



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

**FILED**

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R2511005

Order Instituting Rulemaking to Update the  
California LifeLine Program.

R. 25-11-005  
(Filed November 26, 2025)

**REPLY COMMENTS OF**

**CALAVERAS TELEPHONE COMPANY (U 1004 C)  
CAL-ORE TELEPHONE CO. (U 1006 C)  
DUCOR TELEPHONE COMPANY (U 1007 C)  
FORESTHILL TELEPHONE CO. (U 1009 C)  
KERMAN TELEPHONE CO. (U 1012 C)  
PINNACLES TELEPHONE CO. (U 1013 C)  
THE PONDEROSA TELEPHONE CO. (U 1014 C)  
SIERRA TELEPHONE COMPANY, INC. (U 1016 C)  
THE SISKIYOU TELEPHONE COMPANY (U 1017 C)  
VOLCANO TELEPHONE COMPANY (U 1019 C) AND  
("INDEPENDENT SMALL LECS")**

**ON STAFF PROPOSAL ON LIFELINE SPECIFIC SUPPORT  
AND MINIMUM STANDARDS**

Patrick M. Rosvall  
Chan Q. Vu  
BRB Law LLP  
492 9<sup>th</sup> Street, Suite 220  
Oakland, CA 94607  
Phone: (510) 955-1087  
Email: [qc@brblawgroup.com](mailto:qc@brblawgroup.com)

Attorneys for the Independent Small LECs

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## I. INTRODUCTION.

Pursuant to Rule 6.2 of the Rules of Practice and Procedure (“Rules”) of the California Public Utilities Commission (“Commission”), Calaveras Telephone Company (U 1004 C), Cal-Ore Telephone Co. (U 1006 C), Ducor Telephone Company (U 1007 C), Foresthill Telephone Co. (U 1009 C), Kerman Telephone Co. (U 1012 C), Pinnacles Telephone Co. (U 1013 C), The Ponderosa Telephone Co. (U 1014 C), Sierra Telephone Company, Inc. (U 1016 C), The Siskiyou Telephone Company (U 1017 C), and Volcano Telephone Company (U 1019 C) (the “Independent Small LECs”) hereby submit opening comments on the Staff Proposal on LifeLine Specific Support Amounts and Minimum Service Standards (the “Staff Proposal”) served with the Order Instituting Rulemaking 25-11-005 (the “OIR”).<sup>1</sup> These opening comments are timely based on the extension of time approved by Administrative Law Judge (“ALJ”) Odell through an email ruling dated December 8, 2025.<sup>2</sup>

The Independent Small LECs understand that this comment opportunity is limited to the Staff Proposal and that input on broader issues in this proceeding will be the subject of a separate comment cycle starting with opening comments on January 26, 2026.<sup>3</sup> Nevertheless, the Independent Small LECs note that modifying the SSA should not be the most immediate priority in this docket. Rather, the Commission should first devote its attention to clarifying how it will comply with the Federal Communications Commission’s (“FCC”) revocation of California’s exemption from the use of the National LifeLine Accountability Database (“NLAD”) and the National Eligibility Verifier (“National Verifier”),<sup>4</sup> and explain how these federal actions influence the role of the Third Party Administrator (“TPA”). The Independent Small LECs are aware of some informal notifications and discussions on this subject between carriers and Commission staff, but given the fundamental nature of this issue and major role that the TPA plays in the current process, a formal, written statement through this proceeding would be appropriate in the short term, regardless of the SSA issues set for this specific comment cycle.

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<sup>1</sup> See *OIR* at 7 (authorizing opening comments on “SSA Staff Proposal”).

<sup>2</sup> See *ALJ Odell Email Ruling Extending Comment Deadlines* at 1 (Dec. 8, 2025).

<sup>3</sup> See *ALJ Tran Email Ruling Extending Comment Deadlines* at 1 (Dec. 8, 2025).

