



DRA

*Division of Ratepayer Advocates
California Public Utilities Commission*

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Dana S. Appling, Director

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April 2, 2010

Honorable Alex Padilla
California State Senate
State Capitol, Room 4038
Sacramento, CA 95814

RE: SB 1040 (Padilla)

Dear Chairman Padilla:

The Division of Ratepayer Advocates (DRA) is the independent consumer advocacy arm of the California Public Utilities Commission (CPUC). DRA's statutory mandate is to obtain the lowest possible rate for utility service consistent with reliable and safe service levels. DRA also advocates for customer and environmental protections in connection with utility service.

DRA supports SB 1040's efforts to promote deployment of broadband infrastructure in unserved and under-served areas. As a result, more individuals will have access to available broadband services.

SB 1040 would extend the California Advanced Services Fund Program (CASF) until January 1, 2017 with an additional \$225 million collected from ratepayers. Making broadband service more widely available is very important, but at the same time, we would like to continue to work with you and interested parties to ensure that program transparency, accessibility, accountability and cost-effectiveness is achieved before the program is reauthorized.

Transparency

The CASF program has awarded \$85 million to date but the results of this spending are unknown. It is not prudent to continue surcharging customers for a program whose results and effectiveness are unknown. Therefore, DRA encourages that an audit be done to determine if the program has achieved "economic growth, job creation, and the substantial social benefits".

Accessibility

DRA believes language should be incorporated into the bill that will increase broadband adoption. Given that the CPUC does not set or review broadband service rates, steps need to be taken to ensure service is affordable and individuals have access to the equipment needed to utilize broadband services. Therefore, DRA suggests language be added to measure adoption rates.

Accountability

DRA believes language should be incorporated into the bill to closely monitor utilities ratebasing of Federal or State Grant Funds they receive to build broadband infrastructure. This would help identify if shareholders are earning a profit on public money. This would also protect IOU

customers from paying for broadband operation and maintenance costs on facilities operated by broadband affiliates not regulated by the CPUC.

Cost-Effectiveness

DRA believes language should be incorporated into the bill that requires the CASF program to be cost effective. DRA suggests language be added to require the CPUC to report to the Legislature on broadband costs and benefits to ratepayers.

By balancing the benefits of promoting deployment of broadband infrastructure with these ratepayer protections, DRA is confident broadband access will be expanded in a more affordable way.

If you have any questions or would like to discuss this matter further, please call DRA's Legislative Director Matthew Marcus, at (916) 327-3455 or me at (415) 703-2544.

Respectfully,

Dana S. Appling, Director
Division of Ratepayer Advocates