



RURAL COUNTY REPRESENTATIVES
OF CALIFORNIA

April 20, 2022

Assembly Member Sharon Quirk-Silva
Chair, Committee on Communications and Conveyance
Legislative Office Building, Room 169
Sacramento, CA 95814

**RE: Assembly Bill 2749 (Quirk-Silva) – Oppose Unless Amended
As Introduced February 18, 2022**

Dear Assembly Member Quirk-Silva:

On behalf of the Rural County Representatives of California (RCRC), we must respectfully oppose Assembly Bill 2749, your measure that would establish an approval “shot clock” for the California Advanced Services Fund (CASF) Broadband Infrastructure Account and Federal Funding Account (FFA) grant applications, unless amended. RCRC is an association of thirty-nine rural California counties and the RCRC Board of Directors is comprised of elected supervisors from each of those member counties.

Last year, Senate Bill 156 (Chapter 112, Statutes of 2021), established the \$2 billion Federal Funding Account (FFA) within the CASF grant program to provide last-mile broadband funding to connect unserved and underserved areas of the state with reliable and robust internet service. In addition to the commitment of \$6 billion in broadband infrastructure investment made by the Legislature and Governor Newsom in 2021, several policy changes were enacted through accompanying legislation that fundamentally changed how the state proposes to close the digital divide. Over the last 14 years, the state has subsidized Internet Service Providers (ISPs) primarily through the CASF Broadband Infrastructure Account program, to deploy baseline connectivity to households with broadband service speeds of less than 6 Mbps downstream and 1 Mbps upstream. Until changes were made last year¹, state policy made it nearly impossible for local governments and public partnership organizations to participate in the funding programs under CASF². This policy shift acknowledges that the traditional funding and eligibility structure in place since 2008, including the almost complete reliance on incumbent ISPs to build out infrastructure, is inadequate to reach the most disadvantaged communities in the state. Consistent with this paradigm shift and statutory intent, the

¹ AB 156, AB 14 (Chapter 658, Statutes of 2021), SB 4 (Chapter 671, Statutes of 2021).

² Public Utilities Code Section 281 prohibited local government application to CASF unless no other eligible entity applied and provided an extensive “right of first refusal” for incumbent ISPs.

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California Public Utilities Commission (CPUC), in implementing the provisions of SB 156, has prioritized the deployment of reliable, highspeed broadband to every California location through rules that provide equitable funding eligibility for local and tribal governments, as well as public/private partnerships. Unfortunately, AB 2749 appears to undermine some of those changes, thereby disadvantaging the deployment of municipal broadband projects reliant on the substantial FFA funding, planned for areas left unserved and underserved after many years of government subsidization for deployment.

Of most concern is the shot clock process that would provide that an application is “deemed approved” if the CPUC does not deny the application within 120 days of application submittal. It is our understanding, based on the CPUC’s Adopted Decision (Decision) on the FFA Rules³, and consistent with all other funding accounts in the CASF program, that the CPUC intends to review applications holistically through coordinated funding rounds as opposed to a rolling review of submissions. Under the provisions of AB 2749, this would mean that irrespective of the funding round closure date, an application could be deemed approved (if not denied) before all the applications have been reviewed, conceivably within days of the funding application deadline. Because the per-county funding allocation is set through the Decision, this will essentially allow early applicants to encumber most of a jurisdiction’s funding allocation before other applications can be reviewed. Additionally, because the funding is limited, the CPUC established a review rubric through the Decision, creating a scoring system to evaluate the merits of an application based on the state’s priorities for deploying scalable, reliable, and robust internet service. It would be impossible to implement the stated review and scoring process within a county if some applications are compulsorily approved, irrespective of score, before the full round of applications is received and evaluated. AB 2749 errantly equates *not being denied* to *being approved* for a funding award, which nullifies important provisions of the Decision, such as prioritizing projects that connect to the Statewide Middle Mile, which you and other Legislators lauded as “positive” in your March 30, 2022, letter to the CPUC.

Additionally, RCRC has serious concerns with the “projected costs” model included in AB 2749, which allows applicants to be awarded millions of dollars for estimated costs, irrespective of actual expenditure of state monies on the project, unless the actual expenditure is more than the estimated costs, in which case the applicant can receive additional funding.

We agree that broadband deployment projects should not be stifled by needless bureaucracy and that available funding should be disbursed quickly. However, we are concerned that provisions in your bill will gravely disadvantage some applicants, especially local governments, ready to step-up and provide service in these communities that have long been abandoned by traditional internet service providers. We appreciate your leadership in fighting for digital equity and look forward to working with you to

³ D. 22-04-055

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address our concerns outlined in this letter. Should you have any questions on our position, please feel free to contact me at trhine@rcrcnet.org.

Sincerely,



Tracy Rhine
Senior Policy Advocate

cc: Members of the Assembly Communications and Conveyance Committee
Emilio Perez, Chief Consultant, Communications and Conveyance Committee
Daniel Ballon, Consultant, Republican Caucus