

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the
Commission's Own Motion to Assess
and Revise the Regulation of
Telecommunications Utilities.

Rulemaking 05-04-005
(Filed April 7, 2005)

**PETITION OF THE DIVISION OF RATEPAYER ADVOCATES FOR
MODIFICATION OF DECISION 06-08-030 RELATING TO PRICE
CONTROLS ON BASIC RESIDENTIAL RATES AND TO
MONITORING OF COMPETITION**

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July 29, 2008

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**I. INTRODUCTION AND SUMMARY OF
RECOMMENDATIONS**

Pursuant to Rule 16.4 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), the Division of Ratepayer Advocates (DRA) files this Petition for Modification of Commission Decision (D.) 06-08-030, the Uniform Regulatory Framework (URF) decision, relating to the price controls on basic residential rates that are scheduled to be lifted on January 1, 2009, and to the provisions regarding “what information and what reports can best meet the Commission needs in the new competitive environment” of URF, designed “to ensure that the Commission has all the information it needs to fulfill its statutory obligations”. (D.06-08-030, p.218.)

In this Petition¹, DRA requests that price controls on basic residential rates be extended for three years to January 1, 2012, so that consumers have a

¹ The Commission has noted that parties may file a petition to modify if it becomes apparent that rates are not just and reasonable after URF. The Commission stated: “consumers are still

reasonable low cost alternative to maintain access to the telephone network. The evidence gathered by DRA, presented with a Staff Report being issued in conjunction with this Petition², shows that rates on uncapped services have skyrocketed, proving that market forces have not led to stable or reduced prices. DRA's Report predicts that basic residential rates will also increase when the price controls are lifted, which will adversely impact high-cost area and low-income ratepayers, frustrating the legislative mandate Public Utilities (P.U.) Code section 739.3 specifically, and more generally P.U. Code section 709.

It is the Commission's mandate to protect consumers and ensure reliable and reasonably-priced service for all. Pursuant to Public Utilities Code sections 709(f) and (h), it is the stated goal of the Legislature that the policies for telecommunications in California are "(t)o promote lower prices, broader consumer choice, and avoidance of anticompetitive conduct" and "(t)o encourage fair treatment of consumers". In the URF decision, the Commission promised to "remain vigilant in monitoring the voice communications marketplace" (D.06-08-030, p.156) and therefore proposed to consider further monitoring and reporting on competition and affordability. The URF decision also placed a freeze on basic residential rates because "public policy programs make geographically unfettered pricing inappropriate in certain high-cost areas." (*Id.*, p.138.)

Two recent proposed decisions (PDs)³, if adopted, would result in an abrogation of the Commission's duty to promote low rates for customers, and also to monitor the effectiveness of the URF decision.

permitted to file complaints regarding the just and reasonableness of rates and we may institute an investigation or rulemaking regarding the just and reasonableness of rates. Parties may also file a petition for modification or petition for rulemaking as well." (D.08-04-063, p.6.)

² DRA Report On Rate Increases Of Verizon, AT&T, Surewest And Frontier California Following Adoption Of The Uniform Regulatory Framework In Decision 06-08-030 (July 29, 2008). <http://www.dra.ca.gov/DRA/Telecom/hot/DRA+Opposes+Telephone+Deregulation.htm>

³ Proposed Decision "Decision Adopting Phased Transition Plan for Pricing Basic Telephone Service", R. 06-06-028; Proposed Decision "Decision Regarding Monitoring Reports, Retail Special Access Pricing and Customer Disclosure Rules", R. 05-04-005.

These two PDs would allow basic residential rates to rise (uncontrolled after 2010), based on a complete lack of monitoring of competition in the market of basic residential service or consumer affordability. Specifically, these two PDs are flawed because they never consider any *actual evidence*, but instead are based on faith that a competitive market exists. Furthermore, the proposed monitoring and reporting that would allow the Commission to discover actual evidence of competition will be cancelled if the PDs are adopted.

As a matter of basic consumer protection, DRA further requests in this Petition that the Commission consider whether consumers can afford certain commonly-used services on a stand-alone basis at reasonable rates. DRA believes that the Commission should create a forum to consider identifying services that should be available to all consumers on a stand-alone basis at affordable rates, as an alternative to the high-cost bundles that will likely force many consumers off the network. Adopting DRA's recommendations will require that the Commission not adopt the proposed "Decision Regarding Monitoring Reports, Retail Special Access Pricing and Customer Disclosure Rules" in R.05-04-005, which proposes to forego requiring the type of monitoring reports that would be necessary to ensure that competition is working.

