BEFORE THE PUBLIC UTILITIES COMMISSION OF

THE STATE OF CALIFORNIA

Order Instituting Rulemaking Proceeding to Consider Rules to Implement the Broadband Equity, Access, and Deployment Program	Rulemaking 23-02-016 (Filed February 23, 2023)

EX PARTE FILING OF THE UTILITY REFORM NETWORK; CENTER FOR ACCESSIBLE TECHNOLOGY; PUBLIC KNOWLEDGE; COMMUNICATIONS WORKERS OF AMERICA, DISTRICT 9; AND CALIFORNIA ALLIANCE FOR DIGITAL EQUITY REGARDING ACCEPTANCE OF NTIA'S CONDITION 50 TO THE BROADBAND, EQUITY, ACCESS, AND DEPLOYMENT PROGRAM

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THE UTILITY REFORM NETWORK
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September 17, 2026

BEFORE THE PUBLIC UTILITIES COMMISSION OF

THE STATE OF CALIFORNIA

Order Instituting Rulemaking Proceeding to Consider Rules to Implement the Broadband Equity, Access, and Deployment Program.	Rulemaking 23-02-16 (Filed February 23, 2023)

EX PARTE FILING OF THE UTILITY REFORM NETWORK; CENTER FOR ACCESSIBLE TECHNOLOGY; PUBLIC KNOWLEDGE; COMMUNICATIONS WORKERS OF AMERICA, DISTRICT 9; AND CALIFORNIA ALLIANCE FOR DIGITAL EQUITY REGARDING ACCEPTANCE OF NTIA'S CONDITION 50 TO THE BEAD PROGRAM

The Utility Reform Network ("TURN") respectfully submits a copy of a joint ex parte letter by TURN; the Center for Accessible Technology; Public Knowledge; Communications Workers of America, District 9; and California Alliance for Digital Equity originally sent to President Reynolds and Governor Newsom on September 16, 2026. A version of this letter with minor edits to some figures is included as Attachment A to this pleading and pertains to a condition of the National Telecommunications and Information Administration on Broadband Equity, Access, and Deployment funding for California.

Dated: September 17, 2026

Respectfully submitted,

By:

Alexandra Green

Alexandra Green,
Telecom. Regulatory Attorney
THE UTILITY REFORM NETWORK

Attachment A

September 16, 2026

The Honorable Governor Gavin Newsom
1021 O Street, Suite 9000
Sacramento, CA 95814

The Honorable John Reynolds
President
California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102

RE: R. 23-02-016. Acceptance of NTIA's Condition 50 to the BEAD Program Will Cost California More Than It Stands to Gain.

Dear Governor Newsom and President Reynolds:

On Friday, July 17, 2026, the National Telecommunications and Information Administration approved California's final Broadband Equity, Access, and Deployment Program proposal, which would award the state over $ 1.4 billion. However, if California were to draw down on this funding, it would trigger the general terms and conditions of the program.[1] While many of these conditions are standard grantmaking provisions, general term and condition 50 (GTC 50) stands to undermine the critical work the state has done, is doing, and will do, to provide accessible, affordable, reliable broadband services for every California Resident. GTC 50 requires that a BEAD grantee include a provision that restricts a state from enforcing ***any*** "law, regulation, or requirement, order, contracting requirement, or other enforceable obligation that directly or indirectly regulates the rates, terms, and conditions of broadband Internet service *or* imposes net neutrality rules, open access, or other utility-style rules on broadband Internet service on broadband internet service, against a subgrantee or its affiliates anywhere it provides service within the State (i.e., both BEAD and non-BEAD locations)"[2] for the next 14 years.

Before California can decide whether to accept the grant, it must assess the true cost of this incredibly broad language. Taken literally, the language of Condition 50 could prevent California

[1] *See* generally NTIA, General Terms and Conditions for the NTIA Broadband Equity, Access & Deployment Program (BEAD) Program Funds, https://broadbandusa.ntia.gov/sites/default/files/2026-01/BEAD_GTCs_11_18_2025.pdf (updated Nov. 2025) (last accessed Sept. 16, 2026).
[2] GTC 50 at p. 22 – 23.

from enforcing the merger conditions imposed in the recent Verizon-Frontier merger and acquisition proceeding, including commitments to provide low-income affordability plans, upgrade existing networks to gigabit speeds, and consumer protections on equipment fees. These conditions, taken together, are easily worth over $5 billion dollars to California.[3] The inability to enforce these "enforceable obligations" would ***cost*** California approximately three times as much as the NTIA BEAD grant.[4]

But the true costs of accepting GTC 50 would likely be much higher. Programmatically, it would allow providers who receive funding to call into question whether they are required to participate in affordability programs such as California LifeLine or the Home Broadband Pilot Program since this would "directly or indirectly" influence the rates of broadband access offered by subgrantees. California LifeLine customers receive significant household savings every year which could be lost if BEAD recipients who currently offer LifeLine refused to participate in the program.

