

Decision 07-09-009 September 6, 2007

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's Own Motion into Monitoring Performance of Operations Support Systems.	Rulemaking 97-10-016 (Filed October 9, 1997)
Order Instituting Investigation on the Commission's Own Motion into Monitoring Performance of Operations Support Systems.	Investigation 97-10-017 (Filed October 9, 1997)
Joint Application to Modify Decision 99-08-020.	Application 07-02-027 (Filed February 27, 2007)

**OPINION CONSOLIDATING PROCEEDINGS, ADOPTING THE AGREED-TO
JOINT PARTIAL SETTLEMENT AGREEMENT CHANGES OF AT&T
CALIFORNIA AND VERIZON CALIFORNIA INC., AND GRANTING JOINT
APPLICATION TO MODIFY DECISION 99-08-020**

Summary

We consolidate the three rulemaking, investigation and application proceedings docketed above to coordinate issues that overlap between the Operations Support Systems (OSS) Order Instituting Rulemaking and Investigation (OIR/OII) and the Joint Application to Modify Decision (D.) 99-08-020 (Joint Application). Further, we adopt the agreed-to Joint Partial Settlement Agreement (JPSA) changes for Pacific Bell Telephone Company, doing business as AT&T California and Verizon California Inc. (Verizon), respectively. We also grant the joint application of Verizon, AT&T California, and Time Warner Telecom of California, L.P. and modify D.99-08-020, the

Commission decision that approved the JPSA. The adopted modification will be applied equally to each JPSA, permitting either Verizon or AT&T California to propose and implement consensus changes to its own JPSA document through an advice letter filing. Application 07-02-027 is closed.

Background

On August 5, 1999, the Commission issued D.99-08-020, the order that adopted the JPSA, which established performance metrics for Verizon¹ and AT&T California.² These metrics covered unbundled network elements (UNEs) and other wholesale services provided by each company to competitive local exchange carriers (CLECs) in California. D.99-08-020 also provided for ongoing reviews of the JPSA, allowing the parties to reflect necessary changes based on their experience with implementing a new measurement system and changes in the telecommunications industry. The order further required that proposed updates to the JPSA, arising from these reviews, be submitted to the Commission for approval. While the language of the JPSA does not by itself expressly require a decision adopting resulting changes, the Commission has always reflected changes in the JPSA through a formal decision.

After the issuance of D.99-08-020, the first JPSA review started in February 2000, and was based on a settlement process aimed at reaching consensus on improvements to the JPSA. As a result of the settlement discussions, the parties agreed upon a number of changes which they submitted to the Commission for approval on July 18, 2000. Around the same time, the

¹ Formerly GTE California, Inc.

² Formerly doing business as SBC California.

parties filed comments with the Commission on several disputed items³ for resolution. On May 24, 2001, the Commission issued D.01-05-087 and approved the agreed-upon changes; the disputed items remain unresolved.

Soon after D.01-05-087, the parties began another round of settlement talks in order to update the JPSA. Each review attempted to achieve consistency with both the language and intent of the JPSA, by continuing to examine the document and doing what was necessary to improve its effectiveness. The parties regularly reviewed and updated the performance metrics to reflect evolving market conditions.

On July 10, 2003, the Commission issued D.03-07-035, and approved a set of agreed-to changes that the parties had submitted six months earlier. Starting in 2004, AT&T California (then SBC California) and Verizon commenced separate settlement discussions so that each company could have its own set of metrics in a separate document.⁴ Following these discussions, AT&T California and Verizon submitted their agreed-to changes to the Commission, on May 3, 2004 and November 30, 2004, respectively.⁵ On May 15, 2006, Verizon

³ Areas of proposed changes supported by some parties, but opposed by other parties.

⁴ Prior to 2004, the JPSA was a single document that applied to both AT&T California (then SBC California) and Verizon, though not all measures were used by each company and the standards developed for like measures could vary between the companies. In 2004, it was agreed that it made more sense to have separate discussions and a separate JPSA document for each company, because AT&T California, Verizon and many CLECs were multi-state companies with operations in the same states. The most efficient approach was to have one common set of measures for each company that could be applied on a like basis in each of their respective states. *See*, Joint Application to Modify Decision No. 99-08-020 at 3 fn 4.