DRA has gathered together evidence since the implementation of URF that indicates that rates have not remained reasonable. The major carriers are not competing, instead essentially behaving in an anticompetitive way by not marketing or selling wireline service in the others' service territory, resulting in higher consumer prices. Rather than market forces, prices appear to be based on "marketing" forces – that is, prices have been raised by marketers to encourage switching to more expensive bundles of services, which are unregulated.

Therefore, DRA is concerned that commonly-used ancillary telephone services are becoming unaffordable to the average customer on a stand-alone basis and only available in connection with expensive bundles of other services which a given consumer may not need or want.

In addition to maintaining price controls on stand-alone basic residential rates, DRA proposes that the Commission create a new phase of this proceeding that would consider which services should be required to be made available on a stand-alone basis and what the prices for such services should be. The relief requested in this Petition would in no way prevent URF carriers from continuing to market bundles of services at unregulated prices.

II. BACKGROUND OF RATE FREEZE ORDERED BY THE URF DECISION

In 2005, the Commission instituted this Rulemaking to assess and revise the regulatory paradigm for the four large and mid-sized incumbent local exchange carriers (ILECs) in California. The primary purpose of the proceeding was to develop a uniform regulatory framework for both ILECs and competitive LECs (CLECs), to the extent that the Commission found such a framework to be feasible and in the public interest. Following the Commission's adoption of URF (D.06-08-030) for the four largest telephone companies in California (the two largest, AT&T and Verizon, together serve 85% of California's population; the other two are Frontier and SureWest), ratepayers have faced sharp price increases in many services.

In the URF decision, the Commission decided that competitive forces will produce statutorily required "just and reasonable" rates for California's telecommunications consumers. Accordingly, the Commission granted these carriers broad pricing freedoms concerning almost all telecommunications services, new telecommunications products and bundles of services. With few restrictions, the Commission permitted carriers to add services to "bundles" and target services and prices to specific geographic markets, thus permitting geographically de-averaged pricing.

Yet the Commission found that continued pricing regulation is warranted for a few basic services relating to public policy programs. The Commission found some pricing restrictions are appropriate when a service receives a social

program subsidy, such as California LifeLine program (LifeLine or ULTS) residential service and basic residential service in areas receiving California High Cost Fund-B (CHCF-B) subsidies. Thus, the Commission capped the price of basic flat-rate residential service until January 1, 2009 in order to address the statutorily-mandated link between the LifeLine rate and basic residential service rates. D.06-08-030 also froze rates of basic residential services receiving a CHCF-B subsidy at a level equal to the current rate. In addition, Public Utilities Code Section 5950 mandated that the price controls remain in effect until January 1, 2009.

A. P.U. Code Section 5950, the DIVCA Mandate to Keep the Rate Freeze in Effect Until at Least 2009

Under the Digital Infrastructure and Video Competition Act of 2006 (DIVCA), it was the California Legislature’s intent to “(c)reate a fair and level playing field for all market competitors that does not disadvantage or advantage one service provider or technology over another.” (Public Utilities Code section 5810(a)(2)(A).) The existing rate freeze protects market competitors from the unfair subsidization of cable television services through basic residential rates, and it is a matter of public record that URF carriers such as AT&T and Verizon plan to go forward with widespread cable TV offerings throughout California⁴. As part of DIVCA, Public Utilities Codes section 5950 specifically prevents the Commission from lifting the rate freeze until 2009, to prevent unfair competition. DRA believes that continuing the price controls on basic residential rates would be consistent with the intent and goals of Section 5950.

B. Consistency with California High Cost Fund B Program (R. 06-06-028)

Although the Commission is considering an increase for basic rates in high-cost rural areas in the High Cost Fund B OIR, DRA has consistently opposed any

⁴ AT&T is offering U-verse, www.att.com/gen/general?pid=9722; Verizon is offering FiOS, www22.verizon.com/content/fiostv.

such increases in that proceeding. However, when it became apparent that the Commission would agree to raise basic rates in that proceeding, DRA endorsed a smaller step-increase approach, but only if there were going to be any increases at all.

