications, at 41. On January 6, 2012, DRA filed comments on this PD urging the Commission to fully disclose applications on the CASF website and also require service to the full Commission Service List. Further, DRA commented that the Commission takes too narrow a view regarding what merits confidential treatment and interested parties should be able to review project details in the application stage, rather than strictly enabling challenges regarding unserved/underserved areas. DRA also recommended that the Commission should require applicants to email their materials to affected local government agencies and community organizations. DRA Comments on the PD, at 10-11.

⁶ Draft Resolution T-17355, at 3.

⁷ Fifteen Consortia applications were filed on August 22, 2011 and CD posted application information on September 6, 2011, Draft Resolution T-17355, at 3.

matter, address the objectives of the consortia program and are a cost-effective mix of projects for California ratepayers. Consistent with DRA's comments on Res. T-17349 and in the absence of this analysis, DRA believes the Commission should deny Draft Resolution T-17355 and not allocate the majority of the Consortia fund until there is a strong case for doing so.

III. CONCLUSION

For the foregoing reasons, the Commission should reject the Draft Resolution T-17355 until parties have enough details to provide meaningful input on the seven projects under consideration. Additionally, the Commission should reject the Draft Resolution unless and until CD publishes a thorough analysis illustrating that the seven projects have been modified as requested in Res. T-17349 and will be well-planned and cost-effective. Given that over 80% of the Consortia account would be allocated upon approval of this Draft Resolution, the majority of California should benefit from the combination of approved consortia projects. Consistent with other CASF filings to date, DRA emphasizes that genuine transparency in the application review process is critical so that interested parties can understand proposed funding decisions early in the decision-making process. The lack of consortia project details demonstrates a lack of fiscal responsibility with ratepayer subsidies.

Respectfully submitted,

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January 27, 2012

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of **COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES ON DRAFT RESOLUTION T-17355 FOR APPROVAL OF SEVEN (7) CONSORTIA GRANTS UNDER THE CALIFORNIA ADVANCED SERVICES FUND RURAL AND URBAN REGIONAL BROADBAND GRANT ACCOUNT TOTALING \$1.05m FOR YEAR 1 ACTIVITIES** to the official service lists in **R.06-06-028, R10-12-008, and all CASF applicants** by using the following service:

E-Mail Service: sending the entire document as an attachment to all known parties of record who provided electronic mail addresses.

U.S. Mail Service: mailing by first-class mail with postage prepaid to all known parties of record who did not provide electronic mail addresses.

Executed on January 27, 2012 at San Francisco, California.

/s/ NANCY SALYER
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R.10-12-008

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