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

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

Rulemaking No. 09-06-019

**REPLY COMMENTS OF THE CITY AND COUNTY OF SAN FRANCISCO
REGARDING REVISIONS TO THE
BASIC TELEPHONE SERVICE REQUIREMENTS**

I. INTRODUCTION

The City and County of San Francisco (“CCSF”) submits these reply comments in connection with the Assigned Commissioner’s Amended Scoping Memo and Solicitation of Comments Regarding Revisions to the “Basic Telephone Service” Requirements. Attachment A to that Ruling offers a “straw proposal” for revisions to the longstanding definition of basic service adopted in Decision (D.) 96-10-066.

CCSF strongly opposes two proposed revisions: (1) removing the current requirement that carriers offer a flat service option (item 4 in the straw proposal); and (2) removing the requirement that carriers not charge for incoming calls (item 9).

II. THE COMMISSION SHOULD RETAIN THE CURRENT ELEMENTS OF THE DEFINITION OF BASIC SERVICE THAT INCLUDE THE OPTION TO CHOOSE FLAT SERVICE AND THE ABILITY TO RECEIVE INCOMING CALLS WITHOUT CHARGE.

CCSF has reviewed the parties’ opening comments and is persuaded by the comments of the Consumer Advocates¹ that two of the proposed revisions would be

¹ The Utility Reform Network (“TURN”), Disability Rights Advocates, and the National Consumer Law Center.

particularly harmful to consumers. The current minimum standards include the ability for residential customers to receive unlimited incoming calls without charge and the option to choose flat service, which allows unlimited local calls. The straw proposal proposes to reduce these minimum standards by: (1) allowing charges for incoming calls beyond a specified allowance and (2) no longer requiring a flat service option, just an (unspecified) allowance of calling minutes beyond which a customer could be charged.

These proposed revisions would be harmful to residential customers. As the Consumer Advocates correctly point out, free incoming calls and flat service are essential tools to enable residential customers to meet their basic communications needs in an affordable and predictable manner. Predictability and simplicity are key virtues of the present definition. With free incoming calls and flat service, wireline consumers know they will be able to receive unlimited calls and make unlimited calls in their local area without having to worry about whether their household has exceeded a limited quota of minutes and begun incurring usage charges. Households in which multiple users share telephone service are thus able to avoid the undesirable and potentially complicated task of monitoring the usage levels of others, such as children and roommates. Especially in difficult economic times of reduced wages and high unemployment, certainty in budgeting for basic services is essential for many households.

Of course, the current definition does not require customers to subscribe to flat service; customers may instead choose a measured service option in which, in return for a lower charge than for flat service, they are charged for local calls beyond a usage allowance. This choice has served customers well and should be retained.

CCSF is concerned that the proposed revisions would be a significant step backward for wireline telephone customers. In light of the limited competition for wireline telephone services, reducing the standards in the basic service definition would open the door to inferior basic service offerings that increase the cost for basic telephone service and the volatility of monthly bills.

The Consumer Advocates rightly point out that, notwithstanding the increasing popularity of mobile services, the overwhelming majority of American households, almost 75 percent, still subscribe to wireline service.² Wireline service offers some important advantages over wireless services, including superior call quality, better reliability during power failures, and superior 911 access to emergency services. Because of these advantages, wireline service will continue to be popular for many years to come.

The speculative possibility that wireless carriers and mobile voice over Internet protocol (“VOIP”) providers may offer Lifeline service to residential households is not a reason to sacrifice the benefits of the current definition in the name of competitive neutrality. By definition, mobile services do not lend themselves to categorization as residential or non-residential; mobile services can be used interchangeably at home or at work. As Lifeline is, by statute, a program to serve only residential customers, *see e.g.*, Public Utilities Code Sections 871.7(a), 872, 873(a)(1), it is difficult to see how wireless and other mobile service carriers could offer Lifeline service without major legislative changes to the Lifeline program. Rather than diminish the minimum standards for wireline service that serve customers well, the better way to make discounted mobile services available to low-income customers would be to establish separate minimum standards for such mobile services.

III. CONCLUSION

For the reasons set forth above, CCSF urges the Commission to reject the proposal to weaken the standards for basic telephone service with respect to items 4 and 9 of the straw proposal. Instead, the Commission should retain the current elements of the basic service definition that require customers to be offered a choice of flat or measured

² Comments of Consumer Advocates, p. 6.

service and that allow customers to receive unlimited incoming calls without usage charges.

Dated: June 18, 2010

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CERTIFICATE OF SERVICE

I, PAULA FERNANDEZ, declare that:

I am employed in the City and County of San Francisco, State of California. I am over the age of eighteen years and not a party to the within action. My business address is City Attorney's Office, City Hall, Room 234, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102; telephone (415) 554-4623.

On June 18, 2010, I served the **REPLY COMMENTS OF THE CITY AND COUNTY OF SAN FRANCISCO REGARDING REVISIONS TO THE BASIC TELEPHONE SERVICE REQUIREMENTS** by electronic mail on all parties on the service lists in R.09-06-019 and R.06-05-028.

The following addressee(s) without an email address were served:

BY UNITED STATES MAIL: Following ordinary business practices, I sealed true and correct copies of the above documents in addressed envelope(s) and placed them at my workplace for collection and mailing with the United States Postal Service. I am readily familiar with the practices of the San Francisco City Attorney's Office for collecting and processing mail. In the ordinary course of business, the sealed envelope(s) that I placed for collection would be deposited, postage prepaid, with the United States Postal Service that same day.

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I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on June 18, 2010, at San Francisco, California.

/S/

PAULA FERNANDEZ