Recently, a proposed “Decision Adopting Phased Transition Plan for Pricing Basic Telephone Service” was issued in proceeding R. 06-06-028. DRA has filed comments on this PD, requesting that the Commission not adopt the phased transition plan, because it authorizes increased rates based on the cost of inflation, when the rates are not cost-based at the present. The PD is also flawed because it raises rates without any evidence that shows that competition is working or that low-income customers can afford such increases. The effect of this measure would be adverse to ratepayers, and therefore DRA will recommend that the Commission delay implementation of any increases in order to evaluate the evidence of drastically increased rates documented by DRA staff. The price controls recommended by DRA here would supercede any increase proposed in the High Cost Fund B proceeding, or delay implementation until 2012, so that the Commission can gather evidence of competition and affordability.

C. Proposed Decision in R. 05-04-005

Another PD issued recently, the “Decision Regarding Monitoring Reports, Retail Special Access Pricing and Customer Disclosure Rules”, in proceeding R.05-04-005, if adopted, would foreclose the possibility of any monitoring reports on competition or affordability. This is another seriously flawed PD that is also adverse to ratepayers, because it prevents the Commission staff from obtaining necessary data to determine whether competition is working. The Commission’s rationale supporting a proposed Phase II to consider monitoring is as true today as it was when URF was decided:

Yet the points raised by DisabRA and TURN – i.e., better information on competition and on the effects [on] Californians with disabilities can be useful to the Commission – are well taken. Thus, we clarify that Phase II should determine what information and what reports can best meet the

Commission needs in the new competitive environment. (D.06-08-030, p.220.)

Cancelling the type of reporting originally contemplated by D.06-08-030 and closing the proceeding is arbitrary and capricious. The Commission would have no way of knowing whether competition is working because it would not have any data demonstrating competitive success *or* failure.

DRA has filed comments on this PD as well, because the PD, if adopted, is a departure from the Commission's stated policy of vigilantly monitoring the voice communications marketplace, without any evidence that the "competitive market" would satisfy the Commission's obligations in lieu of reporting requirements. DRA's original proposals made in the URF proceeding, to include reporting on competition and affordability, are just as relevant today, if not more so in light of the evidence that the market is not functioning to keep unregulated prices from increasing.

III. THE URF CARRIERS ASSURED THE COMMISSION THAT PRICING FLEXIBILITY WOULD RESULT IN "ATTRACTIVE" AND "COMPETITIVE" PRICES

One of the fundamental premises upon which URF relied was that pricing flexibility would result in lower prices. In fact, AT&T and the other URF carriers repeatedly assured the Commission and the public that URF would result in "innovative products at attractive prices", meaning new and different products at rates at or below the rates at the time. DRA, the public, and the Commission, were led to believe throughout the URF proceedings that competition would result in "competitive prices", implying that "price floors" would harm consumers because prices might actually fall *below* current levels.

In 2006, AT&T promised a bright future where market forces would create "the right product with the right features at the right price." (Pacific Bell (now AT&T) Opening Comments in the URF proceeding, p.4.) Throughout its pleadings, AT&T assured the Commission that "competitive prices" would lead to

“customer benefits” because “competition is robust and growing.” (*Id.*, at pp. 1, 3, 8, 22, 56, 78, 79.)

The future has apparently not yet arrived. In the 2 years since URF, many of the prices for AT&T and the other URF carriers’ services have increased substantially.

IV. DESCRIPTION OF RATE INCREASES ON TELECOMMUNICATIONS SERVICES SINCE URF

In the URF decision, the Commission stated that it would consider “the costs and benefits of any new monitoring program proposed in Phase II of this proceeding”. (D.06-08-030, Conclusion of Law # 103.) The Commission assured the public that “we will remain vigilant in monitoring the voice communications marketplace.” (*Id.*, p.153.) As discussed above, a recently released proposed decision would effectively hamstring any attempt by the Commission to monitor communications rates and services by declining to require any carrier reporting, or even third-party studies of the market and consumer behavior.

One of DRA’s key proposals in Phase II of the proceeding (proposals that were supported by TURN and UCAN) has been that the Commission should order studies regarding consumer affordability of certain services.⁵ These affordability studies, once completed, would serve as the basis for establishing an evidentiary record for determining what constitutes affordable rates for basic telecommunications services. At this time, there is no evidence that prices for uncapped services have remained or become more affordable; indeed the reverse appears to be true. Now there exists the imminent threat that basic residential telephone service will also face steep increases as of January 1, 2011.

