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

**ADMINISTRATIVE LAW JUDGE'S RULING PROVIDING FOR COMMENTS ON  
PROPOSED BASIC TELEPHONE SERVICE REVISIONS**

This ruling solicits parties' comments on the attached draft proposal for revisions in basic telephone service requirements (see Appendix A). This proposal is updated from previous versions circulated by rulings dated May 10, 2010, and December 24, 2010. Parties last filed comments on basic service issues in June 2010. This ruling provides an opportunity to refresh the record.

This rulemaking (successor to R.06-06-028) was instituted to reform the California High-Cost-B program (B-Fund) program. This phase of the proceeding focuses on basic telephone service revisions. By ruling dated May 10, 2010, the scope of the proceeding was amended to address basic service revisions applicable to any provider that is either (a) a "carrier of last resort" (COLR) within a high-cost B-Fund region and/or (b) a provider of Lifeline service anywhere within California.<sup>1</sup>

The draft proposal addresses the definition of basic service, but does not resolve all other issues that require further inquiry before providers utilizing

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<sup>1</sup> Other Lifeline reforms, including Lifeline pricing and support issues are being addressed in R.11-03-013 (successor to R.06-05-028).

wireless, Voice over Internet Protocol (VoIP), or other nontraditional technologies would be qualified and ready to serve as a COLR and/or provider of Lifeline service in California. Other issues relating to the Lifeline program are being addressed in R.11-03-013. Issues relating to fitness and service quality standards for wireless or other nontraditional providers require resolution either in this proceeding, or in a separate proceeding. This draft proposal takes into account parties' previous comments as well as input from public participation hearings on basic service issues held during March 2011.

Basic telephone service is a fundamental need rooted in universal service principles. In 1995, in D.95-07-050, the Commission initiated revisions to its Universal Service rules, including the Lifeline program, to address the then-new competition in the provision of local exchange service. In 1996, the Commission created the B-Fund to ensure the continued universal availability of essential telecommunications services within a competitive environment, particularly within high-cost areas. The Commission identified two essential elements of universal service:

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

The comprehensive definition of basic service last adopted in D.96-10-066 was based on the wireline exchange-based technology that prevailed at that time. The basic service definitions set forth in the draft proposal are intended to recognize the broader range of service technologies available today, including wireless and VoIP, and to expand customers' options for basic service.

Differences among modes of technology can accommodate variations in how basic service is provided. As technology and network architecture varies,

the related trade-offs of competing basic service options may vary. The basic communication needs, preferences, and expectations among California consumers is diverse, as noted in the comments and opinions expressed by participants at the public participation hearings on basic service issues held during March 2011. Nonetheless, the essential needs, particularly among the most vulnerable segments of the customer base (e.g., the elderly, those with disabilities, low-income segments, etc.) must be met consistent with the Commission's universal service policies. The goal is to provide flexibility to differentiate competing technology service offerings while upholding service quality in the provision of essential universal service needs.

The technical, economic, and legal constraints and advantages facing different technology providers may also vary. Adopting a standard of technological neutrality does not require that all modes of technology provide basic service in identical fashion. The adopted standard should be broad enough, however, to recognize variations in how service features and billing arrangements apply. At the same time, technology-neutral standards must not degrade or diminish essential service needs. The revised draft proposal definition is thus intended to:

- a. Consolidate and streamline existing listings of service elements.
- b. Apply technology-neutral terminology and definitions
- c. Maintain essential services and avoid degrading existing basic services or standards

**IT IS RULED** that:

1. Comments are hereby solicited on the draft proposal in the appendix to this ruling. Opening comments are due on May 16, 2011. Reply comments are due May 31, 2011. Parties may reference prior filed comments, as applicable.

2. Following review of comments, a proposed decision is anticipated, adopting a revised definition of basic service requirements.

Dated April 27, 2011, at San Francisco, California.

/s/ THOMAS R. PULSIFER

Thomas R. Pulsifer  
Administrative Law Judge