

June 16, 2022

The Honorable Ben Hueso
Chair, Senate Committee on Energy, Utilities, and Communications
1021 O Street, Room 3350
Sacramento, CA 95814

RE: Assembly Bill 2749 (Quirk-Silva) Changes to the California Advanced Services Fund - **Oppose Unless Amended**

Dear Chair Hueso and Honorable Members of the Committee:

On behalf of Common Sense, I am writing to express our opposition to Assemblymember Quirk-Silva's bill AB 2749 unless amendments are made to address pressing equity, affordability, and funding eligibility concerns currently included in the bill.

AB 2749 jeopardizes billions of dollars of federal funding designated for California.

The Broadband Equity, Access, and Deployment (BEAD) Program provides \$42.45 billion to states so they can build networks that provide every single American with high-speed and affordable internet service for decades to come. Each state is different, and BEAD's rules are designed to give states the flexibility they need to achieve these goals. AB 2749 would put major constraints on this flexibility and, by contradicting explicit requirements in BEAD's rules, potentially make California ineligible for billions in federal broadband dollars.

AB 2749 risks California receiving billions of dollars for broadband infrastructure and deployment in two ways:

1. BEAD requires state grant programs to prioritize fiber infrastructure because this future-proof infrastructure delivers high-speed internet service at affordable rates over the long term. AB 2749 does not make this distinction in technology and would limit the CPUC's deployment of durable infrastructure.
2. BEAD requires networks to offer a low-cost service option throughout the useful life of the network. AB 2749 limits the CPUC's authority to enforce low-cost service options.

AB 2749 has the opportunity to reinforce the CPUC's recent decision on affordability incentives.

This bill does not require grant applicants to provide affordable options to unserved markets nor does it allow for long-term regulation of low-cost pricing. Strict rate setting is not the only solution for affordability requirements.

We propose AB 2749 reinforce the CPUC's [recent decision](#) to incentivize grant applicants that make long-term commitments to affordable, high-quality internet plans. Specifically, the CPUC's rules encourage ISPs to offer a \$40/month 50/20Mbps service for the next 10 years. ISPs that don't make these commitments will be less competitive in the grant process and, as a result, they will receive less public funding.

Without these incentives, AB 2749 is a threat to the state's regulating power over affordable internet access. An amendment to make low-cost plans voluntary but incentivized similar to the CPUC model would improve California's BEAD eligibility and promote affordability where the current version of the bill would create massive gaps in service.

Following the Biden administration's historic investment in broadband infrastructure and deployment, this is not the time for Californian's legislators to leave billions of dollars on the table. California has the opportunity to make an enormous investment in broadband for a second year in a row - AB 2749 in its current form has the potential to divert this funding from California to other states. For these reasons, Common Sense respectfully requests your "No" vote on AB 2749 unless amended.

Sincerely,

A handwritten signature in black ink, appearing to read "Marvin J. Deon II". The signature is fluid and cursive, with the first name "Marvin" being the most prominent part.

Marvin J. Deon II
Vice President, CA Policy, Common Sense Media