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The Honorable Gavin Newsom
Governor, State of California
State Capitol, Sacramento, CA 95814

Dear Governor Newsom:

The California Cable and Telecommunications Association ("CCTA") applauds your leadership to close the digital divide in California and supports your proposed $7 billion multi-year investment in broadband deployment and adoption. CCTA appreciates the opportunity to collaborate with you and legislative leaders on legislation implementing this budget proposal in order to most efficiently ensure that ALL California households are connected and ALL low-income Californians get support to pay for internet service.

California can achieve these broadband goals with the unprecedented availability of state general funds and federal funding from the American Rescue Plan Act ("ARPA") by following a few key principles. First and foremost, these public dollars should be targeted to fund broadband infrastructure deployment in "unserved" areas. Funding infrastructure to connect households that lack any broadband service must be the top priority so that they do not get left behind once again. The Governor's proposal to fund stand-alone middle-mile infrastructure does not accomplish this objective. While the proposal assumes that if the state build's it, multiple providers will come, there is no assurance that a stand-alone middle-mile project will deliver the promised benefits. A stand-alone middle-mile network without last-mile infrastructure will not benefit consumers who still lack broadband access.

Second, programs to spend the federal dollars must be simple for both consumers *and* providers in order to encourage participation and avoid delay and expense of complex new regulatory proceedings that will prevent your proposal from succeeding in the limited window for expenditure of once-in-a-generation federal broadband funds. Funding infrastructure and adoption projects through the existing California Advanced Services Fund ("CASF") program is a much more efficient approach than creating new programs from the ground up.

Third, significant funding should be designated for broadband adoption to address the 1.9 million households that have access to broadband service but do not subscribe. Ongoing subsidies to make broadband affordable for ALL Californians should go to eligible low-income households to help pay for the service they choose to meet individual needs.

Finally, transparency, accountability and rigorous legislative oversight are essential. This will enable California to maximize this unprecedented state and federal funding opportunity and avoid burdening California consumers with more taxes and surcharges that make service less affordable.

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Based on these guiding principles, CCTA supports the proposed $7 billion investment for broadband deployment and adoption, with the following modifications:

- **Supports** $6 billion for the CASF program for grants to fund infrastructure for last-mile *and* middle-mile connectivity in "unserved" areas. A stand-alone middle-mile network is not needed because middle-mile infrastructure can be funded through the CASF program. In addition, this funding can be used to support adoption and digital literacy programs through the existing CASF Broadband Adoption Account.

- **Supports** expedited permit and other agency approvals for ALL broadband infrastructure deployment, whether funded by private investment, public funds, or both.

- **Supports** $500 million for a Loan Loss Revenue Reserve Account within the CASF program (not a separate program) to fund any necessary costs to finance broadband infrastructure in "unserved" areas by a local government agency or nonprofit organization, with strict transparency requirements.

- **Supports** $500 million designated within the CASF Infrastructure Grant Account for grants to fund broadband infrastructure in "unserved" areas to be connected by High Cost Fund A telephone corporations.

- **Supports** funding to make subsidies available to consumers to pay for broadband service. *If federal funding for the Emergency Broadband Benefit ("EBB") program administered by the Federal Communications Commission ("FCC") is discontinued, authorize the California Department of Technology to administer a state continuation of the EBB subsidy, with the same program criteria as the EBB, through June 30, 2022, or until the California Public Utilities Commission ("CPUC") adopts a final decision updating the California Lifeline program to provide a benefit similar to the EBB.*

- **Supports** funding designated within the CASF Infrastructure Grant Account for grants to fund broadband infrastructure to "unserved" public housing developments, low-income mobile home parks and farmworker housing (not a new undefined "low-income community" program), and address all adoption needs through the existing CASF Broadband Adoption Account and all affordability needs through an extension of the EBB and/or provision of a similar benefit through an updated Lifeline program.

- **Supports** use of federal funds for a new Infrastructure Resiliency Fund administered by the CPUC and available to pay costs of any provider to comply with the CPUC decision on 72-hour backup power, which is consistent with U.S. Treasury guidelines for ARPA funds to support reliable networks, and will increase public safety during wildfires and public safety power shutoffs.

CCTA member companies are continuing to commit billions of dollars annually in private investment to expand broadband access in California. The available state and federal funds provide a unique opportunity to complement this private investment with new broadband deployment and adoption initiatives to get all Californians connected. We look forward to working with you on these important policies in the coming days ahead.

Respectfully,

Carolyn McIntyre

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Cc: Alice Reynolds, Governor Newsom
        Hazel Miranda, Governor Newsom
        Gayle Miller, Department of Finance