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

Order Instituting Rulemaking into the
Review of the California High Cost
Fund-A Program. R.11-11-007

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)
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 ADMINISTRATIVE LAW JUDGES' RULING SEEKING COMMENT ON
GENERAL GUIDELINES FOR ALLOWING WIRELINE COMPETITION IN AREAS
SERVED THE SMALL LOCAL EXCHANGE CARRIERS**

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January 21, 2020

1 **I. INTRODUCTION.**

2 The Independent Small LECs¹ hereby provide the following reply comments addressing
3 the opening comments on the November 8, 2019 Administrative Law Judge Ruling Seeking
4 Comment on General Guidelines for Allowing Wireline Competition in Areas Served by Small
5 Local Exchange Carriers (the "November 8, 2019 Ruling"). The Independent Small LECs
6 provided their views on the issues raised in the November 8, 2019 Ruling in their opening
7 comments. Therefore, these reply comments will focus on the positions presented by The Utility
8 Reform Network ("TURN") and the California Cable & Telecommunications Association
9 ("CCTA").²

10 The Independent Small LECs again strongly urge the Commission to retain the current
11 restrictions on Competitive Local Exchange Carrier ("CLEC") entry into Independent Small LEC
12 territory. A prohibition on CLEC competition in these areas remains appropriate as a matter of
13 sound public policy. However, if the Commission does determine that CLEC competition should
14 be considered in specific areas, a strict regulatory framework, as outlined in the Independent Small
15 LECs opening comments, is necessary. This will prevent the CLECs from engaging in harmful
16 competitive practices, such as creamskimming, which will impair the Commission in its goal of
17 providing high-quality, universal service throughout California.

18 Concerns about the impact of CLEC competition in rural telephone company areas have
19 been expressed not only by the Independent Small LECs, but also by TURN. As described in
20 more detail below, TURN echoes the Independent Small LECs' concern that the CLECs should
21 not be allowed to simply enter Independent Small LEC territory without careful analysis of the
22 potential economic impact on the Independent Small LEC and their most vulnerable customers.

23 _____
24 ¹ The Independent Small LECs are the following carriers, each of whom is a small, rate-of-return regulated
25 telephone company serving rural and remote areas of California: Calaveras Telephone Company (U 1004
26 C), Cal-Ore Telephone Co. (U 1006 C), Ducor Telephone Company (U 1007 C), Foresthill Telephone Co.
27 (U 1009 C), Kerman Telephone Co. (U 1012 C), Pinnacles Telephone Co. (U 1013 C), The Ponderosa
28 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).

² The TDS Companies (Hornitos Valley Telephone Company, Hornitos Telephone Company, and
Winterhaven Telephone Company) also filed comments, however, the Independent Small LECs are not
responding to those comments in this reply.

1 TURN recognizes that CLECs are likely uninterested in serving low-income, high-cost, or isolated
2 customers. TURN's comments correctly capture the continued need to prevent CLECs' selective
3 business practices from impairing universal service and overall service quality for customers who
4 depend on Independent Small LECs to be their Carriers of Last Resort ("COLRs").

5 By contrast, CCTA overlooks these policy concerns, and again suggests that CLEC entry
6 should be permitted as a matter of law. CCTA incorrectly argues that the Commission should
7 look to Communications Act Section 251 rather than Section 253 to address these issues.³
8 However, examination of these statutes reveals that Section 253 is the relevant statute since it
9 deals with competition, while Section 251 is focused on the terms of interconnection.
10 Furthermore, the Commission previously rejected this same statutory argument when it was first
11 proposed by CCTA and the California Association of Competitive Telecommunications
12 Companies ("CALTEL") in Phase 1 of this proceeding.

13 **II. TURN'S PROPOSED PRINCIPLES ARE CONSISTENT WITH THE**
14 **INDEPENDENT SMALL LECs' PROPOSED REQUIREMENTS FOR CLECS**
SERVING IN INDEPENDENT SMALL LEC TERRITORIES.

