

CALIFORNIA BROADBAND REPORT

A Summary of Broadband Availability and Adoption in California as of June 30, 2011



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Table of Contents

E	xecuti	ve Summary	1		
1	Int	roduction	1		
	1.1	Purpose of Report	1		
	1.2	Overview of Data Sources	2		
2	2 Subscription and Provider Information				
	2.1	Distribution of Reportable Connections	5		
	2.2	Number of Providers by County by Tech Type:	6		
	2.3	Number of Providers by Census Tract by Tech Type	8		
3 Penetration and Adoption					
	3.1	Penetration and Adoption Tables	13		
	3.2	Adoption Rates by Census Tract	15		
	3.3	Adoption in Urban Areas: Summary	20		
4	4 Detailed Correlation Results		21		
	4.1	Urbanity and Adoption	21		
	4.2	Statewide Correlation Results	21		
	4.3	Summary	28		
	4.4	Conclusions	28		
5	Те	chnical Notes	29		
	5.1	FCC Form 477 Data	29		
	5.2	CPUC Broadband Availability Data	29		

Executive Summary

Examination of FCC Form 477 broadband subscription data as of June 30, 2011 yields engaging information about the spatial and demographic patterns of Broadband Internet adoption rates in California. Statewide, an estimated 72.9% of all households subscribe to fixed broadband services. Out of households which have been determined to have geographic access to fixed broadband services, an estimated 74.6% subscribe.

Geographic disparities in broadband adoption become apparent when adoption rates are mapped at the census tract level in California's major metropolitan areas. Numerous urban communities including South Los Angeles, East Oakland, South Sacramento, and National City, show very low adoption rates compared to suburban and exurban locations within the same region. Adoption rates are found to be significantly correlated with household income, educational attainment, and language speaking ability, and less notably correlated with median age and population density. Continued research into the determinants of adoption rates as well as targeted outreach to low-adoption communities will be required to help bridge the "Digital Divide" in California.

1 Introduction

This report examines the state of Internet access in California by summarizing information collected by the Federal Communications Commission (FCC) regarding broadband subscriptions in conjunction with information collected by the California Public Utilities Commission (CPUC) regarding broadband availability. This report's analysis of penetration or adoption uses data only for "fixed" connections, which consist of service provided by xDSL, cable modem or fiber technologies as the FCC does not collect location-based data from mobile providers.

This report is intended to be California's counterpart to "Internet Access Services: Status as of June 30, 2011", a report published by the Wireline Competition Bureau of the FCC that examines broadband subscription data nationwide.

The FCC's report can be downloaded by visiting its website at:

http://www.fcc.gov/reports/internet-access-services-63011.

1.1 Purpose of Report

Widespread adoption and use of broadband Internet services is a primary goal of the State of California. State-financed or state-created programs exist to help close the "Digital Divide" both by increasing geographic access to broadband, such as the California Advanced Services Fund (CASF), as well as by promoting adoption and use of broadband, such as the California Emerging Technology Fund (CETF). This report aims to complement the mission of such programs, as well as to promote general knowledge and public awareness of the barriers to broadband access.

This report achieves our goal in three ways. Section 2 of the report summarizes data about overall broadband connections, and examines where broadband providers of differing technology types are located throughout the state, at the county and census tract level. Section 3 explores rates of broadband

penetration and adoption throughout the state, including a summary of adoption rates by county and detailed maps of adoption rates at the census tract level for California's major urban areas. Finally, Section 4 explores the trends that underlie geographic disparities in adoption rates by summarizing statistically significant demographic predictors of adoption rates.

Keep in mind that the broadband speeds and speed tiers relate to data from providers about their maximum advertised speeds, not the actual speeds received by customers. The FCC has monitored actual connection speeds in 10,000 homes and concluded, generally, that wireline customers actually receive speeds near the maximum advertised speeds they purchase, and sometimes faster than the advertised speeds¹. The story may be different for mobile broadband, though. The CPUC has completed testing mobile broadband service quality throughout the state, and has just released its Initial Staff Report of the data it collected. The CPUC's experience indicates that in most areas, the speeds actually received by mobile broadband customers are often below the company's advertised speeds.