⁵ The parties submitted their agreed-to changes in the OSS docket, R.97-10-016/I.97-10-017.

and participating CLECs withdrew the November 30, 2004 request for adoption of agreed-to JPSA changes, and submitted a new set of changes for approval.⁶ Currently, AT&T California's 2004 agreed-to changes as well as Verizon's and the participating CLECs' May 15, 2006 request for adoption of agreed-to changes are awaiting formal Commission approval.⁷

Joint Motion for Adoption of the AT&T California Agreed-to JPSA Changes

As stated above, on May 3, 2004, AT&T California and the participating CLECs⁸ (collectively, known as the Settling Parties) filed a joint motion for adoption of amendments to the JPSA. The Settling Parties declared that the amendments,⁹ embodied their "best efforts...to agree on modifications to the performance measurements in the JPSA." Moreover, the amendments resolved many of the issues highlighted by the Settling Parties during their review. In order to address parties' concerns about the timing and resources required for a general review, AT&T California advised that it agreed to limit the scope of the review by focusing on the most critical items on its or on any other party's list.

⁶ The May 15, 2006 Verizon and CLEC agreed-to changes incorporated the changes requested in 2004 and proposed new changes as well.

⁷ We consolidate the three rulemaking, investigation and application proceedings docketed above to coordinate issues in this decision that overlap between the consolidated OSS docket and the Joint Application.

⁸ AT&T Communications of California, Inc. (the CLEC prior to the merger), Telscape Communications Inc., and Time Warner Telecom of California.

⁹ Identified as Attachments A, B and C, and appended to this order as Appendix I.

The Settling Parties noted that this Commission has recognized a strong public policy of this State favoring settlement.¹⁰ They asserted that the amended JPSA was reasonable in light of the whole record, consistent with law, and in the public interest.¹¹ We find that the amended JPSA, like the previous agreements,¹² is consistent with the Communications Act of 1934, 47 U.S.C. § 151, et seq. and the Federal Communications Commission's (FCC) implementing rules because it provides one objective means to help assess whether an incumbent local exchange carrier is providing its competitors with sufficient, nondiscriminatory access to OSS as required by law. The Settling Parties stated that the amended JPSA struck a reasonable compromise among all parties' interest. We agree, and find the amended JPSA to be reasonable in light of the whole record and in the public interest. Therefore, we approve the amended JPSA for AT&T of California, which is attached to this order as Appendix I.¹³

¹⁰ *Re Pacific Bell*, D.92-07-076, 45 CPUC 2d 158, 169 (1992).

¹¹ Joint Motion at 4.

¹² The agreed-to performance measures in the JPSA and the amendments to the JPSA resulting from the 2002 and 2003 reviews.

¹³ These changes are incorporated in Appendix I to this decision. Within Appendix I, Attachment A is the final agreed-upon JPSA of the performance measurements, Attachment B is the redline format which shows changes to the JPSA added for the Joint Motion, and Attachment C presents the status of proposed modifications to the JPSA matrix. AT&T has noted in comments on the decision that it will post the revised JPSA on its CLEC online website within 30 days of the decision's effective date.

Joint Motion for Adoption of the Verizon Agreed-to Changes to the JPSA

On May 15, 2006, Verizon and several other telecommunications carriers¹⁴ (collectively, the Verizon Settling Parties) filed a joint motion asking that the November 30, 2004 joint motion regarding Verizon JPSA changes be withdrawn. In its place, the Verizon Settling Parties sought to incorporate the changes to the JPSA requested in the November 2004 motion with one modification, as well as new changes related to the removal of UNEs delisted by the FCC in its Triennial Review Order (TRO) and Triennial Review Remand Order (TRRO).