15 The principles proposed by TURN in its opening comments align with those proposed by
16 the Independent Small LECs. Specifically, TURN focuses on three fundamental public policy
17 goals, each of which overlap with those proposed by the Independent Small LECs: (1) universal
18 service such that all Californians "enjoy communications with just and reasonable rates, non-
19 discriminatory access, and high quality services;" (2) competitive choice to the extent that there is
20 "a fair and level playing field" to encourage "innovation and low rates;" and (3) broadband access
21 sufficient to "ensure all parts of California have robust broadband access." *TURN Opening*
22 *Comments*, at 3-4. The Independent Small LECs similarly urge the Commission to require: (1)
23 universal service such that the CLECs must "provide voice service to the entirety of any exchange
24 in which they seek to serve a customer;" (2) a fair and level playing field such that CLECs are
25 required to follow many of the same restrictions as the Independent Small LECs; and (3)
26 broadband access such that CLECs would "fulfill all reasonable requests for broadband-capable
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28 ³ 47 U.S.C. §§ 251 & 253, respectively.

1 connections at levels that meet or exceed the Federal Communications Commission's minimum
2 broadband speeds." *Independent Small LECs' Opening Comments*, at 2.

3 Moreover, like the Independent Small LECs, TURN recognizes the harm that can come
4 from allowing CLECs to enter Independent Small LEC territory without restriction, noting that
5 any entry by CLECs "will likely result in revenue loss for the subject Small LEC." *TURN Opening*
6 *Comments*, at 5. TURN elaborates on this point by explaining that:

7 Expected competitive entry will most likely result in short term and long term
8 customer and revenue losses in light of the fact that each Small LEC has a unique
9 but small base of customers and is much less able to absorb the resulting loss of
10 customers or loss of future business opportunities than large carriers such as AT&T
or Frontier. Additionally, due to prohibitions on retroactive ratemaking,
competitive losses between rate cases lead to the potential for under-earning.

11 *Id.* TURN further emphasizes that "increased A-Fund draws will be required to offset declining
12 revenues" because "the Small LECs also incur costs to support COLR obligations that competitive
13 carriers would not incur." *Id.*, at 6. Furthermore, TURN recognizes the unique importance of the
14 Independent Small LECs, stating that "it is critical that the Small LECs continue to fulfill their
15 COLR obligations to ensure that ratepayers in Small LEC territory have access to essential voice
16 communications services, emergency communications, service repair, and robust broadband
17 services." *Id.*, at 8.

18 Like the Independent Small LECs, TURN also urges the Commission to prevent CLECs
19 from engaging in "cream skimming" involving "marketing to narrow and lucrative customer
20 groups, including attempts by the CLECs to enter into exclusive marketing arrangements with
21 larger multi-site commercial customers, greenfield developments, multi-tenant residential and
22 commercial customers and other similar situations." *Id.*, at 9. To mitigate creamskimming,
23 TURN, like the Independent Small LECs, proposes regulations forcing the CLECs to face a
24 rebuttable presumption that they must serve all customers within a specified geographic area for a
25 specified period of time. *Id.*, at 6. While the Independent Small LECs believe TURN's proposal
26 does not go far enough to prevent creamskimming because it allows the CLECs to define their
27 own service territory and is, therefore, ripe for abuse, the underlying principle is the same. Indeed,
28 TURN emphasizes that the Commission "should closely review the business plans of the

1 competitor to determine whether the competitor will offer a broad range of robust, reliable and
2 affordable services throughout its identified service area, on a nondiscriminatory basis. *Id.*, at 11.
3 Furthermore, TURN recognizes that allowing CLECs to enter into exclusive arrangements with
4 customers actually decreases competition, as it would "potentially deny consumers residing in
5 greenfield developments competitive alternatives." *Id.*

6 The similarities in the comments of the Independent Small LECs and TURN underscore
7 the danger in allowing unregulated CLECs to enter into Small LEC territory and select the most
8 profitable, geographically dense, and easily accessible customers while ignoring the rest of the
9 population. Providing high-quality universal service is an important and achievable benchmark
10 and allowing unrestricted CLEC access to Independent Small LEC territory will only serve to
11 make this goal more difficult to accomplish.

