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Decision ALTERNATE PROPOSED DECISION OF
COMMISSIONER FLORIO (Mailed 10/9/2012)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding
Revisions to the California High Cost
Fund B Program.

Rulemaking 09-06-019
(Filed June 18, 2009)

DECISION ADOPTING BASIC TELEPHONE SERVICE REVISIONS

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DECISION ADOPTING BASIC TELEPHONE SERVICE REVISIONS

1. Summary

In this decision, the Commission adopts updated requirements for residential basic telephone service (basic service). Appendix A contains the updated list of service elements that comprise residential basic telephone service, along with related requirements for offering these service elements. The service elements apply regardless of the technology used to provide basic service and regardless of the service territory in which the provider offers basic service. Any telephone corporation¹ providing residential basic telephone service in California must offer the identified basic service elements in compliance with this decision.

The term “basic service” has appeared in many Commission decisions over the years, but the Commission provided a detailed definition of what constitutes basic service for the first time in Decision (D.) 96-10-066 issued in Rulemaking (R.) 95-01-020 and Investigation (I.) 95-01-021. The Commission stated in D.96-10-066 that a uniform definition of basic service is important so that all residential telephone customers, no matter where they live in California, can expect a certain minimum level of service. In that same decision, the

¹ A “telephone corporation” is defined in Public Utilities Code Section 234 to include every corporation or person owning, controlling, operating, or managing any telephone line (with or without the use of transmission wires) for compensation within California. The issue of whether providers that are not telephone corporations should be allowed to offer residential basic telephone service in California is not within the scope of the basic service phase of this proceeding and is not addressed in today’s decision.

Commission exempted small incumbent local exchange carriers (ILECs) from one of the basic service requirements applicable to other carriers.²

Our updated basic service definition applies to each telephone corporation that offers residential basic telephone service in California, including each carrier that serves as a Carrier of Last Resort (COLR),³ offers Universal Lifeline Telephone Service (Lifeline),⁴ or otherwise provides residential basic telephone service within California.

Our requirements for basic service establish a baseline of protection for all residential customers. There has been much discussion in this proceeding regarding whether basic service requirements should be identical in all geographic areas, for all carriers, and for all residential customers. The development of updated basic service requirements that accommodate the diversity of customers and their varying communications needs, the rapid development of new telecommunications technologies, and the wide range of

² D.96-10-066 required that all carriers providing local exchange residential service provide, at a minimum, the seventeen elements of basic service that are contained in Rule 4.B of Appendix B to that decision. Rule 4.C granted the small ILECs an exemption from the requirement to offer measured rate local service, unless the carrier already offered that option.

³ A COLR must offer basic service to all residential customers within its designated service territory, including those areas in which it is more costly or difficult to provide service. D.96-10-066 designated all ILECs as “the COLR in all of their respective service areas at least until such time that another carrier or carriers are designated as the COLR.” (Rule 6.D.1 in Appendix B to D.96-10-066.) Other carriers also may be designated as COLRs, as provided in Rule 6.D in Appendix B to D.96-10-066. That Rule 6.D is attached for reference as Appendix C to this decision.

⁴ Consideration of rules that govern wireless providers that offer Lifeline services under the federal Lifeline program is addressed in Section 4.2.2 of this decision.

geographic factors that affect service costs in different localities in California has proven a difficult and contentious task.

This effort has brought into focus the fact that we seek to advance different, though related, regulatory goals through this update to basic service requirements. One goal is to establish a minimum set of basic service requirements that must be met by at least one carrier everywhere in California. To that end, the Commission has established COLR obligations, and also funding mechanisms to subsidize the provision of COLR basic service in high-cost areas of California.

To promote customer choice and competition throughout California, today's decision maintains minimum standards for basic service that COLRs must offer, while allowing COLRs some flexibility in their basic service offerings. Like other carriers, COLRs may also choose to offer service options that do not meet the COLR basic service requirements, but such options would not be eligible for high-cost subsidies.

We recognize that the basic service requirements for COLRs will not provide all of the communications attributes that each individual customer may need. Instead, we expect customers to seek out other options to the extent they exist in a competitive market. The record establishes that many customers with sufficient financial means purchase two (or more) communications services with complementary attributes to meet their communications needs. Rather, the basic service requirements for COLRs constitute the minimum level of service that we require of at least one carrier everywhere and that we are willing to subsidize to maintain in high-cost areas.

Another goal is to ensure that low-income customers have access to affordable essential communications services. California's Lifeline service was

established to provide subsidies to meet the communications needs of low-income households. As the record clearly demonstrates, a customer's assessment of the most important attributes may differ depending on individual circumstances. While COLRs are required to offer discounted Lifeline service based on their COLR basic service, some households that qualify for Lifeline discounts may need telephone service that differs in important respects from such offerings. However, they may not have the financial ability to purchase multiple communications services with complementary features to meet their individual needs. With the backstop of Lifeline offerings based on COLR basic service, we find it in the public interest to provide additional flexibility in the manner in which carriers must provide basic service in order to qualify to receive support for discounted Lifeline services. Our intent is that this flexibility will allow low-income customers to have a broader range of discounted Lifeline options, consistent with appropriate consumer protections.

The Commission currently is considering reforms to the Lifeline program in Rulemaking (R.) 11-03-013. Therefore, the updated basic service requirements adopted today constitute a starting point for carriers' Lifeline service offerings, subject to further analysis and possible refinements that may be adopted for Lifeline service in R.11-03-013. In that proceeding, the Commission may add, subtract, or otherwise refine the elements that a Lifeline service provider is required to offer its Lifeline subscribers. Based on the further record to be developed in that proceeding, the Commission also may modify the requirements adopted today for basic service offered by non-COLRs that wish to provide Lifeline service.

When the Commission last adopted a basic service definition in D.96-10-066, competition for local telephone service had not yet fully

commenced. Wireless service subscriptions were still nascent, and broadband services were not readily available to residential consumers. The definition adopted in D.96-10-066 was based on wireline exchange technology offered by the large ILECs,⁵ the small rural ILECs,⁶ and competitive local exchange carriers (CLECs).⁷

The basic service elements adopted today are defined and apply on a technology-neutral basis, although some of the elements may be provided in different ways depending on the type of communications technology utilized, as described elsewhere in this decision and summarized in Appendix A. We recognize, as communications technologies continue to evolve, that new technologies may be able to meet our basic service requirements in ways that were not addressed in this proceeding. To ensure that basic service customers may take advantage of advanced technologies as they become reliably available, we require providers that offer basic service using advanced technologies or network architectures demonstrate the manner in which their basic service offerings comply with the basic service elements and requirements adopted in today's decision.

In addition to changes in the technologies used to provide telephone services, the ways that consumers are accustomed to using telecommunications

⁵ An ILEC is a local telephone corporation that was the exclusive certificated local telephone service provider in its franchise territory before local competition was allowed. The large ILECs in California are now regulated under the Uniform Regulatory Framework, as established in D.06-08-030. (*See* Pub. Util. Code §§ 234 and 1001).

⁶ The Commission regulates the small rural ILECs through cost-of-service reviews in general rate cases.

⁷ The Commission regulates CLECs under rules established in R.95-05-043/I.95-04-044.

have also changed since D.96-10-066 was issued. Today's decision updates the basic service definition, recognizing the increasing diversity of choices among communications technologies and customers' changing expectations since the 1990s. Our updated definition will expand customer choice and promote competition among carriers using different technologies to provide basic service, while continuing to preserve essential consumer protections to ensure that all Californians have continued access to reliable, affordable, and high-quality voice service in their residences.

It is sound public policy to ensure that consumers throughout California have access to basic service that meets minimum service standards, regardless of where they live. This decision promotes affordable, high-quality basic service at standards appropriate for ratepayer subsidy, as needed to meet universal service goals. This will help ensure that the public purpose surcharge fees collected from California customers are utilized in a fiscally responsible and efficient manner.

2. Procedural Background

The California High Cost Fund-B (B-Fund or CHCF-B) program was designed in the mid-1990s to ensure that residential basic telephone service (basic service) remains affordable in high cost areas served by the large incumbent local exchange carriers (ILECs). Under the B-Fund program, a Carrier of Last Resort (COLR), which must offer basic service to all residential customers within a designated service area, receives funding to subsidize basic rates in high cost areas.

Rulemaking (R.) 09-06-019 (successor to R.06-06-028) was instituted to consider reforms to the B-Fund program and to respond to concerns regarding the size of the fund. The need to update the definition of basic service on a

statewide basis arose in this proceeding in the context of considering modifications to the B-Fund program, as explained below.

In Decision (D.) 07-09-020 in R.06-06-028, the Commission adopted various reforms to the B-Fund program, including scaling back the magnitude of the B-Fund by imposing more restrictive eligibility thresholds for receiving B-Fund support and by reducing the number of regions eligible for B-Fund support. However, the level of support provided for regions eligible for support continues to be based on cost proxy data that has not been updated since 1996.⁸

In D.96-10-066, the Commission identified high-cost areas in the territories of the large ILECs by estimating costs within Census Block Groups (CBGs) of the 1990 census where the cost of basic service exceeded the system average cost. Since these cost proxies were adopted more than 15 years ago, the state's demographics, CBGs, communications technologies, and costs of providing service in high-cost areas have changed considerably. As a result, as noted in D.07-09-020, the cost proxies used in the B-Fund support calculations are increasingly outdated.

As a basis for continuing support in high-cost areas, the Commission concluded in D.07-09-020 that a new approach was needed to determine relevant cost data to support the provision of basic service through the B-Fund. Rather than relying on technology-specific cost proxy models as a basis to determine

⁸ As authorized in D.95-01-021, a cost proxy model was used to develop cost estimates, instead of actual costs derived from a study or scientific model. The resulting cost estimates were used to determine universal service support in the high-cost areas of the large ILECs. The benchmark cost for determining if an area was high cost was \$20.30 per line. Hence, any areas with proxy costs above \$20.30 were considered eligible for CHCF-B subsidies.

high-cost funding levels, the Commission sought to move toward market-based approaches that are unbiased toward any particular carrier or technology.

The Commission thus explored development of a reverse auction process whereby carriers would competitively bid for the right to receive B-Fund support. In this approach, competitive bids would be used to determine high-cost support.

Initial comments on reverse auction design issues were filed on November 9, 2007, and reply comments were filed on November 28, 2007. By ruling dated December 13, 2007, Working Groups were established to formulate recommendations for a reverse auction process. Working Group progress reports were issued on February 21, 2008, and May 1, 2008.

The Working Groups requested Commission guidance on certain threshold issues before pursuing further discussions. By ruling dated May 28, 2008, parties in R.06-06-028 were asked to provide comments on key threshold issues, including potential modifications to make the basic service requirements established in D.96-10-066 more competitively neutral. Pursuant to Public Utilities (Pub. Util.) Code Section (§) 1708, the ruling provided notice and opportunity to comment on possible modifications to the basic service definition in D.96-10-066.⁹

Opening and reply comments on threshold issues were filed on June 24, 2008, and on July 15, 2008, respectively. A general consensus in the comments

⁹ Pub. Util. Code Section 1708 states: "The commission may at any time, upon notice to the parties, and with opportunity to be heard as provided in the case of complaints, rescind, alter, or amend any order or decision made by it. Any order rescinding, altering, or amending a prior order or decision shall, when served upon the parties, have the same effect as an original order or decision."

was that updating the definition of basic service was the first issue requiring resolution. The assigned Commissioner thus determined that an updated definition of basic service requirements should be adopted before proceeding with steps to update high-cost levels and support, whether by reverse auction or by other means.¹⁰

While the process to update the basic service definition continued, a successor rulemaking was opened on June 18, 2009. The successor rulemaking (R.09-06-019) was tasked with continuing to reform the B-Fund program. In a ruling dated February 11, 2010, assigned Commissioner Bohn solicited comments on the advisability of continuing to pursue a reverse auction, and concurrently issued proposed revisions to the basic service definition. The ruling also recognized the need to update the definition of basic service for reform of the Lifeline program, but deferred consideration of Lifeline issues to the Lifeline docket, R.06-05-028.

Assigned Commissioner Bohn subsequently determined that, rather than considering separate revisions to basic service on a piecemeal basis for service in B-Fund regions, revisions to basic service should be addressed on a comprehensive basis for all purposes in R.09-06-019.¹¹ In this way, the effects on Lifeline, the B-Fund, and any other basic service obligations could be addressed in a coordinated manner.

¹⁰ The issue of whether to pursue implementation of a reverse auction remains a point of controversy. In this decision, we do not prejudge the merits of pursuing development of a reverse auction.

¹¹ Amended Scoping Memo issued on May 10, 2010.

By ruling dated December 24, 2010, a series of public participation hearings (PPHs) were scheduled throughout California to provide an opportunity for public input on changes in the basic service definition. These PPHs were held during March 2011. On April 27, 2011, now-assigned Commissioner Peevey issued a revised draft proposal for basic service revisions. Parties filed comments on the draft proposal on May 16, 2011, and reply comments on May 31, 2011.

The assigned Commissioner issued a Proposed Decision on November 15, 2011 and a Revised Proposed Decision on February 10, 2012. Comments and reply comments on the Proposed Decision were filed on December 5, 2011 and December 12, 2011, respectively, and comments on the Revised Proposed Decision were filed on February 24, 2012.

Comments on proposed basic service revisions have been filed by the large ILECs: Pacific Bell Telephone Company d/b/a AT&T California (AT&T), Verizon California Inc. (Verizon), SureWest Telephone (SureWest), and Citizens Telecommunications Company of California Inc., d/b/a Frontier Communications Company of California (Frontier). Comments were also filed by the small rural ILECs and by parties representing other carriers' interests including Sprint Nextel (Sprint), Time Warner Telecom of California, L.P (Time Warner), the California Cable & Telecommunications Association, Cox California Telecom LLC (Cox), Omnipoint Communications, Inc. (dba T-Mobile), Cricket Wireless (Cricket), and CTIA – The Wireless Association (CTIA).

Comments representing consumers' perspectives have been filed by the Division of Ratepayer Advocates (DRA), The Utility Reform Network (TURN), Disability Rights Advocates, the National Consumer Law Center, the Center for Accessible Technology, and the Greenlining Institute.

3. General Discussion and Revisions to Basic Service Requirements

Based on the comprehensive record, we revise the requirements for residential basic telephone service, including the revised definition of basic service elements and related requirements, which are summarized in Appendix A of this decision. In revising the definition, we also consolidate the existing elements into a more concise listing.¹² The revised definition of residential basic telephone service elements is technology-neutral, so that a variety of providers may offer basic service.

Because of the essential nature of basic service, we require that all basic service providers make information showing rates, charges, terms, and conditions of their basic service publicly available. Today's decision does not modify any existing tariffing requirements. Carriers that must file and maintain tariffs under current rules if they offer basic service today will retain the current tariff requirements if they offer basic service in the future. Other basic service providers are encouraged to voluntarily file and maintain tariffs for their basic service offerings. Each basic service provider that does not file tariffs must file a schedule including its basic service rates, charges, terms, and conditions, updated whenever there are any changes in rates, charges, terms, or conditions.

