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**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Consider  
Modifications to the California Advanced  
Services Fund.

R. 12-10-012  
(Filed October 25, 2012)

**REPLY COMMENTS OF**

**CALAVERAS TELEPHONE COMPANY (U 1004 C)  
CAL-ORE TELEPHONE CO. (U 1006 C)  
DUCOR TELEPHONE COMPANY (U 1007 C)  
FORESTHILL TELEPHONE CO. (U 1009 C)  
HAPPY VALLEY TELEPHONE COMPANY ( U 1010 C)  
HORNTOS TELEPHONE COMPANY ( U 1011 C)  
KERMAN TELEPHONE CO. (U 1012 C)  
PINNACLES TELEPHONE CO. (U 1013 C)  
THE PONDEROSA TELEPHONE CO. (U 1014 C)  
SIERRA TELEPHONE COMPANY, INC. (U 1016 C)  
THE SISKIYOU TELEPHONE COMPANY (U 1017 C)  
VOLCANO TELEPHONE COMPANY (U 1019 C)  
WINTERHAVEN TELEPHONE COMPANY (U 1021 C)  
(the "SMALL LECs")**

**ON ORDER INSTITUTING RULEMAKING**

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December 18, 2012

Attorneys for the Small LECs

1 **I. INTRODUCTION.**

2 Pursuant to Rule 14.3(d) of the California Public Utilities Commission's ("Commission")  
3 Rules of Practice and Procedure ("Rules"), and in accordance with the timeframe for comments  
4 outlined in Ordering Paragraph 3 of R.12-10-012, Calaveras Telephone Company (U 1004 C),  
5 Cal-Ore Telephone Co. (U 1006 C), Ducor Telephone Company (U 1007 C), Foresthill Telephone  
6 Co. (U 1009 C), Happy Valley Telephone Company (U 1010 C), Hornitos Telephone Company  
7 (U 1011 C), Kerman Telephone Co. (U 1012 C), Pinnacles Telephone Co. (U 1013 C), The  
8 Ponderosa Telephone Co. (U 1014 C), Sierra Telephone Company, Inc. (U 1016 C), The Siskiyou  
9 Telephone Company (U 1017 C), Volcano Telephone Company (U 1019 C) and Winterhaven  
10 Telephone Company (U 1021) (the "Small LECs") hereby offer these Reply Comments addressing  
11 issues raised by the interested parties on the Order Instituting Rulemaking to Consider  
12 Modifications to the California Advanced Services Fund ("OIR") to permit non-regulated entities  
13 to apply for CASF infrastructure grants and loans.

14 The Small LECs appreciate this opportunity to provide input regarding the Commission's  
15 continuing efforts to improve the CASF program. The Opening Comments<sup>1</sup> provided meaningful  
16 suggestions that the Small LECs believe will help the Commission meet the ongoing universal  
17 service and broadband deployment goals underlying this program. First, CCTA recommends  
18 imposing additional requirements on local governments applying for CASF funds. Second, CCTA  
19 also proposes a requirement that CASF applicants serve notice of their application to local  
20 telephone and cable operators in the proposed service area. Third, Frontier suggests increasing the  
21 CASF grant support level to at least 80%. The Small LECs support each of these  
22 recommendations.

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25 <sup>1</sup> Opening Comments were filed by the Small LECs, Citizens Telecommunications Company of California  
26 Inc. d/b/a Frontier Communications of California, Frontier Communications West Coast Inc. and Frontier  
27 Communications of the Southwest Inc. ("Frontier"), the Cable & Telecommunications Association ("CCTA"),  
Division of Ratepayer Advocates, The Utility Reform Network, City and County of San Francisco, Tulare County  
Office of Education, Fire2Wire, Access Humboldt, Ca.Net, Inc., California Partnership for the San Joaquin Valley,  
California State University, Monterey Bay, Regional Council for Rural Counties, and San Diego Imperial Regional  
Broadband Consortium. TURN's Opening Comments also attached letters from California Broadband Policy Network  
and the Institute of Popular Education for Southern California.

1 **II. THE COMMISSION SHOULD CONSIDER IMPOSING ADDITIONAL**  
2 **REQUIREMENTS FOR LOCAL GOVERNMENTS APPLYING FOR CASF**  
3 **FUNDS.**

4 If the Commission decides to expand the program to permit applications from local  
5 governments, the Small LECs agree with CCTA that additional requirements should be considered  
6 for these entities. As CCTA observes, local government CASF projects would rely to a greater  
7 extent on public funds, so additional requirements may be appropriate to ensure that CASF  
8 projects are properly supported and approved by voters. *CCTA Opening Comments*, at a p. 3.  
9 CCTA also notes that local governments have the incentive to discriminate against potential  
10 providers in the administration of right-of-way accesses and permits. *Id.* The Small LECs share  
11 CCTA's concerns regarding local government applicants. The Commission should continue to  
12 ensure that ratepayer funds are allocated to well-advised and supported projects that meet the goals  
13 of the program based on the merits of a project and which do not discriminate in the  
14 administration of access rights or permitting. In order to address these concerns, the Small LECs  
15 encourage the Commission to consider in this proceeding whether to develop additional  
16 requirements for local government applicants for CASF funds.

17 **III. NOTICE OF CASF APPLICATIONS WILL ENSURE THAT CASF FUNDS ARE**  
18 **PROPERLY ALLOCATED.**

19 The Small LECs also support CCTA's proposal to require entities applying for CASF  
20 funding to serve notice of their applications on local telephone and cable operators in the proposed  
21 project area. *CCTA Opening Comments*, at p. 4. The Small LECs note that they proposed a  
22 similar notice requirement in Opening Comments. A notice requirement of this sort would assist  
23 the Commission in efficiently meeting its broadband deployment goals in unserved and  
24 underserved areas by giving local operators the opportunity to validate whether a proposed area  
25 actually is unserved or underserved. This particularized notice to existing providers can avoid  
26 inefficiencies and confusion in connection with whether an area is already served.

27 **IV. INCREASING CASF FUNDING THRESHOLDS WILL FACILITATE**  
28 **BROADBAND DEPLOYMENT GOALS.**

The Small LECs agree with Frontier's assessment that the Commission might attract more

1 CASF projects if it raised the grant thresholds to a higher level. *Frontier Opening Comments*, at  
2 p. 3. As Frontier correctly observes, the grant support level needs to be at least 80% to facilitate  
3 cost-effective broadband deployment in many high-cost areas. The Small LECs encourage the  
4 Commission to raise the program contribution amount to 80% and note that this may resolve  
5 concerns identified in the OIR regarding sub-par participation levels in the CASF program.

6 **V. CONCLUSION.**

7 The Small LECs appreciate this opportunity to offer Reply Comments and urge the  
8 Commission to adopt the recommendations identified above in order to continue advancing  
9 universal service and broadband deployment goals.

10 Dated this 18<sup>th</sup> day of December, 2012, at San Francisco, California.

11 Respectfully submitted,

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