



California Public Utilities Commission 505 Van Ness Ave., San Francisco

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PRESS RELEASE

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CPUC ESTABLISHES NOTICE AND COMMERCIAL NEGOTIATION REQUIREMENT FOR RETIRING OF COPPER LOOP

SAN FRANCISCO, November 6, 2008 - The California Public Utilities Commission (CPUC) today established a notice and commercial negotiation process for incumbent local exchange carriers (ILECs) that seek to retire their copper loops. Today's decision requires that when an ILEC retires copper loops, it must provide notice to the CPUC and to all competitive carriers that are interconnected with the ILEC, and must engage in good faith commercial negotiations with a competitive carrier that seeks to purchase or lease the copper loop.

In adopting this process, the decision rejects proposed rules by the California Association of Competitive Telecommunications Companies (CALTEL) for ILECs' retirement of copper loops. CALTEL proposed rules in a petition for rulemaking that would require ILECs to file applications with the CPUC, demonstrate in each instance that it was in the public interest for the ILEC to retire a copper loop, and obtain approval for retiring individual copper loops.

The CPUC determined that it has jurisdiction to address the issues in CALTEL's petition under Pub. Util. Code Sections 709 and 851. After carefully considering the evidence on the record, the CPUC determined it should not adopt CALTEL's proposed rules because there was no evidence of actual harm resulting from ILEC removal of copper loops, and because CALTEL's proposed process would deter or delay the ILECs from deploying



fiber-based broadband networks, which would contravene the CPUC and state policies to promote advanced services, such as video, and the deployment of broadband networks.

The CPUC further determined to exempt ILECs from the approval requirements of Section 851, pursuant to Pub. Util. Code Section 853(b), and found that it was not necessary in the public interest to consider individual copper retirements, as long as the ILECs comply with the notice and negotiation process adopted in the decision. The ILEC must also offer its end-user customer the comparable service over fiber when the ILEC retires the copper loop.

Commissioner Rachelle Chong commented, “I believe that this decision balances state and federal goals of promoting the deployment of broadband networks against the interests of competitors to retain access to the copper loop. I believe that this process is competitively neutral and consistent with federal requirements and I urge the ILECs to negotiate in good faith with the CLECs.”

For more information on the CPUC, please visit www.cpuc.ca.gov.

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