It is essential that the Commission maintain oversight over the provisioning of basic service, because of the critical nature of the service and the need to ensure that ratepayer support for subsidized basic service is justified. All basic service offerings should continue to be subject to the Commission's formal

¹² For ease of comparison between the basic service elements defined in D.96-10-066 and the revised list adopted in this decision, a cross-reference of the prior and current elements by description and number is provided in Appendix B of this decision.

complaint process and the requirements of General Order 168 (The Consumer Bill of Rights), regardless of whether the service is provided pursuant to tariff or pursuant to filed schedules of rates, charges, terms, and conditions. This oversight will protect customers and allow the Commission to resolve any customer concerns about whether a carrier has complied with its commitments regarding basic service rates, charges, terms, and conditions and with other basic service requirements adopted by the Commission.

When basic service requirements were last considered in D.96-10-066, basic service was provided with monthly rates and no contracts or early termination penalties. COLRs must continue to, and other basic service providers may, offer basic service on that basis. In recognition of the changing marketplace, COLRs and other basic service providers may also offer basic service options through alternative billing arrangements, including contracts that could include termination penalties.

To support affordability and allow customers to compare basic service options easily, and also to provide a clear basis for determining appropriate high-cost and Lifeline support levels, we adopt a requirement that carriers must offer basic service on a stand-alone basis. However, a carrier's stand-alone basic service may include additional telecommunications or enhanced service elements, such as texting capability and voice mail, if the carrier provides such elements, without separate charge, as an integral part of all service offered to residential customers everywhere that it serves residential customers. In addition to the stand-alone basic service (which may include additional elements as described in the preceding sentence), carriers may offer other bundled packages that include additional telecommunications and enhanced service options. However, a carrier may not require a customer to subscribe to such

optional bundled service packages, or to video or data services, such as Internet or cable television, as a condition of receiving basic service. Any high-cost or Lifeline support that a carrier receives will not subsidize non-basic service elements.

While carriers may offer basic service under alternative billing agreements and as part of larger service bundles, each basic service provider must clearly inform all consumers who contact the carrier as potential subscribers of any monthly no-contract or stand-alone basic service offerings and their elements, options, and rates. No carrier may represent to customers, or in advertising or by any other means, that any services, service elements, or service conditions, except those authorized by the Commission, constitute basic service in California.

The basic service requirements adopted in this decision, including the requirement to offer the basic service elements listed in Appendix A, apply to all providers that offer basic service in California, including any carrier currently or in the future designated as a COLR, any carrier currently qualified or seeking to qualify for high-cost or Lifeline support, and any carrier that otherwise provides basic service in California.

As a framework for assessing potential basic service revisions, we are guided by goals and principles designed to:

- a. Consolidate and streamline the existing list of basic service elements;
- b. Apply technology-neutral terminology and definitions; and
- c. Implement standards necessary to provide essential telecommunications service needs at affordable rates.

An appropriate definition of basic service is fundamental in supporting the Commission's goals of universal service, grounded in essential consumer protections providing:

- The availability of a minimum level of essential telecommunications services to virtually everyone in the state, i.e., there is ubiquitous presence of essential telecommunications services throughout the state, and
- That the rates for essential telecommunications services remain reasonable.

Consistent with these universal service goals, the Commission previously described basic service as consisting of those communications needs essential for participation in modern society. In D.95-07-050, we characterized basic service as the minimum level of service that consumers had come to expect, or services that are essential to all residential telephone customers (60 CPUC2d, 536, 549).

Our revised definition continues to uphold these guiding principles, preserving essential consumer protections while also being flexible to accommodate evolving technologies and differences in how service may be offered. The revised definition focuses on residential customers' service needs rather than the specific technology used to provide the service. Setting an appropriate definition requires a balanced approach, as noted in D.96-10-066:

If the service definition is too narrowly drawn, some service elements that may be essential for participation in society may only be enjoyed by those who can afford it. Or, certain urban areas of the state may enjoy some essential service elements that customers in more rural areas may not have. In balancing what services elements should be included in the definition of basic service, the Commission must also be cognizant of the extra cost. If too broad of

a definition is adopted, consumers may end up paying for services that they do not need or want.¹³

Although communications technologies and regulatory rules have evolved since 1996, consumers are still entitled to basic service elements essential for their participation in society and for reliable access to emergency and other critical services. Different technologies may provide basic service in different ways. A definition designed to be technology-neutral does not require that all modes of technology provide basic service in identical fashion. The adopted definition must be broad enough to accommodate reasonable variations in the manner in which basic service is provided and billed.

At the same time, a technology-neutral definition does not mean settling for the lowest common denominator of service standards. Allowing degradation in standards would undermine principles of universal service and jeopardize public safety. Essential basic needs must continue to be met consistent with the Commission's universal service policies. Additionally, it is important to ensure that services that are funded in part by ratepayer subsidies are provided in accordance with the adopted service standards.

Various parties argue that changes in technology and consumer behavior since the mid-1990s warrant eliminating service elements previously deemed essential for participation in society. Parties representing industry interests point to increasing numbers of consumers abandoning traditional landline in favor of other communications technology alternatives, stating that residential consumers, in general, no longer demand some currently mandated basic service elements.

¹³ 68 CPUC2d, 542, 549.

Verizon, for example, points to the diversity of products offered by wireless service. In addition to mobility, these include voice mail, texting, and smart phones that provide broadband Internet connectivity allowing access to email, music, video and other valued applications. Verizon's recitation, however, blurs relevant distinctions between basic essentials and more diverse service options. Our basic service requirements in no way limit a carrier's ability to provide an array of services and service plans. We recognize that modern communication preferences and expectations among consumers reflect a diverse spectrum. The growing demand for this broader diversity of communications services is separate and distinct from the continuing need for essential basic service elements upon which a significant portion of consumers rely. At the same time, we recognize that market developments may have led to circumstances where carriers include commonly-offered non-basic telecommunications and enhanced service elements in their basic service offerings, rather than separate out a pure basic service offering. The revisions adopted today accommodate that circumstance. At the same time, the growing demand for data and video services does not eliminate the need for affordable basic service offerings by customers who rely on them.

Likewise, the statistics showing increasing numbers of customers subscribing to wireless service do not negate the importance of some existing basic service features for the majority of consumers. While a growing number of consumers may be willing to give up such basic service elements in favor of wireless as it is currently provided, this minority does not determine the preferences or needs of the majority of customers who continue to choose traditional basic service.

The principles of universal service extend to all segments of the public, not just the technologically sophisticated. In particular, many among the elderly, disabled, economically disadvantaged, and non-English-speaking sectors may exhibit different needs compared to younger, technologically sophisticated, or more affluent sectors. As expressed by speakers at the PPHs held during March 2011 and through written letters to the Commission, more vulnerable sectors of the public are not prepared or equipped to forfeit current protections offered through traditional basic service. Also, consumers residing in rural or remote regions with few telecommunications providers may face different constraints than those in urban settings with broader telecommunications choices.

Most California households today subscribe to both wireline and wireless services; the choice is not an either/or alternative. This fact implies that current wireline and wireless services are more often complementary rather than complete substitutes for each other.

In California, 2010 survey results¹⁴ indicate that 59% of households with voice communications have both traditional wireline and wireless service, while 18% have only traditional wireline and 23% have only wireless service.¹⁵ These statistics indicate that 77% of households with voice communications still have traditional wireline service and, further, that 72% of households with wireless service maintain their traditional wireline service.¹⁶ Consequently, we conclude

¹⁴ CPUC Staff Report to the California Legislature, "Affordability of Basic Telephone Service," September 30, 2010 at 13.

¹⁵ The staff report does not contain comparable statistics for Voice over Internet Protocol (VoIP) or other Internet Protocol-enabled services.

¹⁶ 59% plus 18% equals 77%; 59% divided by (59% plus 23%) equals 72%.

that most customers still value features available through today's basic service that are not currently available through their wireless service. Accordingly, while the use of wireless is growing, current wireless service – without existing basic service at least as a backup – is not adequate to fully meet most consumers' needs. The continued protections offered by basic service thus remain essential in meeting universal service goals.

Certain parties characterize some of the existing basic service elements as outdated or "legacy ILEC-centric." However, the relevant consideration is what a consumer needs today in terms of essential service features irrespective of network architecture or technology.

Certain parties also argued that California's basic service requirements should be revised to conform to Federal Communications Commission (FCC) universal service requirements. The services or functionalities that must be offered by a carrier in order to receive federal universal service support are identified in 47 Code of Federal Regulations § 54.101(a).¹⁷ The FCC's universal

¹⁷ At the time these arguments were made, the federal universal service requirements were, in summary form:

1. voice-grade access to the public switched telephone network;
2. local usage;
3. dual tone multi-frequency signaling or its functional equivalent;
4. single-party service or its functional equivalent;
5. access to emergency services;
6. access to operator services;
7. access to long distance services;
8. access to directory assistance; and
9. toll limitation for qualifying low-income consumers.

service requirements apply to COLRs and to any carrier designated as an Eligible Telecommunications Carrier (ETC).¹⁸

Cox argued that, while the FCC's listing of universal service requirements does not match every element of the Commission's basic service definition, it is preferable because it is technology-neutral. Cox asserted that, because carriers are allowed to provide the services specified by the FCC, or a functional equivalent, both wireline and wireless carriers have been participating in the federal universal service program for many years. Cox concluded that, if the Commission were to adopt the FCC's list and require a provider to provide the given service or functionality, wireline, wireless and VoIP providers would also be eligible to voluntarily participate in the California Lifeline program.

The FCC list omits key service elements that are an important part of California basic service requirements, as described in Section 4 below. Further, the FCC list lacks sufficient detail or clarity to provide adequate guidance without further elaboration. Instead, it provides a framework upon which states can build. Therefore, we choose to address the merits of each existing basic service element adopted in D.96-10-066, rather than simply discarding the entire definition and replacing it with a list from a federal agency that provides only minimum guidelines and is subject to change. We address each element of California basic service in the following section.

4. Revised Basic Service Requirements

The nine updated residential basic telephone service elements adopted by this decision are listed below:

¹⁸ The FCC designation of ETC applies to those carriers meeting FCC eligibility requirements for federal high-cost or federal Lifeline universal service support.

1. The ability to place and receive voice-grade calls over all distances utilizing the public switched telephone network;
2. Bill affordability provisions: flat and measured options for incoming and outgoing calls, and California Lifeline rates and charges for eligible customers;
3. Free access to emergency 911/Enhanced (E) 911 service;
4. Directory services: access to directory assistance within the customer's local community; options for listed or unlisted directory listings; and options for free white pages telephone directory;
5. Access to operator services;
6. Access to 800 and 8YY toll-free services;
7. One-time free blocking for information services, and one-time billing adjustments for charges incurred inadvertently, mistakenly, or without authorization;
8. Access to Telephone Relay Service as provided for in Pub. Util. Code § 2881; and
9. Free access to customer service for information about Universal Lifeline Telephone Service (ULTS), service activation, service termination, service repair, and bill inquiries.

These updated residential basic telephone service elements are discussed individually in the remainder of this section.

4.1. Ability to Place and Receive Voice-grade Calls over All Distances Utilizing the Public Switched Telephone Network

As the first revised element of basic service, we consolidate the following separate existing basic service elements:

- Access to single-party local exchange service (existing element 1)
- Access to all interexchange carriers offering service to customers in a local exchange (existing element 2)
- Ability to place calls (existing element 3)

- Free touch-tone dialing (existing element 5)
- Voice-grade connection to the public switched telephone network (existing element 13)

These elements are replaced with the following consolidated requirement:

The ability to place and receive voice-grade calls over all distances utilizing the public switched telephone network.

The existing five elements listed above, taken together, define customers' ability to send and receive voice calls both locally and over longer distances using traditional wireline exchange-based technology. The revised requirement consolidates these separate existing basic service elements into a single element, stated on a technology-neutral basis. The restated definition replaces language requiring access to "single party local exchange" service, which relates to wireline network architecture and geographically-based exchange boundaries. By removing references to the local exchanges, the revised definition allows for the diversity of technologies and service plans from intermodal carriers.

Non-traditional carriers may have different local calling boundaries or no geographically limited calling boundaries at all. For example, wireless networks are not designed for interexchange access requirements that apply to wireline exchange-based networks. Many wireless plans include nationwide long distance, encouraging customers to use wireless service for local and longer distance calling. Non-traditional carriers typically offer services in bundles of local and long distance. For some customers, the benefits of bundled service from a single carrier may outweigh the benefits of access to multiple carriers for only one segment (i.e., interexchange) of their telecommunications needs.

This revised element does not entail any change to the exchange-based practices that existing wireline basic service providers currently use. Existing ILEC basic service customers will retain their ability to make calls within their

local community as they currently do. At the same time, wireless or other non-ILEC providers that seek to offer basic service will not be required to conform to wireline exchange-based network architecture.

The existing basic service definition also requires that customers be given access to interexchange carriers serving in the local exchange regions. This interexchange access provides customers with the ability to make and receive calls over longer distances, even though the basic service focus is on the local community in which the customer resides. Where basic service is offered by an exchange-based wireline provider, customers will continue to be able to access interexchange carriers offering service within the local exchange. Customers can thereby access a pre-subscribed long distance carrier. Exchange-based wireline carriers offering basic service will remain subject to applicable federal law requiring access to the customer's presubscribed long distance carrier using 1+ dialing.

The revised definition may be satisfied by other service providers that do not have legal obligations to provide interexchange access. Unlike traditional exchange-based wireline carriers, other providers often have calling plans and network designs that do not necessarily distinguish between local, intrastate toll, and interstate toll calling; they may not have networks currently capable of providing equal access to interexchange carriers. By making all carriers subject to the revised definition above, however, non-exchange-based carriers may satisfy basic service requirements by providing competitive all-distance dialing, without being subject to the requirement to provide access to presubscribed long distance carriers.

We remove explicit reference to touch tone dialing, otherwise known as Dual Tone Multi Frequency signaling. This feature is implied in the requirement

to provide the ability to send and receive calls over the public telephone network.

The revised definition also requires a dependable voice-grade connection to the public switched telephone network. If a carrier's facilities provide insufficient signal strength or transmission quality to enable a residential customer to send or receive calls in the customer's residence with a voice-grade connection, the carrier would fail to meet a key basic service requirement. Ensuring that basic service provides a reliable voice-grade connection in the residence is an essential safety protection that must not be compromised. However, this requirement may be met in different ways depending on the technology employed.

Wireless providers typically serve customers using mobile handsets that communicate directly with the wireless provider's cellular towers. A wireless carrier that offers residential basic telephone service in this manner must provide sufficient signal strength and coverage to maintain a voice-grade connection in at least one room of the customer's residence.¹⁹ We disagree with parties' claims that wireless customers do not require a voice-grade connection within their residence because they have access to the mobility advantage offered by wireless. This argument ignores the essential nature of basic service as a residentially-based service. While we recognize that wireless phones offer mobility advantages, those advantages do not negate the essential basic service need to be able to communicate within the customer's own residence.