Pursuant to a notice of settlement distributed by Verizon, the 2005-2006 JPSA Review for Verizon began on October 18, 2005. Following the initial meeting, the parties convened on later occasions to reach the agreement set forth in the May 2006 Joint Motion. First, the Verizon Settling Parties agreed to withdraw the November 30, 2004 motion and sought the approval of one set of changes in their joint motion. Second, the Verizon Settling Parties continued to support and seek approval of the changes submitted in the previous motion (with one modification¹⁵), including the adoption of a separate JPSA applicable only to Verizon. Third, they agreed to remove measurements from the JPSA for UNEs no longer required under the Communications Act of 1934, 47 U.S.C.

¹⁴ AT&T California, Covad Communications Company, and Time Warner Telecom.

¹⁵ In the November 30, 2004 motion, Metric BI-6 (formerly Measure 31) was changed so that it measured the count of usage charges on the bill that were recorded within the last 45 days, instead of the count of usage charges on the bill that were recorded within the last 30 days. However, Verizon stated that it found that the proposed change could not be implemented in a timely or cost effective manner; therefore, the Settling Parties agreed to restore the original language, so that the metric would remain unchanged and would continue to measure the count of usage charges on the bill that were recorded within the last 30 days.

§ 151, et seq., and FCC rules (e.g., removal of measures for UNE Platform and UNE line sharing¹⁶). These UNEs were delisted in the TRO and TRRO.

The Verizon Settling Parties declared that one of the most notable changes was the adoption of a Verizon-only JPSA, along with agreement to amend the format of the JPSA, as it applies to Verizon, to match what Verizon uses in many other jurisdictions.¹⁷ This change would allow CLECs to view a consistent document for defining Verizon's performance measures, and to use a common format that many are familiar with in other states. The parties asserted that both the adoption of a Verizon-only JPSA and the changed JPSA format would simplify and improve the measuring and reporting of Verizon's local wholesale performance in California. In addition to these two important changes, the

¹⁶ Covad did not join in that part of the motion related to removal of the measurements for UNE line sharing, although it did not oppose it. However, Covad reserved its right to raise in other jurisdictions any and all positions on the question of the removal of measurements applicable to UNE line sharing, including without limitation, opposition to the removal of such measurements. Verizon also reserved its right to respond fully to any such filing or position taken by Covad. In all other respects, Covad supports the Joint Motion, including, without limitation, removal of the measurements for UNE Platform. 2006 Joint Motion at 2, fn 5.

¹⁷ The revised JPSA format is based on the format of the "Carrier-to Carrier Guidelines Performance Standards and Reports" adopted by the New York Public Service Commission for Verizon New York Inc. in New York PSC Case 97-C-0139. (See, New York PSC web site at <http://www.dps.state.ny.us/carrier.htm>.) The "Guidelines" adopted by the New York PSC have been adopted, with minor variations, by the regulatory commissions in the jurisdictions served by the Verizon telephone companies in the Mid-Atlantic and Northeastern portions of the United States.

Settling Parties also have agreed on and submitted several wording changes to the JPSA.¹⁸

The Verizon Settling Parties also pointed to the Commission's recognition of the strong public policy of California favoring settlement. They further affirmed the Commission's preference for settlements that "are reasonable in light of the whole record, consistent with law, and in the public interest."¹⁹ The Settling Parties maintained that the amended JPSA²⁰ satisfied these requirements.

The Communications Act of 1934, 47 U.S.C. § 151, et seq., and the FCC's implementing rules require Verizon to provide CLECs with a nondiscriminatory quality of service.²¹ The Settling Parties submitted that most metrics had a standard of "Parity with Retail," assuring that CLECs would receive a quality of service equal to that which Verizon provided to its own retail customers. For those local wholesale service functions with no retail analog (i.e. where Verizon does not provide the function to itself), the metrics have an objective benchmark

¹⁸ These changes are incorporated in Appendix II to this decision and shown in redline format in Appendix III (showing changes to the JPSA presented in the November 2004 motion and changes to the JPSA added for the pending Joint Motion.) Appendix IV is the Consensus Issues List explaining each change. In its comments on the decision, Verizon pointed out a technical error in the Appendix II, California JPSA Implementation Schedule. To remedy the error, Verizon submitted a corrected copy of the JPSA Implementation Schedule and set forth new dates that recognize a new schedule for its next update as well as an approaching date for issuance of a final decision.