<sup>4</sup> *In the Matter of LifeLine and Link Up Reforms and Modernization*, WC Docket No. 11-42, *Order*, DA 25-965 (rel. Nov. 20, 2025) at ¶ 1 (“The Wireline Competition Bureau (Bureau) exercises its authority to (1) revoke the exemption that enabled the California Public Utilities Commission (CPUC) to opt out of the use of the National Lifeline Accountability Database (NLAD) for the federal Lifeline program, and (2) adjust the federal Lifeline National Eligibility Verifier (National Verifier) processes in California to end reliance on California state eligibility results for enrollment in the federal Lifeline program.”).

With regard to Communications Division's proposals for the SSA, the Independent Small LECs offer the following comments. *First*, the "Tier" structure for wireline carriers appears to be unduly restrictive, improperly fixated on "bundles," and insufficient to support scenarios where qualifying low-income customers wish to receive both voice and broadband service. The proposal should be revised to expressly support standalone broadband and to provide at least an additional \$10 in support where a qualifying customer subscribes to both voice and broadband service. *Second*, the Staff Proposal would impose a "cap" on wireline providers' voice support at the lower of 55% of their basic rates or \$19.00,<sup>5</sup> but this approach is inappropriate for the Independent Small LECs, who do not control their own rates and who could experience shortfalls if the Commission sets their basic rates high enough and the SSA is low enough. Any cap should not apply to rate-of-return regulated carriers like the Independent Small LECs, and Independent Small LECs should likewise be exempt from the proposal to "update their annual rates" through a "tier 2 advice letter," as this process would not align with rate case determinations.<sup>6</sup> *Third*, the revisions to G.O. 153 proffered in connection with the Staff Report present several areas for clarification, as outlined further below. The Independent Small LECs appreciate the opportunity to provide their views on the Staff Proposal and reserve the right to augment this presentation in reply comments.

## **II. THE SPECIFIC SUPPORT AMOUNT FOR WIRELINE CARRIERS SHOULD INCORPORATE ELEMENTS OF THE BROADBAND PILOT PROGRAM, INCLUDING SUPPORT FOR STANDALONE BROADBAND SERVICE.**

The Staff Proposal would impose unnecessary limitations on the SSA that is available for wireline carriers, relying on an outdated focus on "voice only" support and "bundles," which it divides into "Tier A" and "Tier B."<sup>7</sup> Rather than adopting this more restrictive approach, the Commission should acknowledge the strong consumer trend toward "data only" or "standalone broadband" offerings, and formulate the wireline support mechanisms under the LifeLine program to support a wider range of broadband and voice offerings. The Home Broadband Pilot Program ("Pilot Program") adopted in Decision ("D.") 25-08-050 provides a blueprint for a more

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<sup>5</sup> See *Staff Proposal* at 19 (describing "Tier A" limitation on LifeLine support for voice-only offerings at "55 percent of a wireline service provider's combined rate and end user common line charge (EUCL) or the SSA cap of \$19.00, whichever is lower.").

<sup>6</sup> *Staff Proposal* at 19.

<sup>7</sup> *Staff Proposal* at 19-20.

fulsome framework, and the Commission should follow that lead and update the wireline SSA to incorporate the “Pilot Program” features.

While the Staff Proposal notes that the “[Affordable Connectivity Program] provided Californians with the broadband service of their choice,”<sup>8</sup> the Staff Proposal falls short of this goal in excluding “broadband only” plans from the scope of the SSA. The wireline SSA should be available to provide discounts on “standalone fixed broadband” service in at least the same amount that is provided for standalone voice service. Under the current Staff Proposal, a wireline customer would have to choose between receiving \$19.00 on a “voice only” offering, or receiving \$21.00 on a “bundle” of voice and broadband service, if such a bundle is available. This inflexible formulation of the wireline SSA fails to accommodate low-income customers who prefer a standalone broadband offering, and the Staff Proposal offers no explanation for why this restriction would be imposed.<sup>9</sup> For Independent Small LECs and their customers, this omission will be particularly harmful, as Independent Small LECs cannot offer “bundles,”<sup>10</sup> but instead must continue to charge their “tariffed” voice rates no matter what their Internet Service Provider (“ISP”) affiliates charge for broadband service.<sup>11</sup> At a minimum, the Staff Proposal should be clarified so that the availability of the \$21.00 in support under “Tier B” is not dependent on the services actually being sold jointly through a “bundle” or “package;” the discounts in Tier B should be available upon a showing that the customer is purchasing *both* broadband and voice, even if each service is purchased on an “a la carte” standalone basis.

