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Google Gets Front-Row Seat For Stimulus Spending

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By John Letzing

A nonprofit organization overseen by employees of Google Inc. (GOOG), Intel Corp. (INTC) and other technology firms has won the right to distribute more than \$7 million in federal stimulus funding aimed at expanding Internet access in California, and is now seeking millions more.

The California Emerging Technology Fund is applying for more than \$12 million in additional stimulus funds to increase broadband access--giving a Google (GOOG) employee a hand in a noble pursuit that also dovetails with the company's broader mission, and influence over a quasipublic entity doling out government grants.

The CETF was created in 2005 by the state's Public Utilities Commission, as a condition of its approval of the mergers between AT&T Inc. (T) and SBC Communications, and between Verizon Communications Inc. (VZ) and MCI. AT&T and Verizon are together providing \$60 million over five years to fund the entity's mission of expanding broadband.

CETF board members include Google advocacy director Jacqueline Fuller, Intel (INTC) business development manager Darrell Stewart and Cisco Systems Inc. (CSCO) lobbyist Jeff Campbell. Former AT&T executive Richard Motta serves as CETF's treasurer.

Last fall, Fuller replaced Ross LaJeunesse, a Google lobbyist who departed for Hong Kong to become head of Asia-Pacific government affairs. LaJeunesse previously had replaced David Eun, a Google executive in charge of strategic partnerships who jumped to AOL Inc. (AOL) in February.

"We were very, very lucky there were folks at Google who wanted to continue the relationship," said CETF Chief Executive Sunne Wright McPeak. Fuller, McPeak added, offers expertise in the environmental aspects of broadband proliferation. Google also helps fund the organization's School2Home project, an effort to bring computers and Internet access to underperforming schools.

CETF board members are prevented from directly benefiting their employers by a conflict-of-interest policy. But the desire of Google, and other Internet companies to get as many people online as possible, squares nicely with the current agendas of state and federal policy makers.

"It's a public-benefit goal," according to McPeak.

Google's Fuller said she learned of the CETF directly from LaJeunesse, and remarked that she's supported efforts to bring broadband access to the disadvantaged since she worked at the Bill & Melinda Gates Foundation, which she left in 2007.

"I don't have political connections in California and did not engage in any of the calls or meetings with officials aimed at galvanizing state leadership and educating federal officials," Fuller said. She added that top Google executives, such as Chief Executive Eric Schmidt, don't keep tabs on her participation.

"Google has been a strong supporter of expanding broadband access, but my involvement with CETF is not something that has risen to the level of Eric's attention."

'It's Not Google's Seat'

The American Recovery and Reinvestment Act, a sweeping federal stimulus plan passed early last year, has provided \$7.2 billion to expand broadband Internet access.

Google, Intel and other companies have long advocated for increased public assistance in spreading broadband. In an interview with The Wall Street Journal early last year, Google's Schmidt said that renewable energy and broadband deployment aspects of the stimulus plan are "a real positive for [Google]."

The initial, \$7.25 million stimulus grant won by the CETF in March is for a "Broadband Awareness and Adoption" project, which aims to spur broadband access for more than 133,000 households in Southern California and the state's Central Valley.

As part of that effort, CETF is distributing funds to partner organizations to organize radio and TV campaigns, meant to increase awareness of the benefits of broadband access.

For the NTIA's second round of grant applications, the organization has applied for more than \$5 million to fund public computer centers, and more than \$7 million for a project designed to bring basic computer skills to areas with high levels of poverty.

McPeak, a former secretary of California's Business, Transportation and Housing Agency, said it was "amazing timing" that the CETF was established at a time the state was in a position to pull in federal stimulus money for broadband. The organization expects to hear whether it's won any second-round grants sometime this summer.

Ultimately, McPeak said, the CETF's aim is to help get 90% of Californians online by 2020. While Google's participation has benefited the CETF, she pointed out that the company doesn't lay particular claim to board membership. "It's not Google's [board] seat. Our board is made up of individuals; it's not made up of representatives from organizations."

McPeak said Fuller's predecessor, LaJeunesse, wasn't a Google employee when he was recruited. "Lo and behold, he ended up at Google," she added.

NTIA spokeswoman Jessica Schafer said the agency has conflict-of-interest rules that govern the stimulus-grant application process. "We double-check the applicant and who's representing them, and whether there are any concerns with personal enrichment," she noted.

Google, Intel and others with a vested interest in increased Internet access have made a habit of pursuing projects that don't result directly in revenue, but are designed to prod the broadband market.

Both companies have invested in next-generation wireless Internet provider Clearwire Corp. (CLWR), for example, and both successfully lobbied for the use of unlicensed television spectrum, or "white spaces," for wireless Internet devices.

In addition, Google has announced plans to build an experimental fiber network that could theoretically provide up to a half-million people with Internet speeds 100 times faster than what's available today. Google's Schmidt said recently that the company is "winnowing" a list of cities that have applied for the fiber network.

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