

opportunity—usually, before January 15—to exert its FROR and provide to the CPUC information regarding the incumbent’s intent to serve the area in the next 180 days. CPUC staff reviews the incumbent claims of intent to serve. If the CPUC substantiates the incumbent ISP’s proclaimed intent to provide broadband service in the area, the CPUC removes the area from the map, and only the incumbent ISP may apply for CASF funding for the underserved area in the upcoming CASF infrastructure grant funding cycle. Conversely, if the CPUC is unable to substantiate the incumbent’s proclaimed intent to provide broadband service in the area, the CPUC denies the incumbent’s ROFR, and the area remains on the map as eligible to another entity to receive CASF infrastructure grant funding.

The author contends the FROR process described above adds unhelpful delay and administration burden to the CASF program. Indeed, the CPUC reports cases of an incumbent ISP exercising its FROR, yet ultimately never having provided broadband service in the underserved area, which delayed the ability of another service provider to apply for CASF funding.

In any case, the CPUC reports the CASF infrastructure grant program is thoroughly oversubscribed: there remains about \$120 million to provide infrastructure grants through 2022, while there is about \$400 million in grant requests. The changes sought by this bill likely will not hamper the deployment of broadband service to underserved areas of the state; however, absent additional program funding, the bill is not likely to increase broadband deployment, either.

- 2) **Related Legislation.** AB 1665 (E. Garcia), Chapter 851, Statutes of 2017, revised the CASF program by authorizing the CPUC, beginning on January 1, 2018, to collect over five years an additional \$330 million via the surcharge on telephone bills. The legislation also established a new CASF program goal of providing broadband access to no less than 98% of California households in each “consortium” (regional umbrella organizations made up of public, private and community-based organizations that coordinate efforts to promote deployment, access and adoption of broadband technology).

AB 570 (Aguilar-Curry) and SB 1130 (Lena Gonzalez), both of the 2019-20 Legislative Session, attempted to revise several aspects of the CASF program. Neither bill successfully passed the other legislative house.

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