



RURAL COUNTY REPRESENTATIVES
OF CALIFORNIA

April 11, 2016

The Honorable Evan Low
Member, California State Assembly
State Capitol, Room 2175
Sacramento, CA 95814

RE: Assembly Bill 2395 - OPPOSE

Dear Assembly Member Low:

On behalf of the Rural County Representatives of California (RCRC), I write to respectfully inform you of our opposition to your Assembly Bill 2395 which attempts to establish a framework for telecommunication providers to relinquish their traditional landline services.

RCRC is an association of thirty-five rural California counties and the RCRC Board of Directors is comprised of elected supervisors from each of those member counties. The deployment and expansion of modern telecommunication networks in rural/remote areas remains a priority for our member counties. Unfortunately, modern communications systems (broadband, Voice Over Internet Protocol, and/or wireless) are either non-existent, unreliable, or cost-prohibitive in many of our member counties. Subsequently, traditional landline phone service remains the backbone and only reliable two-way communication mode.

For decades, Californians have enjoyed the benefit of a carefully-crafted scheme to ensure universal access to traditional telephone service at an affordable rate. In fact, the Legislature has shown wisdom in establishing and continuing the High Cost-B Fund to ensure traditional landline services are available as this fund assists incumbent phone providers with the cost of servicing remote areas. RCRC recognizes that this decades-old regulatory model needs to be reviewed and altered as many residents are opting for other modes of communication. However, any such alteration must be done in a very judicious manner and contain fail-safe mechanisms in order that 1) basic communication tools remain unequivocally viable; and 2) there is an opportunity to ensure more advanced telecommunications infrastructure can replace out-dated modes.

Regrettably, we believe that while AB 2395 offers the promise of a more modern communications system for California, the bill devises a scheme that minimizes

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consumer protections and provides avenues for telecommunication providers to abandon their current subscribers from ever experiencing these modern telecommunications options.

AB 2395 requires that a legacy telephone carrier meet certain thresholds before a relinquishment of their landline obligations: customer notice and an assurance that the replacement option contains two-way, voice grade access as well as 9-1-1 capability. We question whether a replacement is viable in areas that do not currently have either adequate wireless capabilities or Voice Over Internet Protocol, meaning the incumbent landline infrastructure will be the default but yet operated by another entity. More importantly, even if there are replacement options, we question the quality of the replacement service and the price point that would be offered. We fear that the California Public Utilities Commission (CPUC) – the regulatory agency for legacy activities - might initially find that a replacement option is technically available and provide consent for a relinquishment, but for all practical reasons the basic communication mode is not sustainable in the medium- and long-term. Of utmost concern in this relinquishment scenario is that rural communities would be left with little or no opportunity to see an investment in modern, alternative infrastructures.

We are also deeply troubled by AB 2395's timeline and default provisions. Under the bill, the CPUC has 120 days (four months) to review a legacy carrier's petition for relinquishment. We believe that is an incredibly short timeframe for such an undertaking, especially if a review is to assess the technical viability in the medium- and long-term. But even more disturbing is that if the CPUC fails to complete its review within 120 days, the relinquishment is deemed approved.

AB 2395 contains other provisions of serious concern – only a 30-day-after-relinquishment time period to petition the CPUC for a review. In other words, on the 45th day after relinquishment, the alternative system could fail and residents would have no recourse to have their pre-relinquishment system restored. And, when a customer does act within the 30 days, there are no guarantees that the CPUC will exhaust its options. Again, even if the CPUC “does the right thing” it can only order a temporary restoration.

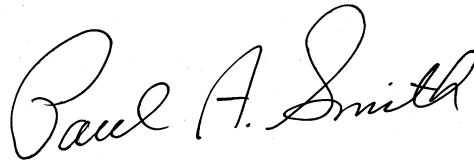
We would be remiss not to remind policymakers that this measure is being sponsored by one of the handful of remaining legacy carriers. That entity may be forthright and noble in intentions and deeds relative to their obligations – past, present and future. However, this is a proposed scheme that all legacy carriers – current and future - can utilize. We would encourage the Legislature to carefully consider the alterations posed by this bill in a broader context of other industry players as well as the fast-paced world of telecommunications mergers and acquisitions.

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On a final note, RCRC would have far more comfort with relinquishment proposals if California's telecommunications stakeholders, including the CPUC, had met their obligations in providing near universal access. And that access included quality, demand-functions found in other areas of the State. Unfortunately, much of California has either no connectivity (unserved) or inferior connectivity (under-served). Until this digital divide is eliminated, we cannot support changes in the regulatory and statutory environment which furthers this gulf between who gets access and who does not.

For these reasons, we respectfully oppose your AB 2395. If you should have any questions regarding our opposition, please don't hesitate to contact me directly at (916) 447-4806 or psmith@rcrcnet.org.

Sincerely,

A handwritten signature in black ink that reads "Paul A. Smith". The signature is written in a cursive, flowing style.

PAUL A. SMITH
Senior Legislative Advocate

cc: Members of the Assembly Utilities & Commerce Committee
Edmond Cheung, Senior Consultant, Assembly Utilities & Commerce
Committee