12 **III. CCTA'S LEGAL ARGUMENTS ARE MISPLACED BECAUSE THE**
13 **COMMISSION IS EVALUATING THE COMPETITION ISSUE AS A POLICY**
14 **MATTER.**

14 **A. The Question Before the Commission Concerns the Scope of CLEC CPCNs,**
15 **Not Interconnection Obligations Under 47 U.S.C. Section 251.**

16 CCTA urges the Commission that "Section 251(f)(2), not Section 253(b), establishes the
17 process and criteria for evaluating CLEC entry into the Small ILECs' service territories." *CCTA*
18 *Opening Comments*, at 8. However, ignoring Section 253 in favor of Section 251 mistakes the
19 purpose of this phase of the proceeding, which is focused on whether to open Small Independent
20 LEC territory to competition, not whether certain interconnection responsibilities should be
21 applied. As noted by the Commission in its Phase 1 decision:

22 While both interconnection and competition play an important role in
23 telecommunications markets, their purposes are separate and distinct. The purpose
24 of wireline local competition is to allow other wireline carriers to offer competing
25 telecommunications services to end-users. The purpose of rules requiring
interconnection, on the other hand, is to allow carriers to link their networks and
equipment to facilitate mutual exchange of traffic.

26 D. 14-12-084, at 40. Therefore, CCTA's argument that competition must be allowed because the
27 Independent Small LECs have not filed a petition with the Commission under Section 251(f)(2)
28 fails because the purpose of this inquiry is not to determine whether carriers should be permitted

1 "to link their networks and equipment to facilitate mutual exchange traffic" but to determine
2 whether "to allow other wireline carriers to offer competing telecommunications services to end-
3 users." *Id.*

4 CALTEL and CCTA conflate two separate and distinct concepts: (1) whether competition
5 is required or appropriate in a particular local market; and (2) the scope of telecommunications
6 carriers' obligations and duties in a competitive local market (i.e. interconnection). Such an
7 interpretation is inconsistent with the Commission's framework for addressing these issues, which
8 is focused on whether or not to permit Certificates of Public Convenience and Necessity
9 ("CPCNs") to be issued to competitive providers in Independent Small LEC territories.

10 **B. The Commission Has Already Rejected CCTA's Attempts to Construe the**
11 **Issue as a Matter of Law.**

12 CCTA's attempt to construe this issue as a matter of law is misplaced because the
13 Commission has already rejected this argument in Phase 1 of this proceeding when it was
14 advanced by both CALTEL and CCTA. CALTEL proffered this same argument in its Opening
15 Brief, arguing that "the plain language of the statute, and application of it through consistent
16 decisions of the Federal Communications Commission (FCC), recognize that its purpose,
17 including all of Section 251, was to open local telecommunications markets to competition."
18 *CALTEL Opening Brief*, at 3. Similarly, CCTA contended in its Opening Brief that the statutory
19 language of the "Telecommunications Act of 1996...requires this Commission to open the Small
20 ILEC territories to competition." *CCTA Opening Brief*, at 2. In its Phase 1 decision, the
21 Commission illustrated a thorough understanding of the requirements of Section 251(f)(2). *D. 14-*
22 *12-084*, at 42-43. Then, after taking this particular section of the statute into account, as well as
23 CCTA and CALTEL's arguments regarding the purpose of the statute, the Commission rejected
24 these arguments, determining that "we make a preliminary finding that it is not in the public
25 interest to open the Small ILECs territories to wireline competition at this time." The Commission
26 should similarly reject this repackaged statutory argument in this phase of the proceeding as well.

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1 **C. The Commission's Authority Under 47 U.S.C. Section 253 Is Not Contingent**
2 **Upon Section 251(f) Petitions.**

3 CCTA's opening comments erroneously suggest that the ability of an Independent Small
4 LEC to petition the Commission to prevent interexchange requirements with competitors
5 precludes the Commission from regulating entry into a rural telephone carrier's territory. Despite
6 CCTA's tortured reasoning and logistical gymnastics, Communications Act Section 253 is not
7 precluded by Section 251(f)(2). *CCTA Opening Comments*, at 8.

8 To support this proposition, CCTA cites general language from a Supreme Court decision,
9 *AT&T Corp. v. Iowa Utilities Board*,⁴ that does not support CCTA's contention, but instead rules
10 on whether the Federal Communications Commission ("FCC") possessed the appropriate
11 jurisdictional authority to carry out provisions of the Telecommunications Act of 1996. Indeed,
12 nowhere in the *AT&T* case does the Supreme Court interpret Section 251(f) as stripping state
13 agencies of the power to regulate telecommunications companies, protect small, rural telephone
14 companies, and achieve the goal of high-quality, universal service. And this is only logical, since
15 merely by giving small, rural telephone companies a way to protect themselves from the
16 interconnection requirements does not mean that the Commission cannot act on its own volition to
17 determine whether competition should be allowed and, if so, under what conditions.

