



FILED

09/21/21
01:05 PM

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

Order Instituting Rulemaking Regarding
Broadband Infrastructure Deployment
and to Support Service Providers in the
State of California.

Rulemaking 20-09-001

**SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) REPLY COMMENTS ON
ASSIGNED COMMISSIONER'S RULING REGARDING SENATE BILL 156**

CLAIRE TORCHIA
GLORIA M. ING

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-1999
E-mail: Gloria.Ing@sce.com

Dated: **September 21, 2021**

**SOUTHERN CALIFORNIA EDISON COMPANY’S (U 338-E) REPLY COMMENTS ON
ASSIGNED COMMISSIONER’S RULING REGARDING SENATE BILL 156**

Table of Contents

	Section	Page
I.	INTRODUCTION	1
II.	SENATE BILL 156 FUNDS SHOULD BE ALLOCATED TO PROJECTS WHERE THE LACK OF MIDDLE MILE INFRASTRUCTURE IS THE BARRIER	2
III.	SCE’S RESPONSE TO OTHER PARTIES’ COMMENTS.....	3
	A. It Is More Cost Effective For The Commission To Leverage Existing Capacity First Before Building New Middle Mile Infrastructure.....	3
	B. SCE Agrees That Pricing From The State-Owned Network Should be Cost Based.....	4
	C. Middle Mile Should Remain Competitive And Privately Owned.....	5
	D. Importance of Last Mile Providers	5
	E. SCE Agrees With The Inclusion Of Accountability Mechanisms In IRUs.....	6
IV.	CONCLUSION.....	6

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

Order Instituting Rulemaking Regarding
Broadband Infrastructure Deployment
and to Support Service Providers in the
State of California.

Rulemaking 20-09-001

**SOUTHERN CALIFORNIA EDISON COMPANY’S (U 338-E) REPLY COMMENTS ON
ASSIGNED COMMISSIONER’S RULING REGARDING SENATE BILL 156**

**I.
INTRODUCTION**

Pursuant to the procedural schedule set forth in the August 6, 2021 *Assigned Commissioner’s Ruling* (ACR), as modified in Administrative Law Judge (ALJ) Glegola’s August 20, 2021 email ruling, Southern California Edison Company (SCE) respectfully submits these Phase III reply comments to the September 3, 2021 comments by parties in response to the ACR’s request for input on the creation of a statewide, open-access, middle-mile network, as set forth in Senate Bill (SB) 156. Pursuant to the legislation, the California Public Utilities Commission (Commission or CPUC) must prepare a staff report that will provide the locations for such a network.¹ In Phase III of this rulemaking, the CPUC is seeking input from parties to inform the staff report on a variety of topics relating to a middle-mile network, including technical, business, and operational considerations. In addition, pursuant to the September 9, 2021 ruling by ALJ Glegola (ALJ Ruling), the Commission is seeking additional comments and reply comments on October 1, 2021 and October 15, 2021, respectively, in Phase III that will also inform the staff report.

¹ August 2, 2021 Assigned Commissioner’s Second Amended Scoping and Ruling, p. 2.

II.

SENATE BILL 156 FUNDS SHOULD BE ALLOCATED TO PROJECTS WHERE THE LACK OF MIDDLE MILE INFRASTRUCTURE IS THE BARRIER

Many parties submitted comments on September 3, 2021. Some comments were tailored to specific geographic regions.² For those who provided more general comments, SCE is pleased that the comments were generally consistent with SCE's September 3, 2021 comments. For example, commenters supported the need for SB 156 middle mile infrastructure in rural and remote areas where SCE believes that middle mile infrastructure is a barrier (as opposed to suburban or urban areas where there may be limited pockets of residents with inadequate broadband and which may be due to the lack of *last mile* or inadequate *last mile*). As stated succinctly by the Small LECs, urban areas do not appear to need additional mile infrastructure because it is already abundant in these areas:

“Upon review of the map linked in the ACR, however, the Small LECs are concerned that the Commission intends to recommend construction of middle-mile network that will substantially overbuild existing infrastructure. It is difficult to imagine that the SB 156 funding would produce meaningful benefits in the San Francisco, Los Angeles or San Jose metropolitan areas, as the map clearly indicates would occur.”³

Indeed, as indicated in SCE's September 3, 2021 comments, Los Angeles is one of the two Tier 1 internet exchange points, which explains the abundance of middle mile infrastructure in this area (as well as in Palo Alto, which is the other Tier 1 internet exchange point).⁴ While SCE understands the important concerns raised by Unite-LA and the Mayor's Office of the City of Los Angeles over inadequate broadband for disadvantaged communities in large metropolitan areas like Los Angeles,⁵ it is important to identify the specific barrier or barriers

² See, e.g., the September 3, 2021 Comments of the Connected Capital Area Broadband Consortium, the North Base North Coast Consortium, and the County of Santa Clara.

