

Broadband: The PUC, mergers and public benefits - Capitol Weekly



by **SUNNE WRIGHT MCPEAK** posted 05.10.2016

California once again is defining a new era of public benefits from corporate consolidations in advanced communications and high-speed Internet access. Consumers and residents will be measurably better off as a result and California will move closer to closing the Digital Divide.

Last year Frontier Communications acquired Verizon's wireline network and now Charter Communications is buying Time Warner Cable and Bright House Networks with a decision pending before the California Public Utilities Commission (CPUC) on May 12. Neither the U.S. Department of Justice nor the Federal Communications Commission found legal objections to these mergers. But, it is the CPUC that has required public benefits that will bring high-speed Internet access (referred to generically as "broadband") to more than 250,000 unserved rural households and will get connected more than 600,000 low-income households in their service areas. Perhaps as important, both Frontier and Charter have agreed to enter into sincere partnerships with community organizations to harness the power of public-private collaboration to better serve all consumers.

Frontier agreed to extend broadband to 107,000 unserved households, upgrade more than 250,000 underserved locations, and install 50 Wi-Fi locations.

To be sure, the CPUC procedure is unique in the nation and allows participation from any interested party, resulting in a more elaborate set of challenges and issues for the companies to navigate. CPUC [Code 854](#) makes clear that utilities companies seeking merger or acquisition approval must provide short-term and long-term economic benefits to ratepayers (customers). Specifically, paragraph B of Code 854 states: “Before authorizing the merger, acquisition, or control of any electric, gas, or telephone utility organized and doing business in this state, where any of the entities that are parties to the proposed transaction has gross annual California revenues exceeding five hundred million dollars (\$500,000,000), the commission shall consider each of the criteria listed in paragraphs (1) to (8), inclusive, and find, on balance, that the merger, acquisition, or control proposal is *in the public interest*.” It means, among other points, that the merger must “provide mitigation measures to prevent significant adverse consequences which may result.”

In gaining approval from the CPUC, Frontier agreed to extend broadband to 107,000 unserved households, upgrade more than 250,000 underserved locations, install 50 Wi-Fi locations, and set an aspirational goal of getting 200,000 low-income households online with affordable subscriptions. Frontier also is donating 50,000 Internet-enabled computing devices and \$3 million to support community-based organizations (CBOs) to do outreach and digital literacy training for low-income families.

Charter, which will have 2.4 times the number of low-income households than Frontier in their California new service area, has agreed to extend broadband to 150,000 unserved households, provide free public access at 75 anchor institutions, distribute 25,000 out-of-home hotspots, participate in the California telephone lifeline program, and set an aspirational goal of getting 350,000 low-income households online. Charter also will be launching a \$15 per month affordable subscription (for 30 Mbps download and 4 Mbps upload) across their national footprint for families with students on free-or-reduced lunch and seniors on SSI, for which about half of all low-income households will be eligible. To reach others, Charter is contributing \$32.5 million to engage people with disabilities, support CBOs to do outreach and digital literacy, and implement a school-based program in disadvantaged neighborhoods—estimated to reach another 100,000 low-income families. Charter also has committed to hire 10,000 workers of color and add 3 minority

directors to their corporate board.

Although the process has been arduous for all participating parties—and we at the California Emerging Technology Fund know first-hand what it took to reach agreement—bottom line is that the Charter application is in the public interest and results in significant public benefits to help close the Digital Divide in our beloved Golden State.

The assigned CPUC Administrative Law Judge has issued a Proposed Decision, which incorporates all these public benefits and makes them enforceable by the Commission—another key tool to protect consumers. This all adds up to Charter's application is being supported by an impressive group of community advocates—National Diversity Council, Chicana Latina Foundation, Radio Bilingue, Youth Policy Institute, Southeast Community Development Corporation, YMCA of Long Beach, human-I-T, and the Black and Latino Legislative Caucuses. Further, it also should be noted that those of us who have settled with Charter had the benefit of participation from other key parties who held strong in their principles—including Greenlining Institute, Center for Accessible Technology, TURN, and the CPUC Office of Ratepayer Advocate.

We encourage the CPUC Commissioners to approve the Charter Proposed Decision with confidence that they are serving the public interest and once again making California a trailblazer in closing the Digital Divide.

—

Ed's Note: Sunne Wright McPeak is the president and CEO of the California Emerging Technology Fund and former secretary of the California Business, Transportation and Housing Agency.