



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

FILED

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RULEMAKING 10-12-008 PM

Order Instituting Rulemaking to Consider
Modifications to the California Advanced Services
Fund Including Those Necessary to Implement Loan
Program and Other Provisions of Recent Legislation.

**COMMENTS OF TELLUS VENTURE ASSOCIATES
ON RULEMAKING 10-12-008 FOR DECISION IMPLEMENTING BROADBAND
GRANT AND REVOLVING LOAN PROGRAM REVISIONS**

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January 6, 2012

Tellus Venture Associates hereby submits its comments in the above-captioned proceeding in response to the Assigned Commissioner's Proposed Decision.

I. Introduction

Tellus Venture Associates supports and applauds the the draft decision. The proposed revisions to the California Advanced Services Fund (CASF) program will greatly improve the ability of all Californians to access broadband services and receive the benefits those services provide.

II. Eligibility to Apply for Grants

We enthusiastically endorse the Commission's efforts to "ensure that entities that are granted ratepayer monies have the financial and managerial capabilities to construct the broadband infrastructure and operate [grant-funded facilities] on a long term basis."¹ We understand the challenges faced in processing and evaluating grant applications and assessing the capabilities of applicants. Likewise, public accountability is a necessary requirement of any grantee.

Limiting eligibility to "entities with a Certificate of Public Convenience and Necessity (CPCN) that qualify as a 'telephone corporation' as defined under P.U. Code section 234 or wireless carriers who are registered with the Commission (i.e., hold a WIR)"² establishes a prudent and reasonable threshold for private entities.

¹ Proposed Decision of Commissioner Peevey in Rulemaking 10-12-008 Mailed December 9, 2011, page 21.

² Appendix A to the Proposed Decision of Commissioner Peevey in Rulemaking 10-12-008 Mailed December 9, 2011, page 5.

III. Publicly Owned Public Utilities

We would like to call attention to the fact that this language excludes publicly owned public utilities (within the meaning of the P.U. Code), which are exempt from CPCN or WIR requirements but likewise provide services or operate facilities which are included in section 234.

In rural and remote areas of California, publicly owned public utilities provide vital, effective and professionally managed services to communities that do not attract the interest of investor-owned utilities. In urban areas, publicly owned public utilities are affordable and reliable, and set a service benchmark that is often unattainable by investor-owned utilities operating in an adjacent jurisdiction. The purpose of CASF is to provide modern telecommunications service to the difficult-to-reach areas and communities that publicly owned public utilities were created to serve.

Publicly owned public utilities have established and recognized mechanisms for ensuring public accountability. The financial and managerial capabilities of publicly owned public utilities are at least as open to scrutiny and evaluation as those of privately owned corporations, and in most cases more so.

Publicly owned public utilities have the professional expertise, institutional experience and familiarity with industry standards and practices common to all responsible California utilities. CPUC staff guidance and assistance is always necessary to some degree in processing CASF applications, but the burden imposed by publicly owned public utilities would be no greater than that imposed by CPCN or WIR holders.

IV. Recommendation

Tellus Venture Associates requests that publicly owned public utilities be given the same eligibility as CPCN and WIR holders to apply for CASF grants and serve as the lead financial agent for a consortium, thereby increasing the likelihood that the most difficult-to-reach areas and communities of California will realize the benefits of the CASF program.

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Respectfully submitted,

/s/ Stephen A. Blum

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