

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



FILED

05-28-10

04:59 PM

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

R. 09-06-019

**COMMENTS ON ASSIGNED COMMISSIONER'S AMENDED SCOPING
MEMO AND SOLICITATION OF COMMENTS REGARDING
REVISIONS TO THE "BASIC TELEPHONE SERVICE"
REQUIREMENTS BY CITIZENS TELECOMMUNICATIONS COMPANY
OF CALIFORNIA INC. D/B/A FRONTIER COMMUNICATIONS OF
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May 28, 2010

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Citizens Telecommunications Company of California Inc. d/b/a Frontier Communications of California (U 1024 C) (“Frontier”) provides these comments on Commissioner Bohn’s May 10, 2010 amended scoping memo which solicits comments regarding the “basic telephone service” requirements, in particular as related to the California High Cost Fund B (CHCF-B) program and Lifeline.

Frontier agrees that arriving at a clear and updated definition is essential before moving forward in the CHCF-B proceeding. Frontier also suggests that the definition ultimately determined be the one adopted and used for both Lifeline and CHCF-B.

Frontier cautions the Commission to take great care to insure that the definition of basic service does not conflict or impact a carrier’s ability to participate in Federal lifeline and high cost programs. The CPUC and Federal definition for basic service must be in alignment to insure that California consumers continue to receive the benefits from the various federally funded lifeline and high cost support programs.

Before responding to the proposed “straw man” basic service definition, Frontier reiterates its position that moving forward with the reverse auction process is ineffective and not justified. This sentiment has been expressed by other parties in this proceeding, including Cox and T-Mobile. The need for a reverse auction process seems unnecessary in light of the fact the number of high cost census block groups eligible to receive CHCF-B support has declined significantly in the past few years. As shown in the February 11, 2010 ACR, the number of high cost lines in carrier claims has dropped from 3,406,751 in January 2007 to just 271,000 in July 2009 and the annual program expenditures (claims) has dropped from \$412 million in FY 2006-2007 to \$139 million in FY 2008-2009. Because of the reduced size of the fund and fewer high cost support lines along with the current economic conditions impacting California, the number of participating carriers in a reverse auction process may be very limited. Frontier supports the idea of updating the existing program. Frontier supports an update of the costs and census data used at the census block group level in order to be more current in determining high cost support for qualified providers. Frontier also supports a comprehensive examination of the monthly claims process to streamline and improve the existing procedures, including the production and submission of reports and underlying data.

Frontier’s Response to Basic Service Straw Hat Definition Proposal

1) Provision of “Local Exchange” Service

ACR Proposal: “Basic service” requires access to “single-party local exchange” service. In order to achieve technological neutrality, and for the limited purposes of a reverse auction pilot trial, the term “local exchange” will be replaced with “two-way voice” service. This revision incorporates the diversity of calling plans offered by intermodal carriers. The ILECs’ current tariffs and billing arrangements need not change and are compatible with the revised

definition. At the same time, the revised definition would allow wireless or other intermodal carriers to qualify for Lifeline and/or B-Fund support as COLRs even though they do not pattern their service or billing systems on local exchanges.

***Frontier's Response:** Frontier supports this proposal and recommends that the new definition be incorporated into the Commission's General Order 153 – California Lifeline program for clarification.*

2) Access to all Interexchange Carriers Offering Service in a Local Exchange

ACR Proposal: The definition of basic telephone service requires that customers have equal access to all interexchange carriers offering service in their local exchange. In order to promote competitive neutrality, this element should be revised simply to require access to interexchange *service* (or its functional equivalent in the case of intermodal carriers).

The existing requirement is based on the network architecture utilized by wireline carriers to determine the applicability of access charges for traditional “long-distance” service. Wireless carriers, however, do not collect access charges from interexchange carriers for originating or terminating long-distance calls, and typically make no distinction between “local” and “long distance” or “interexchange” calls.

The existing requirement comes from an era when “long distance” was typically a stand-alone service offered by a separate carrier, and was intended to ensure that customers have competitive options on an equal access nondiscriminatory basis for calls beyond their local exchange.

