

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA  
-oOo-



**FILED**  
09-10-10  
04:59 PM

Application of Verizon California Inc. (U-1002-C) )  
to Discontinue Annual Shared Asset Methodology ) Application A1009007  
Reporting Requirement Adopted in Decision 04-03-038 ) (Filed September 10, 2010)  
as the Report No Longer Serves any Useful Purpose )

**APPLICATION OF VERIZON CALIFORNIA INC. (U-1002-C)  
TO DISCONTINUE ANNUAL SHARED ASSET METHODOLOGY REPORTING  
REQUIREMENT ADOPTED IN DECISION 04-03-038 AS THE REPORT NO LONGER  
SERVES ANY USEFUL PURPOSE**

Pursuant to Rule 2.1 of the Commission’s Rules of Practice and Procedure, Verizon California Inc. (U-1002-C) submits this Application to discontinue the annual shared asset methodology reporting requirement adopted in Decision 04-03-038.<sup>1</sup> The administrative assets subject to the shared asset methodology were recently exempted from Public Utilities Code section 851 requirements altogether in Decision 10-05-019; accordingly, the report no longer serves its purpose as a streamlined method of compliance with section 851 with respect to the shared use of such assets by Verizon’s service company affiliates. Likewise, the report serves no ratemaking purpose under the Uniform Regulatory Framework (“URF”) since prices are determined by market forces under URF, not Commission-scrutinized costs of service. Accordingly, the reporting requirement serves no useful purpose and should be discontinued.

---

<sup>1</sup> See D.04-03-038, mimeo at 14–23, Ord. Paras. 3–6. The shared asset methodology and related reporting requirement was extended to cover additional Verizon service company affiliates under Decision 06-10-003, Ord. Para. 3. See *also* D.08-09-015 (URF Phase 2 – Monitoring decision), mimeo at 16 (determining that no new monitoring reports should be adopted under URF; however, “URF Carriers shall continue to file the existing reports that they indicated they file with the Commission.” Verizon indicated in the URF Phase 2 proceeding that it filed the shared asset methodology report in a listing of all reports Verizon files with the Commission.)

## **BACKGROUND**

In 2004, the Commission approved the shared asset methodology for Verizon, at the company's request, as a way of streamlining compliance with Public Utilities Code section 851 with respect to the shared use of administrative assets (office space, cubicles, desks, chairs, desktop computers, file cabinets, etc.) owned by Verizon and used jointly by Verizon's service company affiliates. The Commission found the shared asset methodology to be "welcome both in terms of administrative efficiency and NRF regulation" and approved it under General Order 69-C as "a self-executing process for tracking service affiliate use of Verizon office space and equipment and substituting this process, with proper safeguards, for what otherwise would be dozens of Section 851 applications."<sup>2</sup> As a condition of approving the shared asset methodology, however, the Commission ordered Verizon to provide the Director of the Telecommunications Division and ORA<sup>3</sup> with "a year-end assessment and adjustment" of shared assets used by the service company affiliates on February 1 of each year.<sup>4</sup> As with the shared asset methodology itself, this reporting requirement applies only to Verizon.

### **THE ANNUAL SHARED ASSET METHODOLOGY REPORT NO LONGER SERVES ANY USEFUL PURPOSE**

The Commission should discontinue the shared asset methodology report as it no longer serves any useful purpose under section 851 or under URF. When it adopted the reporting requirement, the Commission explained that its purpose was to confirm that "the encumbrances that we authorize today are limited to the use of surplus office space and equipment by [Verizon's service company affiliates], and otherwise meet the criteria of G.O. 69-C."<sup>5</sup> However, the Commission recently exempted such

---

<sup>2</sup> D.04-03-038, mimeo at 18.

<sup>3</sup> Now the Communications Division and the Division of Ratepayer Advocates, respectively.

<sup>4</sup> D.04-03-038, mimeo at 22–23, Ord. Para. 4.

<sup>5</sup> *Id.*, mimeo at 22–23.

administrative assets from section 851 requirements altogether.<sup>6</sup> Accordingly, there is no longer any need to ensure that encumbrances of such assets meet the criteria of G.O. 69-C.

Nor does the report serve any ratemaking purpose since under URF prices are determined by market forces, not by the Commission; and all vestiges of the prior cost of service regulatory framework have been eliminated.<sup>7</sup> In fact, continuing the reporting requirement—which applies only to Verizon—would be inconsistent with the Commission’s preference for uniform reporting and administrative processes under URF.<sup>8</sup> Accordingly, the report should be discontinued.

