

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



**FILED**

02/13/26

04:59 PM

R2406012

Order Instituting Rulemaking Proceeding  
to Consider Changes to the Commission's  
Carrier of Last Resort Rules.

Rulemaking 24-06-012

**THE PUBLIC ADVOCATES OFFICE REPLY COMMENTS  
ON THE ADMINISTRATIVE LAW JUDGE'S  
RULING ISSUING STAFF PROPOSAL**

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February 13, 2026

## I. INTRODUCTION

Pursuant to the *Administrative Law Judge's Ruling Issuing Staff Proposal for Comment* (ALJ Ruling), issued on December 15, 2025, and the *Email Ruling of Assigned Administrative Law Judge on Rural County Representatives of California Extension Request*,<sup>1</sup> issued on January 6, 2026, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits these reply comments on the Carrier of Last Resort and Network Modernization Staff Proposal (Staff Proposal) in response to *Pacific Bell Telephone Company D/B/A AT&T Californias (U 1001 C) Opening Comments on Administrative Law Judge's Ruling Issuing Staff Proposal for Comment*.<sup>2</sup>

## II. DISCUSSION

Based on parties' opening comments, Cal Advocates and AT&T jointly propose a framework for the Commission's consideration (Joint Proposal), which summarizes the positions where Cal Advocates and AT&T align.<sup>3</sup> The Joint Proposal offers the Commission a practical, enforceable path to transition Carriers of Last Resort (COLRs) motivated to deploy fiber while locking in concrete public benefits. By connecting regulatory relief to mandatory fiber deployment, and LifeLine continuity, while safeguarding access, the framework offers COLR incentives to advance California's long-term infrastructure and affordability goals. The projected expansion of fiber competition promises substantial consumer savings and a durable shift away from monopoly markets. While differences remain on LifeLine duration, enforcement, and rules for substitute technologies, the Joint Proposal provides the Commission with a path forward which protects customers. If the Commission sets, or any party seeks, additional comments on the Joint Proposal presented here, Cal Advocates does not object.

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<sup>1</sup> *Email Ruling of Assigned Administrative Law Judge on Rural County Representatives of California Extension Request*, January 1, 2026. Extends the deadline for Reply Comments to February 13, 2026. Therefore, these comments are timely filed.

<sup>2</sup> *Pacific Bell Telephone Company d/b/a AT&T California (U 1001 C) Opening Comments on Administrative Law Judge's Ruling Issuing Staff Proposal for Comment*, January 30, 2026 (AT&T Opening Comments).

<sup>3</sup> See Appendix A at A-1 - A-2.

### **A. The Future for COLR is Broadband.**

Cal Advocates supports a regulated transition from Carrier of Last Resort (COLR) rules into a new requirement for universal deployment of broadband throughout California.<sup>4</sup> COLRs, including AT&T, have opposed such mandates.<sup>5</sup> Yet, COLRs such as AT&T have also regularly asserted a desire to expand their fiber optic networks and fixed wireless broadband options throughout their service territories as part of a transition *out* of COLR.<sup>6</sup> As discussed in its comments, AT&T requests relief from its COLR obligations as a means of freeing up additional financing to increase fiber deployment.<sup>7</sup> However, COLRs that financially benefit from a change in regulatory structure may not sufficiently reinvest those gains into California. Therefore, as increased fiber deployment in California is a net positive for customers, Cal Advocates agrees to the framework in the Joint Proposal, which includes carrier commitments to deploy fiber in exchange for COLR relief.

### **B. Principles for Consideration by the Commission for COLR Relief.**

The Joint Proposal outlines a regulated transition of COLR that facilitates increased fiber deployment throughout the state of California.<sup>8</sup> This Joint Proposal coincides with the existing consumer choice options in the Staff Proposal by establishing an accelerated process explicitly designed for fiber optic deployment while guaranteeing that the COLR continues to offer voice or broadband.<sup>9</sup> In essence, the Joint Proposal, if

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<sup>4</sup> *Revised Proposal of the Public Advocates Office on the Order Instituting Rulemaking Proceeding to Consider Changes to the Commission's Carrier of Last Resort Rules*, December 6, 2024 at 8-10.

