

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Order Instituting Rulemaking to Conduct
a Comprehensive Examination of the
California Teleconnect Fund.

R.13-01-010
(Filed January 24, 2013)

**ALTERNATIVE PROPOSALS
OF THE OFFICE OF RATEPAYER ADVOCATES
TO THE STAFF PROPOSAL FOR THE CALIFORNIA TELECONNECT FUND,
REVISED, MAY 2014**

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I. INTRODUCTION

Pursuant to the Administrative Law Judge's Ruling Setting Workshops, Public Participation Hearings and New Dates for Remaining Activities for Phases 1 and 2 of the Proceeding, issued June 10, 2014, in Rulemaking ("R.") 13-01-010, the Office of Ratepayer Advocates ("ORA") respectfully submits this Alternative Proposal to the California Public Utilities Commission's ("CPUC") Communications Division ("CD") Revised Staff Proposal for the California Teleconnect Fund ("CTF" or "Fund") entitled "CTF 2.0: Connecting California: Staff Proposal for the California Teleconnect Fund, Revised, May 2014" ("Revised Proposal"), served to the parties on May 30, 2014. This Alternative Proposal was served on the parties on the Commission's service list for this matter on June 20, 2014, but not filed at that time. In accordance ALJ Moosen's Email Ruling of July 16, 2014, this Alternative Proposal is now being submitted for filing in this proceeding, and being re-served upon the service list with a new Certificate of Service. However, the Alternative Proposal bears the original date of service on the parties.

ORA supports many of the revisions set forth in the Revised Proposal to modify the CTF program. However, ORA's Alternative Proposals focus on achieving the following:

- 1) To clarify CTF's goals in section 3.1 of the Revised Proposal to better delineate the mechanisms for the CTF to support target communities and services in light of past workshop discussions; and
- 2) To clarify and simplify specific eligibility criteria for participants in section 3.2 of the Revised Proposal.

Furthermore, ORA looks forward to further discussions on the proposed modifications to the CTF program in the upcoming workshops.

II. DISCUSSION

A. PROGRAM GOALS

ORA recommends the following CTF Alternative Goals consistent with California statute and the Commission's 1996 adopted Universal Service Principles and Objectives¹:

- 1) To bring every Californian direct access to high-speed, real-time, interactive advanced communications services in their local communities at minimal or no cost;
- 2) To ensure high-speed Internet connectivity for CTF-eligible community and governmental institutions at reasonable rates; and
- 3) To increase high-speed Internet availability, and high-speed Internet-enabled healthcare, education, and community services, in communities with lower rates of Internet adoption and greater financial, healthcare or educational needs.

During the March 10, 2014, workshop, ORA and other parties voiced concerns about crafting CTF goals with more clear objectives that could guide CPUC staff, program applicants, and service providers in interpreting the Commission's intended program targets and the range of services available to applicants. While California Public Utilities Code §§ 280 (a) and (b) spell out the objective of advancing "universal service" by providing "discounted rates" to qualifying institutions, including schools, community colleges, libraries, hospitals, health clinics, and community organizations, the statute language gives the CPUC discretion over program implementation. ORA's alternative proposal on the goals of the CTF program helps clarify the intent of the program in furtherance of the Commission's universal service goals.

In addition, ORA finds that some of the terminology used in the Revised Proposal goals, such as "access" to advanced communications services, "anchor institutions" as used in determining eligibility for federal or state broadband infrastructure support,² and "access penetration," is unclear or misleading when applied in the context of the CTF

¹ The Commission in 1996 adopted Universal Service Principles and Objective that were specific to the CTF discount eligible institutions (D.96-10-066; Appendix B).