¹⁹ Consistent with discussion elsewhere in this decision, wireless providers that use other technologies or devices must demonstrate compliance with our basic service requirements, including the requirement to provide a dependable voice-grade connection in the residence.

We recognize that many factors may affect a wireless customer's ability to make and receive calls, including but not limited to the building materials used to construct the customer's residence; where the customer is in the house (e.g., in the basement or attic); amount and stature of surrounding vegetation; weather; calling traffic within the network cell at the time the call is attempted; potential sources of interference; and the type of phone used by the customer. These limitations, however, should not excuse a wireless basic service provider from ensuring that its basic service customers can reliably send and receive calls in at least one room in the customer's residence. If problems arise, a wireless provider may need to provide for a service technician to visit the customer's location to trouble-shoot the service and install a wireless bridge antenna, or take other steps as needed.

For traditional wireline carriers, customers typically are responsible for installation and maintenance of the inside wiring on the customer side of the network interface device. In this situation, a wireline carrier would fulfill its dependable connection requirement by providing reliable voice-grade service to a functional network interface device. We require other non-wireless carriers to specify in their tariffs or filed schedules of rates, charges, terms, and conditions the physical point(s) to which they commit to provide a reliable voice-grade connection.

If, at any time, a customer of a COLR fails to receive a voice-grade connection in the residence and notifies the carrier, and if the carrier does not meet its obligation within 14 days, that customer must be given the option to terminate service without any cancellation penalty, so that the customer can switch to a different service provider. This ongoing requirement that customers be allowed to terminate service without a cancellation penalty if uncorrected

service problems persist in a customer's residence is adopted to ensure that a customer whose carrier is not providing reliable service may pursue other options without financial penalty. We emphasize that a customer's termination of service because of uncorrected service quality problems does not relieve the COLR of its obligation to provide basic service in the residence upon request.

A COLR customer will also be allowed to cancel a contract without penalty if the COLR is not able to continue to provide a reliable residential voice-grade connection as the result of the customer moving to a different residence.

As discussed elsewhere in this decision, we see benefit in allowing some additional flexibility in the manner in which non-COLR carriers must meet basic service requirements, to allow expanded Lifeline choices that may have other desirable attributes. Consistent with that view, the basic service offered by non-COLR providers may meet the connection-in-the-residence requirement by allowing customers with uncorrected connection problems in their residences to terminate without penalty during at least the first 30 days after service commences. Such providers are not required to provide this protection after the first 30 days. We find this flexibility to be acceptable for non-COLR providers, because customers would also have the option to choose a COLR's basic service, with its ongoing requirement to maintain a reliable voice-grade connection in the residence.

A carrier must expressly disclose to all customers before they initiate basic service that customers are entitled to a reliable voice-grade connection in their residence and, if offering a long-term contract, must describe the conditions under which a customer may terminate the contract without penalty.

The Commission will need to consider measures to verify and enforce the requirement to provide a voice-grade connection. We will address these

additional issues in the service quality proceeding R.11-12-001 or another proceeding.

4.2. Provisions to Protect Bill Affordability

The basic service elements currently include the following elements that provide bill affordability protections:

- Ability to receive “free” unlimited incoming calls (existing element 4)
- Lifeline rates and charges for eligible customers (existing element 8)
- Customer choice of flat rate or measured service for local calls (existing element 9)

We incorporate these elements into one consolidated requirement as follows:

Bill affordability provisions: flat and measured options for incoming and outgoing calls, and California Lifeline rates and charges for eligible customers.

We address each affordability element below, in the order they were addressed in D.96-10-066.

4.2.1. Rate Options for Incoming Calls

The current definition enables the customer to receive unlimited incoming calls without charge. We continue to require that basic service customers be offered the option to receive unlimited incoming calls at no additional per-minute or per-call charge. We recognize that wireless carriers may recover their costs for delivering incoming calls in a different manner than do wireline carriers. Nonetheless, basic service customers are accustomed to receiving incoming calls without a per-minute or per-call charge, and we consider the requirement to provide the customer with the option to receive incoming calls

without a per-call or per-minute charge to be a necessary feature of basic service regardless of the provider.

Although wireless customers may be accustomed to paying for incoming calls on their cell phone, most wireless customers typically do so within an environment where they also rely on a separate traditional wireline telephone to meet their basic service needs, as described in Section 3 above. Therefore, such customers can choose whether to give out a cell phone number to receive calls, knowing they can use their wireline phone service to receive incoming calls at no charge. If wireless carriers provide basic service, the cell phone may become a customer's primary or only source for incoming calls. In that setting, the customer would no longer have the protection of receiving unlimited incoming calls on a traditional wireline phone at no charge. Accordingly, we require all providers of basic service, regardless of technology, to offer customers the option of receiving incoming calls without incurring per-minute or per-call charges. We adopt the requirement to offer this billing option as an essential affordability protection for basic service customers while preserving the flexibility for the customer to select an alternative billing plan if it is more affordable.

Although we require that carriers provide their basic service customers with the option for unlimited incoming calls at no additional charge, a carrier may offer its basic service customers alternative billing plans for basic service that may provide some customers with a more affordable monthly bill. We note that, even if a customer chooses the option of paying no per-minute or per-call charges for incoming calls, such a customer might indirectly absorb some share of costs for incoming calls embedded in a flat rate charge for basic service. Alternatively, if a customer utilizes a relatively low volume of minutes, or uses phone service during off-peak periods, the customer might save money by

subscribing to a billing plan that charges a per-minute or per-call charge instead of a flat rate for unlimited incoming and outgoing calls. A customer should be permitted to subscribe to such an alternative billing plan for basic service, if the customer finds the alternative plan is more affordable. Accordingly, a carrier may offer the customer alternative billing plans as long as the customer also is offered the option of subscribing to a plan that allows for unlimited incoming calls at no additional charge and unlimited outgoing calls within a specified area, all for a flat rate.

We expect to consider in R.11-03-013 the appropriate treatment of incoming and outgoing calls for Lifeline service, including the rate structures, charges, and support levels for flat rate service and measured service options that may include per-minute or per-call charges. Comparable issues for COLR services that receive high-cost support will be considered in R.09-06-019 or other appropriate proceedings.

4.2.2. California Lifeline Rates and Charges for Eligible Customers

We retain the basic service requirement that the carrier offer California ULTS rates and charges to all eligible basic service customers pursuant to the Moore Universal Telephone Service Act (Lifeline Program). The provision of Lifeline service is an essential basic service element that provides affordable basic service for low-income consumers.

By statute, Lifeline rates are determined as a discount from basic service rates. The manner in which Lifeline rates are calculated and applied is being reviewed in R.11-03-013 (successor to R.06-05-028). We require that a basic service provider must meet the California Lifeline requirements adopted in D.10-

11-033 or in subsequent orders,²⁰ and any other applicable Lifeline requirements that may be adopted in R.11-03-013.

The Commission has taken steps in D.10-11-033 to facilitate the offering of Lifeline by wireless and other nontraditional providers, clarifying that wireless and other providers may participate in the Lifeline program provided they offer basic service and otherwise comply with General Order (GO) 153.²¹ Although no wireless carrier is currently receiving any support from the California Lifeline program, Cox is currently a participant in the CHCF-B and California Lifeline programs and utilizes VoIP as the underlying service technology to provision many of its basic service and Lifeline customers.

Small ILECs recommend that, before a wireless or VoIP carrier receives either CHCF-B or California Lifeline support, it be required to meet the requirements of, or already be designated as, an ETC under FCC rules. Small ILECs point to the importance of an alternative provider of basic service delivering service throughout the service territory for which it is designated as an ETC, noting that leaving the service area selection to the carrier may result in cream skimming.

²⁰ D.12-07-022 modified and granted limited rehearing of D.10-11-033 in certain respects.

²¹ See D.10-11-033 mimeo. at 68-69: "Given the more dramatic shifts to wireless-only households over the last decade, with more than one million homes in California relying on wireless as their only communication service, California [footnote omitted] Lifeline should subsidize wireless telephone service when consumers choose that service as their residential service. In addition, there is no limitation on any type of technology or service provider to offer Lifeline service as long as the basic service elements are part of the service delivered to the low-income customer."

If a Lifeline provider were allowed to selectively exclude customers residing in areas where it is more costly to serve, thus targeting only the low-cost customers, the Commission's goal to promote consumer choice would be undermined. Any provider that offers basic service must offer Lifeline service on a non-discriminatory basis to all eligible customers within the region where the provider offers basic service. A provider may not selectively exclude Lifeline-eligible customers residing in areas that are more costly to serve, thus targeting only the customers that are less costly to serve. All consumers must have the ability to choose all available technologies for Lifeline service on a non-discriminatory basis.

Although the Commission does not have jurisdiction to generally regulate the rates of wireless carriers, to the extent that a carrier seeks to qualify for CHCF or California Lifeline subsidies, that carrier must comply with the bill affordability and other conditions applicable to basic service. As noted above, although our updated basic service definition applies to Lifeline providers, we view the updated definition as a baseline starting point for further analysis in the Lifeline rulemaking (R.11-03-013). In that proceeding, we intend to consider additional refinements to the elements a California Lifeline service provider is required to offer its Lifeline subscribers, in order to promote consumer choice in access to Lifeline service while preserving appropriate consumer protections. Depending on the results of that proceeding, we may add, subtract, or otherwise elaborate on the elements applicable to California Lifeline service.

We note that several wireless carriers have asked the Commission for designation as ETCs for the limited purpose of offering federal Lifeline and LinkUp services in California. Consistent with federal guidelines, the Commission has designated four wireless carriers as ETCs for this limited

purpose.²² For the purpose of receiving federal Lifeline support, the Commission has authorized waivers from certain GO 153 Lifeline service elements until the Commission establishes rules that would enable California Lifeline offerings by wireless providers. Although some of the resolutions designating the wireless ETCs suggested that this issue might be resolved in this proceeding, we defer the establishment of rules that would govern Lifeline offerings by wireless providers to the current Lifeline or other appropriate proceedings.

4.2.3. Flat and Measured Rate Service Options

Under the current definition of basic service, most providers must offer a choice of flat rate and measured rate local service, which covers the ability to place calls originating and terminating within the same local exchange area.²³ For calls terminating beyond the subscriber's local exchange boundaries, a per-minute toll charge typically applies.

We require that all basic service providers offer a flat rate option within a designated geographic area, to ensure that customers will be able to purchase local service from any carrier without incurring per-minute charges. We disagree with parties claiming that a fixed or flat rate option is an outdated vestige of an era when wireline was the only option. Based upon the significant number of customers that still subscribe to basic wireline service, and in view of

²² The Commission has approved the ETC requests of Cricket Communications, Nexus Communications, Virgin Mobile, and Telscape Wireless in Resolutions T-17266 (as modified by D.11-12-022 in Application 11-01-003), T-17258, T-17284, and T-17339, respectively.

²³ The small ILECs currently are exempted from the basic service requirement that they offer the choice of flat or measured rate service, unless the small ILEC currently offers that choice (Rule 4.C in Appendix B to D.96-10-066).

comments on this issue heard at the PPHs, we conclude that a flat rate option for basic calling continues to represent an essential need. While individual customer billing preferences may vary, a flat rate option offers essential affordability and monthly predictability protections for a significant number of customers. Irrespective of how technology has evolved over time, basic service must remain affordable. A flat rate for essential basic calling needs continues to provide important affordability and predictability protections, even for carriers whose rates are not subject to Commission regulation.

While we retain the requirement for a fixed or flat rate option for basic calling needs, we permit flexibility in the manner in which the rate option is structured, depending on whether the provider utilizes wireline exchanges to define its local calling area.

Basic service providers, such as wireless, that do not utilize local exchanges or central office rate centers for billing purposes will not be required to offer flat rate plans based upon the ILECs' local exchanges. However, we require that all providers offer basic service that includes a flat rate for unlimited outgoing calls within a calling area as defined by the provider. For purposes of this requirement, the flat rate calling area designated by the provider must be no smaller than the existing wireline local calling area in which the basic service customer resides. For this purpose the customer's flat rate calling area includes any authorized Extended Area Service regions to which the customer may call for a flat rate. Exchange-based providers must retain their authorized flat rate local calling areas, and also may offer larger flat rate calling areas if they wish.

Earlier in this proceeding, parties were encouraged to seek consensus on a fixed allowance of minutes that could serve as a proxy for flat rate basic service. There was much opposition to setting any specified minutes of use allowance.

Parties argued that billing plans should be tailored to customers' needs and preferences.

We recognize that individual customers vary in calling needs and preferences. A calling allowance that is optimal for some customers will not be least-cost for other customers. The concept of basic service is not that the adopted standards exactly match every customer's preferences but, rather, that affordable options be provided within the price range of the majority of customers for meeting basic needs. Wireline and non-wireline calling plans need not be structured identically to achieve the goal of affordable basic service.

The options that constitute essential basic calling needs may vary depending on individual patterns and situations. By requiring all basic service providers to offer a flat rate plan for unlimited calling within a geographic area that is no smaller than the ILEC's local calling area, we establish a reasonable proxy for the affordability currently offered under the existing flat rate basic service plans for calling within the local exchange. We emphasize that we are not establishing the rates for flat rate basic service plans²⁴ but, rather, are directing that each provider establish a fixed rate that does not vary with call volume within the specified geographic limits. This requirement is intended to keep basic service affordable.

In addition to flat rate service remaining an essential component of basic service, we retain measured service as an important option for consumers with minimal calling needs, regardless of income, so that they continue to have options that may cost less for them than flat rate options. For this reason, we

²⁴ The small ILECs remain subject to rate regulation in California, but today's decision does not address specific rates for these carriers.

require that all COLRs, other than the small ILECs that currently are exempted from this requirement, continue to offer measured rate basic service options, in addition to their flat rate option, within the same geographic areas as their flat rate basic service option. Other basic service providers may, but are not required to, offer measured rate basic service options.²⁵

We note that the California Lifeline program offers eligible customers Lifeline local measured service. We do not alter any existing provisions applicable to the provision of Lifeline local measured service pending a further record in R.11-03-013.

Carriers may offer alternative billing plans as non-basic service options, in addition to their basic service flat and measured rate options. Customers would then be free to choose such non-basic plans if the plans are more affordable and better suited to the customers' needs than the basic service calling plans.

4.2.3.1. Affordability Provisions in Uniform Regulatory Framework (URF) ILEC High-Cost Areas

Effective January 1, 2011, the Commission no longer imposes caps on basic rates for URF ILECs. The Commission currently requires, however, that each COLR serving in a designated high-cost area in an URF ILEC service area must certify that its stand-alone basic service rates in the high-cost area do not exceed 150% of its highest rates for comparable stand-alone basic service that it charges in California outside of high-cost areas.