³ Small LECs' Comments, p. 2 (emphasis added).

⁴ SCE's September 3, 2021 Comments, FN 17, p. 8.

⁵ Unite-LA's September 3, 2021 Comments, p. 3; The Mayor's Office of the City of Los Angeles's September 3, 2021 Comments, p. 2.

that are causing the problem and evaluate whether additional *middle mile* infrastructure will resolve the problem.

In its September 3, 2021 comments, SCE provided analysis that demonstrates the importance of examining the number of unserved households in a city (which the CPUC has done in the ArcGIS map) in the context of the population of the city.⁶ That is, the lack of broadband in a city with 5,000 unserved households and a population of 11,000 residents is a more serious problem than in a city with 5,000 unserved households and a population of 175,000 residents. Thus, SCE proposes the Commission consider a city's population as a factor in determining where middle mile infrastructure is needed, in addition to the number of unserved households. SCE found the Public Advocates Office's (Cal Advocates) analysis in its September 3, 2021 comments to be quite insightful. Cal Advocates' analysis shows that half (i.e., 20 million) of the 40 million Californians in the State do not subscribe to broadband at a download speed of 100 Mbps. Of the 20 million that do not subscribe, only a small portion (2 million Californians) are not offered 100 Mbps downstream, while the overwhelming majority (i.e., 18 million Californians) are offered 100 Mbps downstream but do not subscribe to it.⁷ Cal Advocates' analysis suggests that affordability is another important factor for consideration, which is one of the topics parties may address further in their October 1, 2021 and October 15, 2021 comments and reply comments in response to the September 9, 2021 ALJ Ruling.⁸

III.

SCE'S RESPONSE TO OTHER PARTIES' COMMENTS

A. It Is More Cost Effective For The Commission To Leverage Existing Capacity First Before Building New Middle Mile Infrastructure

The CVIN DBA Vast Networks (CVIN) indicates that it is reasonable and cost effective for the Commission to use existing excess capacity first before building new infrastructure.

⁶ SCE's September 21, 2021 Comments, pp. 9-11.

⁷ Cal Advocates' September 21, 2021 Comments, Figure 3, p. 10.

⁸ Topic 2 (Additional Factors to Consider) in the September 9, 2021 ALJ Ruling includes affordability.

CVIN, for example, has excess middle mile capacity and indicates that “[n]ew infrastructure should not be planned in areas where it can be easily acquired from existing carriers. Building new infrastructure into areas that do not have access to any existing fiber should be prioritized over those where existing carriers have already incurred the cost to extend into these areas and have capacity readily available.”⁹ CVIN’s position is reasonable and consistent with SCE’s view that the Commission must determine where there is a need for middle mile infrastructure, leverage existing fiber networks first, and then build new fiber routes where there are gaps.¹⁰

In response to the Commission’s inquiry on Topic 3, Assessing the Affordability of Middle Mile Projects, SCE recommended that the Commission use a Request for Proposal (RFP) process since a telecommunication provider’s price from their publicly available price list may decrease when the provider is participating in a competitive bid.¹¹ As such, SCE agrees with CVIN’s position that the CPUC should put out a RFP for quotes for fiber capacity, which will likely be more cost effective than building fiber.¹² To maintain a competitive market and consistent with Edison Carrier Solutions’ experience in competing in telecommunication bids, SCE reiterates its recommendation that only the winning bidder’s bid be made public upon award.¹³

B. SCE Agrees That Pricing From The State-Owned Network Should be Cost Based

SCE’s agrees with Cal Advocates’ view that pricing for access to the State’s middle mile network should be on a wholesale basis at cost based prices to last mile providers.¹⁴ Cal Advocates’ position is reasonable because the State should not view its middle mile network as a

⁹ CVIN September 3, 2021 Comments, pp. 2-3.