¹⁹ *Re Application of GTE California Inc. for review of the Operations of the Incentive-Based Regulatory Framework Adopted in Decision 89-10-031, D.96-05-037* (slip op.) (FOF 1) (May 8, 1996).

²⁰ Appendix II.

²¹ See, 47 U.S.C. §§ 251 (c)(2)(C) and (3); 47 CFR §§51.305(a)(3), 311(b) and 603(b).

standard²² that will assure a quality of service that is sufficient to allow an efficient competitor “a meaningful opportunity to compete.”²³ Thus, we find the Verizon-only JPSA²⁴ to be consistent with the laws governing the quality of local wholesale services that Verizon provides to CLECs. We also find the JPSA to be reasonable in light of the entire record and in the public interest. Accordingly, we approve the new JPSA for Verizon as set forth in Appendix II.

Specific Changes Requested in JPSA Review Process

Historically, the review process initiating the JPSA has commenced when one of the incumbent local exchange carriers (ILECs) issues a notice of settlement, requesting that parties participate in settlement discussion specifically aimed at changing the JPSA. The parties compile an issues list and separately identify agreed-to changes and disputed items. At this juncture, the parties file a joint motion for approval of the agreed-to changes, and they file separate motions requesting adoption of their individual positions on the disputed items. Then, they await a formal Commission decision on the joint and separate motions.

The Joint Applicants request that the Commission change the current JPSA process and instead, permit adoption of consensus (agreed-to or unopposed) changes through the advice letter process. They also propose that any consensus changes only be submitted following a settlement conference under the

²² For example, 95%.

²³ See, *Implementation of the Local Competition Provision in the Telecommunications Act of 1996*, 11 FCC Rcd 15499, 15660, ¶315 (1996).

²⁴ Appendix II.

Commission's settlement rules,²⁵ and ask that the Commission affirmatively act²⁶ on the advice letter if any party files a protest.

Reason for the Requested Modification

Joint Applicants argue that the advice letter process will lessen the regulatory burden facing the Commission. Moreover, the process has several protective features to ensure that every interested carrier has an opportunity to express its views on proposed revisions to the JPSA metrics. Those features include notice of and opportunity to participate in a settlement conference, publication of the proposed changes in the form of an advice letter, and the chance for affected carriers to protest and be heard on the filing. Finally, in the case of any protest to the advice letter, the Joint Applicants propose that the advice letter not go into effect unless the Commission affirmatively approves it. The Joint Applicants assert that this modification will eliminate the significant delays of the past in getting agreed-to JPSA changes approved.

Discussion

By modifying the approval process for amendments to the JPSA so that consensus changes to it can be approved using the advice letter process set forth in the Proposed Decisions of Commissioner Chong,²⁷ the Commission will be able to rely more fully on what carriers have agreed to between themselves for

²⁵ Rule 12.1 of the Commission's Rules of Practice and Procedure.

²⁶ Rather than permitting the Advice Letter to go into effect by taking no action.

²⁷ *Opinion Consolidating Proceedings, Clarifying Rules for Advice Letters Under the Uniform Regulatory Framework, and Adopting Procedures for Detariffing, Rulemaking (R.) 05-04-005, R.98-07-038 and Opinion Adopting Telecommunication Industry Rules, R.05-04-005, R.98-07-038 (Mailed 7/23/2007).*

measuring and reporting performance regarding UNEs and other wholesale services. The Commission in the past has allowed utilities to use advice letters to replace applications when their requests appear neither to be controversial nor to raise important policy questions. For instance, in 2005, the Commission initiated a pilot program that allows utilities to use advice letters for Public Utilities Code (Pub. Util. Code) Section 851 transactions instead of the formal application process if those transactions are uncontroversial.²⁸

Similarly, the Commission has approved Interconnection Agreements (ICAs) between ILECs and CLECs reached through negotiation pursuant to the advice letter process. We find that an unopposed JPSA warrants a simplified review process, such as Section 851 pilot cases, to reduce the time and resources necessary to be devoted by the Commission and the parties. Moreover, an unopposed JPSA, like an ICA, is essentially a voluntary agreement, and merits the advice letter process.