²⁵ The Commission may consider on a case-by-case basis or in proceedings such as this current proceeding or R.11-03-013, as appropriate, issues related to the appropriate structure and support levels for flat rate and measured rate basic service offerings.

We recognize that the situation may arise in which a COLR that is not the URF ILEC might wish to receive CHCF-B support but that it might not offer comparable basic service outside of a high-cost area. That situation has not occurred, nor has the possibility been addressed in prior decisions. We determine that, if such a situation arises, such carrier must certify that the rates of its basic service in the high-cost area do not exceed (a) 150% of the highest rates of the local ILEC for comparable basic service in a non-high-cost area or (b) if there is no local ILEC, 150% of the highest rates of an adjacent ILEC for comparable basic service in a non-high-cost area, or (c) other acceptable proxies as may be approved by the Commission. (*See* D.08-10-040, Ordering Paragraph 14.)

4.3. Access to Emergency 911/Enhanced (E) 911 Service

The basic service definition currently requires that customers be provided free and unlimited access to emergency 911/E911 services (existing element 6). Free access to emergency services is an essential safety protection for all consumers. Accordingly, the existing basic service standards and requirements for 911/E911 service access shall continue to apply.

Some additional clarification of the definition is necessary, however, to recognize the applicability of this service element to providers utilizing technologies other than traditional wireline technology. As various parties observe, although wireless and other alternative technology providers are required by law to offer free access to emergency 911/E911, the technology and call routing protocols used to provide emergency access differ from those used by traditional wireline providers.

For purposes of the basic service definition, we recognize that carriers can utilize different technologies and procedures to provide emergency 911/E911

access. We do not dictate the use of any particular technology or network design for the purpose of satisfying the basic service requirement for 911/E911 access, but recognize that a carrier must comply with applicable state and federal laws pertaining to 911/E911 access.²⁶

At the same time, we conclude that basic service customers of COLRs should not risk losing their existing level of 911/E911 access reliability. Delays or failure to promptly route 911 calls to local emergency responders could result in loss of life or property, or other significant risks to public health and safety. In an emergency, precious time may be lost waiting for routing to complete.

We, thus, disagree with those parties arguing that existing standards for wireless 911/E911 services should be automatically assumed sufficient to qualify for basic service. Accordingly, regardless of whatever technology or network design a carrier utilizes to provide 911/E911 access, in order to qualify to offer basic service as a COLR, any carrier that is not already a COLR must demonstrate to the Commission that it has the capability of providing a caller with 911/E911 location accuracy and reliability that is at least comparable to that currently required of traditional wireline providers in the service territory.

The requirement that COLR basic service 911/E911 location accuracy and reliability must be at least comparable to the requirements for existing traditional wireline carriers does not mean that the underlying technologies must be identical. We only desire to ensure that COLR basic service customers do not

²⁶ Public Utilities Code Section 2892 sets forth the requirements for wireless carriers to “provide access to the local emergency telephone systems described in the Warren-911-Emergency Assistance Act (Article 6 (commencing with Section 53100) of Chapter 1 of Part 1 of Division 2 of Title 5 of the Government Code)...in accordance with all Federal Communications Commission orders...”

receive degraded security and protection in utilizing 911/E911 services if a technology other than traditional wireline is utilized to provide basic service.

We recognize that additional clarity is needed concerning whether, or to what extent, the 911/E911 location accuracy and reliability currently offered by wireless carriers under applicable federal law would meet the standard that we establish today for COLR basic service. Before reaching that conclusion, we would like more information on the efficacy of the FCC's wireless E911 location accuracy requirements, and on the progress of wireless carriers in achieving or, as technology advances, exceeding those standards. We plan to address this issue further in R.11-12-001, our service quality rulemaking.

While current wireless 911/E911 location accuracy and reliability may or may not meet the standard we establish for COLR basic service, we see possible room for flexibility in the 911/E911 attributes of non-COLR basic service offerings. Much attention has been paid in this proceeding to the benefits of allowing wireless providers, in particular, to qualify to offer California Lifeline services. As carriers stress, the mobility offered by wireless service brings some safety benefits even if the 911/E911 location accuracy and reliability currently fall short of that available with wireline service. As a result, it may be reasonable to establish a more flexible 911/E911 standard for non-COLRs, as long as all customers have the choice of receiving basic service and Lifeline from a COLR with a high level of 911/E911 reliability. We may address this issue in the Lifeline rulemaking, R.11-03-013, in addition to R.11-12-001.

To ensure that customers may make fully-informed choices regarding basic service, we require that all basic service providers provide their potential customers information regarding 911/E911 reliability and accuracy, including any 911/E911 routing and response procedures, if different than that provided

by traditional wireline phone service. Further details concerning the specific content of such disclosures will be addressed in R.11-12-001 and/or R.11-03-013.

4.4. Provision of Directory Services

The existing basic service definition requires access to directory services through the following separate elements:

- Access to local directory assistance and to foreign Numbering Plan Areas (NPA) (existing element 7)
- Free provision of one directory listing (existing element 10)
- Free white pages telephone directory (existing element 11)

The revised definition consolidates these separate elements as follows:

Directory services: access to directory assistance within the customer's local community; options for listed or unlisted directory listings; and options for free white pages telephone directory.

We elaborate on the manner in which these requirements must be satisfied, taking into account the variations among different technologies and provisioning options involved.

4.4.1. Access to Directory Assistance

The current definition, referencing directory assistance “access to foreign NPAs” refers to access to directory assistance in areas outside the caller’s local calling area via NXX-555-1212 dialing. Directory assistance remains necessary to enable customers to readily access phone numbers for contacting other parties. Residents and small businesses in rural areas, in particular, depend upon directory services that include local business and residential listings. The definition will continue to require that providers of basic service offer directory assistance.

We modify the definition, however, to recognize that directory assistance may be offered in more diverse ways depending on the carrier and mode of

service. We replace references to calling areas by local exchange or NPA, with a more generic reference to, “listed numbers within the customer’s local community.” While it is not necessary to require that directory assistance cover the exact exchange boundaries employed by an incumbent wireline carrier, we require access to directory assistance for listings within the local community of the subscriber. We define the local community to cover geographic areas at least equivalent to the range of directory assistance currently provided by the customer’s existing COLR.

4.4.2. Options for Listed or Unlisted Directory Listings

The existing definition requires the free provision of one directory listing per year as provided for in D.96-02-072.²⁷ We recognize, however, that non-traditional service providers typically do not provide listings of their subscribers’ phone numbers in a white pages directory or in the directory assistance database. Moreover, many wireline customers pay to keep their phone numbers unlisted. In recognition of some customers’ preference not to be listed, and to promote technology neutrality, we modify the basic service requirement to highlight that inclusion of a customer’s listing in a directory and/or directory assistance must be made available on an optional basis.

²⁷ Consistent with D.96-02-072, directory listing requirements encompass both white pages directories and directory assistance databases. As provided in D.96-02-072, Appendix E, Section 8.J(2): “ILECs shall include CLCs’ [Competitive Local Carriers] customers’ telephone numbers in their ‘White Pages’ and directory listings associated with the areas in which the CLC provides local exchange telecommunications services to its customers, except for CLC customers who desire not to have their telephone numbers appear in such listings and databases, at nondiscriminatory tariff rates charged to the CLC or its customer.”

All basic service customers will continue to have the option to have their number listed in a directory and/or directory assistance, but are not required to have their number listed. All carriers offering basic service must provide their residential customers the option – but not the requirement – to have their numbers listed.

To avoid customer confusion, we require at this time that the current default practices of each basic service provider regarding whether a customer's number is listed be continued. No change shall be made in whether the number of a current basic service customer is listed or unlisted, without that customer's affirmative request for the change. The Commission may revisit the default provisions, as it may any of the basic service provisions, at a later time.

Thus, if a wireless provider offers basic service, the default at this time will be that the customer number will not be listed. Wireless carriers offering basic service must provide their residential customers the option – but not the requirement – to have their numbers listed in a directory and/or directory assistance. Unless a wireless customer affirmatively requests to have the number listed, the number will not be listed.

As the default at this time, exchange-based wireline basic service customers will be included in the directory and directory assistance. Unless a wireline customer affirmatively requests to have the number unlisted, the number will be listed.

Traditional wireline service providers allow free directory listings, as required by D.96-10-066, but typically charge customers fees not to be listed. TURN argues that, in order to promote technology neutrality on this issue and avoid asymmetric regulation, the Commission should require wireline carriers to offer unlisted numbers without fees. However, we are not convinced that the

existing flexibility that carriers have regarding charges for directory listings should be modified. Traditional wireline providers must continue to provide their basic service customers the option to have their number listed for free, and may continue to charge for unlisted numbers. Other carriers must offer their basic service customers the option to have their number listed in a directory and/or directory assistance, but may arrange to have the listings provided at the customer's expense.

4.4.3. Options for Free White Pages Telephone Directory

The existing definition requires a free white pages telephone directory as part of basic service. In adopting this requirement in 1996, the Commission explained that:

Telephone customers have become accustomed to receiving a free white pages directory and yellow pages directory every year. Free directories minimize the number of calls made to directory assistance, and promote the wide distribution of yellow pages advertising. We shall add the free white pages directory to the definition of basic service.²⁸

White pages directories contain all business and residential customers in the customer's local calling area who have listed numbers and typically contain, or are bundled with, government white pages, traditional yellow pages listings, and sometimes additional consumer guides.

A white pages directory competes with the carrier's directory assistance service, and empowers consumers to take advantage of this competition to reduce their costs of telephone service. Although eliminating the provision of a

²⁸ D.96-10-066, 68 CPUC2d, 524, Slip Op. at 28.

white pages directory could reduce carrier costs and increase directory assistance revenues, it would also eliminate a critical element of customer choice.

We disagree with parties claiming that market developments demonstrate that we should discontinue the requirement to provide a local directory. Consumers' ability to interact in their local community of interest is supported by having the ability to receive a free local directory as a feature of basic service. We retain consumers' rights to receive a free local directory while providing appropriate flexibility in how this requirement may be satisfied. For purposes of this definition, the local community shall include a geographic region at least equivalent to the range of the white pages directory that currently is available to the customer.

The delivery of a white pages directory has traditionally been provided in paper form. However, the Commission has approved Verizon's proposal (in Advice Letter 12535) to end automatic delivery of printed white pages directories containing residential listings and instead to offer customers the alternative option of receiving the directory of residential listings electronically in CD-ROM format, or by an online directory of the listings. (See Resolution T-17302.)

Under this authorization, customers of Verizon or other carriers operating in Verizon's service territory will no longer receive paper delivery of the directory unless they affirmatively elect to keep receiving it by contacting their carrier. A customer need only make a one-time election to receive a printed paper copy of the white pages residential listings directory. The one-time election entitles the customer to continue to receive a paper directory annually unless the customer changes his/her request or discontinues local service from the carrier.

We continue the requirement that basic service providers provide a free white pages directory. Since Verizon and other carriers operating in Verizon's service territory have been authorized a variation in the manner of providing access to a published directory, so that they may provide electronic delivery unless a customer requests a paper directory, we recognize such authorization as being compliant with the definition.

Carriers have made convincing arguments that the flexibility provided by Resolution T-17302 should be made available to carriers providing service outside of the Verizon territory. We therefore authorize carriers elsewhere to provide directories electronically by CD-ROM or on-line in accordance with the terms and conditions as set forth in Resolution T-17302.

We also provide for additional flexibility in meeting this requirement for basic service providers that do not publish their own directory. The directory publishing market has not supported a white pages directory, in particular, for the wireless industry. Accordingly, we do not require a basic service provider to engage in directory publishing, so long as the provider makes arrangements with the ILEC or another entity to have a free white pages directory delivered to subscribers who wish to receive one.²⁹

In such instances where a provider does not publish or distribute its own directory, the requirement to provide a free white pages directory will be deemed satisfied if the provider submits written certification to the Director of Communications Division affirming that a free white pages directory is available to customers through the ILEC or another entity.

²⁹ This obligation is not intended to modify in any way interconnection agreements or other obligations between ILECs and CLECs.

4.5. Access to Operator Services

The existing provision adopted in D.96-10-066 that basic service includes access to operator services (existing element 12) shall continue unchanged.

4.6. Access to 800 and 8YY Toll-Free Services

The basic service definition in D.96-10-066 entitles customers to free access to 800 or 800-like (8YY) toll-free services (existing element 14). We modify this requirement, as described below.

Current federal law requires wireline carriers to treat calls to 8YY numbers as toll-free calls. Wireless providers, however, typically treat calls to 8YY services the same as toll calls and impose per-minute charges. Other wireless calling plans place limits on a customer's free minutes of use. Under such plans, calls to 8YY numbers count against the customer's specified free minutes of use, resulting in additional charges, and would not be considered "free."

Important social, health care, and business services, as well as recreational options, rely upon access to 8YY calls to meet essential customer needs. Because of this, unlimited access to 8YY numbers must continue to be provided, and all providers of basic service must offer customers at least one basic service option that includes the ability to make unlimited 8YY calls without incurring per-minute or per-call charges. However, we find it reasonable to allow providers to also offer billing plans that include charges for 8YY calls. Our rationale for providing this flexibility mirrors our reasoning in Section 4.2.1 above in allowing rate options for incoming calls, i.e., that rate plans that allow charges for calls to 8YY numbers may offer lower monthly rates, which may provide more affordable options for customers who make few calls of this nature.

We require that each carrier provide full disclosure to customers concerning how charges for calls to 8YY numbers would apply if the customer

does not subscribe to a rate option that provides unlimited 8YY calling without separate charges. The requirement described in Section 4.7 below that basic service providers allow one-time billing adjustments for inadvertent charges will provide an additional degree of protection for basic service customers who may be accustomed to free calling to 8YY numbers.

4.7. One-Time Free Blocking for Information Services, and One-Time Billing Adjustments for Charges Incurred Inadvertently, Mistakenly, or Without Authorization

This element (existing element 15) was originally aimed at blocking calls to 900/976 information numbers which had been recently introduced into the market in the late 1980s/early 1990s. Some parties argue that this requirement now seems unnecessary as consumers have grown familiar with these types of services. As a practical matter, most if not all carriers currently provide blocking to these types of numbers.

We retain this element, unchanged. We disagree with parties who claim that 900/976 blocking is no longer an issue and this provision should be dropped. Even though the original billing problems encountered with 900/976 numbers may have subsided, other unauthorized charges may continue to be a potential risk. Basic service providers should not be allowed to force basic service customers to buy add-ons or pay per-use fees for non-basic features. And consumers should be able to control the potential for unexpected charges up front by being fully informed about features in their service that may result in additional charges, and having the option to block access to these features. Further, while providers have a responsibility to inform customers about service features and the related charges, one-time adjustments for charges incurred

inadvertently are a reasonable customer protection. The general protections of this basic service requirement continue to be relevant and will be retained.

4.8. Access to Telephone Relay Service as Provided for in Pub. Util. Code § 2881

This basic service element (existing element 16) refers to the Deaf and Disabled Telecommunications Program and the statewide relay system that became the California Relay Service. This basic service element mandates the important consumer protection that any carrier providing basic service must offer customers access to the relay service established under Pub. Util. Code § 2881.