The Commission expressed concern over just this set of events happening, stating: “We will ensure that basic residential service remains affordable and does not trend above the current highest basic residential rate in the state, no matter the

⁵ See *DRA Monitoring Proposal* (February 2, 2007). DRA proposed reporting on availability, affordability, and competition.

technology employed to offer such service.” (D.06-08-030, p.156.) The evidence strongly suggests that basic residential rates will not only “trend above the current highest basic residential rate”, but could double or triple after January 1, 2011.

Pursuant to Rule 16.4(b), allegations of new or changed facts in Petitions for Modification must be supported by a declaration or an affidavit; staff’s report substantially documents the new or changed fact that rates have risen astronomically since URF, as described below. The Commission stated that if such evidence comes to light, it would reopen the URF proceeding⁶.

A. AT&T and Verizon

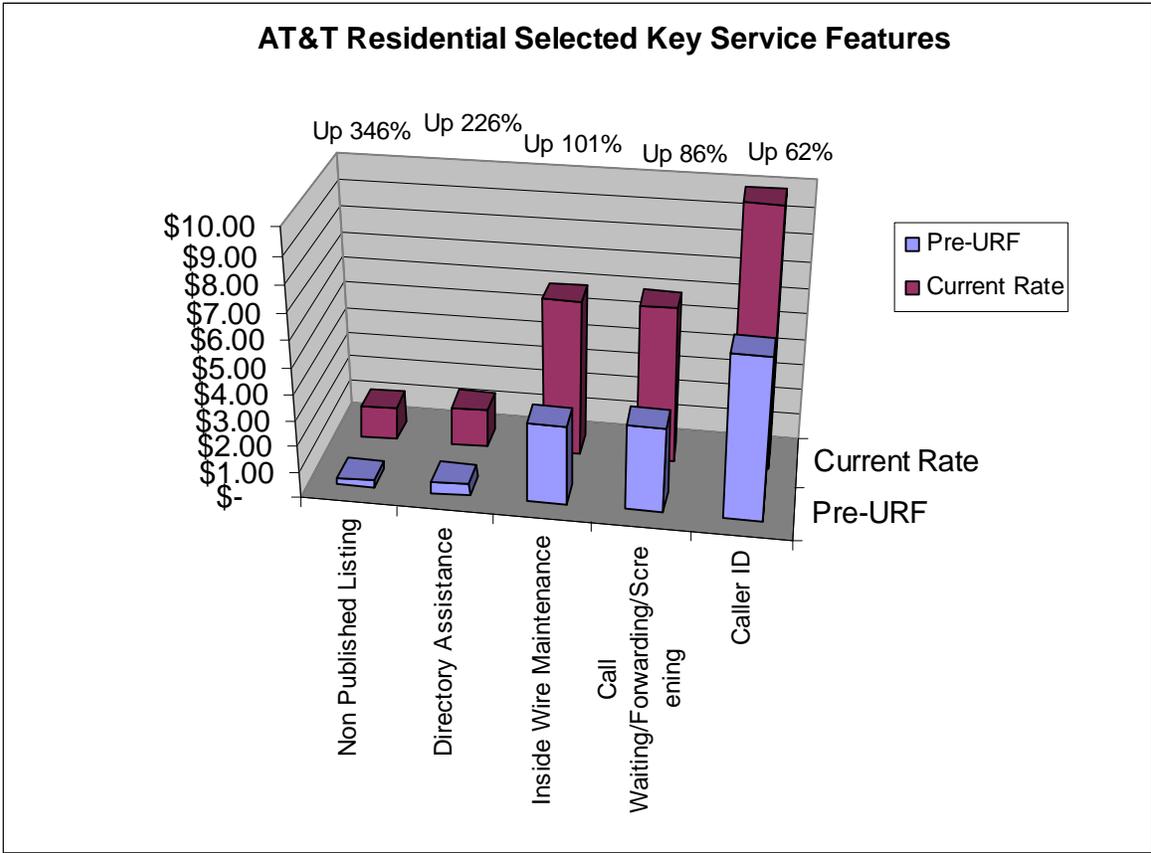
As described in DRA’s Report, AT&T’s rate hikes have been the highest. DRA staff has documented that AT&T’s prices for certain telecommunications services have risen dramatically. Below, DRA includes graphical evidence that illustrates the magnitude of price increases for certain services since the adoption of URF.

