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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

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

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June 30, 2003

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12 **I. INTRODUCTION.**

13 Roseville Telephone Company ("Roseville") hereby files these reply comments in the
14 above-referenced Order Instituting Rulemaking ("OIR") adopted on April 3, 2003. Roseville files
15 these reply comments to: 1) echo an observation made by SBC California ("SBC"); 2) oppose the
16 creation of a "Blue Ribbon Task Force"; 3) recommend that any consideration of complicated issues
17 surrounding unbundled network elements ("UNEs") be addressed in more appropriate dockets.

18 **II. THE COMMISSION SHOULD CONSIDER IMPACTS OF ITS REGULATORY**
19 **DECISIONS ON THE DEPLOYMENT OF ADVANCED TECHNOLOGIES.**

20 In its opening comments, SBC California ("SBC") outlines four principles that should form
21 the basis for the Commission's policy-making decisions on advanced telecommunications
22 technologies. Roseville agrees generally with the principles SBC identifies, but takes this
23 opportunity to emphasize SBC's first point, specifically, that "the Commission must provide a clear
24 and consistent policy direction in favor of investment in advanced services and recognize that
25 regulatory policy can impact investment decisions."

26 In past years, the Commission has not adhered to this principle. In fact, the Commission has
27 created an unsettled regulatory environment that has served to chill Roseville's incentive to invest in
28 advanced services. Specifically, the Commission has recently altered its policies on the New

1 Regulatory Framework ("NRF") with respect to the sharing mechanism. Until Roseville's most
2 recent NRF review, Roseville's NRF largely tracked the NRF for the two larger carriers, SBC and
3 Verizon California, Inc. ("Verizon"). Accordingly, when Roseville applied in its last NRF review
4 proceeding to modify the sharing mechanism to conform to the sharing mechanism applied to SBC
5 and Verizon, Roseville had no reason to believe the Commission would do anything other than track
6 the decisions for SBC and Verizon. Prior to the Commission's decision to retain the sharing
7 mechanism as presently constituted, Roseville had undertaken robust investment in deployment of
8 facilities that would accommodate advanced services. However, the Commission's decision to
9 maintain sharing changed Roseville's investment analysis, making the significant risk associated
10 with investment in advanced technologies less palatable with the prospect that any reward for
11 undertaking the risk would be diluted through the sharing mechanism. Roseville's experience with
12 the sharing mechanism provides a stark example of how the Commission's regulatory decisions
13 have an impact on the deployment of advanced telecommunications technologies. In this and other
14 proceedings, the Commission should recognize the indirect consequences of its regulatory decisions
15 and how those indirect consequences may serve to either further or impede the Commission's goals
16 of encouraging the widespread availability of advanced telecommunications technologies.

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III. THE COMMISSION SHOULD NOT CREATE A "BLUE RIBBON TASK FORCE."

Roseville opposes the suggestion of several parties that the Commission should establish a
"Blue Ribbon Task Force" to consider issues related to the potential barriers related to the
availability of advanced telecommunications technologies. This OIR was opened to generate a
record on the very topics that the proposed task force would address. Any potential members of the
task force have the opportunity to submit their views into the record. If additional time is needed to
allow such individuals the opportunity to air their views in the record of this proceeding, Roseville
is not opposed. However, Roseville is opposed to the creation of a group that would likely be
highly political and subject to open meeting laws. In truth, the Commission is the "Blue Ribbon
Task Force" that must digest the comments of interested parties and generate a policy decision as

1 directed by the Legislature. Creating a secondary panel would unnecessarily add an additional layer
2 of decision-making with little added benefit to the Commission's administrative process.

3
4 **IV. ISSUE OF UNEs SHOULD NOT BE CONSIDERED IN THIS PROCEEDING.**

5 In their joint opening comments, MCI and Covad provide a detailed analysis from their self-
6 serving point of view suggesting that a Commission policy favoring unbundling of network
7 elements will encourage the availability of advanced telecommunications technologies. Roseville
8 emphatically disagrees with the opinions put forward by MCI and Covad on this topic and strongly
9 believes that the issue of UNEs should not be addressed in this proceeding. Access to UNEs is a
10 sufficiently controversial and complicated issue that the Commission should continue to address
11 issues related to UNEs in the proceedings in which those topics dominate, e.g. the OANAD
12 proceeding and interconnection arbitrations. Roseville also notes that the Commission will be
13 addressing UNE issues soon in great detail, once the Federal Communications Commission releases
14 its recent triennial review decision addressing access to UNEs. Furthermore, Roseville believes that
15 the issue of UNEs is outside the scope of this proceeding, which, as the caption indicates, is focused
16 on deployment of advanced telecommunications technologies, not on how competitors may avoid
17 making investments to deploy such technologies, thereby shifting the risk of investment in such
18 technologies to facilities-based carriers. If, however, the Commission is inclined to make a finding
19 regarding how UNEs impact the availability of advanced telecommunications technologies, then
20 parties should be granted an additional opportunity to provide evidence and policy arguments that
21 demonstrate that unbundling advanced telecommunications technologies will act as a deterrent to
22 such investment.

23
24 **V. THE CITY OF ROSEVILLE BENEFITS FROM A COMMUNITY TECHNOLOGY**
25 **CENTER.**

26 Several parties in their opening comments identified good work being performed by a
27 number of community-oriented technology centers. For the record, Roseville takes this opportunity
28 to make the Commission aware of the Roseville Science & Technology Access Center ("STAC"), a

1 non-profit organization operating in Roseville's service area whose mission statement outlines goals
2 to ensure the social, economic, and civil benefits of the Information Age are accessible to all.
3 STAC's website is www.rosevillestac.org. Roseville agrees with other parties who commented on
4 the issue that such community-based technology centers provide successful models for addressing
5 the digital divide.

6

7 **VI. CONCLUSION.**

8 As discussed in its opening comments, Roseville remains convinced that the Commission
9 should not take a proactive role in dictating what and when technology is deployed. Consistent with
10 this philosophy, Roseville believes that the marketplace should be permitted to dictate deployment
11 of advanced telecommunications technologies based on consumer demand, and, where such demand
12 is determined to exist, access to such technologies can be furthered through the CTF by making
13 such technologies available to schools, libraries and community-based organizations at reduced
14 rates. Contrary to assertions of selected parties in their opening comments, there is no need to
15 establish a "Blue Ribbon Task Force" to address availability of advanced telecommunications
16 technologies, nor should the Commission allow this proceeding to be co-opted into a platform for
17 self-interested carriers to argue that the unbundling of network elements for broadband services will
18 somehow increase availability of advanced telecommunications technologies in rural and low-
19 income areas.

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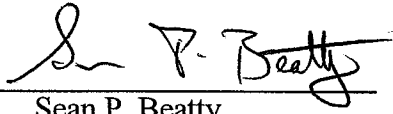
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Executed at San Francisco, California this 30th day of June 2003.

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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.

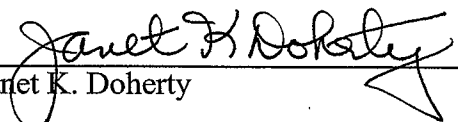
On June 30, 2003, I served the foregoing:

**REPLY 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 30, 2003, at San Francisco, California.



Janet K. Doherty

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