<sup>5</sup> *Pacific Bell Telephone Company d/b/a AT&T California's (U 1001 C) Reply Comments*, October 30, 2024 at 5. *Opening Comments of Frontier California Inc. (U 1002 C) Citizens Telecommunications company of California Inc. DBA Frontier Communications of California (U 1024 C) Frontier Communications of the Southwest Inc. (U 1026 C) ("Frontier") on Assigned Administrative Law Judge's Ruling Issuing Staff Proposal for Comment*, January 30, 2026 at 4. *Opening Comments of "Independent Small LECs" on Administrative Law Judge's December 15, 2025, Ruling Issuing Staff Proposal for Comment*, January 30, 2026 at 2.

<sup>6</sup> *Pacific Bell Telephone Company d/b/a AT&T California's (U 1001 C) Reply Comments*, October 30, 2024 at 40.

<sup>7</sup> AT&T Opening Comments at 65.

<sup>8</sup> See Appendix A at A-1 – A-2.

<sup>9</sup> See *Carrier of Last Resort and Network Modernization Staff Proposal*, December 15, 2026 at 17.

adopted by the Commission, provides a process to ensure the cost savings a COLR receives from transitioning their networks towards broadband would be reinvested into the state of California in fiber optic deployment. It shifts the cost savings into capital expenditures by requiring one fiber line for every five households in the eligible relief zone.

The eligible relief zone, defined in Section 1 of the Joint Proposal, does not cover the entire state of California and contains restrictions listed in subsection (c). However, in totality, the Joint Proposal may encompass more than two-thirds of the state's residents that currently have access to a substantially deployed gigabit broadband monopoly or are well served by several gigabit-capable choices. Additionally, a COLR relief zone could expand depending on the progress made towards expanding fiber networks in the Broadband, Equity, Access, and Deployment (BEAD) and California Advance Services Fund (CASF) programs. Households already connected to fiber by the COLR would also be considered eligible for relief, and the COLR would be required to offer LifeLine in the post-transition environment.

As the National Telecommunications Information Administration (NTIA) under the Biden Administration properly recognized in the original creation of BEAD, fiber delivers “future proof” infrastructure.<sup>10</sup> The Joint Proposal coupled with the Staff Report's consumer choice options provides an expedited COLR relief process that prioritizes critical communications infrastructure that will remain useful for the entirety of the 21<sup>st</sup> century.<sup>11</sup> Because fiber requires significant one-time costs, the Joint Proposal creates an equitable vehicle of financing the construction of fiber with the cost savings COLRs would receive from relief.

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<sup>10</sup> Bennett Cyphers, *The Case for Fiber to the Home, Today: Why Fiber Is a Superior Medium for 21st Century Broadband* (Electronic Frontier Found., Oct. 16, 2019), available at <https://www.eff.org/wp/case-fiber-home-today-why-fiber-superior-medium-21st-century-broadband>.

<sup>11</sup> See Fiber Broadband Ass'n Tech. Comm., *Fiber Broadband Scalability and Longevity: Trusted Technology with No Expiration Date* (Feb. 2024), available at [https://fiberbroadband.org/wp-content/uploads/2024/02/FBA-0018E\\_ScalabilityLongevity\\_WhitePaper\\_lv2.pdf](https://fiberbroadband.org/wp-content/uploads/2024/02/FBA-0018E_ScalabilityLongevity_WhitePaper_lv2.pdf).

### C. Estimated Calculation of the Benefits to California Residents.

The Joint Proposal would make progress into areas of the state where residents face a monopoly choice in gigabit broadband access. For example, applying the Joint Proposal's relief zone and fiber build out obligation to all areas eligible for AT&T alone would result in more than 1 million fiber lines to be deployed throughout the state over ten years. This would represent sizable increase in fiber deployment in urban markets that are covered by the relief zone and would primarily favor the areas that have limited fiber deployment. For example, the city of Los Angeles region where AT&T only has around 40% penetration would see sizable increases in deployment in the remaining 60% of the region that faces a gigabit monopoly.<sup>12</sup> Even areas with significant fiber penetration such as the Bay Area region would receive a benefit as the exiting COLR would add broadband to its LifeLine services.