The Federal Communications Commission (FCC) imposes the requirement on ILECs, but not wireless or VoIP carriers, whose networks may not be capable of providing equal access. The benefits of bundled service from a single carrier may outweigh having access to multiple

carriers for only one segment (i.e. interexchange) of its telecommunications service needs.

While revising the definition for purposes of California-jurisdictional basic service, any pre-existing “equal access” obligations applicable under federal law would remain in effect.

***Frontier’s Response:** One concern is that the straw man proposal does not include the FCC’s lifeline requirement for toll control. Frontier recommends that toll control be included as a basic element in order to preserve Federal lifeline support.*

3) Ability to Place Calls

ACR Proposal: This element of basic service should be retained unchanged.

***Frontier’s Response:** Frontier supports this recommendation.*

4) Ability to Receive “Free” Unlimited Incoming Calls

ACR Proposal: The basic service definition calls for the provision of “free” unlimited incoming calls, with no charge beyond a flat rate. Many wireless and some VoIP providers’ calling plans do not offer “free” incoming calls, however, since incoming calls count against a specified allowance of minutes. For incoming calls beyond that specified allowance, usage charges apply.

To be competitively neutral, the definition should be revised to allow for usage charges on incoming calls that exceed a reasonable allowance of minutes. The measurement of what constitutes a reasonable allowance of minutes for purposes of basic service should be addressed in comments. Parties may also suggest alternative basic service options for purposes of ensuring access to incoming calling capabilities.

***Frontier’s Response:** Although not an issue for wireline providers, Frontier suggests that the definition have a defined number of free incoming and outgoing calls. For example, in Frontier’s case, our existing measured lifeline customers can make 60 free untimed (outgoing)*

calls per month and each call over 60 is rated on a per call basis instead on a per minute basis. Another suggestion would be to give a monthly credit towards their usage allowance, which is what Frontier gives (a \$3 credit) to our non-lifeline customers towards their local usage.

5) “Free” Touch-Tone Dialing

ACR Proposal: Under the current definition, touch-tone dialing is provided as part of basic service at no additional charge. While this element should be offered with no additional charge, a carrier should not be *required* to provide touch tone dialing if a different technology is available. The definition shall be revised as follows: “Touch-tone dialing, if used to provide basic service, shall be offered at no additional charge.”

Frontier’s Response: *Frontier supports the inclusion of touch-tone dialing as a basic service element.*

6) Unlimited Access to Emergency Services (911/E911)

ACR Proposal: A provider of basic service must provide free and unlimited access to emergency 911 and, where available, E911 service. The FCC has mandated specific 911/E911 compliance requirements for wireless and VoIP providers.

This element of basic service should be retained, recognizing that access to emergency services is essential to all consumers. Since the FCC has mandated compliance requirements for VoIP and wireless providers, these same requirements must be satisfied to meet the requirements for basic service. At a minimum, any wireless carrier offering basic service must satisfy the mandated compliance requirements for free and unlimited access to emergency services at the level mandated by the FCC. Each carrier must verify that it has the capability to provide 911 access throughout the region where it provides basic service.

In R.07-04-015, the Commission is reviewing standards and protocols for emergency notification used by all carriers, not just COLRs. Any carrier offering basic service will be subject to subsequent requirements for access to emergency services that may be imposed in that proceeding.

Frontier's Response: Frontier supports the requirement that basic service must provide free and unlimited access to emergency E9-1-1 service.

7) Access to Local Directory Assistance and Foreign “Number Plan Areas” (NPAs)

ACR Proposal: To the extent that “local exchange” no longer defines the service area for purposes of “basic service,” directory assistance offered by a wireless carrier may not specifically correspond to the boundaries of an ILEC local exchange. Nonetheless, customers should have access to directory assistance within the same geographical area as they currently have directory assistance access from their ILEC.

Frontier's Response: Frontier supports the ACR proposal.