Figures and maps shown in this report focus on highlighting the "Digital Divide" that persists in California. By understanding the geographic and demographic determinants of broadband adoption, California's citizens and policymakers can use this knowledge to better focus its efforts to close this Divide.

1.2 Overview of Data Sources

This report draws from three primary data sources: the June 31, 2011 edition of the FCC Form 477, June 31, 2011 Broadband Availability Data collected by the CPUC pursuant to its Recovery Act (ARRA) State Broadband Grant initiative Grant from the National Telecommunications and Information Administration, and a compilation of publicly available demographic information from the United States Census Bureau. Each of these data sources are described in detail in this section.

FCC Form 477 (June 31, 2011)

Twice yearly, broadband Internet providers of various technology types are required by the FCC to report the number of connections they serve, both commercial and residential, at the census tract level. . The providers further break down their connections by up and down maximum advertised speed "tier" combinations. Information is collected only for connections of over 200 kilobytes per second (kbps) in either the downstream or upstream direction. This information can be used to determine rates of broadband *penetration* – the ratio of residential broadband subscriptions to households in a given area. It can also be used, in conjunction with broadband availability data, to derive rates of broadband *adoption* – the ratio of residential broadband subscriptions to households which have geographic access to broadband services in a given area.

More information about the FCC Form 477, including collection methods and reporting dates, can be found by visiting their website:

http://transition.fcc.gov/form477/

¹ See FCC's "Measuring Broadband America, July 2012" report, http://www.fcc.gov/measuring-broadband-america/2012/july

CPUC Broadband Availability Data (June 31, 2011)

The California Public Utilities Commission collects data regarding the availability of broadband services, pursuant to the State Broadband Data Initiative and Development Grant Program administered by the National Telecommunications and Information Administration (NTIA). The CPUC collects this geographic coverage data from broadband providers twice yearly, using the same time intervals as the FCC's Form 477. This allows the two datasets – availability and subscriptions -- to be compared directly.

The CPUC has contracted with the Geographical Information Center (GIC) and the Center for Economic Development (CED) at California State University, Chico to assist with data compilation, analysis, and mapping.

For more information about the State Broadband Mapping Program, visit the CPUC's website at:

http://www.cpuc.ca.gov/PUC/Telco/Information+for+providing+service/Broadband+Mapping/index.htm

To examine the most current edition of availability data without the need for specialized software, visit the flash-based California Interactive Broadband Map:

http://www.broadbandmap.ca.gov/

2010 US Census and 2006-2010 American Community Survey Estimates

The United States Census Bureau is the federal agency responsible for collecting demographic and socioeconomic data for public use. The decennial census fully surveys the population to obtain information about population, households, and race, while more in-depth demographic statistics are collected via the American Community Survey (ACS), using smaller sample rates.

This report uses household data from the 2010 US Census and demographic data from the 2006-2010 American Community Survey Estimates. ACS data at the census tract level is only available as a five-year average, and often include a high error bound due to low sample rates. However, the ACS is the definitive demographic data source of the federal government, and is still useful for examining large cross-sectional datasets despite its low sample rates.

Household information used for the purposes of calculating adoption and penetration rates for June 2011 use population projections published by the California Department of Finance at the county level.

For more information about the American Community Survey, visit:

http://www.census.gov/acs/www/

For more information about the US Census and projections made by the California Department of Finance, visit the Demographic Research Unit's page at:

http://www.dof.ca.gov/research/demographic/overview/

2 Subscription and Provider Information

2.1 Distribution of Reportable Connections

In addition to providing information regarding broadband adoption, California's Form 477 data can also be used to track overall speeds of those broadband "connections," which is the word the FCC uses for "subscriptions." While there may be some technical differences between connections and subscriptions, those differences are not significant, and we use the terms interchangeably here. This section offers some summary statistics about all reportable connections in the state.

Table 2.1 (below) reports the total number of fixed connections by speed tiers: note that only the highest speed tier reported below corresponds to advertised speeds considered fully "served" for the purposes of the California Advanced Services Fund (greater than or equal to 6 mbps down, and greater than or equal to 1.5 mbps up).