The Joint Proposal would also bring prices down on broadband by promoting competition. Cal Advocates studied the pricing behavior of gigabit monopoly markets, which are dominated by cable companies, and identified that when California residents receive just one additional choice of a gigabit-capable alternative (primarily coming from fiber entry), the cost of broadband drops anywhere between \$15 to \$40 a month.<sup>13</sup> When these consumer savings are considered within the framework of the Joint Proposal, annual savings ranging from at least \$180 million to \$480 million a year after full deployment is possible for Californians within AT&T's service territory.<sup>14</sup>

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<sup>12</sup> The city of Los Angeles gained 25,149 new fiber lines from AT&T from 2022-2024 according to the FCC's data, or a pace of around 12,500 lines per year. A relief zone encompassing the city of Los Angeles would increase AT&T's fiber roll out by more than double year over year for a ten-year period.

<sup>13</sup> Bixia Ye, *Broadband Competition and Pricing Strategies in California Urban Markets* (Pub. Advocates Off. Jan. 14, 2026), available at <https://www.publicadvocates.cpuc.ca.gov/-/media/cal-advocates-website/files/press-room/reports-and-analyses/260114-public-advocates-broadband-competition-and-pricing-strategies-in-california-urban-markets.pdf>.

<sup>14</sup> If AT&T fully utilized the Joint Proposal's structure, it would produce 1 million new fiber lines in predominantly gigabit monopoly households and would both trigger a response by the incumbent to lower prices while also entering with an aggressive bid to win customers, See Bixia Ye, *Broadband Competition and Pricing Strategies in California Urban Markets* (Pub. Advocates Off. Jan. 14, 2026), available at <https://www.publicadvocates.cpuc.ca.gov/-/media/cal-advocates-website/files/press-room/reports-and-analyses/260114-public-advocates-broadband-competition-and-pricing-strategies-in-california-urban-markets.pdf>.

**D. Cal Advocates' Recommendations on LifeLine and Enforcement Mechanisms.**

The Joint Proposal does not address certain important issues. The first is the extent of time LifeLine would remain available from the COLR as part of exit.<sup>15</sup> As retaining Lifeline access is a key part of COLR relief, Cal Advocates continues to support requiring LifeLine in perpetuity.<sup>16</sup> The Joint Proposal also does not determine a specific enforcement mechanism. Furthermore, the Joint Proposal does not provide a COLR transition process for a portion of the state where additional work is needed to deliver broadband. An appropriate method of determining wireless substitution will need to be determined by the Commission.

The Affordable Connectivity Program (ACP) demonstrated that low-income Californians seek both voice and broadband support.<sup>17</sup> The Commission's decision to initiate a pilot program for broadband support under LifeLine was the appropriate response to the expiration of ACP, and it is critical that low-income Californians continue to have access to this support in every part of the state.<sup>18</sup> To the extent that the Staff Proposal is infeasible for a COLR because of the lack of availability of other LifeLine providers, the resolution is to simply have the post-COLR entity continue to offer LifeLine.

Regarding an enforcement mechanism, the Commission should require a performance bond attached to the build out of fiber to ensure compliance by the COLR obtaining relief. The enforcement provisions of the Cal Advocates-Verizon settlement recently approved by the Commission should be instructive given that Verizon, the second largest COLR in California, agreed to a similar obligation.<sup>19</sup>

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<sup>15</sup> AT&T Opening Comments at 8.

<sup>16</sup> *Public Advocates Office Opening Comments on the Administrative Law Judge's Ruling Issuing Staff Proposal for Comment*, January 30, 2026 (Cal Advocates Opening Comments) at 4.

<sup>17</sup> R.20-02-008, *California LifeLine Staff Proposal: Reimbursement for ACP Service Offerings*, March 21, 2022 at 4. Noting "significant overlap with the same targeted populations."

<sup>18</sup> D.25-08-050, *Decision Approving Home Broadband Pilot*, September 4, 2025 at 47.

<sup>19</sup> D.26-01-023, *Granting Transfer of Control Subject to Conditions*, January 20, 2026, Appendix A at 3-4.