8) Lifeline Rates and Charges for Eligible Customers

ACR Proposal: Basic service requires the offering of Lifeline rates and charges to all eligible customers within a designated service territory. Yet, the current Lifeline program excludes wireless carriers, thereby preventing them from receiving Lifeline support. Intermodal carriers should be allowed to qualify for Lifeline support and to offer a basic service package with Lifeline rates and charges for eligible customers, provided that they satisfy the basic service obligations as adopted in this proceeding and subject to any conditions adopted in R.06-05-028. Consideration of Lifeline rate and subsidy issues, and modifications to the Lifeline program, other than revisions in the definition of basic service, is before the Commission in R.06-05-028.

Frontier's Response: Frontier supports the Commission's overall objective of updating the requirements for basic service to promote competitive and technological neutrality. Frontier urges the Commission to consider the overall impact on both the California Life Line and CHCF-B programs resulting from intermodal carriers being able to provide basic service in high cost areas and to qualifying low income customers. Frontier recommends that the Commission mitigate the financial impacts by requiring all intermodal carriers to collect and remit the applicable all end-user surcharges prescribed by this Commission. Frontier also recommends that all carriers, including intermodal carriers, be both a COLR and have ETC designation as a condition of receiving funding in these programs.

9) Customer Choice of Flat or Measured Service

ACR Proposal: Under the definition of basic service in D.96-10-066, the customer has a choice between a “flat rate” or “measured service”. The flat rate allows for unlimited calling within the “local exchange” in which a customer resides. Some wireless carriers and many VoIP providers calling plans offer their own version of a “flat rate”, subject to different restrictions, however, while other carriers impose additional charges for usage beyond a specified minimum allowance per month.

The “flat-versus-measured” service distinction relates to the wireline service feature of unlimited “local” calls. The concept of “local calling” has no real application outside of the ILEC local calling area paradigm. Options are available among wireless carriers, however, for various “block-of-time” plans.

Even for basic service offered by the ILEC, remaining ILEC flat rate caps for basic service are scheduled to phase out by January 1, 2011. After that, if the ILEC continues as the

COLR in a high-cost area, the ILEC must certify that its rates do not exceed 150% of the highest basic rate charged in California outside of the high-cost area (up to \$36 minus the EUCL).

D.08-10-040 specifies that if a carrier other than an ILEC assumes COLR status, similar conditions apply. As stated in D.08-10-040, if the new COLR doesn't offer stand-alone rates outside of the high-cost areas, the new COLR "may reference the stand alone rates of an adjacent ILEC, or other acceptable proxies as may be approved as part of the reverse auction protocols" currently being considered. (D.08-10-040, Ordering Paragraph 14).

To be competitively neutral, the basic service definition should be modified not to require unlimited incoming calls at a "flat rate" within a "local exchange." Customers, however, should have the option to receive a reasonable allowance of minutes of voice communication, regardless of provider, without incurring per-minute charges. Further comments are solicited as to a reasonable allowance of minutes that should be available at a "basic service" fixed rate, considering typical customer calling patterns and allowances that various calling plans may currently offer.

Frontier's Response: Frontier recommends the measured allowances referenced in its response to No. 4 above be used as the minimum usage allowances for the measured service. Frontier suggests that the definition have a defined number of free incoming and outgoing calls.

10) Free Provision of One Directory Listing per Year as Provided for in D.96-02-072

ACR Proposal: The "basic service" definition requires the free provision of one directory listing per year as provided for in D.96-02-072. There is a public value in customers generally being able to locate phone numbers of residences and businesses in a telephone directory. On the other hand, residential customers may no longer value the ability to list one's number in a white pages directory. Many wireline customers actually pay to exclude their

number from being listed in such directory. Basic service customers should have the option to have their number listed in a published directory at no additional charge, but not be required to do so.

The basic service customers must retain the option of having their phone number provided for listing in the ILEC directory for the applicable local area, under procedures as prescribed in D.96-02-072, referenced above.

Frontier's Response: Frontier agrees with this proposal.

11) “Free” White Pages Telephone Directory

ACR Proposal: The existing basic service definition requires offering a “free” white pages telephone directory. White page directories containing both business and residential listings are commonly provided to both residences and businesses in the ILEC’s service territory.