We are not persuaded by arguments of AT&T, Cox, and Nexus that there is no need to include this element as it is a statutory mandate. As the Small ILECs and Surewest note, pursuant to subdivision (j) of the statute, Pub. Util. Code § 2881 does not apply to all carrier types.

We maintain this element, unchanged. All providers of basic service, regardless of the technology used, must offer access to the California Relay Service to customers consistent with provisions of § 2881.

4.9. Free Access to Customer Service for Information about Universal Lifeline Telephone Service, Service Activation, Service Termination, Service Repair, and Bill Inquiries

This basic service element (existing element 17) provides access to customer service for information about the above-referenced services, and is retained, unchanged, as an element of basic service. Free access to customer service information about these essential elements of basic service empowers customers to make proper decisions about their service needs. As basic service and the Lifeline program are revised to encourage a broader range of providers

to participate, such providers are required to provide free access to the above-referenced information.

5. Service Quality Requirements

5.1. Importance of Service Quality Requirements for Basic Service

In addition to defining the service elements that constitute basic service, the Commission has a statutory duty to ensure that telephone corporations provide service to customers with reasonable service quality. The obligation to provide suitable service quality includes all telephone corporations, as defined under Pub. Util. Code § 234(a).

The Commission addressed the issue of telecommunications service quality standards and other requirements on a comprehensive basis most recently in D.09-07-019, in which it adopted rules that are embodied in GO 133-C.³⁰ Service quality standards and measures in GO 133-C address, but are not limited to, customer service, installation, and repair, and apply variously to General Rate Case ILECs and URF LECs.

GO 133-C requires that all facilities-based certificated and registered telephone corporations report major service interruptions, and that wireless carriers provide coverage maps that include “a clear and conspicuous disclosure of material limitations in wireless service coverage depiction and wireless service availability.” The GO rules also include requirements about record keeping, the location of records, and the availability of those records to be viewed by the public.

³⁰ GO 133-C is attached to this decision as Appendix D.

The Commission concluded in D.09-07-019 that it was premature to address whether it had jurisdiction to require other service quality reporting for wireless, VoIP, and Internet Protocol-enabled carriers.³¹ The Commission deferred any decision on such service quality issues pending the FCC's rulemaking regarding the regulatory treatment of such carriers.

The Commission has addressed other aspects of service quality more recently, including billing rules and cramming protections in D.10-10-034.

5.2. Positions of Parties

Parties filing comments in this proceeding expressed conflicting views on service quality standards in the context of basic service requirements.

Small ILECs argue that consumers who receive basic service from a carrier other than an ILEC should also receive the benefit of the GO 133-C service quality standards. TURN agrees. Small ILECs state that there are numerous consumer protection rules that should also be applied to alternative providers of basic service – pointing to warm-line requirements as an example.

DRA argues for adoption of standards for each technology providing basic service. DRA proposes that VoIP and wireless providers should report operator answering time performance based on the GO 133-C requirements for wireline carriers. DRA proposes that VoIP providers should provide network outage information to the Commission, as traditional wireline and wireless carriers do now. DRA believes that wireless providers should provide customers with detailed street level wireless coverage maps. While VoIP providers currently are exempted from the requirements of the billing rules in D.10-10-034, DRA

³¹ See D.09-07-019, mimeo. at 57-58.

proposes that they comply with the same rules as wireline and wireless providers. DRA also proposes that the Commission publish statistics that the Consumer Affairs Branch compiles on all providers of basic service to alert customers of service problems.

Other parties offer alternative perspectives on service quality and fitness standards. AT&T states that the competitive marketplace will ensure providers have sufficient incentive to provide adequate service in order to attract and retain customers. AT&T argues that wireless carriers compete for customers based on network quality and performance and do so in the absence of Commission mandates. AT&T concludes that service quality standards are only an issue for a reverse auction, should the Commission decide to conduct one, and that service quality standards should not be established for basic service outside of the auction context.

Cricket argues that the Commission should not impose service quality requirements on wireless carriers in this or any proceeding. Cricket argues that, given the variability of service quality over any given coverage area and in the interest of ensuring customers are satisfied with their service, wireless carriers have largely adopted a model that allows customers to “test drive” their service and assess whether the phone meets their needs (e.g., works in their home or office, along their typical travel routes, etc.). A customer who is not satisfied with the level of service is able to return the phone within a certain amount of time.

TURN agrees that “trial periods” are a positive improvement with wireless mobility offerings, but contends that a trial period does not resolve the service quality issue for supported services.

5.3. Discussion

Consistent with our universal service obligations to ensure that all Californians have access to essential telecommunications services necessary for them to interact and participate in modern society, we conclude that further proceedings are warranted to identify the extent to which service quality standards and other requirements should be modified or adopted for carriers that offer residential basic telephone service within California.

We cannot simply rely on competitive forces to ensure that providers will make the necessary commitments to service quality that are needed for basic service customers. As an example, objective measures of carrier performance by entities such as Consumer Reports consistently report significant variation in wireless carrier performance. Wireless industry practices offering trial periods for their services do not provide a sufficient substitute for service quality requirements, particularly if wireless is used to provide basic service on a COLR basis.

In its March 2011 report on telecommunications carrier compliance with existing standards, Communications Division found a number of instances where wireline carriers have failed to meet existing service quality standards. Communications Division recommended that the Commission issue an Order Instituting Investigation, and/or an Order Instituting Rulemaking to review the GO 133-C standards, particularly regarding why wireline carriers consistently have not met the standards that 90% of out-of-service problems be corrected within 24 hours, and that 80% of calls to business and repair offices be answered within 60 seconds. Communications Division recommended that the Commission consider adopting new standards or modifying existing standards,

and consider penalty mechanisms for companies that consistently fail to meet one or more standards.

We agree that the adequacy of existing compliance and enforcement of service quality standards and other requirements needs to be reviewed, and remedial action taken as necessary. Appropriate consumer protection standards associated with basic service quality, regardless of the technology involved, should be considered.

On December 1, 2011, the Commission initiated R.11-12-001 to evaluate telecommunication corporations' service quality performance and to consider modification to service quality rules. We opened R.11-12-001 with the express purpose of examining both the adequacy of existing communications service standards and the need for additional service quality requirements, including potential standards for wireless and other non-traditional providers. We conclude that R.11-12-001 is the appropriate forum in which to further consider issues relating to service quality requirements for basic service providers. Accordingly, issues regarding service quality requirements applicable to the provision of basic service, including measures to ensure compliance and enforcement, will be addressed in R.11-12-001. In addition, the Lifeline rulemaking R.11-03-013 may address service quality issues relevant to Lifeline providers. In the meantime, the existing service quality requirements in GO 133-C remain in place.

The alternate proposed decision recommended that carriers that wish to offer basic service utilizing a technology other than exchange-based wireline technology be required to meet the existing service quality requirements applicable to an URF carrier that is a COLR, until the Commission determines the extent to which service quality requirements should be adopted for non-

wireline technologies. In comments, carriers contest both the need for and the feasibility of such a requirement. As an example, CTIA points out that the “reporting unit” for certain service quality measures is the “exchange or wire center, whichever is smaller,” but that wireless carriers could not report on that basis because they do not have exchanges or wire centers.

While carriers using alternative technologies and network architectures may not be able to meet some existing GO 133-C requirements designed for exchange-based carriers, we are not willing to forego service quality oversight of basic service provided by such carriers pending the outcome of R.11-12-001. Any carrier wishing to provide basic service using other than exchange-based wireline technology before our review in R.11-12-001 is complete should propose service quality measurements and reporting procedures that would allow the Commission to monitor the quality of basic service provided by the carrier. If the carrier believes that it cannot comply with existing requirements in GO 133-C, it should address how each of those requirements could be modified to accommodate the carrier’s technology.

6. Comments on Alternate Proposed Decision

The alternate proposed decision (APD) of Commissioner Michel Peter Florio in this matter was filed and mailed to the parties in accordance with Section 311 of the Public Utilities Code, and comments were allowed under Rule 14.3 of the Commission’s Rules of Practice and Procedure. Comments were filed on August 7, 2012, and reply comments were filed on August 13, 2012, by various parties. A revised APD was filed on October 9, 2012 and comments were filed on October 16, 2012. No reply comments on the revised APD were allowed.

We found some of the parties' comments persuasive and have made several changes, as specified in the relevant sections above and discussed further in this section.

First, as an initial issue, we recognize the tension that has been created by attempts to satisfy different, though related, goals in establishing basic service requirements. One goal is to establish basic service standards that must be met by at least one carrier everywhere in California. Another goal is to allow low-income Lifeline customers to have a range of discounted Lifeline options, since such customers typically may not be able to afford undiscounted, or potentially multiple communications services if their individual needs differ from the COLR service. Knowing that COLR basic service and discounted Lifeline offerings will be available, we find it reasonable to provide additional flexibility, in certain limited respects, for basic service offerings of non-COLRs, including those that may wish to provide Lifeline services.

Because communications technologies will continue to evolve, we require providers wishing to offer basic service using advanced technologies or network architectures file demonstrate the manner in which their basic service offerings comply with the basic service elements and requirements.

We recognize that the FCC ended tariffing requirements for wireless carriers in the 1990s, and we have modified the APD's requirement that all basic service be tariffed. However, to ensure that customer protections for basic service are retained, we maintain existing tariffing requirements; require that all providers of non-tariffed basic services file schedules including their basic service rates, charges, terms, and conditions; and require that all basic service offerings continue to be subject to the Commission's formal complaint process

and the requirements of General Order 168. These protections also will help ensure that ratepayer support for subsidized basic service is justified.

In response to several carriers' comments, we revise the basic service requirements by adding flexibility in several respects. Many of these changes address the wireless industry's concerns about their ability to provide Lifeline service, which was a major focus of the wireless carriers' comments on the APD.

This decision still requires that COLRs offer basic service with monthly rates and without a contract or early termination penalties, but does not require other basic service providers to do so. As in the APD, both COLRs and other basic service providers may offer basic service through alternative billing arrangements, including contracts that could include termination penalties.

In response to comments primarily from wireless carriers, this decision removes the APD's requirement that providers must request an exemption if they wish to bundle certain additional services with basic service. These services include additional telecommunications or enhanced service elements that the carrier provides, without separate charge, as an integral part of all service offered to residential customers.

However, the decision retains the prohibition against requiring customers to purchase other telecommunications or enhanced services, or video or data services, as a condition of receiving basic service. We agree with parties that some customers do want additional services, but this does not justify using the state subsidy to provide these desired services. Wireless plans often require customers to pay additional charges for data. We realize that there are plans available with unlimited data for a flat rate; however, such plans are not the standard practice in the industry. Finally, for carriers that currently sell basic

phone service without additional bundled features, the decision retains the stand-alone requirement.

The decision retains the requirement that a provider must provide a dependable voice-grade connection in the residence. We reject the wireless carriers' arguments against this requirement, because basic service fundamentally is a residential service. However, the decision changes the length of time a COLR has to correct the problem of no service in a residence from seven to 14 days. We emphasize that a customer's termination of service because of uncorrected service quality problems does not relieve a COLR of its obligation to provide service in the residence upon request. For non-COLR basic service providers, we require that customers be given at least 30 days to cancel service. We continue to require that carriers disclose termination policies before a customer subscribes.

We change the phrase "public telephone network" back to "public *switched* telephone network" as this is a commonly used term and does not distinguish technologies that provide telecommunications services.

We revise the APD's treatment of incoming calls to respond to billing affordability concerns by allowing carriers the option to charge customers for incoming calls, as long as the carrier also provides a basic service plan that does not include any per-minute or per-call charges for incoming calls. The Commission may consider the appropriate and affordable structure of flat rate and measured basic service billing options in appropriate proceedings or on a case-by-case basis. We make similar changes to allow carriers to provide billing options that charge for calls to 8YY toll-free calls, as long as they also offer basic service options that allow unlimited calls to 8YY numbers without per-minute or per-call charges.

In response to parties' comments about emergency 911/E911 standards, we require that COLRs meet 911/E911 standards that are at least comparable to those currently required of traditional wireline carriers. We recognize, however, that it may be reasonable to establish a more flexible 911/E911 standard for non-COLR basic service providers. This issue will be addressed in the service quality proceeding R.11-12-001 and/or the Lifeline proceeding R.11-03-013.

This decision modifies the APD's requirement that no basic service provider may charge a fee for customers that request to be listed, or unlisted, in a phone directory or in directory assistance. Traditional wireline providers must continue to provide the option to have numbers listed for free, and may continue to charge for unlisted numbers. Other carriers must offer the option to be listed in a directory and/or directory assistance, but may arrange to have the listings provided at the customer's expense. This decision allows carriers outside the Verizon service territory to offer free white pages directories consistent with the authorization granted in Resolution T-17302.

Finally, this decision recognizes that carriers that wish to provide basic service using alternative technologies and network architectures may not be able to meet some existing GO 133-C requirements. Pending consideration of service quality requirements for such carriers in R.11-12-001, these carriers should propose service quality measurements and reporting procedures.

Other minor corrections and clarifications were made, as reflected in the decision.

7. Assignment of Proceeding

Michael R. Peevey is the assigned Commissioner and Thomas R. Pulsifer is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. The Commission established minimum basic service standards applicable to the Commission's universal service program in D.96-10-066, with an exemption granted to small ILECs for one basic service requirement applicable to other carriers.
2. The existing adopted requirements for basic service apply to any wireline carrier providing basic service or seeking to qualify for B-Fund support or for California Lifeline support.
3. Under the B-Fund program, a COLR receives funding to subsidize basic rates in high cost areas served by the large ILECs.
4. The Commission is undertaking to update the definition of basic service in view of the passage of time since the definition was last adopted.
5. Although basic service has traditionally been provided by carriers using local exchange wireline network architecture, telecommunications services provided through other network architectures and technologies have become available.
6. Revising the basic service definition in a technology-neutral manner offers the potential to expand the types of providers offering basic service, thereby increasing consumer choice.
7. Different, though related, regulatory goals in updating basic service requirements include establishing a minimum set of basic service requirements that must be met by at least one carrier everywhere in California, and ensuring that low-income customers have access to affordable essential communications services.
8. A customer's assessment of the most important attributes of telecommunications services may differ depending on individual circumstances.

9. With the backstop of COLR Lifeline offerings, it is reasonable to provide additional flexibility in the manner in which carriers must provide basic service in order to qualify to receive support for discounted Lifeline services, so that low-income customers may have a broader range of discounted Lifeline options, consistent with appropriate consumer protections.

10. It is reasonable to require providers that offer basic service using advanced technologies or network architectures to demonstrate the manner in which their basic service offerings comply with the basic service elements and requirements adopted in today's decision.

11. Because of the essential nature of basic service, it is reasonable to require that all basic service providers make information showing rates, charges, terms, and conditions of their basic service publicly available.

