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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the
Commission's Own Motion to Comply with the
Mandates of Senate Bill 1563 regarding
deployment of Advanced Telecommunications
Technologies.

R. 03-04-003

**OPENING COMMENTS OF
ROSEVILLE TELEPHONE COMPANY
PURSUANT TO ORDER INSTITUTING RULEMAKING**

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June 10, 2003

1 BEFORE THE PUBLIC UTILITIES COMMISSION
2 OF THE STATE OF CALIFORNIA
3

4 Order Instituting Rulemaking on the)
5 Commission's Own Motion to Comply with the)
6 Mandates of Senate Bill 1563 regarding)
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R. 03-04-003

9 **OPENING COMMENTS OF**
10 **ROSEVILLE TELEPHONE COMPANY**
11 **PURSUANT TO ORDER INSTITUTING RULEMAKING**

12 Roseville Telephone Company ("Roseville") hereby files these opening comments in the
13 above-referenced Order Instituting Rulemaking ("OIR") adopted on April 3, 2003.

14 Roseville is already playing its part to ensure that its customers have access to advanced
15 communications technologies. Customers in Roseville's entire service area may purchase Internet
16 access that relies on digital subscriber line ("DSL") service if they so choose. In Roseville's service
17 area, therefore, the policy issue the Commission must consider is not deployment of advanced
18 technology so much as encouraging access to the technology that has been deployed.

19 With these factors in mind, Roseville responds to the issues identified for comment in the
20 Order Instituting Rulemaking ("OIR").

21 Issue No. 1:

22 Existing barriers to the ubiquitous availability and use of advanced telecommunications
23 technology.

24 Response:

25 As discussed above, ubiquitous availability of DSL already exists in Roseville's service area.
26 (For purposes of these comments, Roseville has equated advanced telecommunications technology
27 with broadband-type service.) Accordingly, Roseville can identify no barrier to the availability of
28 advanced telecommunications technology in its service area. In fact, in Roseville's service area, the

1 cable television company is deploying broadband services. Not only are there no barriers to
2 availability in Roseville's service area, but customers have a choice of broadband providers. With
3 respect to use of advanced services, although Roseville has a residential DSL penetration rate of
4 over 18%, among the highest in the country, Roseville presumes that the price for broadband access
5 exceeds the amount that non-subscribing customers are willing to pay relative to the benefits such
6 access provides. Accordingly, price may be a barrier for some who would otherwise choose to
7 purchase broadband service to access the Internet.

8
9 Issue No. 2:

10 Whether new telecommunications technologies or the cost of existing technologies have
11 changed in ways that would make them more economical to deploy statewide.

12 Response:

13 Normally, the cost of a technology declines as that technology ages. However, other costs
14 associated with deployment of that technology may not necessarily decline over time. For example,
15 the cost to pay employees or contractors to install new equipment does not decline over time,
16 although the cost of that technology may have declined over the same period of time. In addition,
17 while the cost of a particular technology may decline, technology changes so rapidly that by the
18 time it may become affordable, that technology may be surpassed by new technology. Weighing
19 these and other issues is a substantial component of the decision whether to deploy a particular
20 technology in any given market.

21
22 Issue No. 3:

23 Whether and how telecommunications technologies and their cost are expected to change in
24 the future in ways that would make them more economical to deploy statewide.

25 Response:

26 See response to Issue No. 2.
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1 Issue No. 4:

2 Whether the Commission can or should direct changes in technologies, their deployment or
3 related infrastructure in ways that would promote more ubiquitous availability.

4 Response:

5 Roseville does not believe that the Commission should direct that any particular technology
6 should be deployed in carriers' networks. Such decisions are fundamental business issues that
7 should be left to the managers of the companies who possess the expertise to assess options. In
8 addition, the nature of Commission processes does not lend itself to timely decision-making on such
9 an important issue as technology deployment. To comply with principles of administrative law, the
10 Commission would have to circulate for comment any proposed technology decision, leading to the
11 result that competitors not subject to Commission jurisdiction might have an influence in the
12 technology deployment mandated as a result of such an undertaking. It is not difficult to imagine
13 cable modem providers advocating in favor of a technology deployment that advantages their
14 broadband service offerings to the detriment of carriers who would be subject to a Commission
15 mandated technology deployment. Therefore, regulatory agencies should not dictate what or when
16 technology is deployed. To do so would put the regulatory agency in the position of picking
17 technological winners and losers. What particular technology succeeds should be determined by
18 market forces, not regulatory agencies. Furthermore, all regulation imposes additional costs on
19 carriers. To the extent the Commission were to regulate the deployment of advanced technologies,
20 one could expect the cost of such deployment to increase simply because of compliance obligations
21 that would be imposed through the Commission's oversight. These possible scenarios are just a
22 small number of the potential problems that would arise if the Commission expanded its regulatory
23 function to include technology deployment mandates.

