

Middle-Mile Amendments – Fact Sheet

These amendments help ensure California’s historic \$6 billion in broadband investment ultimately connects our last remaining unserved residents and small businesses.

Why these amendments are needed

Today more than a dozen providers manage California's robust middle-mile networks crisscrossing the state with thousands of points of interconnection. However, SB 156 allocates \$3.25 billion to potentially build a largely redundant state-owned middle-mile network. Therefore, amendments are needed immediately to ensure middle-mile is only built where currently unavailable, and all remaining funds are allocated to critical last-mile connections to residents and small businesses.

How these amendments benefit all Californians

- **For unserved communities**, the proposal seeks to eliminate overlapping and conflicting middle-mile “priorities,” and to instead focus the middle-mile effort solely on areas where it is needed to connect unserved areas. These changes accelerate the identification of these areas to allow distribution of the remaining funds to CASF for qualifying last-mile projects, where the greatest costs remain.
- **For the state**, proposed changes offer practical criteria for the commission to easily identify locations where middle-mile is currently unavailable, so the results are accurate and reliable enough for the third-party middle-mile administrator to begin its work.
- **For providers**, these changes offer transparency, expediency, and regulatory certainty, which will encourage more providers to take advantage of these unprecedented funds to build last-mile networks and expand broadband availability to unserved communities.

Middle-Mile Amendments Framework

Problem: SB 156 allows the state-owned middle-mile network to be built without ensuring it connects last-mile networks to homes and businesses.

- ✓ **Solution:** Amendments clarify that any middle-mile deployed must serve unserved locations.

Problem: SB 156 allows the state-owned middle-mile network to overbuild middle-mile networks in areas where multiple providers already have middle-mile networks.

- ✓ **Solution:** Amendments clarify that middle-mile may only be deployed where competitively available middle-mile networks do not already exist.

Problem: SB 156 restricts over half the state's resources to building a state-owned middle-mile network, even though last-mile networks to unserved homes and businesses will require far greater time and resources.

- ✓ **Solution:** Amendments establish an aggressive timeline to allow funds not committed by 2023 to be transferred to CASF with sufficient time left for CASF applicants to use the money within ARPA limits. *This will help ensure California doesn't have to return any unspent funds.*

Problem: SB 156 leaves broadband vulnerable to regulation that would discourage continued private investment from a competitive landscape of providers that routinely invest billions of dollars in the state and already deliver speeds of at least 25/3 to over 98% of all its households.

- ✓ **Solution:** Amendments set clear parameters for both the Department of Technology and CPUC to navigate around conflicts with federal preemption laws.

Problem: SB 156 creates numerous barriers to smart network design, construction, and operations.

- ✓ **Solution:** Amendments ensure that:
 - at least one person on the Broadband Advisory Committee has experience building a network;
 - data irrelevant to network operations is not gathered by the CPUC;
 - deterrents for last-mile integration with the state-owned middle-mile network are removed;
 - and state agencies are consistent in expediting permitting for last-mile and middle-mile projects.