18 CCTA next argues that Section 253 mandates that the Commission "require competitive
19 neutrality among the *entire universe* of participants and potential participants in a market." *Id.*, at
20 9 (emphasis added by CCTA).⁵ CCTA proceeds to argue that requiring competitive neutrality
21 means that the Commission should not be able to place any regulatory requirements on CLECs.
22 However, this is contrary to the very language quoted by CCTA, which requires "competitive
23 neutrality among the entire universe of participants and potential participants." Given the
24 significant regulatory requirements placed on the Independent Small LECs, the most reasonable
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27 ⁴ 525 U.S. 366, 371 (1999).

28 ⁵ Citing *Public Utility Commission of Texas*, Memorandum Opinion and Order, 13 FCC Rcd. 3460 paras.
106-07 (1997), *review denied*, 164 F.23d 49 (D.C. Cir. 1999).

1 way to achieve competitive neutrality is to apply some of the same protections and requirements
2 for CLECs.⁶

3 In support of its theory that Section 253 forbids the placement of regulations on CLECs,
4 CCTA cites a FCC opinion which found that a specific section of Texas's Public Utilities and
5 Resources Act violated Communications Act Section 253(a).⁷ In that opinion, the FCC found the
6 Texas statute to be in violation of Section 253's requirements because it "flatly prohibits the Texas
7 Commission from granting COAs [Certificates of Operating Authority] in the specified territory"
8 and because "no party has demonstrated that the prohibition is necessary to achieve any of the
9 policy goals enumerated in section 2253(b)." *Id.* However, this ruling is plainly distinguishable
10 from the present situation because there is clear and convincing evidence provided by both the
11 Independent Small LECs and TURN that, absent a strict regulatory prohibition, the CLECs will
12 refuse to serve the majority of customers in these territories and engage in selective
13 creamskimming to serve only the wealthiest and most easily accessible populations. This goes
14 directly to the stated policy goals of Section 253(b) and will impair the Commission's ability to
15 "preserve and advance universal service, protect the public safety and welfare, ensure the
16 continued quality of telecommunications services, and safeguard the rights of consumers" who
17 will be ignored by the CLECs. Indeed, further evidence of how failing to regulate the CLECs will
18 result in creamskimming is provided by Comcast Phone of California's ("Comcast") vague
19 application to selectively serve on the wealthy Tesoro Viejo area of Ponderosa's territory. *See*
20 A.19-01-003.

21 CCTA next cites an FCC opinion involving the State of Wyoming for the proposition that
22 "the Wyoming Public Service Commission's decision denying a CLEC's application to enter a
23 rural territory under the statute, violated Section 253(b)." *CCTA Opening Comments*, at 10.

25 ⁶ Another approach to achieve competitive parity was suggested by the TDS Companies in their opening
26 comments who suggested that regulations on the Independent Small LECs should be lessened to better
match the CLECs.

27 ⁷ *Public Utility Commission of Texas*, Memorandum Opinion and Order, 13 FCC Rcd. 3460 para. 107
28 (1997), *review denied*, 164 F.23d 49 (D.C. Cir. 1999).

1 However, a closer look at that opinion reveals that the FCC actually concluded that "the present
2 record does not permit us to make a determination on the merits of the "necessary" issue" and "we
3 need not and do not reach the question of whether the rural incumbent protection provision" falls
4 within Section 253(b).⁸ The FCC found that the "record on the 'necessary' question is not robust"
5 because of the "absence of direct participation in this proceeding by the State of Wyoming and the
6 Wyoming [Public Service] Commission." *Id.* Thus, the FCC never even reached the question of
7 whether the restriction achieved the public policy goals of Section 253(b). Similarly, in the FCC
8 opinion cited by CCTA involving Tennessee, the FCC also never reaches the question of whether
9 the restrictive statute at issue falls within Section 253(b).⁹ Consequently, CCTA's arguments are
10 not supported by the case law.