FIGURE 2.1: Distribution of Reportable Connections by Speed Tier						
Speed Tier	All Connections		Residential Connections			
Downstream Speed < 3 mbps	3,104,780	30.8%	2,701,053	29.2%		
3 mbps ≤ Downstream Speed < 6 mbps	1,670,084	16.5%	1,399,789	15.1%		
Downstream Speed ≥ 6 mbps	5,318,315	52.7%	5,142,226	55.6%		
(Total)	10,093,179	100%	9,243,068	100%		
Upstream Speed < 1.5 mbps	3,753,490	37.2%	3,287,146	35.6%		
768 kbps ≤ Upstream Speed < 1.5 mbps	3,257,758	32.3%	3,105,138	33.6%		
Upstream Speed ≥ 768 kbps	3,081,931	30.5%	2,850,784	30.8%		
(Total)	10,093,179	100%	9,243,068	100%		

The overall speed tiers of California's broadband connections hold an interesting comparison to figures at the national level. Figures 2.2a and 2.2b (on the following page) display graphically the proportion of speeds at various speed tiers for both upstream reported speeds and downstream reported speeds.



FIGURE 2.2b: Distribution of Fixed Connections by Upstream Speed



While California holds a greater share of connections with a downstream speed of less than 6 megabytes per second (mbps) compared to the national average, it also holds a greater share of connections with an upstream speed of more than 768 kbps compared to the national average.

2.2 Number of Providers by County by Tech Type:

In addition to allowing summary statistics about service speeds, Form 477 also allows a look at how many different providers offer services across different geographies in the state.

The following page displays the total number of providers reporting services in each county in the state, as well as a breakdown of providers by the four technologies most commonly used for residential connections: xDSL, Cable, Optical Fiber, and Fixed Wireless.



2.3 Number of Providers by Census Tract by Tech Type

The following series of maps follows the same format as maps by County, but are presented by Census Tract for greater detail.







FIGURE 3.4: Number of ADSL Providers by Census Tract









3 Penetration and Adoption

3.1 Penetration and Adoption Tables

The table below summarizes rates of broadband penetration and adoption for each of California's counties as of June 31, 2011. Broadband penetration rate is defined as the ratio of residential fixed broadband subscriptions to total households in the county. Broadband adoption rate is defined as the ratio of residential fixed broadband subscriptions to households in the county which have been determined to have geographic access to broadband services using CPUC availability data.

Note: counts of residential fixed broadband subscriptions, and therefore broadband penetration and adoption rates, have been withheld for some areas. In cases where one service provider has over 80% of the area's subscriptions, or where there are fewer than three (3) total service providers in the area, subscription numbers are withheld to maintain provider confidentiality, in accordance with guidelines developed by the United States Department of Commerce.

FIGURE 3.1: Penetration and Adoption Rates by County					
County	Households (June 2011)	Households with Fixed Broadband Available	Residential Fixed Broadband Subscriptions	Penetration Rate	Adoption Rate
California	12,683,589	12,397,603	9,243,068	72.9%	74.6%
Alameda	552,916	549,489	420,164	76.0%	76.5%
Alpine	469	73	Data Withheld		
Amador	14,270	12,929	9,479	66.4%	73.3%
Butte	87,989	87,753	56,572	64.3%	64.5%
Calaveras	18,624	14,526	11,721	62.9%	80.7%
Colusa	7,126	6,804	Data Withheld		
Contra Costa	377,730	371,238	306,729	81.2%	82.6%
Del Norte	9,858	8,312	Data Withheld		
El Dorado	70,642	62,297	46,466	65.8%	74.6%
Fresno	293,030	275,840	167,553	57.2%	60.7%
Glenn	9,798	9,564	4,289	43.8%	44.8%
Humboldt	56,012	45,699	32,029	57.2%	70.1%
Imperial	49,743	45,511	27,155	54.6%	59.7%
Inyo	8,018	5,285	3,357	41.9%	63.5%
Kern	257,792	232,525	153,260	59.5%	65.9%
Kings	41,093	34,876	Data Withheld		
Lake	26,166	26,068	Data Withheld		
Lassen	9,936	8,837	6,631	66.7%	75.0%
Los Angeles	3,264,523	3,254,784	2,375,692	72.8%	73.0%
Madera	43,613	38,917	23,228	53.3%	59.7%
Marin	103,708	101,872	85,799	82.7%	84.2%

