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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)

**OPENING 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)**
  - HORNITOS 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 PROPOSED DECISION IMPLEMENTING REVISED ELIGIBILITY  
CRITERIA FOR THE CALIFORNIA ADVANCED SERVICES FUND PROGRAM**

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January 27, 2014

Attorneys for the Small LECs

1 **I. INTRODUCTION.**

2 Pursuant to the Rule 14.3 of the Commission's Rules of Practice and Procedure ("Rules"),  
3 Calaveras Telephone Company (U 1004 C), Cal-Ore Telephone Co. (U 1006 C), Ducor Telephone  
4 Company (U 1007 C), Foresthill Telephone Co. (U 1009 C), Happy Valley Telephone Company  
5 (U 1010 C), Hornitos Telephone Company (U 1011 C), Kerman Telephone Co. (U 1012 C),  
6 Pinnacles Telephone Co. (U 1013 C), The Ponderosa Telephone Co. (U 1014 C), Sierra Telephone  
7 Company, Inc. (U 1016 C), The Siskiyou Telephone Company (U 1017 C), Volcano Telephone  
8 Company (U 1019 C), and Winterhaven Telephone Company (U 1021 C) (the "Small LECs")  
9 hereby offer opening comments on the Proposed Decision issued to address eligibility criteria for  
10 non-telephone corporations to participate in the California Advanced Services Fund ("CASF").  
11 The Proposed Decision called for the submission of opening comments on January 26, 2014,  
12 which was a Sunday. Therefore, in accordance with Rule 1.15, these opening comments on the  
13 Proposed Decision are timely submitted on January 27, 2014.

14 The Small LECs support the Proposed Decision, and appreciate the Proposed Decision's  
15 consideration of the comments presented in response to the OIR and in response to the ALJ Ruling  
16 that sought additional input on issues related to the Commission's concern regarding its oversight  
17 authority over unregistered providers who may seek to participate in CASF. By adopting a  
18 performance bond requirement for non-regulated entities, the Small LECs believe that the  
19 Proposed Decision appropriately balances the Commission's ongoing efforts to advance universal  
20 service and broadband deployment goals through the California Advanced Services Fund  
21 ("CASF") program and the Commission's efforts against waste, fraud, and abuse. The Small  
22 LECs also appreciate the Proposed Decision's clarification that the Commission's Rule 1.1 applies  
23 to both unregistered applicants and grantees, mandating that both must provide truthful and  
24 accurate information in support of their project proposals.

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1 **II. PERFORMANCE BOND REQUIREMENTS FOR NON-REGULATED ENTITIES**  
2 **WILL PROVIDE THE NECESSARY VEHICLE FOR COMMISSION**  
3 **OVERSIGHT.**

4 The Small LECs continue to support the performance bond requirements for non-  
5 telephone corporations to ensure the completion of a CASF-funding project. Performance bond  
6 requirements are necessary to provide the Commission with critical oversight tools over  
7 unregistered entities who seek to benefit from public funding available through the CASF  
8 program. In addition, performance bonds ensure that the Commission may continue to exercise  
9 any punitive measures on non-regulated entities for failing to meet the terms of a CASF award.  
10 While the Small LECs believe that performance bonds for non-regulated entities should continue  
11 to require language regarding the compliance of these entities with CASF program requirements,  
12 the Proposed Decision makes a reasonable accommodation to address concerns about the  
13 difficulty of obtaining performance bonds. The Small LECs agree that the Commission can  
14 enforce compliance measures through the reduction or withholding of payment during the  
15 construction phase of the project, the Commission's enforcement authority pursuant to Public  
16 Utilities Code Section 2211, and the additional obligation imposed on non-telephone corporations  
17 to promptly notify the Commission about the sales and transfers of assets.

18 **III. THE PROPOSED DECISION APPROPRIATELY CLARIFIES THAT THE**  
19 **COMMISSION'S ENFORCEMENT AUTHORITY APPLIES TO APPLICANTS**  
20 **AND NOT JUST GRANTEES.**

21 The Small LECs appreciate that the Proposed Decision specifies that the Commission's  
22 enforcement authority extends to CASF applicants, and not just grantees. As the Small LECs  
23 expressed in earlier comments, it is necessary to issue a statement that unregistered applicants are  
24 subject to the Commission's jurisdiction in connection with their applications, as there is otherwise  
25 no vehicle for the Commission to punish an entity that makes false representations in connection  
26 with a CASF application. Compliance with the CASF rules should not attach only upon  
27 "accepting CASF grants," as the application stage is a critical period in which key factual  
28 representations and commitments are made. To ensure that CASF applicants provide truthful  
information on applications to the Commission, the Proposed Decision appropriately mandates

1 Commission's Rule 1.1 should apply to both applicants and grantees.

2 **IV. CONCLUSION.**

3 The Small LECs continue to support the Commission's broadband deployment goals, and  
4 appreciate that the Proposed Decision will require a performance bond for unregistered providers  
5 who might participate in the CASF program. By imposing a performance bond and mandating  
6 that all applicants comply with the Commission's Rule 1.1, the Small LECs believe that the  
7 Commission will be able to ensure sufficient accountability while balancing the expansion of the  
8 CASF program. The Proposed Decision should be adopted without substantial revision.

9 Dated this January 27<sup>th</sup>, 2014 at San Francisco, California.

10 Respectfully submitted,

11  
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