11 **IV. CCTA'S POLICY ARGUMENTS ARE UNSUPPORTED BY THE RECORD AND**
12 **CONTRARY TO RECENT EVENTS.**

13 **A. CCTA Has Not Presented Any Evidence to Allay Concerns About**
14 **Creamskimming.**

15 It is telling that, in its opening comments, CCTA does not attempt to address the criticism
16 that CLECs will engage in creamskimming by ignoring the most vulnerable populations in each
17 Independent Small LEC territory. Experience shows that CLECs will engage in creamskimming,
18 so they could not in good faith suggest otherwise. CCTA merely states that "competition is not a
19 zero-sum game" without providing any reasoning to support this theory. *CCTA Opening*
20 *Comments*, at 2. It is axiomatic that shifting profits from the Independent Small LECs to the
21 CLECs will require the Independent Small LECs to draw more heavily on the CHCF-A. Thus,
22 allowing CLECs to enter Independent Small LEC territory and engage in creamskimming is
23 tantamount to using the CHCF-A to fund competition. This is not a good use of public resources.

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25 ⁸ *Silver Star Telephone Co. Inc., Petition for Preemption and Declaratory Ruling*, Memorandum Opinion
26 and Order, 12 FCC Rcd. 15639 para. 45 (1997), *recon. denied*, 13 FCC Rcd. 16356 (1998), *aff'd*, *RT*
Communications, Inc. v. FCC, 201 F.3d 1264 (10th Cir. 2000).

27 ⁹ *AVR, L.P. d/b/a Hyperion of Tennessee L.P. Petition for Preemption*, Memorandum Opinion and Order,
28 14 FCC Rcd. 11064, 11701-02, para. 18 (1999), *recon. denied*, 16 FCC Rcd. 1247 (2001) ("Therefore, we
need not reach the question of whether Tenn. Code Ann. § 65-4-201(d) and the Denial Order are
"necessary," or "consistent with section 254" within the meaning of section 253(b).").

1 The closest CCTA comes to addressing the issue of creamskimming is making the
2 unsupported statement that Comcast's attempt to expand into Ponderosa's territory "is not likely to
3 affect Ponderosa economically because Tesoro Viejo is a largely greenfield community and, thus,
4 the consumers moving there are not part of Ponderosa's existing customer base." *Id.*, at 12.
5 However, this contention is flawed because, as pointed out by TURN, "each Small LEC has a
6 unique but small base of customers and is much less able to absorb the resulting loss of customers
7 or loss of future business opportunities than large carriers such as AT&T or Frontier." *TURN*
8 *Opening Comments*, at 5. Comcast's application in that case explicitly demonstrates that it is
9 precisely a "zero-sum game" since the revenue from these customers, which would normally have
10 gone to Ponderosa and potentially allowed them to reduce their draw on the CHCF-A, is instead
11 going to Comcast. The loss of future business opportunities, particularly those in profitable and
12 easily accessible communities, is economically harmful to the Independent Small LECs and
13 cannot be said to be neutral.

14 **B. The Comcast Proposal to Enter Ponderosa's Territory Amplifies Concerns**
15 **About Creamskimming.**

16 Comcast's application¹⁰ to enter Ponderosa's territory is an excellent example of how
17 permitting CLECs to enter Independent Small LEC territory will allow them to engage in
18 creamskimming and harm both the Independent Small LECs, the most vulnerable customers in
19 those territories, and the general public by increasing the CHCF-A.

20 Although Comcast's application states that Comcast's intent is to "operate throughout the
21 Ponderosa service territory," Comcast admits that "it initially plans to offer its service only in the
22 Tesoro Viejo area." *Comcast October 11, 2019 Response to ALJ Request for Information*, at 5.
23 The application does not make any assurances that it will serve other areas in Ponderosa's territory
24 or even that it will serve the majority of customers in any particular area. These omissions
25 illustrate that Comcast intends to cherry-pick the most profitable customers from a particular
26 territory while ignoring the less profitable, low-income, and remote customers. As noted by

27
28 ¹⁰ A.19-01-003.

1 TURN, "[i]t is not at all clear whether the Commission is being asked to approve a business plan
2 that will result in meaningful competition for voice services throughout the Ponderosa service
3 territory, or a narrowly focused business plan to only serve a new greenfield development with an
4 exclusive marketing agreement." *TURN Opening Comments*, at 7.

5 If competitors are given the platform to engage in creamskimming rather than achieving
6 the Commission's goal of increasing universal service, it will have the opposite effect of
7 promoting universal service. Instead, it will cause Independent Small LECs to receive "lower
8 returns on investment between rate cases," necessitating "larger A-Fund draws" and causing the
9 average California ratepayer to "pay increased surcharges to support Small LEC COLR
10 obligations as competitive carriers enter the more lucrative sub-sets of these rural market areas."
11 *Id.* at 8.