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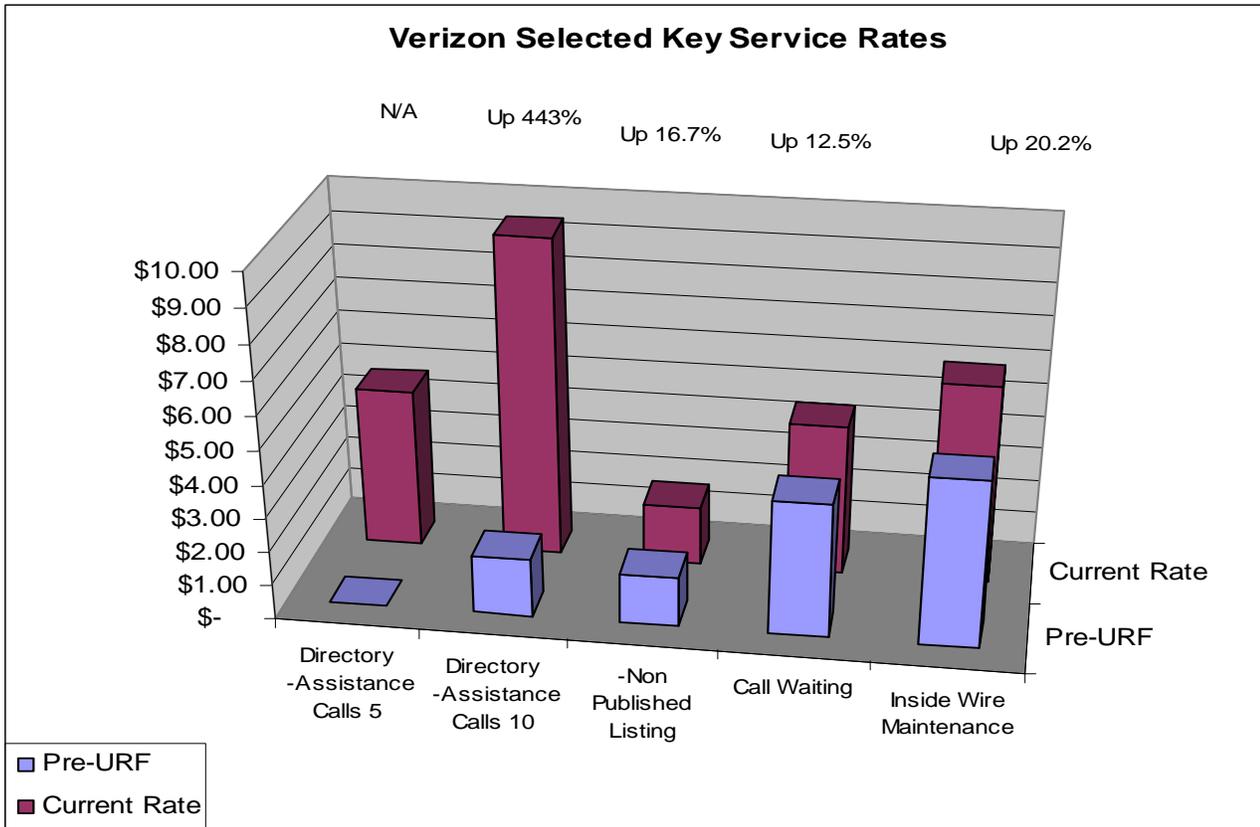
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⁶ “Should we see evidence of market power abuses, we retain the authority and firm resolve to reopen this proceeding to investigate such developments promptly.” (D.06-08-030, p.157.)



SOURCE: CALIFORNIA PUBLIC UTILITIES COMMISSION, 2008

DRA's Report finds that Verizon's prices have also risen dramatically.



SOURCE: CALIFORNIA PUBLIC UTILITIES COMMISSION, 2008

B. Surewest and Frontier

DRA’s Report shows that SureWest’s rates have also risen. The price for SureWest’s inside wire maintenance has gone up 100%; non-published listings – 563%; and local directory assistance – 157%. SureWest used to offer up to 3 directory assistance calls at no charge; now it offers none.

Frontier’s prices for Wirepro have gone up 199%, and its non-published listings prices have risen 99% as well.

C. Price Decreases Have Not Materialized; There Is No Evidence of a Competitive Market for Wireline Services

AT&T and Verizon together control approximately 85% of California’s wireline telephone market. (DRA Report, Footnote 10.) In their respective

service territories, these two companies have not engaged in any meaningful wireline competition with each other. (*Ibid.*)

From the time the URF ILECs were granted pricing flexibility for almost all services, the service offerings and the related pricing packages of the URF ILECs have changed very little, if at all. The chimerical promise of price decreases has not materialized.