12. It is reasonable for the Commission to maintain oversight over the provisioning of basic service, because of the critical nature of the service and the need to ensure that ratepayer support for subsidized basic service is justified.

13. It is reasonable to require COLRs to continue to offer basic service with monthly rates, and to allow all basic service providers to offer basic service options through alternative billing arrangements, including contracts that could include termination penalties.

14. Requiring carriers to offer basic service on a stand-alone basis supports affordability, allows customers to compare basic service options more easily, and provides a clear basis for determining appropriate high-cost and Lifeline support levels.

15. In California, 2010 survey results indicate that 77% of households with voice communications still have traditional wireline service and, further, that

72% of households with wireless service maintain their traditional wireline service.

16. Most customers still value features available through traditional wireline basic service that are not currently available through wireless service.

Accordingly, while the use of wireless is growing, current wireless service – without existing basic service at least as a backup – is not adequate to fully meet most consumers’ needs.

17. Wireless services offer mobility and other potential advantages that are not available through traditional wireline service. At the same time, they currently omit certain features and benefits that are available through traditional wireline service. As a result, wireless services currently are viewed as complements to basic service by many customers.

18. While some customers have discontinued traditional wireline service in favor of other communications services, the needs and preferences of that minority of customers do not represent the needs and preferences of the majority of customers that continue to subscribe to traditional wireline service.

19. Essential basic service features include the service features set forth in Appendix A of this decision. The revised list of service features in Appendix A constitutes a baseline of protection for all basic service customers.

20. Ensuring that basic service provides a reliable voice-grade connection in the residence is an essential safety protection that must not be compromised.

21. If a carrier’s facilities provide insufficient signal strength or transmission quality to enable a residential customer to send or receive calls in the customer’s residence with a voice-grade connection, the carrier would fail to meet a key basic service requirement.

22. It is reasonable to adopt requirements whereby customers may cancel basic service without penalty in the event of an inferior connection, with the requirements more flexible for non-COLRs than for COLRs, as long as customers receive clear information about termination rights before subscribing.

23. The ability to receive unlimited incoming calls without charge is an existing feature of basic service that traditional wireline basic service customers expect, and it is reasonable to require that basic service customers be offered the option to receive unlimited incoming calls at no additional per-minute or per-call charge. Although wireless customers may be accustomed to paying for incoming calls, most wireless customers typically do so within an environment where they also rely on a separate wireline telephone for meeting basic service needs.

24. It is reasonable to allow alternative billing plans that include per-minute or per-call charges for incoming calls, which may be more affordable for some customers, depending on their calling patterns.

25. The provision of Lifeline service is an essential basic service element that provides affordable basic service for low-income consumers.

26. The flat rate options for calls within a local exchange currently available as a basic service element provide a measure of affordability and predictability in a monthly bill. In order for a non-traditional provider to provide a comparable degree of affordability and predictability in meeting basic calling needs, the requirement to offer a flat rate option for calls within a designated geographic area that is no smaller than the existing ILEC calling area, including any authorized Extended Area Service regions in which the customer may call for a flat rate, provides a reasonable proxy.

27. Measured rate service for calling within a designated geographic area provides consumers with minimal calling needs an option that may cost them

less than flat rate options. For this reason, it is reasonable to require that COLRs, other than the small ILECs that currently are exempted from this requirement, offer measured rate basic service options.

28. Free access to 911/E911 service is an essential basic service. Delays or failure to promptly route 911 calls to local emergency responders could result in loss of life or property, or other significant risks to public health and safety.

29. Non-traditional telecommunications providers may provide 911/E911 access using technology and call routing protocols that differ from those used by traditional wireline providers, and current FCC compliance standards for them differ from existing wireline standards.

30. It is reasonable to require that COLR basic service 911/E911 location accuracy and reliability be at least comparable to the requirements for existing 911/E911 access provided by a wireline service provider.

31. The mobility offered by wireless service brings some safety benefits even if the 911/E911 location accuracy and reliability currently fall short of that available with wireline service. As a result, it may be reasonable to establish a more flexible 911/E911 standard for non-COLRs, as long as all customers have the choice of receiving basic service and Lifeline from a COLR with a high level of 911/E911 location accuracy and reliability.

32. It is reasonable to require all basic service providers to provide their potential customers information regarding 911/E911 reliability and accuracy, including any 911/E911 routing and response procedures, if different than that provided by traditional wireline phone service.

33. Access to directory assistance remains a necessary basic service element that allows customers to readily access phone numbers for contacting another party.

34. Allowing all basic service customers the option for telephone numbers to be listed in, or excluded from, a directory and/or directory assistance accommodates some customers' preferences not to be listed and promotes technology neutrality.

35. It is reasonable to maintain the existing flexibility that carriers have regarding charges for directory listings.

36. Having the option to receive free delivery of a local white pages directory as a basic service feature provides an important resource for consumers to contact other parties within their local community.

37. Verizon and other providers offering service within Verizon's service territory consistent with Resolution T-17302 currently satisfy the basic service requirement to provide a local directory, by providing the option of receiving the directory in an electronic format via CD-ROM or on-line, as an alternative to a paper directory.

38. It is reasonable to allow carriers providing service outside of the Verizon territory to provide local directories in accordance with terms and conditions set forth in Resolution T-17302.

39. Current basic service rules entitle customers to access 8YY toll-free services without incurring per-minute or per-call charges.

40. Requiring that any provider of basic service offer unlimited access to 8YY toll-free services aids in meeting the social, health care, business, and recreational needs of customers that rely upon access to 8YY calls. It is reasonable to require that basic service providers offer at least one billing plan that allows unlimited calls to 8YY numbers without per-call or per-minute charges, and to allow them to offer other billing options that may be more affordable for customers who make few calls to 8YY numbers.

41. Essential basic service includes requiring one-time free blocking for 900/976 information services and adjustments for charges incurred inadvertently, mistakenly, or without authorization.

42. Requiring any provider of basic service to offer customers access to telephone relay services pursuant to the provisions of Pub. Util. Code § 2881 will provide important consumer protections.

43. Essential basic service includes requiring any provider of basic service to offer free access to information about Lifeline, service activation or termination, service repair, or bill inquiries.

44. Further proceedings are warranted to identify the extent to which service quality standards and other requirements should be modified or adopted for carriers that offer basic service. In the meantime, it is reasonable to require that a non-traditional carrier address how it can provide meaningful information to allow the Commission to monitor its service quality if it offers basic service using a non-traditional technology or network architecture.

Conclusions of Law

1. While reducing the regulation of telecommunications services and prices in recent years through adoption of the “Uniform Regulatory Framework,” the Commission has continued to impose minimum service requirements for the provision of residential basic telephone service.

2. Each basic service provider that does not file tariffs should be required to file a schedule including its basic service rates, charges, terms, and conditions, updated whenever there are any changes in rates, charges, terms, or conditions.

3. All basic service offerings should continue to be subject to the Commission’s formal complaint process and the requirements of General Order 168.

4. While basic service may be offered in combination with additional features or as part of a larger bundle of services, basic service should also be available at a stated rate on a stand-alone basis, which may include additional telecommunications or enhanced service elements only if the carrier provides such elements, without separate charge, as an integral part of all service offered to residential customers everywhere that it serves residential customers.

5. The relevant criteria for determining basic service requirements include whether a service element meets an essential residential consumer need and whether the element is defined in a technology-neutral manner. The determination of essential residential consumer needs should consider relevant universal service goals to ensure consumers throughout California have access to essential telecommunications services.

6. Defining basic service in a technology-neutral manner does not require the degradation of service to satisfy the lowest common denominator of service features that all carriers currently offer.

7. A defined set of basic service elements and requirements, as set forth in Appendix A, is necessary to satisfy the Commission's universal service goals.

8. The requirements of basic service set forth in Appendix A should apply to any carrier that offers basic service in California.

9. Modifications to the basic service elements required for the provision of California Lifeline service will be considered in R.11-03-013, the Commission's rulemaking to reform Lifeline policies. Depending on the record to be developed in that proceeding, the Commission may add, subtract, or otherwise refine the required elements applied to the provision of Lifeline, and may modify the flexibility granted today for basic service offered by non-COLRs that wish to provide Lifeline service. Further issues regarding the determination of service

quality requirements for basic service providers, including questions regarding wireless standards for 911/E911 location accuracy and reliability, and wireless carriers' obligations to offer a clear voice-grade signal in the residence, should be addressed in R.11-12-001, R.11-03-013, and/or other proceedings as appropriate.

10. Until the Commission addresses service quality issues relevant to non-traditional technologies, a carrier should be required to propose service quality measures and procedures that would allow the Commission to monitor its service quality, if it proposes to offer basic service using a non-traditional technology or network architecture.

O R D E R

IT IS ORDERED that:

1. The residential basic telephone service (basic service) requirements set forth in Appendix A are adopted and apply to all carriers that offer or seek to offer basic service within California.
2. Carriers must not represent to customers, or in advertising or by any other means, that any services, service elements, or service conditions, except those authorized by the Commission, constitute residential basic telephone service, or basic service, as established by the Commission.
3. Any carrier seeking to qualify as a carrier of last resort or for eligibility for California High Cost Fund-B support or to receive Universal Lifeline Telephone Service (Lifeline) support must offer residential basic telephone service in accordance with the requirements of Appendix A.

4. The adopted requirements set forth in Appendix A modify and supersede the previous residential basic telephone service requirements as adopted in Decision 96-10-066.

5. Each carrier that currently provides residential basic telephone service (basic service) pursuant to tariff shall file a Tier 3 advice letter no later than 60 days after the effective date of this decision that includes the following:

- a. Attached amended tariff sheets for its basic service to the extent necessary to reflect modifications in compliance with the requirements in the preceding Ordering Paragraphs
- b. A statement regarding whether and, if so, a full description of the extent to which the carrier provides any basic service using technology other than traditional wireline technology and/or a network architecture that is not traditional exchange-based.
- c. A demonstration of the manner in which its basic service will provide the basic service elements and comply with other basic service requirements adopted by the Commission.

6. Any carrier that wishes to initiate a new tariffed offering of residential basic telephone service (basic service) or to begin using a technology other than traditional wireline technology and/or a network architecture that is not traditional exchange-based to provide basic service, must file a Tier 3 advice letter that includes the following:

- a. Attached tariff sheets for its proposed basic service, if the carrier plans to tariff the service.
- b. An informational copy of its planned schedule of basic service rates, charges, terms, and conditions, if the carrier plans not to tariff the service.
- c. A statement regarding whether and, if so, a full description of the extent to which the carrier plans to provide any basic service using technology other than traditional wireline technology and/or a network architecture that is not traditional exchange-based.

- d. A demonstration of the manner in which its proposed basic service would provide the basic service elements and comply with other basic service requirements adopted by the Commission.

7. Any carrier that receives authority to provide nontariffed residential basic telephone service shall file a schedule with the Director of Communications Division, including its residential basic telephone service rates, charges, terms, and conditions consistent with the requirements adopted by the Commission, prior to commencing such service. The carrier shall file an updated residential basic telephone service schedule within 30 days after any changes in rates, charges, terms, or conditions, and shall make the current schedule publicly available.

8. All residential basic telephone service offerings shall be subject to the Commission's formal complaint process and the requirements of General Order 168.

9. Rulemaking (R.) 11-03-013 will consider issues pertaining to Lifeline reform. Accordingly, the Commission may adopt modifications in R.11-03-013 for the provision of Lifeline service, which may add, subtract, or otherwise refine the elements applicable to Lifeline service. In that proceeding, the Commission also may address service quality issues relevant to Lifeline providers and may modify the flexibility granted in this Order for residential basic telephone service offered by carriers that are not Carriers of Last Resort and wish to provide Lifeline service.

10. Rulemaking 11-12-001 will consider appropriate service quality standards applicable to providers that offer residential basic telephone service as defined by the Commission.

11. Rulemaking 09-06-019 remains open to resolve any remaining issues relating to the reform of the California High Cost Fund-B program.

This order is effective today.

Dated _____, at San Francisco, California.

APPENDIX A

Residential Basic Telephone Service Elements and Requirements

Each carrier providing basic residential telephone service (basic service) within California must offer all of the following basic service elements in compliance with the requirements listed in this Appendix.

1. The ability to place and receive voice-grade calls over all distances utilizing the public switched telephone network

- a. Providers offering basic service utilizing wireline exchange-based technology must enable calls to be sent and received within a local exchange and must provide equal access to all interexchange carriers within the local calling area.
- b. Basic service providers not utilizing wireline exchange-based technology are not required to provide equal access to interexchange carriers within a local calling area, but may not block or charge for calls using competitive providers.
- c. Basic service providers must provide a dependable voice-grade connection to the public switched telephone network in the customer's residence.
 - i. Wireless basic service providers serving customers using mobile handsets that communicate directly with the wireless provider's cellular towers must provide sufficient signal strength and coverage to maintain a voice-grade connection in at least one room in a customer's residence.
 - ii. Traditional wireline providers must provide voice-grade service to a functional network interface device. Other non-wireless basic service providers must specify, in their basic service tariffs or their publicly available statements of rates, charges, terms, and conditions filed with the Commission, the physical point(s) to which they commit to provide a reliable voice-grade connection.
 - iii. If at any time, a basic service customer of a carrier of last resort (COLR) fails to receive a voice-grade connection in

the residence and notifies the provider, and if the provider does not meet its obligation to correct the problem within 14 days, that customer must be given the option to terminate service without penalty.

- iv. If a COLR basic service customer moves to a different residence and the COLR is not able to provide a reliable residential voice-grade connection within 14 days after notification, the customer must be given the option to cancel a contract without penalty.
 - v. A customer's termination of service because of uncorrected service quality problems does not relieve a COLR of its obligation to provide basic service in the residence upon request.
 - vi. Non-COLR providers must allow customers with uncorrected connection problems in their residences to terminate without penalty during at least the first 30 days after service commences.
- d. A provider must disclose to each customer before the customer subscribes to basic service that the customer is entitled to a reliable voice-grade connection in the residence and, if offering a long-term contract, the conditions under which the customer may terminate the contract without penalty.

2. Bill affordability provisions: flat and measured options for incoming and outgoing calls, and California Lifeline rates and charges for eligible customers

- a. Each provider of basic service must offer customers the option of receiving unlimited incoming calls without incurring a per-minute or per-call charge. A provider may offer alternative billing plans for basic service that may include charges for incoming calls.
- b. Any provider offering basic service must offer California Lifeline service on a non-discriminatory basis to all customers meeting Lifeline eligibility requirements residing within the region where the provider offers basic service.

