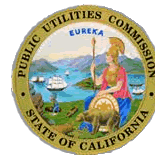


**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



**FILED**

09/10/19  
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Order Instituting Rulemaking to Establish a  
Framework and Processes for Assessing the  
Affordability of Utility Service.

Rulemaking 18-07-006  
(Filed July 12, 2018)

**COMMENTS OF AT&T ON STAFF AFFORDABILITY PROPOSAL**

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September 10, 2019

AT&T<sup>1</sup> hereby responds to the Administrative Law Judge’s Ruling Inviting Comments on Staff Proposal (“Ruling”).

**I. The Staff’s Proposal For Essential Broadband Service is Flawed.**

Staff’s proposed “essential service quantities” for electronic and water appear to be based on fractions of average usage of these services. For example, electric baseline quantity is 50 – 60% of average residential electric use. But the proposed quantities for broadband are capacities rather than quantities. Rather than setting essential monthly bandwidth at some fraction of average monthly bandwidth use, it is set at 1024 GB. Broadband speed is set at 20 Mbps, under the assertion that this represents the minimal speed. Staff justified these capacity and speed as “an aggregation of general browsing and email, radio/audio streaming, file download/transfer, and a video task such as streaming, video calling or video conference calling.”<sup>2</sup> The largest requirement for broadband bandwidth and speed is for video. Roughly 80% of all broadband usage is for video – with nearly all of it being entertainment video. Just as Staff decided they would consider conservation-conscious water usage to be “essential,” Staff should only consider those broadband uses that are essential, entertainment video such as Netflix and ESPN+ should not be considered “essential.” However, that is exactly what Staff proposes in advocating for the essential broadband service being 1024 GB and 20 Mbps.

While it is unclear, the use the Commission will make of the present exercise, to the extent the cost of the bundle of “essential” utility services could be used in ratemaking would

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<sup>1</sup> Pacific Bell Telephone Company d/b/a AT&T California (U 1001 C) and its affiliates AT&T Corp. (U 5002 C); Teleport Communications America, LLC (U 5454 C); and AT&T Mobility LLC (New Cingular Wireless PCS, LLC (U 3060 C); AT&T Mobility Wireless Operations Holdings, Inc. (U 3021 C); and Santa Barbara Cellular Systems, Ltd. (U 3015 C)) are collectively referred to hereinafter as “AT&T.”

<sup>2</sup> Staff Workpapers September 6, 2019.

mean that broadband inflated for the purpose of entertainment could negatively affect the “affordable” rates for other services. The essential broadband service must be sized by the appropriate essential functions, rather than being an entertainment service.

**II. The Affordability Ratio Is Flawed.**

The Affordability Ratio uses a formula: Income minus Housing. It is unclear why the formula chooses Income minus Housing as its divisor. If the purpose is to net income against essential services, food and healthcare might be included. But recognizing the difficulty of calculating all essential services, it might be better to use Income as the divisor.

**III. Without Knowing The Purpose, This Exercise Could Be Fruitless.**

AT&T has raised the issue of the purpose of this proceeding and pointed out this is an elaborate project. Unless the purpose is clearly identified before analysis is done, the analysis risks becoming work that leads to no real wisdom or possibly actionable conclusions.

September 10, 2019

Respectfully submitted,

/s/

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