Pricing behavior has not reflected that market forces are working. In fact, it appears that prices have been following “marketing” forces. That is, the carriers have raised rates to encourage customers to purchase more expensive bundles. (DRA Report, p.10.)

What these DRA findings show is that the URF carriers still possess significant market power in their respective service territories. Especially with regards to basic residential service, there is little choice for many consumers.

D. A Recent Study by TURN Indicates that Most Customers Still Rely on Basic Residential Landline Service as Their Primary Phone Number

TURN recently promulgated a study conducted by Lake Research Partners into customer trends and information regarding basic telephone service in California⁷. Importantly, the TURN study found that 82% of California’s residential customers still maintain landline service, and 74% use their landline as their primary phone number. More importantly, 89% of residential customers stated that making and receiving local phone calls for a flat monthly rate was “important”, and 69% stated that it was “very important.” Clearly, a majority of Californians continue to care very much about the rates that they must pay for such service.

⁷ TURN, “Basic Phone Service Survey Findings, March 2008”. The survey is available to the public at http://www.turn.org/downloads/TURN_Landline_Survey_PPT.pdf

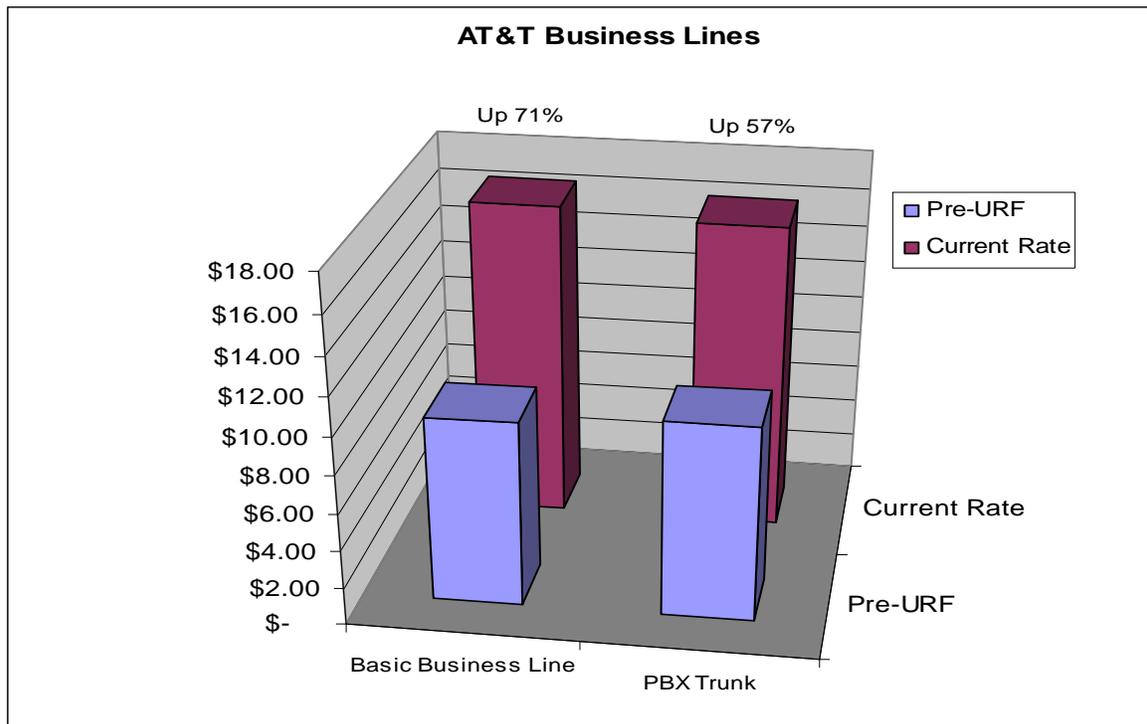
Interestingly, the TURN study also found that only 44% of residential customers reported having wireless service at home, only 25% reported having phone service from a cable company, and only 11% have internet phone service.