- c. Each basic service provider must offer a basic service flat rate option for unlimited outgoing calls within a designated geographic region that is no smaller than the existing incumbent local exchange carrier (ILEC) local calling area in which the basic service customer resides, including any authorized Extended Area Service regions to which the customer may call for a flat rate. Exchange-based providers must retain their authorized flat rate local calling areas, and also may offer larger flat rate calling areas.
- d. Each COLR must offer flat and measured rate basic service options for local exchange calling, unless it receives Commission authorization otherwise. The small ILECs are exempted from the requirement to provide measured rate service, unless the small ILEC currently offers that option. Other basic service providers may, but are not required to, offer measured rate basic service options for calling within the same geographic areas as their flat rate basic service options.
- e. To receive California High Cost Fund-B support, each COLR serving in a designated high-cost area must certify that its stand-alone basic service rates in the high-cost area do not exceed 150% of its highest rates for comparable stand-alone basic service in California outside of the high-cost area. If a COLR does not offer basic service outside of a high-cost area, such provider must certify that the rates of its basic service options in the high-cost area do not exceed (i) 150% of the highest rates of the local ILEC for comparable basic service in a non-high-cost area or (ii) if there is no local ILEC, 150% of the highest rates of an adjacent ILEC for comparable basic service in a non-high-cost area, or (iii) other acceptable proxies as may be approved by the Commission.

3. Access to Emergency 911/Enhanced (E) 911 service

- a. Existing basic service standards and requirements for 911/E911 service access, including free and unlimited access to emergency 911/E911 services, continue to apply.
- b. Regardless of the technology or network design utilized to provide 911/E911 access, a COLR basic service provider must demonstrate the capability to provide 911/E911 location accuracy

and reliability that is at least comparable to what is currently required of existing traditional wireline providers in that service territory.

- c. Each basic service provider must provide its potential customers information regarding 911/E911 location accuracy and reliability, including any 911/E911 routing and response procedures, if different than that provided by traditional wireline phone service.

4. Directory services: access to directory assistance within the customer's local community; options for listed or unlisted directory listings; and options for free white pages telephone directory

- a. Each basic service provider must offer access to directory assistance within the customer's local community, at least equivalent to the geographic range of directory assistance service currently provided by the existing COLR.
- b. Each basic service customer must have the option – but not the obligation-- to have the telephone number listed in the customer's local directory and/or directory assistance.
- c. For basic service provided by a wireless carrier, a customer's listing shall be automatically excluded from the local directory and directory assistance as a default unless the subscriber affirmatively requests to have the number listed.
- d. For basic service provided by a traditional wireline carrier, a customer's listing shall be automatically included in the local directory and directory assistance as a default unless the subscriber affirmatively requests to have the number unlisted.
- e. No change shall be made in whether the number of a current basic service customer is listed, or unlisted, without that customer's affirmative request for the change.
- f. Traditional wireline providers shall provide their basic service customers the option to have their numbers listed for free in directories and/or directory assistance and may charge for unlisted numbers. Other carriers shall provide the option to have numbers listed and may arrange to have the listings provided at the customer's expense.

- g. A basic service provider must provide customers the option to receive a free white pages directory covering the local community in which the customer resides. For purposes of this definition, the local community shall include a geographic region at least equivalent to the range of the white pages directory that is currently available to the customer.
- h. A basic service provider that does not otherwise engage in directory publishing is not required to publish a directory, but must at least make arrangements with the ILEC or another entity to ensure that its basic service customers have access to a free white pages directory if they wish to receive one. In instances where a provider does not publish or distribute its own directory, the requirement to provide a free published white pages directory will be deemed satisfied if the provider provides written certification to the Director of the Commission's Communications Division affirming that a free white pages directory is available to customers through another entity.
- i. Because Verizon and other carriers serving in its service territory have been authorized to provide electronic delivery pursuant to Resolution T-17302, that authorization is compliant with the white pages directory requirement in Verizon's territory. Other carriers may provide local directories in accordance with the terms and conditions in Resolution T-17302.

5. Access to operator services

The existing provision in D.96-10-066 that basic service includes access to operator services continues unchanged.

6. Access to 800 and 8YY toll-free services

- a. Basic service includes unlimited access to 800 and 8YY toll-free services.
- b. Each provider must offer at least one basic service option that allows unlimited calls to 800 and 8YY toll-free numbers with no per-minute or per-call charges for such calls. A provider may

offer alternative billing plans for basic service that may include charges for calls to 800 and 8YY toll-free numbers.

7. One-time free blocking for information services, and one-time billing adjustments for charges incurred inadvertently, mistakenly, or without authorization

Basic service includes the provision of one-time free blocking for information services, and one-time billing adjustments for charges incurred inadvertently, mistakenly, or without authorization.

8. Access to Telephone Relay Service as provided for in Pub. Util. Code § 2881

Basic service providers must offer access to California Telephone Relay Service pursuant to § 2881 for their deaf and hearing-impaired customers.

9. Free access to customer service for information about Universal Lifeline Telephone Service, service activation, service termination, service repair, and bill inquiries

Free access to customer service for information about the above-referenced services is retained as an element of basic service.

General Requirements

In addition to the basic service elements and related requirements listed above, basic service shall be provided consistent with the following requirements.

- a. Each provider that is required to file and maintain tariffs if it offers basic service must maintain tariffs filed with the Commission for its basic service offerings, and other basic service providers are encouraged to do so. Each provider that does not file tariffs must file a schedule including its basic service rates, charges, terms, and conditions; must update the schedule within 30 days whenever there are any changes in the rates, charges, terms, or conditions; and must make the current schedule publicly available.

- b. Basic service shall be subject to the Commission's formal complaint process and the requirements of General Order 168.
- c. Basic service must be offered on a nondiscriminatory basis to all residential households within the service provider's defined service territory.
- d. COLRs must, and other providers may, offer basic service with monthly rates, without a contract or early termination penalties. All providers, including COLRs, may also offer basic service through alternative billing arrangements, including contracts that could include termination penalties.
- e. Basic service must be offered as a stand-alone option. A provider's stand-alone option may include non-basic telecommunications or enhanced service elements if the provider provides such elements, without separate charge, as an integral part of all service offered to residential customers everywhere that it serves residential customers.
- f. In addition to the stand-alone basic service option, providers may also offer optional bundled service packages that include additional telecommunications or enhanced services. A basic service provider may not require a customer to subscribe to such bundled service packages, or to video or data services, such as Internet or cable television, as a condition of receiving basic service.
- g. Each basic service provider must clearly inform all potential residential subscribers who contact the provider of the monthly no-contract and stand-alone basic service offerings and their elements, options, and rates.
- h. A provider must not represent to customers, or in advertising or by any other means, that any services, service elements, or service conditions, except those authorized by the Commission, constitute basic service in California.
- i. Until the Commission determines the extent to which service quality standards should be adopted for non-traditional technologies, a provider that provides or wishes to provide basic service utilizing anything other than traditional exchange-based

wireline technology must propose service quality measurements and reporting procedures and, if it believes that it cannot comply with existing requirements in General Order 133-C, address how each of those requirements could be modified to accommodate the provider's technology and network architecture.

(END OF APPENDIX A)

Appendix B

Cross-References of Existing and Revised Basic Service Elements

Existing Elements (Appendix B, Rule 4.B of D.96-10-066)	Revised Element Numbers (Appendix A to this decision)
1. Access to single party local exchange service	Part of revised element 1
2. Access to all interexchange carriers offering service to customers in a local exchange	Part of revised element 1
3. Ability to place calls	Part of revised element 1
4. Ability to receive free unlimited incoming calls	Part of revised element 2
5. Free touch tone dialing	Part of revised element 1
6. Free and unlimited access to 911/E911	Revised element 3
7. Access to local directory assistance, and access to foreign Numbering Plan Areas	Part of revised element 4
8. Lifeline rates and charges for eligible customers	Part of revised element 2
9. Customer choice of flat or measured rate service (within the local exchange). (Rule 4.C exempts the small ILECs from the measured rate requirement.)	Part of revised element 2
10. Free provision of one directory listing per year, as provided for in D.96-02-072	Part of revised element 4

11. Free white pages telephone directory	Part of revised element 4
12. Access to operator services	Revised element 5
13. Voice grade connection to public switched telephone network	Part of revised element 1
14. Free access to 800 or 800-like toll-free services	Revised element 6
15. One-time free blocking for information services and one-time billing adjustments for charges incurred inadvertently, mistakenly, or that were unauthorized	Revised element 7
16. Access to telephone relay service, as provided for in PU Code § 2881	Revised element 8
17. Free access to customer service for information about Universal Lifeline Telephone Service, service activation, service termination, service repair, and bill inquiries	Revised element 9

(End of Appendix B)

APPENDIX C**Rules Governing Carriers of Last Resort****(Appendix B, Rule 6.D of D.96-10-066)****6.D. Carrier of Last Resort [COLR]**

1. All of the incumbent LECs [local exchange carriers] listed in Attachment A of [Appendix B to D.96-10-066] shall be designated as the COLR in all their respective service areas at least until such time that another carrier or carriers are designated as the COLR.
2. Other qualified CLCs [competitive local carriers] may seek to become a designated COLR [in a California High Cost Fund-B (CHCF-B) area], or to compete in a GSA [Geographic Study Area] without being designated a COLR.
3. Only designated COLRs shall have access to the CHCF-B subsidy based on the number of residential customers that it serves in high cost GSAs.
4. Designated COLR NOI [Notice of Intent]: Those CLCs seeking to be designated a COLR shall file an advice letter in compliance with GO [General Order] 96-A, stating that the carrier intends to be designated a COLR. ... [The Commission will consider the following factors] in deciding whether the COLR status should be granted:
 - a. the facilities the carrier has in place or the arrangements that the carrier plans to enter into in order to provide basic service;
 - b. the ability of the carrier to promote the goals of universal service to all customer segments throughout the COLR's service area.
5. A designated COLR shall be required to serve all customers upon request, both residential and business, who are located within the COLR's designated service area as specified in subsection 6. below.

6. A designated COLR shall be required to serve the following:
 - a. Until such time as provided for in rule 6.D.1 above, all incumbent LECs, in order to avail themselves of the subsidy for a high cost GSA, shall be required to serve all the high cost GSAs that are within the incumbent LEC's existing exchange area boundaries;
 - b. All CLCs who are designated as COLRs, in order to avail themselves of the subsidy for a particular high cost GSA, shall be required to serve the entire GSA(s) that is (are) within the CLC's designated service territory for which it has elected COLR status.
7. A designated COLR may opt out of its obligations in a GSA by advice letter, unless it is the only carrier remaining in the GSA, in which case it must file an application to withdraw as the COLR, and continue to act as the COLR until the application is granted or a new COLR has been designated as a result of an auction.

(END OF APPENDIX C)

APPENDIX D

**General Order 133-C
Public Utilities Commission of the State of California
Rules Governing Telecommunications Services
Effective July 9, 2009**

1. GENERAL

1.1. Intent.

a. Purpose. The purpose of these rules is to establish uniform minimum standards of service to be observed in the operation of public utility telephone corporations.

b. Limits of Order. These rules do not cover the subjects in the filed tariff rules of telephone utilities.

c. Absence of Civil Liability. The establishment of these rules shall not impose upon utilities, and they shall not be subject to, any civil liability for damages, which liability would not exist at law if these rules had not been adopted.

d. These rules may be revised in scope on the basis of experience gained in their application and as changes in technology, the telecommunications market, or technology may require.

1.2 Applicability. These rules are applicable to all public utility telephone corporations providing service within the State of California, except as otherwise noted.

1.3 Definitions.

a. Business Office – A centralized service group which receives small business and/or residential customer requests for new installations or changes in existing service. This also includes billing center inquiries.

b. Central Office Entity – A group of lines using common-originating equipment or under stored program control.

c. CLEC: A Competitive Local Exchange Carrier (CLEC), per Pub.Util. Code § 234, § 1001, and Decision 95-07-054, provides local telephone services in the service territories formerly reserved for Incumbent Local Exchange Carriers (ILECs), in competition with ILECs, and must obtain a Certificate of Public Convenience and Necessity (CPCN) from the Commission.

d. COLR: A Carrier of Last Resort (COLR) is required to serve upon request all customers within its designated service areas. Pursuant to Decision 96-10-066, a carrier seeking to be a COLR needs to file a notice of intent (NOI) with the Commission in order to have access to high cost fund subsidies. Once designated a COLR, the carrier must get the Commission's approval to opt out of its obligation to serve.

e. Commission – In the interpretation of these rules, the word “Commission” shall be construed to mean the Public Utilities Commission of the State of California.

f. Commitment – The date agreed to by a customer and a utility for the completion of requested work.

g. Enhanced Services/Information Service Providers: The 1996 Telecommunications Act (47 U.S.C. § 153 (20) (2008)) distinguished between information service providers and telecommunication service providers. The former provide so-called Enhanced Services over transmission facilities where they employ computer processing applications that act on the format, content, code, protocol or similar aspects of the subscriber's transmitted information but where the information is not dependent on the telecommunications service beyond the delivery of it. Information services generate, acquire, store, transform, process, retrieve, utilize, or make available information via telecommunications, and these processes are considered separate from delivery. Information service providers do not need a CPCN and do not need to register if they do not provide telephone service in addition to their information services. Examples of enhanced/information services are internet access, voicemail, electronic messaging, and video conferencing.

h. ETC: Eligible Telecommunications Carrier (ETC) - A telecommunications carrier that has been designated by the Commission, pursuant to Resolution T-17002 and GO 153, as eligible to receive federal lifeline and/or high cost Universal Service support. Designated ETCs must file annual recertification advice letters to continue to be eligible for federal high cost fund support.

i. Facilities-based Carriers: A local exchange carrier that uses facilities it owns, operates, manages, or controls to provide service, including partially or totally owning, operating, managing or controlling such facilities. A local exchange carrier providing service solely by resale of the ILEC's local exchange services is not a facilities-based carrier. By Commission Decision (D.) 95-12-057, facilities-based carriers must file an environmental assessment report and undertake mitigation efforts addressing any adverse environmental impacts associated with their construction activities under their CPCN.

j. Installation – The provision of telephone service at the customer's request.

k. GRC ILECs: A General Rate Case Incumbent Local Exchange Carrier (GRC ILECs) is designated a COLR in its franchise territories per D.96-10-066, the decision where the Commission spelled out what is meant by basic telephone service for purposes of Universal Service funding and is regulated through cost-of-service reviews by the Commission per General Order 96 B.

l. ILEC: An ILEC is a certificated local telephone company such as Pacific Bell Telephone Company (now d/b/a AT&T California) and Verizon California Inc., which used to be the exclusive local telephone service provider in a franchise territory established before the Telecommunications Reform Act of 1996. See Pub.Util. Code § 234 and § 1001.

m. Line – An access line (hardwire and/or channel) which provides dial tone and which runs from the local central office (Class 4/5, Class 5, or a remote) to the subscriber's premises.

n. Local Exchange – A telecommunications system providing service within a specified area within which communications are considered exchange messages except for those messages between toll points per D.96-10-066.

o. Minimum Standard Reporting Level – A specified service level of performance for each measure and each reporting unit.

p. NDIEC: A Non-Dominant Inter-Exchange Carrier (NDIEC) or long distance carrier (IEC/IXC) is only required to register with the Commission before providing long distance telephone services in California, per Pub.Util. Code § 1013.

q. Out of Service – A telephone line without dial tone.

r. Small Business Customer -- small business customers are those that purchase five or fewer lines.

s. Telephone Company/Utility – A public utility telephone corporation providing public telephone service as further defined by Pub. Util. Code §§ 216 and 234.

t. Traffic Office – A group of operators which receives incoming calls from direct trunk groups or by means of an automatic distributing system.

u. Trouble Report – Any oral or written notice by a customer or customer's representative to the telephone utility which indicates dissatisfaction with telephone service, telephone qualified equipment, and/or telephone company employees.

v. URF Carrier – A utility that is a wireline carrier that has full pricing flexibility over all or substantially all of its rates and charges. A Uniform Regulatory Framework (URF) carrier includes any ILEC that is regulated through the Commission’s URF, as established in Decision 06-08-030, as modified from time to time by the Commission, and includes CLECs and IECs.

w. URF ILECs – URF ILECs are distinguished from GRC ILECs in that they are currently granted pricing flexibility through D.06-08-030, which may be modified from time to time.

x. Wire Center – A facility composed of one or more switches (either soft switch or regular switch) which are located on the same premises and which may or may not utilize common equipment. In the case of a digital switch, all remote processors that are hosted by a central processor are to be included in the central office wire center.

y. Wireless Carrier. A Wireless Carrier (a Commercial Mobile Radio Service provider under Federal Communications Commission regulations) is a carrier or licensee whose wireless network is connected to the public switched telephone network (PSTN). Per Commission decision (D.94-10-031), wireless carriers are required to file a wireless identification registration with the Director of the Communications Division within the Commission.