### **PROCEDURAL REQUIREMENTS [RULES 2.1, 2.2]**

**Authorization or Relief Sought:** The relief Verizon seeks and the authorization therefore are provided above.

**Verification:** This Application has been verified by a corporate officer. See attached Verification.

**Legal Name of Applicant:** Verizon California Inc., a California corporation whose principal place of business is 112 S. Lakeview Canyon Rd., Thousand Oaks, CA 91362.

**Articles of Incorporation:** Pursuant to Rule 2.2, please see the articles of incorporation for Verizon California Inc. previously filed with this Commission in A.09-06-005 on June 4, 2009.

---

<sup>6</sup> See D.10-05-019 at Ord. Paras. 1, 2 (exempting among other things administrative assets such as office buildings (FCC Account 2121) and office equipment (FCC Account 2123) from Section 851 requirements).

<sup>7</sup> See D.06-08-030, mimeo at 235 (“[W]e find it reasonable to end all the vestiges of the prior NRF and rate-of-return regulation. We eliminate price caps, the annual price cap filing, the productivity factor, and all residual elements of rate-of-return regulation, including the calculation of ‘shareable’ earnings.”) See *also id.* at 279, Conclusion of Law 61 (“The Commission should end all the vestiges of the outdated NRF framework and rate-of-return regulation.”)

<sup>8</sup> See D.06-08-030, mimeo at Ord. Para. 21 (“With the exception of conditions relating to basic residential rates, all asymmetric requirements concerning marketing, disclosure, or administrative processes shall be eliminated.”) See *also* D.08-09-015, mimeo at 2–3 (holding no new monitoring reports are necessary under URF).

**Authorized Representative:** Communications regarding this Application should be addressed to Rudolph M. Reyes, attorney for Verizon. Mr. Reyes’s contact information is provided in the signature block below.

**Proposed Categorization:** This Application should be categorized as a Quasi-legislative proceeding as it has no potential ratemaking impact and is not a complaint or enforcement proceeding. This Application is about whether to discontinue a reporting requirement because it no longer serves any useful purpose. Accordingly, this proceeding is about whether to “establish policy or rules,” and thus properly categorized as Quasi-legislative under Rule 1.3(d).

**Issues to Be Considered/Need for Hearing:** This sole issue to be considered is whether the shared asset reporting requirement adopted in Decision 04-03-038 no longer serves any useful purpose under Public Utilities Code section 851 and URF and should therefore be discontinued. These issues can be addressed by way of notice-and-comment procedures without the need for an evidentiary hearing.

**Proposed Schedule:**

September 13, 2010	Approximate date Application to appear on Commission’s Daily Calendar
October 13, 2010	Approximate deadline for any Protests or Responses to Application
October 25, 2010	Reply to any Protests or Responses (if necessary)
November 1, 2010	Prehearing conference (if necessary)
December 1, 2010	Proposed Decision

Verizon respectfully requests that the Commission issue a decision in this case by year’s end to avoid unnecessary uncertainty regarding whether Verizon must prepare the next shared asset report due February 1, 2011.

**CONCLUSION**

For the reasons set forth above, the Commission should discontinue the annual shared asset methodology reporting requirement adopted in Decision 04-03-038 as the report no longer serves any useful purpose.

Date: September 10, 2010

Respectfully submitted,



By: \_\_\_\_\_  
RUDOLPH M. REYES

711 Van Ness Avenue, Suite 300  
San Francisco, CA 94102  
Tel: 415-749-5539  
Fax: 415-474-6546  
[rudolph.reyes@verizon.com](mailto:rudolph.reyes@verizon.com)

*Attorney for Verizon*

## VERIFICATION

I am an officer of Verizon California Inc. (U 1002 C) (Verizon), a corporation organized and existing under the laws of California, and I have been authorized to make this verification on its behalf.

I have read the forgoing Application and know the contents thereof.

I am informed and believe that the matters stated therein are true and on that ground I allege that the matters stated therein are true.

I declare under penalty of perjury that the above statements are true and correct.

Executed on the 10<sup>th</sup> day of September, 2010, at Thousand Oaks, California.

By  \_\_\_\_\_  
Carol Bjelland  
Assistant Secretary