E. Likelihood of Price Increases in Basic Residential Rates Illustrated by Drastic Increases in Single-Line Business Rates

DRA's Report documents that since November 1, 2006, AT&T has increased its basic business line monthly rate by 71% and its rate for business PBX trunks by 57%. (DRA Report, p.6.) This is the price (uncapped by the URF decision and not affected by DIVCA) that small businesses pay for a single telephone line. The failure of market pressure to keep these rates from undergoing increases offers more proof that basic residential rates will likely increase after price controls for basic residential service are lifted in 2009.

The rate increases that AT&T has already implemented for its business single line services provide an indication of the initial increases in store for basic residential services. Indeed, before the Commission issued its Phase I URF decision, AT&T had started a series of increases to stand-alone business services that parallels the changes to residential service rates DRA has documented. (DRA URF Reply Comments, 9/2/05, at pp. 70-72.) At the time, DRA predicted that the increases to rates for less elastic business services (services that low usage businesses would more likely rely on) were an indication that AT&T would also increase basic exchange business service if allowed to do so. (*Ibid.*) DRA's parallel prediction relative to business services was correct. Since URF, AT&T raised business line access rates by approximately 71% and raised its local

measured usage rates by a range of 50% (daytime rates) to 139% (night/weekend rates) based upon a three-minute call. (DRA Report, p.17.) Verizon has raised its business local usage rates by a corresponding range of 17% to 67%. (*Ibid.*) This is strong evidence of the ILECs continuing market power in the wireline market, and a clear indication that inter-modal competition is not yet present.



V. DRA RECOMMENDS EXTENDING CURRENT PRICE CONTROLS FOR THREE YEARS, AND CREATING A FORUM TO CONSIDER CREATING A SELECTION OF STAND ALONE BASIC SERVICES AT REASONABLE RATES TO ENSURE REASONABLE ACCESS FOR ALL

A. Recommendation #1: Extend the D.06-08-030 Controls on Basic Residential Service Rates for Three Years

To accomplish the legislative goals to promote lower prices, broaden consumer choice, avoid anticompetitive conduct, and encourage fair treatment of

consumers, DRA recommends that the Commission maintain the price controls created by D.06-08-030, which are scheduled to be lifted on January 1, 2009, until January 1, 2012. For the same reasons articulated by the Commission in D.06-08-030 for the current basic residential rate freeze, namely, that California has not yet fully transitioned to a “robust” competitive market, DRA believes the request is necessary and important to protect consumers from substantial price increases. No evidence exists to show that competition has been sufficient to keep prices either stable or rising only with inflation; all the evidence points to the existence of market dominance by AT&T and Verizon, which allows them to raise prices without losing market share. The Commission has allowed these price increases without considering any evidence of affordability for customers; indeed, if the PD on reporting requirements is adopted, the Commission will forego any additional reporting requirements.

For the reasons explained more thoroughly in the Comments on the PD to phase-in transitional price increases, DRA will recommend that the Commission not adopt that PD, and instead keep the price controls in place until the Commission has the data (developed in a new phase, similar to workshops ordered in the URF decision) to determine whether and what level of increases are appropriate. The cost-based increases in the PD based on inflation are flawed and not supported by record evidence.

B. Recommendation #2: Create a Forum to Consider Whether to Create Price Controls on Certain Ancillary Telephone Services

The rate increases on key ancillary services have been significant, as described in DRA’s Report. For example, AT&T’s directory assistance has risen 226%; it’s charge for inside wire maintenance has risen 101%; call waiting – 86%; caller ID – 62%; and non-published listing service – 346%. In all likelihood the increases are making it difficult for some consumers to have access to those services.

A new forum would need data on affordability to determine whether these price increases will price certain segments of the population out of the market (much like Phase II workshops in the URF proceeding). Given the post-URF price increases to date, DRA has reason to suspect that some consumers are simply unable to pay these increased prices and will be unable to afford services which they value or even be priced out of the market entirely.

The Commission should therefore require that the URF carriers fully fund an affordability study that examines the prices that typical customers can afford, in order to determine the level of control needed to keep important telecommunications services affordable on a stand-alone basis. DRA specifically suggests that some services are so commonly-used and perceived as necessary that they should be given special attention: caller ID, inside wire maintenance, non-published listing; directory assistance; and call waiting.

In addition, consumers are harmed when they are forced to select from expensive bundles of telephone services, without being able to choose the products or services that they want and/or need. AT&T has a demonstrated history of abusive marketing to consumers with regards to bundling of services. (See D. 01-09-058.) Therefore, DRA strongly recommends that the new phase of this proceeding include an examination regarding whether URF carriers should be required to offer certain telephone services on a stand-alone basis and at affordable rates.