1.4 Information available to the Public. The public utility telephone corporation shall maintain, available for public inspection at its main office in California, copies of all reports submitted to this Commission in compliance with these rules. These copies shall be held available for two years. The public utility telephone corporation shall identify the location and telephone number of its main office in California in its White Pages directory and/or on its Internet website and shall provide information on how to contact it. A copy of these reports will also be maintained and be available for public inspection at the Commission’s San Francisco and Los Angeles offices. Copies shall also be made available to interested parties for a nominal fee to cover the cost of processing and reproduction. The availability shall be limited to reports provided by the local serving company.

1.5 Location of Records. All reports required by these rules shall be kept and made available to representatives, agents, or employees of the Commission upon reasonable notice.

1.6 Reports to the Commission. The public utility telephone corporation shall furnish to the Commission, at such times and in such form as the Commission may require, the results or summaries of any measurements required by these rules. The public utility telephone corporation shall furnish the Commission with

any information concerning the utility's facilities or operations which the Commission may request and need for determining quality of service.

1.7 Deviations from any of these Rules. In cases where the application of any of the rules incorporated herein results in undue hardship or expense to the public utility telephone corporation, it may request specific relief by filing a formal application in accordance with the Commission's Rules of Practice and Procedure, except that where the relief requested is of minor importance or temporary in nature, the Commission may accept an application and showing of necessity by letter.

1.8 Revision of Rules. Public utility telephone corporations subject to these rules and other interested parties may individually or collectively file with this Commission a petition for rulemaking Pub. Util. Code § 1708.5 for the purpose of amending these rules. The petition shall conform to the requirements of Rule 6.3 of the Commission's Rules of Practice and Procedure.

2. STANDARDS OF SERVICE [Effective January 1, 2010]

2.1 General. These rules establish minimum standards and uniform reporting levels for the installation, maintenance, and operator answer time for local exchange telephone service. The service measures established are as follows:

Service Measure Type of Service

Installation Interval Installation

Installation Commitments Installation

Customer Trouble Reports Maintenance

Out of Service Repair Interval Maintenance

Answer Time Operator Services

2.2 Description of Reporting Levels. These levels have been established to provide customers information on how carriers perform. Minimum standard reporting levels are established for each of the service measures. Minimum standard reporting levels are applicable to each individual reporting unit.

3. MINIMUM TELEPHONE SERVICE MEASURES [Effective January 1, 2010]

3.1 Installation Interval – Applies to GRC ILECs.

a. Description. Installation interval measures the amount of time to install basic telephone service from the day and hour the customer requests service until it is established. When a customer orders basic service he/she may request additional features, such as call waiting, call forwarding, etc. If an

additional feature is included in a basic service installation, the installation interval should only reflect the basic service installation. Installation interval applies to residential and small business customers (those that purchase five or fewer lines).

b. Measurement. The average interval measured by summing each installation interval, expressed in business days, between the date the service order was placed and the date the service becomes operational during the current reporting period, divided by the total service orders during the reporting period. This amount excludes all orders having customer requested appointments (CRS) later than the utility's commitment dates.

c. Minimum Standard Reporting Level. Business Days. Five Business Days is the minimum standard.

d. Reporting Unit. Exchange or wire center, whichever is smaller. Wire centers with fewer than 100 lines should be combined with other central offices within the same location. A remote switching unit with fewer than 100 lines should also be added to its host switch. All reporting carriers shall submit the raw data included in the report.

e. Reporting Frequency. The interval shall be compiled monthly and reported quarterly for all reporting units.

3.2 Installation Commitments – Applies to GRC ILECs.

a. Description. Requests for establishment of basic telephone services. Commitments will not be considered missed when resulting from customer actions. Installation commitments apply to residential and small business customers (those that purchase five or fewer lines).

b. Measurement. Monthly count of the total commitments and the commitments missed. Commitments met, expressed as a percentage, will equal total commitments minus missed commitments divided by total commitments.

c. Minimum Standard Reporting Level. 95% commitments met.

d. Reporting unit. Exchange or wire center, whichever is smaller. A wire center with fewer than 100 lines should be combined with other central offices within the same location. A remote switching unit with fewer than 100 lines should also be added to its host switch. All reporting carriers shall submit the raw data included in the report.

e. Reporting Frequency. Compiled monthly and reported quarterly.

3.3. Customer Trouble Reports – Applies to GRC ILECs and facilities-based URF Carriers with 5,000 or more customers and to any URF Carrier with fewer

than 5,000 customers that is a COLR. Trouble reports apply to residential and small business customers (those that purchase five or fewer lines).

a. Description. Service affecting, and out of service trouble reports, from customers and users of telephone service relating to dissatisfaction with telephone company services. Reports received will be counted and related to the total working lines within the reporting unit in terms of reports per 100 lines.

b. Measurement. Customer trouble reports received by the utility will be counted monthly and related to the total working lines within a reporting unit.

c. Minimum Standard Reporting Level. Report number of trouble reports per 100 working lines (excluding terminal equipment reports). Six trouble reports per 100 working lines for reporting units with 3,000 or more working lines, eight reports per 100 working lines for reporting units with 1,001-2,999 working lines, and 10 reports per 100 working lines for reporting units with 1,000 or fewer working lines.

d. Reporting Unit. Exchange or wire center, whichever is smaller. A wire center with fewer than 100 lines should be combined with other central offices within the same location. A remote switching unit with fewer than 100 lines should also be added to its host switch. URF CLECs that do not have exchanges or wire centers shall report at the smallest reporting unit. All reporting carriers shall submit the raw data included in the report.

e. Reporting Frequency. Compiled monthly, reported quarterly.

3.4 Out of Service Repair Intervals – Applies to GRC ILECs and facilities-based URF Carriers with 5,000 or more customers and to any URF Carrier with fewer than 5,000 customers that is a COLR.

a. Description. A measure of the average interval, in hours and minutes from the time of the reporting carrier's receipt of the out of service trouble report to the time service is restored for residential and small business customers.

b. Measurement. Commitment is measured by taking the total number of the repair tickets restored within less than 24 hours divided by the total outage report tickets. In addition, the system average outage duration is measured by summing each repair interval, expressed in clock hours and minutes, between the time the customer called to report loss of service and when the customer regains dial tone, divided by the total outage report tickets. These measurements include only residential and small business customer tickets. The measurements exclude Sundays and federal holidays and tickets when maintenance is delayed due to circumstances beyond the carrier's control. Typical reasons for delay include, but are not limited to: outage caused by cable

theft, third-party cable cut, lack of premise access when a problem is isolated to that location, absence of customer support to test facilities, or customer's requested appointment. Changed appointments shall be reported separately by identifying the number of such appointments and the time, in hours and minutes, associated with these appointments. When reporting includes a delay for one or more months, the carrier shall provide supporting information as to why the month should be excluded and work papers that show the date(s) of the catastrophic event and/or widespread outage and how the adjusted figure was calculated. A catastrophic event, an event where there is a declaration of a state of emergency by a federal or state authority, and a widespread service outage (an outage affecting at least 3% of the carrier's customers in the state) are circumstances beyond the carrier's control.

c. Minimum Standard Reporting Level. 90% of all out of service trouble reports within 24 hours is the set minimum standard. Both the percentage of outages meeting the 24-hour standard and the actual system-wide average outage duration should be reported.

d. Reporting Unit. Reporting is at the state-wide level. However, carriers shall submit with the report the underlying data at the exchange or wire center level, whichever is smaller, that supports the information being reported. A wire center with fewer than 100 lines should be combined with other central offices within the same location. A remote switching unit with fewer than 100 lines should also be added to its host switch. URF CLECs that do not have exchanges or wire centers shall report at the smallest reporting unit. All reporting carriers shall submit the raw data included in the report.

e. Reporting Frequency. Compiled monthly and reported quarterly for those reporting units.

3.5 Answer Time for trouble reports and billing and non-billing inquiries applies to GRC ILECs, facilities-based URF Carriers with 5,000 or more customers, and any URF Carrier with fewer than 5,000 customers that is a COLR.

a. Description. A measurement of time for the operator to answer within 60 seconds 80% of calls to the business office for billing and non-billing inquiries and to the repair office for trouble reports. This measurement excludes any group of specialized business account representatives established to address the needs of a single large business customer or a small group of such customers. A statistically valid sample of the answering interval is taken to obtain the percentage of calls answered within 60 seconds. A customer must be presented with the option on an interactive voice response (IVR) or automatic

response unit (ARU) system to speak with a live agent, preferably in the first set of options.

b. Measurement. An average answer time of a sample of the answering interval on calls to the business office and repair office that is representative of the measurement period.

c. Minimum Standard Reporting Level. 80% answered within 60 seconds when speaking to a live agent or 80% answered within 60 seconds when speaking to a live agent after completing an IVR or ARU system. If measurement data of average answer time is used, it will be converted to the percent answered within 60 seconds.

d. Reporting Unit. Each traffic office serving 10,000 or more lines and handling calls to the business office for billing and non-billing inquiry calls and to the repair office for trouble report calls.

e. Reporting Frequency. Compiled quarterly and reported annually on February 15 for percent answered within 60 seconds.

4. MAJOR SERVICE INTERRUPTION – Applies to all facilities-based certificated and registered public utility telephone corporations.

a. Description. The Commission adopts for its major service interruption reporting the FCC's Part 4 rules concerning communications disruption and outages, the FCC's Network Outage Reporting System (NORS) reporting requirements, and the annual ETC outage report, as modified by FCC over time. The FCC's Part 4 rules and NORS user manual can be found at the following FCC website link: <http://www.fcc.gov/pshs/services/cip/nors/nors.html>

b. Reporting Procedures:

(i) Written reports are normally satisfactory. In cases where large numbers of customers are impacted or that are otherwise of great severity, a telephone report should be made promptly.

(ii) Concurrent reports shall be submitted to the Communications Division (CD) and the Division of Ratepayer Advocates or their successor divisions when the carrier files its reports with FCC's NORS system. Carriers shall submit a report to the Commission when the communication disruption or outage meets the FCC's reporting threshold and that disruption or outage involves communications in California, regardless of whether the affected communications in California independently meet the FCC's reporting threshold. Reports shall be filed with the CD per CD's directed method/media.

(iii) Final NORS reports shall be made confirming that service has been restored.

(iv) ETCs, concurrent with their FCC filing, shall submit the annual outage report that provides detailed information on any outage lasting at least 30 minutes and potentially affecting 10% of their customers in a designated service area.

c. Confidentiality. Major Service Interruption reports submitted to the Commission pursuant to these rules shall be treated as confidential in accordance with Pub. Util. Code § 583 and General Order 66-C.

5. WIRELESS COVERAGE MAPS – Applies to all public utility telephone corporations that are wireless carriers.

5.1 Description: Wireless coverage maps shall show where wireless phone users generally may expect to receive signal strength adequate to place and receive calls when outdoors under normal operating conditions.

5.2 Requirements. Wireless carriers shall provide coverage maps on their websites and at retail locations.

a. Wireless carriers shall provide coverage maps in printable format on their websites and in a printable or pre-printed format at retail locations that customers can take with them. Wireless carrier representatives at retail locations shall implement procedures to make available during a sales transaction coverage maps depicting approximate wireless service coverage applicable to the wireless service rate plan(s) being sold.

b. Wireless carriers shall provide coverage maps depicting approximate wireless service coverage applicable to the wireless service offered rate plan(s). All coverage maps shall include a clear and conspicuous disclosure of material limitations in wireless service coverage depiction and wireless service availability.

6. RECORDS AND REPORTS

6.1 Reporting Units. Service measurements shall be maintained by reporting units. Reporting units are exchange, central office entity, wire center, traffic office, trouble report service office, or business office as required. The reporting unit for each service measure is defined in Section 3.

6.2 Reporting Requirements. Reports shall be made to the Director of Communications Division of the Commission within 45 days of the end of the reporting quarter, for all reporting units for the non-answer time minimum telephone service measures. The answer time measure shall be reported on February 15 annually for the preceding calendar year. Service interruption shall

be reported when it is considered a major interruption as defined in Section 4. Reports to the Commission of performance not meeting the reporting level shall state the levels of service for each service measure and the months being reported. Reports on reporting units for two or more consecutive quarters shall also include a description of the performance at the reported level, a statement of action being taken to improve service, and the estimated date of completion of the improvements.

6.3 Retention of Records. Quarterly summary records of service measurements for each reporting unit shall be retained for three years. All major service interruption reports shall be retained for three years. All summary records shall be available for examination by Commission representatives during the retention period and special summaries of service measurements may be requested by the Commission.

6.4 Commission Staff Reports. The staff may compile and post the minimum service standards and the performance of each carrier on the Commission's website.

7. STAFF INVESTIGATIONS AND ADDITIONAL REPORTING REQUIREMENTS

Commission staff may investigate any reporting unit that does not meet a minimum standard reporting level and any major service interruption. Staff may recommend the Commission institute a formal investigation into a carrier's performance and alleged failure to meet the reporting service level for six or more consecutive months. Staff may require carriers with two or more measures below the reporting service level in one year or one measure below the industry average to meet with staff and present proposals to improve performance and to report monthly if poor performance continues. This section does not apply to Section 5, Wireless Coverage Maps.

8. FORM

The attached form is a template for reporting GO 133-C Service Quality Standards. The staff may change this form as necessary.

(REPORTING FORM INTENTIONALLY OMITTED)

(END OF APPENDIX D)