

OVERSIGHT HEARING

California's Middle-Mile Broadband Initiative

Wednesday, February 16, 2022

State Capitol, Room 437

10:30AM – 12:30PM

As part of California's 2021-2022 Budget, the Legislature adopted and Governor Gavin Newsom signed into law Senate Bill 156 (Chapter 112, Statutes of 2021). The legislation makes an unprecedented \$6 billion dollar multi-year investment into various broadband programs. As part of the legislation, the largest portion of monies – \$3.25 billion – was allocated to fund the construction of a state-owned open access middle-mile network. This project is known as the Middle Mile Broadband Initiative (MMBI).

Legislative oversight is imperative to ensure the project delivers on its goals. To that end, this hearing is the first in a series of hearings the Assembly Communications & Conveyance Committee will convene to exercise diligent oversight of the progress of the MMBI and all the broadband programs funded in SB 156. The goal of this particular hearing is to reacquaint the Committee and the public with the MMBI, so that they are better informed on the progress and challenges of this ambitious infrastructure project.

Background:

“Middle-mile” is broadband infrastructure consisting of high-capacity fiber lines that carry large amounts of data at high speeds over long distances between the global internet and local networks; middle-mile is an essential component of the last-mile internet connection for homes, businesses and community institutions. An “open access” network means internet service providers have wholesale access to broadband infrastructure - meaning any network type can interconnect, regardless of technology used, on equal economic and service terms. This statewide open-access middle-mile network will encourage internet service providers to expand service to unserved and underserved areas by substantially reducing their upfront infrastructure costs, creating new opportunities for public fiber networks, and promoting affordability and increased options for consumers.

The MMBI is a partnership among several entities with specified roles and responsibilities. As specified in SB 156, the California Department of Technology (CDT) is overseeing the acquisition and management of contracts for the development, construction, maintenance and operation of the network. A nine-member Middle-Mile Advisory Committee, which includes legislators from both houses, will monitor the development and construction of the project. Further, the legislation instructs the California Public Utilities Commission (CPUC) to issue a staff report, based on public

input, recommending priority locations for the middle-mile network. To construct and establish the network, CDT will also work with CalTrans and a Third Party Administrator (TPA).

In the short time since SB 156 was signed in July 2021 the project has reached several notable milestones. In August 2021, the CPUC issued the first of two rulings seeking public input on priority locations to build middle-mile and the network characteristics. In September 2021, CDT selected a TPA: Golden State Net, an organization affiliated with the not-for-profit Corporation for Education Network Initiatives in California (CENIC). CENIC runs education networks used by colleges and universities in California. Further, in November 2021, CDT announced a first phase of 18 initial project locations (See Appendix 1.) Following CDT's announcement of the initial phase of projects, in December 2021 the CPUC published its staff report outlining the priority locations for future middle-mile projects. All the while, the Middle-Mile Advisory Committee has been meeting monthly to hear updates and provide oversight of the progress of the project so far.

Issues for Legislative Consideration:

As the Committee provides oversight to keep this historic infrastructure project on track, the following issues could be considered:

- **Timetable:** One of the main challenges this project will face is the pace at which it is built, particularly considering that it is fully funded by federal COVID-19 relief funds that must be spent by 2026.
- **Procurement:** Global supply chain issues may make fiber-optic cables difficult to source, so the state should plan ahead.
- **Permitting:** SB 156 included a narrow exemption to the California Environmental Quality Act (CEQA), however other local permitting may still pose a significant challenge.
- **Cybersecurity:** Given potential threats once the network is operational, to what extent will cybersecurity be part of this project.
- **Public Participation:** There have been limited opportunities for the public to participate in the planning of the project thus far. Moving forward, there may be even fewer opportunities for public input and participation.

Lastly and perhaps most importantly, is **clarity of purpose**. CDT must be diligent that construction is coordinated in a way that enables the middle-mile network to be utilized for its most basic purpose: connecting users to the internet. Falling short of that fundamental goal would mean building a middle-mile network that provides no direct benefit to the thousands of California households with no available, reliable, or affordable access to broadband services. On the other hand, a successful project has the potential to transform broadband accessibility in California by enabling ubiquitous broadband service by a diversity of service providers, including municipal governments, which could in turn drive down prices and boost adoption of service.

Appendix 1: Middle-Mile Broadband Initiative Initial Projects

Project	Area Description
1	Siskiyou Area: Siskiyou County, State Route 3 communities from Yreka to Callahan
2	Plumas Area: Tehama, Lassen and Plumas counties from Red Bluff to Johnstonville along Hwy 36 and 89
3	Lake County Area: Lake and Mendocino counties, including Laughlin, Upper Lake, Robinson Rancheria, and Kelseyville
4	Colusa Area: Colusa County including Colusa, Williams and Arbuckle
5	Alpine County: Alpine County, Hwy 88 communities from Kirkwood to Mesa Vista
6	Amador County: Hwy 88 communities from Jackson Valley to Sutter Hill and Jackson
7	Calaveras County: Hwy 4 including Copperopolis and La Honda Park
8	Oakland: Oakland Flats Neighborhoods
9	Central Coast: Southern Santa Clara Valley to Hollister and Santa Cruz to Los Gatos
10	West Fresno: Fresno County, including South Dos Palos, Kerman, Mendota, Firebaugh, Tranquility and San Joaquin
11	Inyo County: Hwy 190 including Death Valley Junction and Greenwater
12	Kern County: Kern Canyon and Hwy 178 from Bakersfield to Lake Isabella and Weldon
13	Kern/San Luis Obispo Area: Kern, San Luis Obispo and Santa Barbara counties, Taft to New Cuyama along Hwy 166 and 33
14	San Bernardino County: Hwy 247, High Desert, Barstow to Thorn
15	Los Angeles and South Los Angeles: South Los Angeles communities including South Gate, Lynwood, Paramount, Bell Flower, Compton and Lakewood
16	Orange County: Inland Orange County communities including Buena Park, Orange, Fullerton, Garden Grove and Westminster
17	Coachella Valley: Riverside County, Palm Springs to Indio and Coachella
18	Riverside/San Diego