The PD issued in R. 05-04-005, which orders no further monitoring reports⁸, fails to “ensure that the Commission has all the information it needs to fulfill its statutory obligations”. (D.06-08-030, p.218.) If adopted, the Commission would not have the actual evidence necessary to come to the conclusion that competition is working to keep prices low in California.

⁸ Except for ARMIS data, which is problematic for two main reasons. First, both AT&T and Verizon have requested forbearance from the FCC from ARMIS reporting (see PD in R.05-04-005, p.22); and second, ARMIS data contains nothing relevant to competition or affordability.

VI. UNDER RULE 16.4(d), NEW FACTS JUSTIFY THIS PETITION FOR MODIFICATION

A Petition for Modification asks the Commission to make changes to an issued decision, and must concisely state the justification for the requested relief and must propose specific wording to carry out all requested modifications to the decision. DRA has explained the specific modification requested and the justification for modification above. The market forces that all the URF carriers promised would keep prices “competitive” have not done so; prices have increased substantially. Thus, the request that price controls created under D.06-08-030 continue for three more years and some additional services be subject to such controls is reasonable under the circumstances. The requested modification is amply supported by the fact of skyrocketing prices for uncapped telecommunications services.

Rule 16.4(d) of the Commission’s Rules of Practice and Procedure state that Petitions for Modification are to be filed within one year of the effective date of the decision proposed to be modified. If more than one year has elapsed from the effective date of the decision, the petition must include an explanation of why it could not have been presented within the one-year time period.

DRA’s Report contains evidence and analysis of rate increases over the last two years. This pattern of increased rates would not have been apparent until sufficient time passed for the new rates to go into effect. By its very nature, the analysis DRA has performed required more than one year to perform, simply because DRA is monitoring the rise in rates over a period of more than one year. While some rates may have risen immediately, it is the *pattern* of rising rates over time that justifies modification to D. 06-08-030; without that rising pattern over time, the need to modify D. 06-08-030 in the fashion DRA requests here would not exist.

In addition, price controls for basic residential service are not scheduled to end until January 1, 2009. In the first year after URF was issued, it was not

obvious whether rates might have stabilized over time and made this request unnecessary, and it would have been impossible to know within the first year. DRA needed time to monitor and observe the pattern of rising rates in order to assess the level and determine if an extension of the rate freeze was necessary. It would have been premature to make this request before one year had passed, until the evidence of a pattern of rising rates became persistent and documented.

VII. CONCLUSION

Since the Commission's URF decision in 2006, rates on uncapped telecommunications services have skyrocketed, which strongly suggests that basic residential rates will also increase as soon as the price controls are lifted. Since URF, market forces have not led to stable or reduced prices or prevented URF carriers from raising rates. Therefore, the Commission should grant DRA's Petition for Modification, and extend the price controls for 3 years. In addition, because of the substantial risk that basic telecommunications services are becoming unaffordable to a large segment of society, the Commission should create a forum to consider whether to create price controls on certain key ancillary telephone services, which would be made available to all customers on a stand-alone basis. This would have no effect on the pricing or marketing of bundled services. The drastic increases have occurred despite repeated assurances from the industry that such price increases would not occur, and that prices would remain competitive, if not actually *decrease*. If the Commission does not take action to fulfill its legislative mandate to "(t)o promote lower prices, broader consumer choice, and avoidance of anticompetitive conduct" and protect the average consumer, DRA fears that many will no longer be able to afford basic residential service.

Respectfully submitted,

/s/ TRAVIS T. FOSS

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July 29, 2008

ATTACHMENT

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of **PETITION OF THE DIVISION OF RATEPAYER ADVOCATES FOR MODIFICATION OF DECISION 06-08-030 RELATING TO PRICE CONTROLS ON BASIC RESIDENTIAL RATES AND TO MONITORING OF COMPETITION**

in **R.05-04-005** by using the following service:

E-Mail Service: sending the entire document as an attachment to an e-mail message to all known parties of record to this proceeding who provided electronic mail addresses.

U.S. Mail Service: mailing by first-class mail with postage prepaid to all known parties of record who did not provide electronic mail addresses.

Executed on July 29, 2008 at San Francisco, California.

/s/ ALBERT HILL
Albert Hill

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address and/or e-mail address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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