

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

Resolution T-17226 Approving Termination of  
the Public Policy Payphone Program as Ordered  
in Decision (D.) 08-06-020, Due to a Lack of  
Payphone Providers' Interest in the Program.

Resolution T-17226  
(Notice of Availability  
dated January 5, 2010)

**COMMENTS OF  
CALIFORNIA PAYPHONE ASSOCIATION  
ON DRAFT RESOLUTION T-17226**

NOSSAMAN LLP

Martin A. Mattes

50 California Street, 34<sup>th</sup> Floor  
San Francisco, CA 94111

Tel.: (415) 398-3600

Fax: (415) 398-2438

E-mail: [mmattes@nossaman.com](mailto:mmattes@nossaman.com)

Attorneys for CALIFORNIA PAYPHONE  
ASSOCIATION

January 20, 2010

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Pursuant to Section 311(g) of the California Public Utilities Code and Rule 14.5 of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission"), California Payphone Association ("CPA") respectfully submits its comments on draft Resolution T-17226 (the "Resolution"), which was the subject of a Notice of Availability served January 5, 2010, on parties to the Commission's R.06-05-028. The Resolution would terminate the Public Policy Payphone ("PPP") Program.

A. The Resolution Presents an Accurate History of the PPP Program.

The Resolution accurately relates that the PPP Program originally was established by the Commission's D.90-06-018, which approved a settlement of numerous controversial issues regarding the newly competitive payphone services industry. As the Resolution notes, the Commission implemented the original PPP Program in order to provide payphones for use by the general public, in the interest of public health, safety, and welfare, at locations where there would otherwise not have been a payphone available. By D.98-11-029, the Commission refined the criteria by which PPP locations were to be

selected and established a uniform funding mechanism to provide financial support through a surcharge on local exchange carrier (“LEC”) monthly payphone line charges that would be collected from payphone service providers and remitted to the Commission by the LECs.

In its recent rulemaking, R.06-05-028, to review various telecommunications public policy programs, the Commission adopted D.08-06-020, which recognized the ineffectiveness of the then-existing PPP Program and discontinued that program. D.08-06-020 provided for a new PPP Program with funding to install up to 50 PPPs statewide and to provide subsidy support for up to 50% of the associated monthly charges. Unfortunately, the revamped PPP Program has been no more successful than its predecessor.

The Resolution describes the extensive outreach effort undertaken and performed by Communications Division staff to solicit applications for placement of PPPs under the new PPP Program. Despite these efforts, as the Resolution reports, Communications Division staff received minimal public response. Three telephone inquiries were received by Communications Division staff, but only a single application for PPP subsidy support was submitted, with respect to a single payphone location in a state park. As the Resolution states, extensive outreach and subsequent press releases failed to attract interest in the new PPP Program, and so Communication Division recommends that the Program be terminated.

**B. CPA Reluctantly Supports the Recommendation That the PPP Program Be Terminated.**

CPA reluctantly supports Communications Division’s recommendation that the PPP Program be terminated. Despite the dedicated efforts of the Commission’s staff over a period of two decades, the Commission never succeeded in creating an effective means for delivering subsidy funds to support public policy payphones and the ongoing decline of the

payphone services industry has eliminated whatever interest once existed in making such a targeted subsidy program succeed.

C. The Decline in Payphone Availability Over the Past Decade Supports a Presumption That the Remaining Payphones Serve Essential Public Needs.

As the Resolution notes, the number of payphones in service in California has declined substantially, from approximately 295,000 stations in 1999 to about 136,000 as of April 2006. The most recent data, made available to CPA by the Consumer Protection and Safety Division (“CPSD”), indicates a total of just 62,587 payphones still in service in California as of May 2009 – less than a quarter of the number of payphones in service just a decade ago.

For millions of American citizens and visitors, payphone service remains an essential means of access to national and international telecommunications networks, and payphone service providers continue to operate, albeit with revenues per phone substantially lower than a decade ago. The payphones that remain in service in California tend to be at locations, such as inner city neighborhoods, agricultural communities, and remote facilities, where a substantial segment of the community cannot afford wireless telecommunications service or where wireless signals are unreliable or unavailable.

Experience has demonstrated that a subsidy program aimed to support a few otherwise uneconomic payphones will not succeed. Nonetheless, the Commission should recognize that payphone services continue to fill important public needs. In fact, the time may have come for the Commission reasonably to presume that all payphones remaining in service are meeting public health, safety, and welfare needs. Given the increasing cost of landline residential telephone service, the unregulated status of wireless rates, and the serious financial hardships facing a substantial segment of California’s population, access to

public telephone service is arguably an essential element of Universal Lifeline Telephone Service (“ULTS”). When the Commission next reviews the status and scope of its ULTS program, the potential for lending substantial ULTS support for payphone access line rates deserves serious consideration.

D. Conclusion

CPA respectfully urges the Commission to remain sensitive to the needs of payphone users and payphone service providers, in the interest of having payphone services remain available as an important means of telecommunications network access in years to come. To memorialize that interest, CPA respectfully recommends that the finding and ordering paragraph set forth in Appendix A to these comments be added to the proposed Resolution.

Respectfully submitted,

NOSSAMAN LLP

By: /s/ MARTIN A. MATTES  
Martin A. Mattes

50 California Street, 34<sup>th</sup> Floor  
San Francisco, CA 94111  
Tel.: (415) 398-3600  
Fax: (415) 398-2438  
E-mail: [mmattes@nossaman.com](mailto:mmattes@nossaman.com)

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## **APPENDIX A**

### **Proposed Finding and Ordering Paragraph**

#### **Proposed Finding 17:**

17. Payphone services continue to fill important public needs.

#### **Proposed Ordering Paragraph 2:**

2. The Commission's next review of the status and scope of the Universal Lifeline Telephone Service ("ULTS") program will include consideration of whether to provide ULTS support for payphone access line rates.