¹⁰ SCE’s September 3, 2021 Comments, pp. 4-5.

¹¹ SCE’s September 3, 2021 Comments, p. 12. SCE believes that an RFP is more likely to result in competitive prices than a data request for term sheets, rates, etc. as recommended by California Community Foundation and the Central Coast Broadband Consortium. *See* California Community Foundation’s September 3, 2021 Comments, p. 12; Central Coast Broadband Consortium’s September 3, 2021 Comments, p. 6.

¹² CVIN’s September 3, 2021 Comments, p. 6.

¹³ SCE’s September 3, 2021 Comments, p. 12.

¹⁴ Cal Advocates’ September 3, 2021 Comments, p. 8.

source of revenue for the state, and cost based prices will likely lead to more affordable broadband for communities.

C. Middle Mile Should Remain Competitive And Privately Owned

The Mayor's Office of the City of Los Angeles (City of LA) indicates that middle mile infrastructure should be publicly owned where possible and cites an example where the City of Los Angeles and its Housing Authority partnered with a high-speed internet provider to provide quality reliable broadband on public housing sites.¹⁵ SCE submits that the City of LA's example suggests that the residents at the housing sites were encountering a *last mile* barrier, and not a lack of middle mile infrastructure, which is abundant in Los Angeles.¹⁶ While these types of partnerships may be appropriate in limited circumstances, this would not justify eliminating private ownership of middle mile infrastructure.

D. Importance of Last Mile Providers

SCE has indicated the importance of last mile providers because it would not make sense for middle-mile providers, like Edison Carrier Solutions, to build middle-mile infrastructure without first securing a last mile provider, as doing so would increase the risk of stranded investment.¹⁷ As such, SCE agrees with Frontier that it is important to coordinate middle mile priorities with last mile projects.¹⁸ SCE, however, does not believe it is within the CPUC's authority to reallocate to last mile projects any funds not spent on middle mile infrastructure as proposed by AT&T California,¹⁹ since the specific funds allocated to middle mile infrastructure are legislatively mandated in SB 156.

¹⁵ Mayor's Office of the City of Los Angeles's September 3, 2021 Comments, p. 4.

¹⁶ Where there is a last mile barrier to discrete pockets of residents within an area where there is abundant middle mile infrastructure, it may be more cost effective for a city to address the problem via the city's franchise agreements with last mile providers.

¹⁷ SCE's September 13, 2021 Reply Comments on Phase II-A Pilot Proposals, p. 14.

¹⁸ Frontier's September 3, 2021 Comments, pp. 2-4.

¹⁹ AT&T California's September 3, 2021 Comments, p. 1.

E. SCE Agrees With The Inclusion Of Accountability Mechanisms In IRUs

In the August 6, 2021 ACR, the Commission is exploring input on Indefeasible Rights of Use (IRUs) which are long term leases for unrestricted capacity on an existing communications network such that the purchaser (in this case, the State) to pay a portion of the operating costs and the cost of maintaining the infrastructure via the lease.²⁰ SCE addresses IRUs in its September 3, 2021 comments in this Rulemaking.²¹ The California Community Foundation (CCF) indicates that IRUs should have accountability mechanisms around maintenance, capacity limits, and renewing at affordable rates including safeguards that the network remain open access.²² SCE notes that IRUs are typically negotiated, so CCF's requested terms could be negotiated between the State and owner of the existing middle mile communications network.

IV.

CONCLUSION

SCE appreciates the opportunity to provide input on the Commission's efforts to support the State's efforts to create a statewide, open access, middle-mile network and looks forward to providing additional comments in its October 1 and 15, 2021 comments in response to the September 9, 2021 ALJ Ruling.

Respectfully submitted,

CLAIRE TORCHIA
GLORIA M. ING

/s/ Gloria M. Ing

By: Gloria M. Ing
Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY
2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-1999
E-mail: Gloria.Ing@sce.com

September 21, 2021

²⁰ ACR, p. 6.

²¹ SCE's September 3, 2021 Comments, pp. 13-14.

²² CCF's September 3, 2021 Comments, p. 15.