² Revised Proposal, at 8, fn. 14.

goals. “Access” to communications services commonly indicates the presence of local telecommunications infrastructure for a potential connection or the availability of the service, but does not include whether the service is affordable, or if the customer has actually subscribed to it. Subscription and the creation of a service account, by contrast, are what “penetration” indicates. The term “access penetration” thus includes two words that are at variance in their meanings, the former indicating network availability for potential subscription, and the latter indicating actual subscription to the service. ORA suggests using the term “direct access” in order to make the meaning more clear.

The Commission in the context of subsidizing broadband infrastructure has used the term “anchor institutions,” as pointed out in the Revised Proposal,³ in a prudent manner. Using the term in the CTF Goals may potentially complicate the criteria for applicants and staff. ORA favors simply using the term “CTF-eligible institutions.”

ORA has altered its proposed language for Goal #3 that was presented in its March 10, 2014, workshop slides. Other parties provided feedback that the CTF goals should address high-speed Internet as a direct service to disadvantaged communities, and also address a broader information divide that affects healthcare, education, and community information and services, but all of which rely on high-speed broadband service connections. ORA’s Goal #3 Alternative language attempts to incorporate this feedback.

Finally, ORA does not use the term “community” in these goals in a narrow geographic sense. Some communities are geographically dispersed and can benefit greatly from the benefits the CTF can provide. People with disabilities, low incomes, and limited English speakers are but three such communities that do not necessarily live in geographic concentrations. The final decision might include a Finding of Fact stating that the communities targeted by CTF include both geographically localized and dispersed communities.

³ *Ibid.*

B. ELIGIBILITY CRITERIA FOR PARTICIPANTS

ORA recommends the following alternative eligibility criteria for community-based organizations. These criteria remove unnecessary burdens for small non-profits to provide certain information which Commission staff must then verify:

An eligible “community-based organization” is must be a small, nongovernmental, California nonprofit corporation which itself directly serves individuals and families, and which offers services to anyone who needs them without charge or at a minimal fee. ~~The organization must offer services within a local geographic area in California and have a governing body drawn from the community it serves.~~

To qualify, each CBO must have the required attributes:

- Revenues less than \$5 million, except for 2-1-1 CBOs.
- Qualifying service(s) must be 50% or more of a CBO’s mission.
- IRS 501(c)(3) tax exempt letter.
- IRS Form 990 or other financial statements and attestation, if they do not have a Form 990 or if the Form 990 is inadequate.
- Provides its community direct access to the internet – except optional for health care or 2-1-1 CBOs.
- Provides services directly to individuals at specific geographic location(s).
- ~~• Serves a community located within a zip code with a household internet adoption rate of less than 72%.~~
- ~~• Serves a community that is low-income, that is, within a zip code with a median income of less than 150% of the federal poverty level.~~
- ~~• A majority of members of the Board of Directors are members of the community the organization serves.~~⁴

⁴ *Id.*, at 13-14.

In addition, the Revised Proposal in section 3.2d, introduces a new proposed rule for the inclusion of Critical Access Hospitals (CAHs) as eligible for CTF support.⁵ While this may be a valuable addition to eligible institutions, the record in this proceeding provides no basis for parties to evaluate this addition, so more information and discussion will be necessary during the upcoming July 1-2, 2014, workshops. ORA cautions that the potential expansion of broadband service usage, and costs to the fund due to electronic medical record keeping and other healthcare provision practices, could have major impacts on the CTF in coming years—regardless of the addition of new classes of eligible healthcare institutions. The Commission and parties to this proceeding should consider the new requirements for broadband in the healthcare industry with care.

III. CONCLUSION

ORA appreciates the Commission's efforts in examining the CTF to further the Commission's universal service goals and to ensure that ratepayer funds are prudently spent. ORA agrees with many of the proposals set forth in the Revised Staff Proposal, and offers these Alternative Proposals in order to further the goals of the OIR. Further, ORA looks forward to further discussions on other aspects of the CTF program and reserves the right to further comment on additional enhancements and improvements to the program in the upcoming workshops.

⁵ *Id.*, at 12.

Respectfully submitted,

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