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June 15, 2021

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

The Honorable Toni G. Atkins
President pro Tempore
California State Senate
State Capitol, Room 205
Sacramento, CA 95814

The Honorable Anthony Rendon
Speaker
California State Assembly
State Capitol, Room 219
Sacramento, CA 95814

RE: 2021/22 Budget – Broadband Proposal

Dear Governor Newsom, President pro Tem Atkins, and Speaker Rendon,

AT&T supports the State of California’s goal of connecting every Californian with broadband and will continue to work with policymakers for accessible, affordable, and sustainable broadband connectivity.

AT&T applauds your leadership in seizing this once-in-a-generation opportunity to invest in California’s digital infrastructure and truly close the Digital Divide. As part of this effort, our team is working with cities, counties, community leaders, and the State of California to connect every home, every small business, and every community across the state.

We support an appropriation of \$7 billion over a multi-year period to expand broadband access through the deployment of broadband infrastructure. In addition, we strongly support prioritization of clear geographic targets and expedited approval guidelines that will ensure that this historic investment directly connects unserved households and supports low-income communities.

We offer the following recommendations to help ensure we can reach the goal of connecting every Californian with accessible broadband.

1. Safeguards for hundreds of thousands of unserved California households. We believe the State should prioritize funding to support private sector retail broadband service deployment that is focused on unserved areas, including the most difficult to reach households that lack any broadband service option. The State should dedicate the funding needed to connect unserved communities, which need public support to reach the most difficult “last-mile” with internet access. This will allow the State to provide meaningful assurances for unconnected families, schools, and small businesses. The CPUC has stated that 463,000 California households remain without the bandwidth needed to support critical





applications for work, telehealth, or distance education.¹ Therefore, the State should optimize the use of the Federal Communications Commission’s forthcoming broadband availability map, which will confirm where deployment is needed most.

2. Consultation with network operators to develop successful operating guidelines. AT&T would like to engage in an ongoing dialogue with the State and other network operators to discuss a variety of operational considerations to ensure our mutual success in supporting all California internet users and unserved areas in particular. Specifically, we urge the State to consider the following critical components for achieving a successful broadband strategy:

- Invest in middle-mile where needed to prioritize connections in unserved areas and isolated communities;
- Extend streamlined permitting guidance to both the last-mile and middle-mile builds to expedite deployment of broadband services by all providers;
- Enlist union labor workers whenever possible for construction and engineering;
- Provide a plan on how to fund ongoing maintenance, operations, and disaster restoration costs;
- Clarify how interconnection will be managed and funded; and
- Provide specific accountability targets and measures of success, including timelines for completion.

3. Immediate affordability relief for low-income consumers. The California Advanced Services Fund (CASF) recently reported that 96.5% of California households already have access to broadband speeds of at least 25/3 Mbps, yet CETF’s 2021 Statewide Broadband Adoption Survey finds that only 85% are connected to the Internet through home computing devices, such as desktop, laptop, and tablet computers. For this reason, proportionate resources should be allocated to connect low-income families whose homes may already have access to Internet services they cannot afford. The quickest method to provide such support would be a mechanism that is provider-neutral (e.g. a prepaid debit card) and delivered directly to participating consumers to offset consumer costs.

4. A funding mechanism to support last-mile, middle-mile, and broadband adoption programs. Areas with households lacking broadband service at internet speeds that meet or exceed 25/3 Mbps should be the focus. Existing law (AB 1665 in 2017) already specifies that middle-mile infrastructure, where indispensable to last-mile projects, can be funded through CASF. Funds provided by the American Rescue Plan Act, on the other hand, focus on last-mile, end-user deployments: According to guidance provided by the U.S. Department of the Treasury, states have flexibility, but are “expected to focus” on locations that lack access to a wireline connection capable of providing 25/3 Mbps, and to prioritize “projects that achieve last-mile connections to households and businesses.”

Armed with unprecedented funding capabilities, CASF can empower a greater scope of infrastructure grant applicants connecting unserved communities and support a greater number of adoption programs enhancing digital inclusion where broadband is already available. And alongside consistent fees and expedited broadband permitting processes across collaborating jurisdictions, a modified CASF can allow communities the flexibility to deploy funding quickly and equitably in a manner responsive to the varied needs of California families and businesses.

5. A sustainable and equitable subsidy for high-cost areas. The current California High Cost Fund programs have outlived their usefulness. They were designed and implemented decades ago for

¹ “CASF Fact Sheet.” California Public Utilities Commission, February 2021.



services that were initially offered under monopoly market conditions to support universal access to voice communications service in high cost areas. In contrast, the rapidly evolving market for broadband service is highly competitive, technologically diverse, and dynamic enough to support a wide array of rapidly evolving industries and markets. Any subsidies for broadband service in high cost areas should necessarily consider these unique conditions and develop a program that is equitable and sustainable, recognizes current and future competitive market conditions, and is technologically neutral.

6. Public-private partnerships to enable immediate broadband deployment. Given the limited timeframe provided by the federal government to spend economic stimulus dollars, we urge the State and local governments to conduct competitive bidding processes, allowing private sector providers, who have a proven track record of deploying broadband services, to participate. Public-Private Partnerships (PPP) can provide the requisite skilled staff and expertise to design, build, operate, and maintain a resilient and technologically advanced broadband network in a timely fashion. As broadband technology continues to rapidly evolve, the private sector's role will help ensure networks in California are designed to accommodate future technological transformations and an accelerating demand for bandwidth.

AT&T shares the commitment to expanding broadband access across the state for all Californians, having invested more than \$25 billion in our best-in-class wired and wireless networks in California from 2010-2019. In 2020 alone, we expanded access to high-speed internet in California by building more than 2.1 million additional fiber connections. And building on our contribution of \$1 billion over the last 3 years toward helping the nation's most vulnerable communities, AT&T recently announced we will invest an additional \$2 billion over the next 3 years to help address the Digital Divide. Through low-cost broadband offers, participation in the FCC's Emergency Broadband Benefit (EBB), and community investment, we will do our part to bring affordability, educational resources, and economic opportunity to all Californians.

We stand ready to partner with all levels of government to ensure that unserved communities are connected, low-income consumers are supported, and this unprecedented deployment is an unconditional success. Again, thank you for your leadership in helping to bridge the Digital Divide. AT&T looks forward to continuing to work with State and local leadership as a resource on this historic undertaking.

Sincerely,

Rhonda J. Johnson

cc: The Honorable Nancy Skinner, Chair, Senate Committee on Budget and Fiscal Review
The Honorable Phil Ting, Chair, Assembly Committee on Budget