There is a real danger that providers will attempt to use this term to undermine or negate California's carrier of last resort rules, eligible telecommunications carrier requirements, network resilience and service quality rules, and the California Internet Consumer Protection and Net Neutrality Act of 2018. GTC 50 would give telecom providers carte blanche to challenge any consumer protection measure designed to protect California residents across BEAD and non-BEAD infrastructure and services.

The untold cost of GTC 50 promises to be higher. Providers could argue that GTC 50 prevents California from requiring providers to submit accurate subscriber, service location, or network quality data. Indeed, under a plain reading of GTC 50, no state or municipal entity – such as a

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[3] *See* Barbara van Scwevick, California is Being Asked to Give Up 14 Years of Broadband Protections. It Doesn't Have To (Sept. 16, 2026), https://cyberlaw.stanford.edu/blog/2026/09/california-is-being-asked-to-give-up-14-years-of-broadband-protections-it-doesnt-have-to/

[4] This $4.6 billion estimate is highly conservative, taking the difference between the low-income low-cost package and the standard price of similar broadband offerings, both EFF and Professor von Schewick find that low-income subscribers will save $30/month. Professor von Schewick further states that assuming only 20% of eligible low-income parties subscribe under this benefit for 10 years (what von Schewick herself characterizes as a "highly conservative" estimate), yields $4.2 dollars. Additionally, Verizon is required to provide fiber to 75,000 new locations and build 250 new cell sites with 5G and fixed wireless capability. *See* Jeff Baumgartner, California Approves Verizon-Frontier deal... with conditions (Jan. 15, 2026), https://www.lightreading.com/broadband/california-approves-verizon-frontier-deal-with-conditions.

Adding the network investment commitments, digital inclusion and equity commitments to von Schewick's $4.2 billion yields a conservative estimate of approximately $5 billion in total benefits.

school or fire department -- could enforce even basic contractual terms for speed and quality of service offered under any subscription. GTC 50 explicitly prohibits any California state or local government, or its instrumentality, from enforcing any “contracting requirement” relating to terms of service or rates.

Finally, because NTIA retains control of the grant money and can de-obligate the grant at any time, a credible concern for at least the remainder of the Trump Administration.[5] Any action that California takes that is even vaguely related to broadband could result in NTIA threatening to cancel the grant. While a de-obligation attempt may eventually lose in the courts, California would likely be prohibited from accessing its BEAD funding throughout the litigation process[6] The Trump Administration issued an Executive Order beginning this process. Executive Order 14365, “Ensuring a National Policy Framework for Artificial Intelligence,” expressly calls on federal agencies to use their discretionary power over grants to deny funding to states that pass laws the Trump Administration considers “burdensome” to AI development.[7] Since large ISPs both provide service to hyperscaler data centers and use AI within their networks to enhance efficiency, it is not hard to establish a connection to the BEAD grant under GTC 50 and its sweeping, overly inclusive language. As California considers appropriate AI policies, it could well find it has given the Trump Administration veto power in exchange for BEAD funding.

The Trump Administration invented GTC 50 and imposed it on all grant recipients as part of a clear agenda to block state efforts to protect residents and local businesses as the Federal Communication Commission deregulates and encourages consolidation. Because the terms of GTC 50 are so broad, all-encompassing and vague, it is impossible for the State of California to truly assess the cost of accepting NTIA’s terms and conditions. On its face, however, the language seems intent on preempting California’s legislature and its Public Utility Commission in a way that the FCC could never dream of having the authority to do. At the very least, California must

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[5] *See* American Library Association, FAQ: Cancellation of the Digital Equity Act, https://www.ala.org/sites/default/files/2025-05/Digital%20Equity%20Act%20FAQ_5_19_25.pdf (last updated May 19, 2025) (last accessed Sept. 16, 2026).

[6] Nat'l Digit. Inclusion All. v. Trump, Civil Action No. 25-3606, 2026 U.S. Dist. LEXIS 157055 (D.D.C. July 15, 2026) (available at https://www.digitalinclusion.org/wp-content/uploads/2026/08/2026.07.15-NDIAvTrump-Memorandum-Issued-by-Court.pdf).

[7] E.O. 14365, Section 5(b) (December 11, 2025).

not agree to the current language without written clarifications from NTIA. Only then will California understand the true cost of accepting BEAD funding.

GTC 50 stands as the antithesis of everything California, the BEAD program, and CPUC has worked for years to put in place. This condition, if accepted, would prevent California from ensuring that the internet remains open, accessible, affordable, and reliable to all residents regardless of their location or income level. The undersigned parties therefore urge Governor Newsom and the CPUC to delay the acceptance of any and all BEAD funding until such time as GTC 50 is removed from the general terms and conditions.

Signed:

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