

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554**

In the Matter of

Eliminating *Ex Ante* Pricing Regulation  
and Tariffing of Telephone Access  
Charges

WC Docket No. 20-71

**COMMENTS OF  
THE CALIFORNIA PUBLIC UTILITIES COMMISSION**

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## **I. INTRODUCTION**

The California Public Utilities Commission (CPUC or California) submits these comments in response to the Federal Communications Commission’s (Commission or FCC) March 31, 2020 *Notice of Proposed Rulemaking (NPRM)* proposing forbearance of *ex ante* pricing regulation and tariffing of five interstate telephone access charges assessed on local telephone service.<sup>1</sup> The proposal would mainly impact Incumbent local exchange carriers (ILECs) and rate-of-return small local exchange carriers (rate-of-return carriers) who are subject to these tariffing and pricing regulations.<sup>2</sup> The CPUC does not support forbearance because of the impacts on rate-of-return carriers and on customer billing transparency. These comments address some, but not all, of the issues raised by the *NPRM*. Silence on any issue should not be construed as agreement or disagreement. The CPUC reserves the right to comment further in the reply round.

## **II. IMPACTS TO CALIFORNIA’S RATE-OF-RETURN CARRIERS.**

The *NPRM* proposes to detariff and deregulate the interstate access charges noting that many states have already adopted “retail rate flexibility for the intrastate portion of local voice services.”<sup>3</sup> It correctly cites California as having “eliminated pricing regulation for all local exchange services that do not receive state high-cost support.”<sup>4</sup> The *NPRM* goes on to note that a variety of regulations of local intrastate voice exist

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<sup>1</sup> In the Matter of Eliminating Ex Ante Pricing Regulation and Tariffing of Telephone Access Charges *Notice of Proposed Rulemaking*, WC Docket No. 20-71 (rel. April 1, 2020) (*NPRM*).

<sup>2</sup> The five charges are Subscriber Line Charge, Access Recovery Charge, Presubscribed Interexchange Carrier Charge, Line Port Charge, and Special Access Surcharge.

<sup>3</sup> *NPRM* para. 48.

<sup>4</sup> *NPRM* para. 47.

among the states and asks for information on the impacts of its detariffing and deregulating proposal.

For California, the proposal fails to account for rate-of-return carriers subject to CPUC regulation. There are 10 rate-of-return carriers<sup>5</sup> in California that receive state high-cost support and serve households and businesses totaling approximately 52,000 access lines.<sup>6</sup> Such carriers do not have the rate flexibility to combine the interstate access charges with local intrastate basic service rates without requesting such approval through a time-consuming formal proceeding. Such a proceeding would be in addition to and “out of cycle” with these carriers’ general rate cases in which the CPUC reviews and approves intrastate basic rates, among other items, every five years. Hence, the detariffing proposal will cause considerable burden on the carriers and on the state to implement detariffing if forbearance is granted.

### **III. IMPACTS TO TRANSPARENCY OF CUSTOMER BILLING.**

The *NPRM* advocates for transparency and simplification, claiming that telephone bills are currently too complicated and difficult to read and understand.<sup>7</sup> It proposes to prohibit carriers from listing the interstate access charges as separate line items after

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<sup>5</sup> Calaveras Telephone Company, Cal-Ore Telephone Company, Ducor Telephone Company, Foresthill Telephone Company, Kerman Telephone Company, Pinnacles Telephone Company, The Ponderosa Telephone Company, Sierra Telephone Company, Siskiyou Telephone Company, and Volcano Telephone Company (all of which draw from the CHCF-A Fund), plus Happy Valley Telephone Company, Hornitos Telephone Company, and Winterhaven Telephone Company.

<sup>6</sup> The California High Cost Fund-A provides service rate support to small independent telephone corporations to meet the revenue requirements established by the CPUC through rate-of-return regulation in furtherance of the state’s universal service commitment to the continued affordability and widespread availability of safe, reliable, high-quality communications services in rural areas of the state.

<sup>7</sup> *NPRM* para. 61, et seq.

detariffing. The *NPRM* posits that actual benefits of this proposal could be estimated by referring to situations where price declines like those in other industries resulted because consumers were better able to compare prices. It cites an example of premium reductions in life insurance policies. We question whether an argument justified through this cross-industry comparison has reasonable merit.

The *NPRM* concludes that access charges should not have a place on consumers' phone bills, while asking for suggestions about how to minimize customer confusion regarding telephone phone bills during the transition to price deregulation and detariffing of access charges.<sup>8</sup> The CPUC asserts that consumers have the right to know exactly what items and how much for each item they are being charged for. The CPUC also asserts that removing the access charges will *decrease*, rather than *increase*, transparency, and possibly lead customers to believe that, while their respective total bills have remained constant, they are no longer paying for access charges.

We also note that when the provisions of the 1996 Telecommunications Act were enacted to foster local competition, the FCC mandated that separate access charges be included on bills as a vehicle to *promote* transparency.<sup>2</sup> Removing telephone access charges from customer billing decreases transparency by hiding charges within local rates, undermining customer interests and protections as Commissioner O'Rielly noted.<sup>10</sup>

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<sup>8</sup> *NPRM* para. 86.

<sup>2</sup> See, *In the Matter of Truth in Billing Format*, First Report and Order and Notice of Further Proposed Rulemaking, CC Docket No. 98-170 at paras, 49-54 [FCC 99-72] (rel. May 11, 1999).

<sup>10</sup> *NPRM* at 49.

However, if the FCC adopts detariffing and deregulation, it should require carriers to inform customers of the change to their bills, and provide adequate time to do so, well in advance of the effective change date.

#### **IV. CONCLUSION**

The FCC should not grant forbearance of the interstate access charges. It would unduly burden and complicate, not simplify, the local service rates for rate-of-return carriers that receive state high-cost support in California. Further, the *NPRM's* proposal to prohibit carriers from listing these charges on bills will decrease billing transparency, rather than increase it. If the FCC implements any changes to access charges on customer billing, the FCC should require customers to be noticed and educated on the changes to avoid confusion.

Respectfully submitted,

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