Based on the Proposed Decision of Commissioner Chong expressed in the *Opinion Adopting Telecommunications Industry Rules*, we approve of the use of the “Tier 2” advice letter process for uncontested JPSA filings. We find the “Tier 2” advice letter process will strike the most appropriate balance for the OSS JPSA, and allow uncontested JPSAs to become effective expeditiously as well as

²⁸ “As a formal proceeding, a Section 851 application takes time, often results in significant costs for the applicant, other parties and the Commission, and may create uncertainties about the terms and conditions of approval. The cost, time, and risk of a formal proceeding may not be warranted in the case of many simple, uncontroversial Section 851 applications.” *ALJ Resolution 186, Appendix A, at p. 1. (Mailed August 30, 2005.)*

provide an adequate venue to get protesting carriers' concerns properly reviewed by the Communication Division and/or by the Commission.

In D.07-01-024, the Commission addressed a utility preference for prior approval over immediate effectiveness in advice letters by (1) expressly delegating authority to the Commission's Industry Divisions to handle the review and disposition of many kinds of advice letters, and (2) allow certain non-controversial advice letters to become approved after thirty days. Staff retains the ability to review the advice letter and parties retain the ability to protest, pursuant to the GO 96-B rules. The Commission separated advice letters into a three-tiered review process for disposition so that the Commission and the stakeholders can focus their resources on more controversial matters and ensure that less controversial matters do not get unnecessarily delayed, thereby improving overall regulatory efficiency.²⁹

The Commission provided the following process for Tier 2 advice letter review:

- The initial review period for a Tier 2 advice letter (i.e., an advice letter effective upon staff approval) is 30 days; filing, protest, and reply all occur during this period.
- After 30 days have elapsed from the date of filing, the advice letter is deemed approved unless there is a timely protest within 20 days from the date of filing.
- If there is a timely protest, the reviewing Industry Division may suspend the initial review period. The Industry Division will notify the utility and any protestants if disposition of the advice letter will not occur within the 30-day initial review period. The notification will state the reason for the suspension.

²⁹ See D.07-01-024, *mimeo.*, pp. 11-12.

- If no protest and no problem is found in the review, the advice letter is deemed approved at the end of the initial review period.³⁰

As the non-disputed JPSAs are settlements negotiated and agreed upon by ILECs and CLECs, the filings are likely to be less controversial. In addition, by allowing such filings to utilize the Tier 2 process, they can become approved within thirty days, and the agreed upon ILECs' performance metrics can go into effect within a month. This Tier 2 process will satisfy the Joint Applicants' request that the JPSA amendment process is substantially simplified and continues to provide adequate protection to all affected carriers, and the protested advice letter cannot go into effect unless the Commission affirmatively approves it.³¹ Heretofore, these matters have been delayed years. Based on the reasons set forth above, we shall modify D.99-08-020 so that consensus changes to the JPSA can be approved using the Tier 2 advice letter process of D.07-01-024. In case of any protests, the advice letter will not go into effect unless the Commission affirmatively approves it.

Categorization

In Resolution ALJ-176-3189, dated March 16, 2007, the Commission preliminarily categorized this proceeding as ratesetting, and preliminarily determined that hearings were not necessary. Based on the record, the Commission concludes that a public hearing is not necessary; thus, the preliminary determinations in ALJ-176-3189 will not be altered.

³⁰ *Id.* at 20.

³¹ Joint Motion at 6.

Reduction of Comment Period and Comments on the Proposed Decision

Pursuant to Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the Commission may reduce or waive the 30-day public review and comment period required by Section 311 of the Public Utilities Code to 15 days.

Comments were filed on August 28, 2007 by Verizon, AT&T California, U.S. Telepacific Corp. (Telepacific) and Utility Telephone, Inc. (UTI). No reply comments were accepted. Verizon points out a technical error and AT&T California requests a clarification in the Proposed Decision (PD). Yet, both generally support the PD. We make the correction and clarification, and include them in the final decision.