12 **C. Claims that Additional Competition Will Have No Impact on Independent**
13 **Small LECs or Consumers Are Not Credible.**

14 CCTA contradicts itself by taking two opposing positions throughout its opening
15 comments. CCTA first argues that "[n]o one knows or can reasonably predict" how "CLEC
16 competition will impact the economic status of the Small ILECs." *CCTA Opening Comments*, at
17 11. CCTA later reiterates this contention stating that "there is no way to accurately predict" the
18 "short-term and long-term impacts of CLEC competition on the Small ILECs." *Id.*, at 19. CCTA
19 then subsequently takes a different position, contradictory to its first position, arguing that "there
20 is no basis to conclude that wireline voice competition from new CLEC competitors will have a
21 negative impact." *Id.*, at 21. CCTA makes the logically fallacious argument that because "no one
22 knows" what will happen if CLECs are allowed to enter Independent Small LEC service territory,
23 the impact on the Independent Small LECs cannot possibly be negative. This reasoning is clearly
24 erroneous because, by CCTA's own admission, if one does not know the outcome, one cannot rule
25 out a negative outcome.

26 It is simple common sense that allowing CLECs into Independent Small LEC territory will
27 negatively impact the Independent Small LECs financially. For there to be no economic impact,
28 as CCTA suggests, it would mean that the CLECs failed to acquire any customers or only acquired

1 customers where the cost to provide service exceeded the rate of return on providing service to
2 those customers. Given that the CLECs sole motivation for entering the Independent Small LECs'
3 territory is to earn a profit, such a contention is not plausible. CCTA's attempt to confuse the issue
4 by interjecting that Independent Small LECs' customer base had decreased in recent years is
5 irrelevant to the central fact that transferring profitable customers from the Independent Small
6 LECs to CLECs would financially harm the Independent Small LECs.

7 CCTA's argument that the Independent Small LECs' draw on the CHCF-A "has generally
8 decreased or remained flat" when competitors have entered the market attempts to confuse the
9 issue through oversimplification. *Id.*, at 17. The formula for calculating the CHCF-A is complex
10 and the annual support provided to the Independent Small LECs is affected by many factors. To
11 contend that competition is the only variable is disingenuous.

12 **V. ANY CHANGES TO CLEC REQUIREMENTS IMPOSED IN THIS PROCEEDING**
13 **SHOULD ONLY APPLY TO THE EXTENT THAT CLECS SEEK TO OPERATE**
14 **IN INDEPENDENT SMALL LEC TERRITORIES.**

15 If the Commission rules that CLECs should be allowed to enter Independent Small LEC
16 territory, the Independent Small LECs have proposed a significant regulatory framework that
17 should be applied to these CLECs. However, all changes to CLEC requirements resulting from
18 this proceeding should be limited to CLECs seeking to enter into Independent Small LEC
19 territory. The Independent Small LECs are not suggesting that the Commission change the CLEC
20 rules on a global basis. Thus, CCTA's suggestion that "modification of the CLEC Rules is outside
21 the scope of this proceeding generally and outside the stand-alone issue of opening the Small
22 ILEC markets to competition" is inaccurate. *CCTA Opening Comments*, at 21. Whether to allow
23 CLECs to enter Independent Small LEC territory and, if so, whether to regulate those CLECs, is
24 precisely the topic set forth in the November 8, 2019 Ruling Seeking Comment. *November 8,*
2019 Ruling, at 3-4.

25 **VI. CONCLUSION.**

26 Opening Independent Small LEC territory to CLEC competition will cause economic harm
27 to the Independent Small LECs, fail to achieve any service improvements for low-income and
28 geographically remote customers, and increase draws on the CHCF-A. It is poor public policy and

1 the potential repercussions are extensive. However, if the Commission does take the unwise
2 regulatory step of permitting CLECs to enter Independent Small LEC territory, the
3 implementation of significant regulatory restrictions are mandatory to prevent the CLECs from
4 engaging in behavior destructive to the goals of universal and high quality service for the most
5 vulnerable populations in those areas.

6 Dated this 21st day of January, 2020 at San Francisco, California.

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