

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking into
the Review of the California High
Cost Fund-A Program.

Rulemaking 11-11-007

**REPLY COMMENTS OF THE PUBLIC ADVOCATES OFFICE
ON PROPOSED DECISION**

I. INTRODUCTION

Pursuant to Rule 14.3 (d) of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure (Rules), the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits these reply comments in response to the July 27, 2020 opening comments of the Independent Small LECs (Small ILECs), and the California Cable & Telecommunications Association (CCTA)¹ on the *Proposed Decision Allowing And Adopting Conditions For Wireline Competition In Small Local Exchange Carrier Service Territories* (Proposed Decision) in Rulemaking (R.)11-11-007.

Cal Advocates reaffirms its support for the Commission's decision to open the Small ILECs' service territories to wireline competition and provide customers with more choice than a single provider. Furthermore, as it relates to the Small ILECs' General Rate Case (GRC) schedule, the groupings of the 10 Small ILECs should be revised to

¹ 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) 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) And Volcano Telephone Company (U 1019 C) ("Independent Small LECS") On The Proposed Decision Of Commission Guzman Aceves Allowing And Adopting Conditions For Wireline Competition In Small Local Exchange Carrier Service Territories; and the Comments Of The California Cable & Telecommunications Association On Proposed Decision Allowing And Adopting Conditions For Wireline Competition In Small Local Exchange Carrier Service Territories.

achieve efficiencies and balance the workload throughout the GRC cycles. Cal Advocates recommends that:

1. The Commission place Kerman and Foresthill in Group A, instead of Group B for the purpose of GRC application submissions.
2. The Commission keep Calaveras and Sierra in their current Group B for the purpose of GRC application submissions.
3. The Commission revise General Condition 12 (d) in the PD to apply reporting requirements of General Order 133-D to CLECs.
4. The Commission adopt the conditions it proposed on CLECs entering Small ILECs' territories and disregard CCTA's arguments.

II. DISCUSSION

A. The Commission should place Kerman and Foresthill in Group A.²

Cal Advocates agrees with the Small ILECs that combining Kerman and Foresthill into a single group will streamline the GRC process and promote efficiency. However, the Commission should place Kerman and Foresthill into Group A, not Group B, for the purpose of GRC application submission, as recommended by Cal Advocates in its opening comments.³ Placing Kerman and Foresthill in Group B would delay the Commission's review and decision on their GRC applications until 2023. This means that the Commission would not review Kerman's expenses for seven years because Kerman's last GRC was in 2016, as noted in Cal Advocates' Opening Comments.⁴ Delaying the review for reasonableness of expenses may hurt California ratepayers and customers of the utility because end user rates and any appropriate subsidies from State and Federal programs provided to the utility to meet those costs are based on the most recent GRC determinations. This could result in the utility receiving either too little or

² Opening Comments of Public Advocates on Proposed Decision, July 27, 2020, p. 3.

³ Opening Comments of Public Advocates on Proposed Decision, July 27, 2020, p. 2.

⁴ Opening Comments of Public Advocates on Proposed Decision, July 27, 2020, p. 2.

too much in CHCF-A subsidies. In addition, the Commission determined that GRCs should be reviewed every three years in Commission Decision (D.)15-06-048.⁵ As stated in Cal Advocates’ opening comments, it is critical for the Commission to timely review the reasonableness of Kerman’s expenses.

If the Commission reorders and places Kerman and Foresthill in Group A, Calaveras and Sierra should remain in their current Group B with Ponderosa. The Commission should adopt the following proposed groupings, as described in Cal Advocates’ opening comment.⁶

Table 1: Cal Advocates’ proposed groupings of the Small ILECs.⁷

Group	Cal Advocates Proposed GRC Groupings	Proposed Decision Proposed GRC Groupings
Group A	Siskiyou, Volcano, Combined Kerman/Foresthill	Sierra, Siskiyou, Volcano
Group B	Calaveras, Ponderosa, Sierra	Kerman, Foresthill, Ponderosa
Group C	Cal-Ore, Ducor, Pinnacles	Ducor, Calaveras, Pinnacles, Cal-Ore

B. The Commission should revise General Condition 12 (d) to apply reporting requirements of General Order 133-D to CLECs.

