

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

Order Instituting Rulemaking on the
Commission's Own Motion to Consider
Effectiveness and Adequacy of the Competitive
Bidding Rule for Issuance of Securities and
Associated Impacts of General Order 156,
Debt Enhancement Features, and General
Order 24-B.

R. 11-03-007

**COMMENTS OF AT&T CALIFORNIA (U 1001 C)
AND VERIZON CALIFORNIA INC. (U 1002 C)
ON THE PROPOSED DECISION ISSUED APRIL 27, 2012**

Jesús G. Román

2535 W. Hillcrest Dr.,
MC CAM21LB
Newbury Park, CA 91320
Telephone: (805) 499-6832
Facsimile: (805) 498-5617
E-Mail: jesus.g.roman@verizon.com

Attorney for Verizon California Inc.

Nelsonya Causby

AT&T Services, Inc.
525 Market Street, Suite 2025
San Francisco, CA 94105
Tel.: (415) 778-1488
Fax: (415) 543-0418
E-mail: nelsonya.causby@att.com

Attorney for AT&T California and Certain
of its Regulated Affiliates

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AT&T California¹ and Verizon California Inc. (“Verizon”) hereby submit opening comments on the Proposed Decision (“PD”) issued on April 27, 2012. These comments address the PD’s resolution of the issue of the statutory exemption set forth in California Public Utilities Code Section 829(b) applicable to carriers operating under the Uniform Regulatory Framework (“URF Statutory Exemption”).

I. THE PD SHOULD BE REVISED TO CLARIFY THAT NO COMPELLING SHOWING IS REQUIRED WITH RESPECT TO THE STATUTORY EXEMPTION APPLICABLE TO URF CARRIERS.

AT&T along with Verizon, SureWest, and CALTEL advised the Commission that the new Competitive Bidding Rule (“CBR”) should make clear that the CBR is subject to the statutory exception applicable to URF carriers pursuant to Section 829(b).² The PD in fact acknowledges the URF Statutory Exemption in the text of the decision as well as in the Final Competitive Bidding Rules in Attachment A. But in what may be a drafting error, the PD requires URF carriers to make a compelling showing in each financing application that the requested exemption should be granted. The PD states it will only grant the listed exemptions “upon a compelling showing by a utility in its financing application.”³ By including the URF Statutory Exemption in the list, it appears that the PD is requiring URF carriers to actually file an application and make a compelling showing that they have a statutory exemption. Statutory exemptions are not based on a compelling showing. In fact, the URF carriers should not be required to make any showing, compelling or otherwise, that they may rely on the statutory exemption.

Since the inception of the URF Statutory Exemption, URF carriers have not been required to make a showing, and, in fact, they do not file “financial applications” for debt issuances with the Commission. With a statutory exemption, there is no factual proof or

¹ The AT&T affiliates participating in these comments along with AT&T California are AT&T Communications of California, Inc. (U 5002 C), TCG Los Angeles, Inc. (U 5462 C), TCG San Francisco, Inc. (U 5454 C), and TCG San Diego Inc. (U 5389 C), and AT&T Corp. dba Advanced Solutions (U 6346).

² PD at 16.

³ *Id.* at 22.