Cal Advocates recommends the Commission adopt a performance bond obligation of \$2,000 per new fiber line that can be multiplied by the number of houses a COLR commits to connecting under a Tier 2 Advice Letter process. For example, if a COLR seeks relief from five households it would trigger an obligation to add one household to fiber. In that instance, the COLR must maintain a \$2,000 performance bond until that household connection is built or forfeit the bond if the connection is not delivered within ten years. Based on industry cost modeling data, \$2,000 per household would exceed the expected average cost per household of connecting fiber to homes within an eligible relief zone.<sup>20</sup> The result being that the cost of compliance for an exiting COLR is less than failure to perform. In simple terms, this enforcement mechanism will motivate COLRs to complete constructions as fast as possible to recover the bond.

Finally, in recognition of the remaining areas that fall outside of the eligibility criteria in the Joint Proposal, the Commission should enable a COLR to engage in local negotiations with alternative providers who will deploy fiber and to submit those proposals to the Commission as an application. A review of the Commission's High Cost Fund B program and its eligible use of funds could facilitate local negotiations between a COLR and an alternative provider.

### **III. CONCLUSION**

Cal Advocates respectfully requests the Commission adopt the Joint Proposal attached hereto and the recommendations made above.

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<sup>20</sup> Fiber Broadband Ass'n & Cartesian, *Fiber Deployment Cost Annual Report 2025* (2026), [https://www.cartesian.com/wp-content/uploads/2026/01/FBA\\_Cartesian\\_Fiber-Deployment-Cost-Annual-Report\\_2025.pdf](https://www.cartesian.com/wp-content/uploads/2026/01/FBA_Cartesian_Fiber-Deployment-Cost-Annual-Report_2025.pdf).

Respectfully submitted,

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February 13, 2026

# **APPENDIX A**

## **AT&T California and Cal Advocates' Joint Proposal for Fiber Deployment Commitment for COLR Relief and Basic Service Discontinuance**

### **1. Definition of Area for COLR Relief and Basic Service Discontinuance**

- a. In addition to the consumer choice options in the Staff Proposal issued on December 15, 2025 in the COLR OIR, a COLR may also choose to relinquish COLR status and discontinue basic service by submitting a Tier 2 advice letter that sets forth a 1:5 build commitment of serviceable locations<sup>21</sup> for deployment of fiber over a 10-year period within an identified "Relief Area."
- b. The Relief Area cannot exceed 1 million serviceable locations per Tier 2 advice letter filing. One million serviceable locations in a Relief Area equals a fiber build commitment of 200,000 serviceable locations in the Relief Area.
- c. The Relief Area shall be defined as an area where 80 percent of the serviceable locations have a 1 Gbps wired broadband service offer made by one or more wireline providers, including the COLR. Serviceable locations where the COLR and other providers have been granted government funding to expand their fiber networks may be counted as locations possessing a 1 Gbps offer when those locations are connected. The COLR must additionally offer voice or broadband using any technology throughout the Relief Area.
- d. Speed, service type, and availability will be determined based on the FCC Broadband Serviceable Location Fabric.
- e. COLR will report on the number of serviceable locations built to satisfy the commitment on a quarterly basis until completion of deployment in the Relief Area.

### **2. Participation in California LifeLine Program**

The COLR will participate in the California LifeLine program for its standalone broadband or a broadband/voice service bundle offered to the newly-deployed fiber serviceable locations in the Relief Area for a period of time after completion of the

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<sup>21</sup> Serviceable locations are locations identified by the FCC as "Broadband Serviceable Locations" on the Broadband Serviceable Location Fabric.

deployment, assuming the CPUC maintains LifeLine support for these services throughout the time period.<sup>22</sup>

**3. Prioritization of Low Income and Disadvantaged Communities**

Subject to build factors such as cost and location of the fiber deployments in the Relief Areas, COLR agrees to prioritize deployment in the Relief Areas that overlap with the Low Income Areas and Disadvantaged Communities on the CPUC's Federal Funding Account Round 2 Public Map.<sup>23</sup>

**4. Enforcement**

Enforcement mechanisms should be available to the Commission to ensure that the fiber build is completed as set forth in the Tier 2 advice letter.

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<sup>22</sup> AT&T California and California Advocates have different proposals for the length of time that the COLR would participate in California LifeLine.

<sup>23</sup> Map available at <https://experience.arcgis.com/experience/9fb1e88c59c44178b1768c1f03d77543/page/Page>