Cal Advocates supports the Small ILECs’ comments that the Commission should require Competitive Local Exchange Carriers (CLECs) to submit all General Order (G.O.) 133-D reports that currently apply to Small ILECs.⁸ The service quality standards

⁵ D.15-06-048 at 18, Conclusion of Law 3.

⁶ Opening Comments of Public Advocates on Proposed Decision, July 27, 2020, p. 2.

⁷ Opening Comments of Public Advocates on Proposed Decision, July 27, 2020, p. 3.

⁸ 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) 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) And Volcano Telephone Company (U 1019 C) (“Independent Small LECS”) On The Proposed Decision Of Commissioner Guzman Aceves Allowing And Adopting Conditions For Wireline Competition In Small Local Exchange Carrier Service Territories, July, 27, 2020, p. 2.

include: installation intervals, installation commitments, customer trouble reports, out of service report and service time. This requirement will assist the Commission in meeting its obligation to ensure that customers are receiving safe and reliable service.²

C. The Commission should disregard CCTA’s comments and adopt the conditions the Proposed Decision proposed on CLECs entering Small ILECs’ territories.

Cal Advocates opposes CCTA’s suggestion to eliminate the conditions proposed in Section 3.4 and Appendix A of the PD. Contrary to CCTA’s arguments,¹⁰ the Commission has the authority under Section 253(b) of the Telecommunications Act of 1996 to impose conditions that “preserve and advance universal service, protect the public safety and welfare, ensure the continued quality of telecommunications services, and safeguard the rights of consumers.”^{11, 12} The Utility Reform Network (TURN) also agreed that “that conditions for CLECs are necessary to ensure continued provision by the Small ILECs of high quality and affordable services.”¹³

Furthermore, CCTA errs in stating that implementing the new conditions would “violate due process, be arbitrary, capricious, and discriminatory ...” Establishing new rules and conditions to implement wireline competition is well within the scope of this proceeding and all affected parties had the opportunity to provide comment on this topic.¹⁴ Additionally, the Commission has the authority to develop and establish general

² Proposed Decision “*Decision Allowing And Adopting Conditions for Wireline Competition In Small Local Exchange Carrier Services Territories*”, July 6, 2020, p. 18.

¹⁰ Comments of The California Cable & Telecommunications Association On Proposed Decision Allowing And Adopting Conditions For Wireline Competition In Small Local Exchange Carrier Service Territories, July 27, 2020, pp. 3-7.

¹¹ Proposed Decision “*Decision Allowing And Adopting Conditions for Wireline Competition In Small Local Exchange Carrier Services Territories*”, July 6, 2020, p. 40.

¹² Proposed Decision “*Decision Allowing And Adopting Conditions for Wireline Competition In Small Local Exchange Carrier Services Territories*”, July 6, 2020, p. 13, footnote 30.

¹³ Proposed Decision “*Decision Allowing And Adopting Conditions for Wireline Competition In Small Local Exchange Carrier Services Territories*”, July 6, 2020, p. 15, footnote 39. TURNs comments

¹⁴ Administrative Judges’ Ruling Seeking Comment On General Guidelines For Allowing Wireline Competition In Areas Served By Small Local Exchange Carriers., November 8, 2019, pp. 3-5.

conditions that are “nondiscriminatory and competitively neutral.”¹⁵ The general conditions ensure a level playing field in the Small LECs’ territories.¹⁶ The Commission should adopt the conditions it proposed in Section 3.4 and Appendix A of the PD.

III. CONCLUSION

The Proposed Decision takes an important step toward universal service by allowing increased customer choice in the Small ILECs’ service territories. The Commission’s proposed general conditions for CLECs are necessary to preserve and advance universal service, protect the public safety and welfare, ensure the continued quality of telecommunications services, and safeguard customer protections. As it relates to the Small ILECs’ GRC process, the Commission should revise the GRC groupings as recommended above.

Respectfully submitted,

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¹⁵ Proposed Decision “Decision Allowing And Adopting Conditions for Wireline Competition In Small Local Exchange Carrier Services Territories”, July 6, 2020, p. 2.

¹⁶ Proposed Decision “*Decision Allowing And Adopting Conditions for Wireline Competition In Small Local Exchange Carrier Services Territories*”, July 6, 2020, p. 39, Conclusion of Law 2.