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<sup>8</sup> *Staff Proposal* at 20.

<sup>9</sup> The Staff Proposal does not explain why standalone broadband offerings are excluded from the scope of the proposed SSA for wireline carriers. The Independent Small LECs are not aware of a statutory or other legal restriction on supporting standalone broadband through the LifeLine program, and indeed, the Commission has already pursued this expansion through the Pilot Program. To the extent that Communications Division believes that there is a legal impediment to a more inclusive SSA that applies to “broadband only” offerings, staff should state what that concern is, and the Commission should take proactive steps to resolve it or address it through targeted Legislative change. Absent such a concern, there is no basis to limit the SSA as the Staff Proposal suggests.

<sup>10</sup> See Pub. Util. Code §§ 489(a) (requiring each “public utility” to file “schedules showing all rates, tolls, rentals, charges, and classifications collected or enforced, or to be collected or enforced . . . .”); 453(a) (forbidding public utilities from “mak[ing] or grant[ing] any preference or advantage to any corporation or person or subject any corporation or person to any prejudice or disadvantage.”); see also R.00-02-004, 2000 Cal.PUC LEXIS 97 \*42 (“the filed rate doctrine states that a utility may not deviate from its tariffs, and that terms of the tariff are deemed a part of every contract between the utility and the consumer . . . .”); D.21-09-019 at 7, n. 36 (affirming continued application of filed rate doctrine).

<sup>11</sup> Pinnacles Telephone Co.’s ISP operations are housed in a separate service division rather than a corporate affiliate, but this non-regulated service division is accounted for and operates in a similar manner to an affiliate in the provision of broadband services.

The wireline SSA proposal also provides insufficient levels of support through the SSA. The \$21.00 support amount for the “proposed Tier B bundled plan” is significantly lower than the amount available where a customer receives both voice and broadband under the current Pilot Program; as specified in D.25-08-050, \$30.00 is available where an eligible LifeLine customer has both voice and broadband.<sup>12</sup> There is no reason for the Commission to provide for a lower support amount in any revised SSA than is available through the Pilot Program. Offering only \$2.00 in additional support over the \$19.00 available for standalone voice offerings is likely to discourage customers from purchasing both voice and broadband service. This disincentive is especially powerful if there is no support for standalone broadband under the LifeLine program—for a customer who subscribes exclusively to “broadband only” service and does not wish to subscribe to voice service, a \$2.00 discount (beyond the \$19.00 that will be attributed to the voice service) is not enough to incentive a customer to purchase both voice and broadband service. Customers should not be compelled to choose between an unsubsidized “broadband only” service, a standalone voice service with \$19.00 of support, and a voice-data combination with \$21.00 of support. The Commission should provide a consistent level of support for a single service, and an additional \$10.00 for customers who subscribe to two services, paralleling the Pilot Program. Over time, the Commission should consider increasing the \$10.00 in additional support to suit contemporary market dynamics.

The limitation on the SSA to \$19.00 also appears to be antiquated, as the Staff Proposal admits that it has relied on “2024 basic flat service rates from the COLRs.”<sup>13</sup> Table 11 reflecting the “Comparison of COLR Method and Set Price SSA” relies on these outdated rates, and the Independent Small LECs note that AT&T now appears to have a basic residential rate of \$42.50, significantly higher than the \$37.50 stated in the table.<sup>14</sup> While the premise of the Staff Proposal is that the SSA should no longer be tethered to the highest Carrier of Last Resort (“COLR”) rate, if the Commission is going to pursue this approach, it should at least use an updated list of COLR rates that reflects the status quo to inform the “cap” on the SSA. Based on AT&T’s rate of \$42.50, an SSA of \$21.25 would be appropriate to ensure that the SSA is 50% of the highest current rate. At a minimum, the same \$20.00 figure available under the Pilot Program should be

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<sup>12</sup> D.25-08-050 at 53 (OP 3) (providing “(\$20.00 for broadband service and \$10.00 for voice service).”