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1 Issue No. 5:

2 Whether and how existing programs promote the availability and use of advanced
3 telecommunications technology for inner-city, low-income, and disabled Californians.

4 Response:

5 The California Teleconnect Fund ("CTF") has the potential to promote the availability of
6 broadband-type services to inner-city, low-income, and disabled Californians. To the extent that
7 members of such groups cannot directly purchase advanced services, the availability of such
8 services through schools, libraries and community based organizations at least provides access to
9 advanced services. Roseville notes that recent budget shortfalls have jeopardized the availability of
10 CTF support. The uncertainty created by budgetary issues serves as a disincentive to carriers to
11 promote the CTF, because carriers bear the ultimate risk of non-payment in the absence of adequate
12 funds.

13

14 Issue No. 6:

15 Whether and how open and competitive markets for advanced communications technologies
16 can encourage greater efficiency, low prices and more consumer choice.

17 Response:

18 Roseville believes that an open market is more likely to determine the economically efficient
19 approach to deploying advanced telecommunications technology. The wireless industry is
20 particularly relevant. With little oversight from government regulators, the vibrantly competitive
21 wireless industry has consistently upgraded its facilities and provided many competitive price and
22 service options to its customers. Mobile phones are much more convenient to carry than when first
23 introduced in the early 1980s. Carriers have substantially upgraded to digital networks from the
24 analog networks originally deployed. The success of the wireless market should counsel the
25 Commission to be cautious in deciding whether to promulgate mandates regarding the deployment
26 of advanced telecommunications technology.

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1 Issue No. 7:

2 Whether and how identified technologies may promote economic growth, job creation and
3 social benefits.

4 Response:

5 The benefits of access to the Internet, perhaps most important of which is education, are
6 generally recognized in today's society. To the extent that advanced technologies further access to
7 the Internet, the associated benefits are likely to accrue. Roseville also believes that advanced
8 telecommunications technologies can make American workers more productive, creating positive
9 impacts on economic growth.

10

11 Issue No. 8:

12 The adequacy of current efforts to provide educational institutions, health care institutions,
13 community-based organizations, and governmental institutions with access to advanced
14 telecommunications services.

15 Response:

16 Roseville believes that the Commission's intervention in the market through the CTF is an
17 adequate response to the desire to expand access to advanced telecommunications technologies.
18 Roseville does not believe the Commission should expand its role in the market beyond the CTF.

19

20 Issue No. 9:

21 Whether existing law and policy encourage fair treatment of consumers through provision of
22 sufficient information for making informed choices, establishment of reasonable service quality
23 standards, and establishment of processes for equitable resolution of billing and service problems.

24 Response:


25 Currently applicable law (e.g., Truth in Billing rules adopted by the FCC, the Commission's
26 G.O. 133-B and Slamming Rules, among others) provide adequate means for the Commission to
27 ensure that consumers receive fair treatment. Accordingly, no additional regulatory mandates
28 should be considered in this proceeding.

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In summary, Roseville has undertaken the necessary investment to ensure the availability of advanced telecommunications technologies in its service area. In addition, Roseville believes that a properly structured CTF is the best way for the Commission to encourage access to advanced telecommunications technologies. Finally, Roseville opposes any other regulatory mandates impacting the relationship between carriers and their customers.

Executed at San Francisco, California this 10th day of June 2003.

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CERTIFICATE OF SERVICE BY MAIL

I, Janet K. Doherty, declare:

I am a resident of the State of California, over the age of eighteen years, and not a party to the within action. My business address is COOPER, WHITE & COOPER LLP, 201 California Street, Seventeenth Floor, San Francisco, CA 94111.

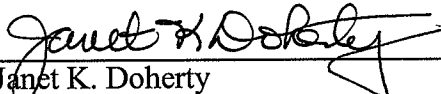
On June 10, 2003, I served the foregoing:

**OPENING COMMENTS OF
ROSEVILLE TELEPHONE COMPANY
PURSUANT TO ORDER INSTITUTING RULEMAKING**

by electronic mail and/or by placing a true and correct copy thereof with the firm's mailing room personnel for mailing in accordance with the firm's ordinary practices to the parties on the CPUC's service list in this proceeding.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on June 10, 2003, at San Francisco, California.



Janet K. Doherty

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