County	Households (June 2011)	Households with Fixed Broadband Available	Residential Fixed Broadband Subscriptions	Penetration Rate	Adoption Rate
Mariposa	9,967	4,675	4,135	41.5%	88.4%
Mendocino	34,858	25,993	13,738	39.4%	52.9%
Merced	77,478	75,141	37,015	47.8%	49.3%
Modoc	4,020	2,499	Data Withheld		
Mono	5,838	3,475	2,785	47.7%	80.1%
Monterey	127,179	116,475	80,254	63.1%	68.9%
Napa	49,356	49,078	35,302	71.5%	71.9%
Nevada	40,996	38,787	28,884	70.5%	74.5%
Orange	1,001,335	988,025	813,155	81.2%	82.3%
Placer	134,286	130,567	102,569	76.4%	78.6%
Plumas	8,883	8,651	5,884	66.2%	68.0%
Riverside	695,292	680,423	524,748	75.5%	77.1%
Sacramento	518,536	518,143	373,652	72.1%	72.1%
San Benito	16,927	15,428	10,650	62.9%	69.0%
San Bernardino	613,452	596,740	421,042	68.6%	70.6%
San Diego	1,099,421	1,058,574	882,810	80.3%	83.4%
San Francisco	348,269	348,199	263,104	75.5%	75.6%
San Joaquin	217,422	215,262	132,450	60.9%	61.5%
San Luis Obispo	104,944	98,851	74,240	70.7%	75.1%
San Mateo	260,725	259,943	211,404	81.1%	81.3%
Santa Barbara	140,800	133,793	79,775	56.7%	59.6%
Santa Clara	612,901	612,598	489,778	79.9%	80.0%
Santa Cruz	95,333	95,157	65,951	69.2%	69.3%
Shasta	70,532	68,201	43,546	61.7%	63.8%
Sierra	1,447	1,324	787	54.4%	59.4%
Siskiyou	19,427	17,435	7,785	40.1%	44.7%
Solano	141,855	141,694	106,651	75.2%	75.3%
Sonoma	186,724	180,650	134,046	71.8%	74.2%
Stanislaus	165,145	163,759	102,776	62.2%	62.8%
Sutter	31,484	31,484	19,551	62.1%	62.1%
Tehama	23,630	23,495	10,572	44.7%	45.0%
Trinity	6,058	187	Data Withheld		
Tulare	132,209	125,633	58,930	44.6%	46.9%
Tuolumne	19,271	12,560	Data Withheld		
Ventura	268,943	266,028	214,088	79.6%	80.5%
Yolo	71,169	71,162	48,889	68.7%	68.7%
Yuba	24,421	24,315	Data Withheld		

Note: Household information estimated using projections published by the California Department of Finance.

3.2 Adoption Rates by Census Tract

The following pages present maps of adoption rates by Census Tract. Reporting criteria specifies that a Tract can only be reported in cases where there are 3 or more service providers in the tract, and no one service provider holds 80% or greater of the tract's total subscriptions. Unfortunately, this prevents many non-urban census tracts from being displayed.









FIGURE 3.4: Adoption Rates: San Francisco Bay Area



FIGURE 3.5: Adoption Rates: Greater Sacramento Area



California Public Utilities Commission • Communications Division • 2012 | Page 19

3.3 Adoption in Urban Areas: Summary

Figure 3.7 (below) summarizes adoption rates for the urban areas mapped previously.



FIGURE 3.7: Adoption Rates in Selected Urban Areas

Urban Area Definitions:

The urban areas summarized above are defined using Census 2000 tracts (the geography level of Form 477 data) whose center points fall within urban area boundaries defined by the 2010 Census.

San Francisco includes tracts centered within the following census-defined urbanized areas:

San Francisco - Oakland, San Jose, Concord, Vallejo, Fairfield, Antioch, Livermore

Los Angeles includes tracts centered within the following census-defined urbanized areas:

Los Angeles - Long Beach - Anaheim, Riverside - San Bernardino

Sacramento and San Diego include tracts centered within only their respective urbanized areas.