Telepacific and UTI declare that they do not so much oppose the actions proposed to be taken as they oppose "their potential for extending the already enormous time delay that has occurred" prior to the Commission's ordering performance "incentives" for Verizon.³² They urge the Commission to hold this decision long enough to incorporate appropriate performance measure "incentives" applicable to Verizon.³³ We consider the two matters to be separate. Consequently, the Commission will not hold this decision, which resolves a number of undisputed issues, as a pledge to the disputed issue that Telepacific and UTI raise. It is not properly raised here. Thus, we deny the request.

Assignment of Proceeding

Michael R. Peevey is the assigned Commissioner and Jacqueline A. Reed is the assigned Administrative Law Judge.

³² Telepacific and UTI Comments at 2.

³³ *Id.* at 3.

Findings of Fact

1. Consolidation of the OSS OIR/OII and the Joint Application to Modify D.99-08-020 proceedings will enable us to amend the pending JPSAs and move forward in streamlining the process to amend future ones.
2. Resolution ALJ 176-3189 preliminarily categorized this as a ratesetting proceeding and preliminarily determined that hearings were not necessary.
3. Notice of the application appeared in the Commission's Daily Calendar of March 16, 2007.
4. No protests were filed.
5. The amended JPSA for AT&T California struck a reasonable compromise among all parties' interest.
6. The Verizon-only JPSA is consistent with the laws governing the quality of local wholesale services that Verizon provides to CLECs.
7. By modifying the approval process for amendments to the JPSA so that consensus changes to the JPSA can be approved using the Tier 2 advice letter process of D.07-01-024, the Commission will be able to rely more fully on what carriers have agreed to between themselves for measuring and reporting performance regarding UNEs and other wholesale services.

Conclusions of Law

1. The amended JPSA for AT&T California is reasonable in light of the whole record, consistent with law, and in the public interest.
2. The Verizon-only JPSA is reasonable in light of the whole record, consistent with law, and in the public interest.
3. The amended JPSA for AT&T California and the Verizon-only JPSA should be approved.

4. This proceeding is designated as a ratesetting proceeding; no protests have been received; no hearing is necessary.

5. A.07-02-027, R.97-10-016 and I.97-10-017 should be consolidated to coordinate overlapping issues in this decision.

6. A.07-02-027 and R.97-10-016 and I.97-10-017 should be consolidated to coordinate overlapping issues in this decision.

7. Approving consensus changes to the JPSA using the advice letter process should lessen the regulatory burden facing the Commission.

8. Since the matter is uncontested, the decision should be effective on the date it is signed.

O R D E R

IT IS ORDERED that:

1. Application (A.) 07-02-027, Rulemaking 97-10-016 and Investigation (I.) 97-10-017 are consolidated to coordinate overlapping issues in this decision.

2. A.07-02-027 and Rulemaking 97-10-016 and I.97-10-017 are consolidated to coordinate overlapping issues in this decision.

3. We adopt the amended Joint Partial Settlement Agreements (JPSA) as presented in Appendices I and II to this decision.

4. A.07-02-027 is granted at the joint request of Verizon California Inc. (Verizon), Pacific Bell Telephone Company, doing business as AT&T California, and Time Warner Telecom of California, L.P., to modify Decision (D.) 99-08-020, which approved the JPSA, so that the approval process for amendments is modified such that consensus (agreed-to or unopposed) changes to the JPSA can be approved pursuant to Tier 2 of the advice letter process set forth in D.07-01-024.

5. In the case of protests, the advice letter shall not go into effect unless the Commission affirmatively approves it.

6. The adopted modification shall be applied equally to each JPSA, permitting either Verizon or AT&T California to propose and implement consensus changes to its own JPSA document through an advice letter filing.

7. A.07-02-027 is closed.

This order is effective today.

Dated September 6, 2007, at San Francisco, California.

MICHAEL R. PEEVEY
President
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
TIMOTHY ALAN SIMON
Commissioners