Directory publishing has become a separate industry over which the Commission has limited jurisdiction or control. Telecommunications providers other than ILECs generally do not publish their own directory. The directory publishing market has not supported a white page directory for the wireless industry.

Basic service customers, however, should have access to a directory of published telephone numbers for their own community. This should remain a requirement for basic service. If a carrier does not engage in publishing directories of telephone subscribers, the carrier can enter into commercial arrangements with an ILEC, or other directory publishers, to arrange for white-page directory delivery to their subscribers. A local telephone directory should be provided without charge to the customer.

Frontier's Response: Frontier believes that the existing directory pages requirements should be retained. In order to qualify for B Fund and Lifeline support then the carrier must be

required to provide directories to customers. It is Frontier's experience and belief that Lifeline customers and customers in high cost rural areas rely on directory listings. To make it optional makes it an inconsistent application and puts some customers in a situation without adequate access to directory listings.

12) Access to Operator Services

ACR Proposal: This element should continue to be required in the definition of "basic service" without change.

Frontier's Response: Frontier supports this proposal.

13) Voice Grade Connection to the Public Switched Telephone Network

ACR Proposal: This element should be retained without change.

Frontier's Response: Frontier supports this proposal.

14) "Free" Access to 800 or 800-like Toll-Free Services

ACR Proposal: The basic service definition requires free access to 800 or 800-like (8YY) toll-free services. Various wireless and VoIP calling plans offer specified minutes of usage, however, in order to qualify for a given monthly rate. Because calls to 8YY numbers would count against the customer's specified minutes of usage, the customer would incur additional charges to call 8YY numbers in volumes exceeding the specified minutes. Such calls would not be considered "free."

This requirement should be retained as an element of basic service. Important social services, health care, and financial services, as well as recreational options, rely upon the free nature of 8YY calls to provide all types of essential customer services.

Frontier's Response: Frontier supports this proposal.

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

ACR Proposal: This element 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 believe this requirement seems unnecessary as consumers have grown familiar with these types of services.

This element should remain in the definition of basic service. Even though the original billing problems encountered with 900/976 numbers may have subsided, other unauthorized charges may continue to be potential risk. Accordingly, the general protections that this service offers continue to be relevant. As a practical matter, most if not all carriers currently provide blocking to these types of numbers.

Frontier's Response: Frontier supports this proposal.

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

ACR Proposal: Since access to Telephone Relay Service is already mandated by Pub. Util. Code § 2881, it is redundant to list it as an element of basic service. The statutory requirements, as referenced in this element, address the needs of the deaf and hard-of-hearing customers.

Frontier's Response: Frontier supports this proposal.

17) Free Access to Customer Service for Information about Universal Lifeline Telephone Service (ULTS) Service Activation, Service Termination, Service Repair and Bill Inquiries

ACR Proposal: Free access to customer service for information about the above-referenced services should be retained as an element of basic service.

Frontier's Response: Frontier supports this proposal.

Conclusion

Frontier supports moving forward with updating the definition of basic service and suggests that workshops be scheduled to have an open discussion as to the merits of the proposals. Frontier also reiterates that one definition should be used for both Lifeline and the CHCF-B programs.

Dated May 28, 2010

Respectfully submitted,

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CERTIFICATE OF SERVICE

I, Pam Pittenger, hereby certify that on this day I served a copy of the COMMENTS ON ASSIGNED COMMISSIONER’S AMENDED SCOPING MEMO AND SOLICITATION OF COMMENTS REGARDING REVISIONS TO THE “BASIC TELEPHONE SERVICE” REQUIREMENTS BY CITIZENS TELECOMMUNICATIONS COMPANY OF CALIFORNIA INC. D/B/A FRONTIER COMMUNICATIONS OF CALIFORNIA to all parties on the CPUC’s service list for R.09-06-019. One true and correct Adobe Acrobat PDF copy was E-mailed to those parties on the service list who provided an E-mail address. For those parties who have not provided the Commission an electronic address, paper copies were provided via U.S. Mail.

Dated at Elk Grove, California, this 28th day of May 2010.



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