<sup>13</sup> *Staff Proposal* at 19.

<sup>14</sup> *Id.* (Table 11). AT&T’s “flat rate residence service” in its tariff is \$42.50 in most exchanges, according to the tariff available in Section A5, Rule 5.2.2, available at this link: <https://cpr.att.com/pdf/ca/a005.pdf>

utilized rather than the \$19.00 in the Staff Proposal. As noted above, the SSA should be updated periodically to suit the market dynamics for broadband and voice service as they evolve.

### **III. THE INDEPENDENT SMALL LECS SHOULD BE EXEMPT FROM ANY SPECIFIC SUPPORT AMOUNT “CAP” AND THE PROPOSED “ANNUAL RATE” UPDATE” BECAUSE THEIR BASIC RATES ARE SET BY THE COMMISSION THROUGH THE GENERAL RATE CASE PROCESS.**

The Staff Proposal’s proposed mechanics for the changes to the SSA are incompatible with rate-of-return ratemaking, which justifies exemptions for the Small LECs. Unlike the Uniform Regulatory Framework (“URF”) Incumbent Local Exchange Carriers (“ILECs”) listed in the Staff Proposal’s discussion of the wireline SSA,<sup>15</sup> the Independent Small LECs’ basic residential rates are subject to the Commission’s ratemaking determinations in general rate cases.<sup>16</sup> Through these formal proceedings, the companies’ revenue requirements are established to recover their reasonable costs of service, and their rate designs are fashioned to provide an opportunity for cost recovery, according to the Commission’s reasonableness determinations.<sup>17</sup> Because the companies are subject to this intensive review, all of their rates are inherently cost-based, and their basic rates are not within their control.

In this context, it is inappropriate to place a “cap” on the SSA because it could result in shortfalls in legitimate cost recovery and the imposition of confiscatory rate structures, especially if LifeLine rates are restricted through an “annual rate review” outside of the rate case process.<sup>18</sup> In recent rate cases, Independent Small LEC basic rates have been increasing based on advocacy from the Public Advocates Office (“Cal Advocates”), despite objections from the companies.<sup>19</sup> As Independent Small LEC rates climb based on Commission endorsements of Cal Advocates’

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<sup>15</sup> *Staff Proposal* at 19.

<sup>16</sup> D.15-06-048, Appendix A (confirming formal rate case process for Independent Small LECs and extensive procedural timelines governing Commission review).

<sup>17</sup> See Pub. Util. Code § 275.6(b)(4) (“‘Rate-of-return regulation’ means a regulatory structure whereby the commission establishes a telephone corporation’s revenue requirement, and then fashions a rate design to provide the company a fair opportunity to meet the revenue requirement.”); *Los Angeles v. Pub. Util. Comm’n* (1972) 7 Cal.3d 331, 346 (“The basic approach of the [C]ommission in rate making . . . is to take a test year and determine the revenues, expenses, and investment for the test year”).

<sup>18</sup> See *Staff Proposal* at 19; see also U.S. Const., amends. V, XIV; Cal. Const., art. I, § 19; *Duquesne Light Co. v. Barasch* (1989) 488 U.S. 299 (utility rate structures must “afford sufficient compensation” to be lawful); *Federal Power Commission v. Hope Natural Gas Co.* (1944) 320 U.S. 591, 603 (“From the investor or company point of view it is important that there be enough revenue not only for operating expenses but also for the capital costs of the business.”).