4 Detailed Correlation Results

4.1 Urbanity and Adoption

Examining statistical correlations between adoption rates and various demographic variables allows a quantitative look at the factors which most strongly predict broadband adoption across communities. The remainder of this report will visually display how the adoption rates of California's census tracts are related to demographic indicators.

Figure 4.1, below, categorizes California's census tracts according to their level of urbanity. While it might be expected that adoption rates in small urban areas are at a midpoint between urban and rural areas, adoption rates in these areas are below their rural and urban counterparts.



FIGURE 4.1: Adoption Rates by Urbanity

"Small Urban" areas are defined by the Census Bureau as continuously developed areas with a population of between 2,500 and 50,000. Census tracts with centerpoints in these areas are grouped into the "Small Urban" category, while census tracts with their centerpoints in larger urban areas are grouped into the "Urban" category, and all other tracts are assigned to the "Rural" category.

4.2 Statewide Correlation Results

The following pages show correlation patterns between adoption rates for all census tracts and selected demographic indicators. Each data point represents one Census Tract with a unique adoption rate and demographic indicator value. In general, the more clustered the data points, the stronger the correlation.





California Public Utilities Commission • Communications Division • 2012 | Page 23



California Public Utilities Commission • Communications Division • 2012 | Page 24



California Public Utilities Commission • Communications Division • 2012 | Page 25





4.3 Summary

Figure 4.8 summarizes relationships between the adoption rates of California census tracts and their demographic influencers. This list is not intended to be exhaustive, but rather includes variables with some of the highest explanatory power, such as median household income and educational attainment indicators, along with influencers that would be expected to hold a high degree of explanatory power, but in fact do not, such as density.

FIGURE 4.8: Statistically Significant Influencers of Adoption: Correlation Summary				
Variable	Percent of Adoption Rate Explained	Direction of Relationship	Type of Relationship	
Median Household Income	39.8%	+	Logarithmic	
Percentage of Population 25 or Above with a Bachelor's Degree	37.2%	+	Logarithmic	
Percentage of Population 18 or Above with a High School Diploma	32.6%	+	Logarithmic	
Percentage of Population Speaking English "Not Well" or "Not At All"	23.1%	-	Linear	
Median Age	14.1%	+	Logarithmic	
Density	.004%	-	Linear	

It is necessary to note that these influencers are highly correlated not only with adoption rates but also to one another. This limits the ability to accurately determine the contribution of each individual variable to overall changes in adoption rates within a statistical model that includes more than one explanatory variable. Multivariate models can improve overall explanatory power, but interpreting the results becomes increasingly complex.

4.4 Conclusions

Statistical analysis shows significant correlations between demographics and broadband adoption, and mapping of adoption rates shows how those correlations translate into reality for California's low-adoption communities.

There is need for further analysis of these correlations both on a statewide level, and on a city-by-city basis. It may be that some demographic influencers are more explanatory in particular metropolitan regions of the state, and further analysis of these relationships within more confined geographic areas could lead to greater efficacy for groups tasked with promoting broadband adoption on the ground in California's communities.

5 Technical Notes

5.1 FCC Form 477 Data

Detailed information regarding FCC Form 477 data can be found in the "Technical Notes" section of "Internet Access Services as of 6/30/11", published by the Wireline Competition Bureau of the FCC's Industry Analysis and Technology Division.

To view the report, visit the FCC's website:

http://www.fcc.gov/reports/internet-access-services-63011

To learn more about how Form 477 is collected, visit the FCC's Form 477 Resources for Filers page:

http://transition.fcc.gov/form477/

5.2 CPUC Broadband Availability Data

Broadband service is considered available to a census block if a service provider is able to provision a minimum of combined service of 768 kilobits per second downstream and 200 kilobits per second upstream within 10 business days. In most Census Blocks, this means that fixed broadband service is considered available to the block if it is already being provided to at least one other household in

the block. In Census Blocks larger than 2 square miles, fixed service availability is determined using a ratio of service line length to total roadway length: if the sum of the length of all service lines in a Census Block is equal to at least fifty percent of the sum of the length of all roadways in a Census Block, the block is considered to have broadband available.

In addition, fixed wireless and mobile wireless broadband service availability depends on whether the geographical center (centroid) of the Census Block falls within a provider's reported coverage area.