



California Public Utilities Commission

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News Release

FOR IMMEDIATE RELEASE

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PUC APPROVES NEW BROADBAND OVER POWER LINES REGULATORY FRAMEWORK

Broadband Over Power Lines To Bring Internet Access to Underserved Communities

SAN FRANCISCO, April 27, 2006 -- The California Public Utilities Commission (PUC) today took action to foster the deployment of a new broadband service – broadband over power lines - to California consumers. Broadband over power line (BPL) service uses the electric utilities' power lines to carry broadband signals into a consumer's home, thus solving the "last mile" problem and increasing choice for consumers in Internet broadband providers.

"BPL has the potential to bring broadband Internet services to communities who do not have broadband service available today from the telephone companies or cable companies. In fact, in other communities that already have DSL and cable modem service BPL can provide a third broadband 'pipe' to customers, thereby increasing competition and consumer choice," said PUC President Michael R. Peevey. "BPL can also provide benefits to electric customers by enabling valuable 'smart grid' applications that could improve electric system reliability and support money-saving energy management technologies."

"As the home of Silicon Valley, California should be a broadband leader in the nation," Commissioner Rachelle Chong commented. "In taking a light touch approach to regulate BPL, this decision sets the table for electric utilities to bring a new flavor of broadband technology to Californians."

BPL systems deliver high speed data signals over existing power lines. BPL data is transmitted at a much higher frequency than electricity, so the BPL signal can occupy the electric wires without interfering with electric transmission.

BPL technology is evolving quickly, with a handful of pilot projects being run in the state. The PUC expects that its decision will foster additional BPL projects.

“This is a nascent technology with technological, market, and financial hurdles before it,” commented Commissioner John Bohn. “By removing unnecessary regulations from its path, we free BPL entrepreneurs to invest and take the risks they want, while protecting ratepayers from any downside.”

The Commission today adopted guidelines for electric utilities and companies that wish to develop BPL projects. The Commission’s BPL guidelines address several key issues:

- Allow the flexibility of third parties or electric utility affiliates to invest in and operate BPL systems;
- Require utilities to follow affiliate transaction rules for transactions between a utility and BPL affiliate to protect against cross subsidies and other anticompetitive concerns;
- Maintain the safety and reliability of the electric distribution system;
- Require companies installing BPL equipment on utility infrastructure to pay pole attachment fees;
- Align investor risks and rewards, including ratepayer/shareholder sharing of any access fees exceeding the pole attachment fees; and
- Exempt certain types of BPL-related transactions from regulatory review.

For more information on the PUC, please visit www.cpuc.ca.gov.

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