<sup>19</sup> See, e.g., D.23-02-003 at 10 (noting Cal Advocates’ proposal to increase Volcano’s basic residential rates from \$24.00 to \$27.50), 43 (OP 2(a)) (adopting \$27.50 residential basic rate for Volcano).



efforts to push rates higher, it creates the possibility that the SSA would be insufficient to allow an Independent Small LEC to “break even,” even at the maximum \$19.00 cap proposed in the Staff Proposal. For example, if an Independent Small LEC’s basic rate were forced to \$30.00, a shortfall could occur because the Independent Small LEC could not charge higher than \$15.00 under Public Utilities Code Section 874, and it would only receive \$19.00 to recover the remaining \$15.00 in lost revenue and the Subscriber Line Charge (“SLC”) or End User Common Line Charge (“EUCL”) of \$6.50. In this example, a shortfall of \$2.50 would occur as to every customer, unless federal support is available to make up the difference, and there is no guarantee that such support will exist going forward or be applicable in all scenarios. These shortfalls would be greater as rates are pushed even higher, which no Independent Small LEC would support but which Cal Advocates continues to advance. Likewise, the Commission should be aware that some of the Independent Small LECs have very high percentages of LifeLine-eligible customers, with LifeLine customers representing 30% to 50% of the customer base for at least three of the companies. This exacerbates the concern that any “capped” SSA may present for these rural carriers who cannot set their own rates.

Similar problems are presented by the proposal to require “[s]ervice providers who want to update their annual rates” to “file for an annual rate review to staff by January 1 through a tier 2 advice letter” that would not “take effect” until “April 1 of the following calendar year.”<sup>20</sup> This timing does not align with the timeframes or “test year” effective dates in the Independent Small LECs’ rate case process, presenting both a substantive concern and a timing concern. The substantive concern is that an Independent Small LEC that has just navigated a rate case and been subject to the full review and determinations of the Commission regarding all of their rates—including LifeLine rates—should not be subject to another, potentially inconsistent layer of review through a Tier 2 advice letter procedure. The timing concern is that rates for Independent Small LECs take effect on January 1 of each year according to the Commission’s rate case plan,<sup>21</sup> so an additional rate review that takes effect on April 1 would create customer confusion and significant administrative complexity.

All of these complications can be avoided by simply stating in any rules governing the

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<sup>20</sup> *Staff Proposal* at 19.

<sup>21</sup> D.15-06-048, Appendix A (establishing October 1 as the filing date for rate cases, and confirming that the new rate structures would take place within 390-420 days); *see also* D.18-04-006 (Calaveras GRC) at 49 (OP 9) (acknowledging that results of rate case must be back-dated to January 1 of the test year).

SSA—and in any revisions to G.O. 153 that accompany them—that Independent Small LECs are exempt from the SSA cap and that Independent Small LEC rates will be established in rate cases. Regardless of the merits of the Staff Proposal’s approach for other carriers, a different treatment for rate-of-return carriers is appropriate.

#### **IV. THE PROPOSED CHANGES TO G.O. 153 SHOULD BE ADJUSTED FOR CLARITY AND COMPREHENSIVENESS.**

Both to implement the suggestions above, and to avoid ambiguity in operationalizing the proposed changes in the Staff Proposal, several of the proposed changes to General Order (“G.O.”) 153 should be modified. There may be multiple ways to address the Independent Small LECs concerns, but redlines are provided here that provide proposed solutions.

*First*, Proposed Section 8.5.2 and its subsections should be modified to avoid unnecessary references to “bundling,” to create more flexibility in updating LifeLine rates, to implement an exemption for Independent Small LECs, to make the SSA available on standalone broadband offerings (which are identified below as “Tier C”), and to track the SSA support amounts in the Pilot Program. These changes can be addressed as follows:

8.5.2 For each defined level of wireline plans,

8.5.2.1 Service providers updating their ~~annual~~ rates must submit these updates to the CD staff for review via a Tier 2 advice letter ~~by January 1 of each year and will take effect on April 1 of the following calendar year~~ in accordance with the procedures and timelines on G.O. 96-B. If a wireline service provider does not file an advice letter regarding updates to ~~their~~ rates, staff will use the previous year’s rates. For Tier A plans, the calculation for the SSA will be the lower of these two amounts, (i) 55% of the service provider’s combined rate and the end user common line charge or, (ii) The maximum SSA cap is of \$1920.00.

8.5.2.1.1 Small independent telephone corporations will be exempt from the SSA cap and the rate update procedure in this section to the extent that LifeLine rates and the applicable SSA are established in general rate cases.

8.5.2.2 For Tier B ~~bundled~~ plan which includes voice and broadband, should have (i) A broadband connection speed of 100/20 Mbps, (ii) A data allowance of 1,280 GB per month, and its associated SSA of \$2130.00.

8.5.2.2.1 Tier C plans that include broadband only should have (i) A broadband connection speed of 100/20 Mbps, (ii) A data allowance of 1,280 GB per month, and its associated SSA of \$20.00.



*Second*, Section 8.5.3 of the proposed G.O. should be modified to provide details regarding how Communications Division will update the SSA to reflect “market” factors. The Independent Small LECs offer one reasonable way to clarify this provision, as follows:

8.5.3 CD may conduct a market analysis to evaluate affordability and market changes to update the SSA to align with market price periodically. CD shall consider the rates that all COLRs are charging for residential voice service, including the rates that the Commission has adopted for small independent telephone corporations in general rate cases. CD shall identify its SSA adjustments in an administrative letter issued to all LifeLine Service Providers, and LifeLine Service Providers shall be permitted to opt into the new SSA through a Tier 1 advice letter.

*Third*, proposed Section 8.5.4 refers to changes to the “administrative cost factor” without linking that provision to the language in Section 9 of the G.O. addressing “administrative cost reimbursements.”<sup>22</sup> Adjustments to clarify the meaning of this provision and provide additional transparency should be implemented as follows:

8.5.4. CD may update the administrative cost ~~factor~~ reimbursement in Section 9.3.8 annually, by no greater than the CPI-U. Adjustments shall be reflected in an administrative letter issued to all LifeLine Service Providers and the current administrative cost reimbursement should be posted on the Commission’s website.

*Fourth*, the Independent Small LECs note that the term “co-payment” has been injected into the G.O. in various places without an explanation as to what this term means.<sup>23</sup> This term should either be removed or defined. Without a definition, the concept of a “co-payment” is somewhat at odds with the preexisting verbiage of the G.O., which refers to LifeLine as a “discount” rather than creating the assumption that customer may pay \$0.00 for LifeLine,<sup>24</sup> which the term “copayment” implies. It would be more consistent to avoid the use of the term “copayment,” but if it is used, it should be defined.

Depending on the specific policy determinations reached in this proceeding regarding the scope and mechanics of the SSA, further changes or different approaches to these provisions may be needed and the Independent Small LECs reserve the right to offer additional suggestions

<sup>22</sup> See *Staff Proposal*, Proposed G.O. 153 at 26.

<sup>23</sup> See, e.g., *Staff Proposal*, Proposed G.O. 153 at 18, 25, 26.

<sup>24</sup> See, e.g., G.O. 153 §§ 2.11, 4.1.1, 5.8.2, 8.1.4.

regarding the language of G.O. 153 as these proposals coalesce.

**V. CONCLUSION.**

The Independent Small LECs do not believe the Commission should prioritize changes to the SSA over providing key clarifications to the operation of the existing LifeLine program that are necessary to respond to recent federal developments. To the extent that the Commission does pursue modifications to the SSA, it should take steps to align the new SSA with the elements of the Pilot Program, which are more comprehensive and responsive to customer choice than the suggestion in the Staff Proposal. The Commission should also be mindful of the specific dynamics and unique circumstances presented for rate-of-return carriers to ensure that the LifeLine rules align and interact organically with the rate case process and honor the cost recovery principles impacting the Independent Small LECs. The Independent Small LECs will continue to participate in this proceeding and will offer additional input on the OIR as a whole at the appropriate time.

Respectfully submitted on January 9, 2026, at Oakland, California.

Patrick M. Rosvall  
Chan Q. Vu  
BRB Law LLP  
492 9<sup>th</sup> Street, Suite 220  
Oakland, CA 94607  
Phone: (510) 955-1087  
Email: qc@brblawgroup.com

By: Chan Q. Vu  
Chan Q. Vu

Attorneys for the Independent Small LECs