

Annual Report

ANNUAL REPORT OF TELEPHONE CORPORATIONS
CUSTOMER, EMPLOYMENT AND INVESTMENT
INFORMATION AS REQUIRED BY
PUBLIC UTILITIES CODE SECTION 914

March 2021

Communications Division



**California Public
Utilities Commission**

This document can be found online at:

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Executive Summary

Background

Public Utilities Code Sections 914 and 7912 require that the California Public Utilities Commission (Commission) annually report specified information relating to customers, employment, and capital investment of regulated telephone corporations with more than 750 employees. This information is provided to the Assembly Committee on Communications and Conveyance and to the Senate Committee on Energy, Utilities and Communications.

This report covers the year 2019 for both wireline and wireless companies. The reporting wireline companies include AT&T California and Frontier California. The reporting wireless companies include AT&T Mobility, Verizon Wireless,¹ Sprint Spectrum, and T-Mobile West LLC. The 2019 data is the most current full-year data available at the time of this report.²

Key Findings

Wireline Companies: For Calendar Year 2019, the total number of California wireline customers for the companies subject to the statute was approximately 1.6 million. The total number of California residents employed by wireline companies was approximately 11,500 in that year, and capital investments accounted for approximately \$4 billion. The wireline company that tracked contractor data indicated a total of less than 50 contractors who were California residents working in wireline operations.

Wireless Companies: For Calendar Year 2019, the total number of California wireless customers for the companies subject to the statute was 34.4 million. The total number of California residents employed by wireless companies was approximately 16,500 in that year, and capital investments accounted for approximately \$3.4 billion. The company that tracked contractor data indicated an approximate total of 1,000 contractors who were California residents working in its wireless operations.

¹ The Verizon Wireless operating entities in California are: AirTouch Cellular, Inc. (U-3011-C), Alltel Corporation (U-3025-C), California RSA No. 4 Limited Partnership (U-3038-C), Celco Partnership (U-3001-C), Fresno MSA Limited Partnership (U-3005), GTE Mobilnet of California Limited Partnership (U-3002-C), Los Angeles SMSA Limited Partnership (U-3003-C), Pinnacles Cellular, Inc. (U-3028-C), Redding MSA Limited Partnership (U-3091-C), Sacramento-Valley Limited Partnership (U-3004-C), Visible Service LLC (U-4516-C).

² The carrier data is reported on an aggregated basis, due to utility confidentiality claims regarding the underlying data. Specifically, all reporting utilities requested confidential treatment under P.U. Code Section 583 and General Order 66-C as the information is considered to be proprietary, sensitive, and could place a utility at a competitive disadvantage.

Public Utilities Code Section 7912

Reporting Requirements

Public Utilities (P.U.) Code Section 7912 requires telephone corporations employing more than 750 employees to annually report to the Commission specified information relating to customers, employment, and capital investment. In addition, P.U. Code Section 914 requires that the Commission report the information provided by telephone corporations under P.U. Code Section 7912 to the Assembly Committee on Communications and Conveyance and to the Senate Committee on Energy, Utilities and Communications.

The data required to be reported to the Commission are:

1. The number of customers served in California by the public utility;
2. The percentage of the public utility's total domestic customer base that resides in California;
3. The number of California residents employed by the public utility, calculated on a full-time or full-time equivalent basis;
4. The percentage of the public utility's total domestic workforce, calculated on a full-time or full-time equivalent basis, that resides in California;
5. The capital investment in the public utility's tangible and intangible plant which ordinarily have service life of more than one year, including plant used by the company or others in providing public utility services, in California during the yearly reporting period; and
6. The number of California residents employed by independent contractors and consultants hired by the public utility, calculated on a full-time or full-time equivalent basis.

Respondents for Calendar Year 2019

The following six telephone corporations had more than 750 full-time employees in California and were therefore required to report employment data for calendar year 2019.

1. AT&T California
2. AT&T Mobility
3. Frontier California, Inc.
4. Sprint Spectrum
5. T-Mobile West, LLC
6. Verizon Wireless Entities

Telephone Corporations Report Information for Calendar Year 2019

Customers in California

Telephone corporations with over 750 total employees reported serving the following number of customers in California.

Table 1: Aggregate Data for California Customers of Reporting Telephone Corporations

Report Year	Wireline CA Customers	% of total <u>Wireline</u> domestic customer base that resides in California	Wireless CA Customers	% of total <u>Wireless</u> domestic customer base that resides in California
2018	1,970,806	25.68%	31,564,068	19.23%
2019	1,694,446	26.21%	34,436,529	12.57%
change	-276,360 (-16.31%)	0.53%	2,872,461 (8.34%)	-6.66%

Wireline: The data in Table 1 show that the wireline companies reported a decrease in their customer base of 16% between 2018 and 2019. This reduction illustrates a continued downward trend of wireline customers dropping service and opting for other communications technologies. However, the percentage of total wireline US domestic customer base that reside in California has increased by half of a percentage point. This change may be attributed to multiple factors including but not limited to the size of the state and the US domestic wireline market share.

Wireless:³ The data in Table 1 show that the wireless companies reported an eight percent increase in their customer base between 2018 and 2019. However, the percentage of total wireless US domestic customer base that reside in California has decreased by nearly seven percent. This change may be attributed to multiple factors including but not limited to the presence of other non-reporting competitors in the US domestic market (e.g., Mobile Virtual Network Operators (MVNOs) and Voice over Internet Protocol (VoIP) providers).

³ Reporting entities were all provided guidance to utilize the same metric to identify the customer numbers in response to the report. However, some entities were unable to provide the information in the metric requested. In the case of an entity that did not provide the data in the prescribed metric, staff compared the information between this year and prior year's data to generate the aggregated total needed for this report.

Customer Comparison in California: In 2019, wireless companies reported twenty times more customers in California than wireline companies. This gap has increased from the 2018 levels, in which the wireless companies had sixteen times more customers than wireline companies.

Employees in California

Telephone corporations with over 750 total employees reported the number of California residents they employ as well as the percentage of the utility's total domestic workforce.

Table 2. Aggregated Data for California Employees of Reporting Telephone Corporations

<i>Report Year</i>	<i>Wireline CA Employees</i>	<i>% of total Wireline domestic workforce that resides in California</i>	<i>Wireless CA Employees</i>	<i>% of total Wireless domestic workforce that resides in California</i>
2018	13,015	39.28%	16,216	9.76%
2019	11,445	40.25%	16,549	9.53%
change	-1,570 (-13.72%)	0.97%	333 (2%)	-0.23%

Wireline: Table 2 shows the total number of Californians employed by wireline companies in 2019 decreased by almost 14%. The percentage of wireline California employees in the total US domestic workforce increased by almost one percent.

Wireless: Table 2 shows the total number of Californians employed by wireless companies in 2019 increased by almost 2%. The percentage of wireless California employees in the total US domestic workforce decreased by almost 0.25%.

For both wireline and wireless carriers, the changes in total US domestic workforce could be attributed to different factors including, but not limited to, reallocation of workforce to address customer needs and the size of the service territory within a given state.

Capital Investments in California

Telephone corporations with more than 750 total employees reported their capital investments in California for 2019. The P.U. Code defines capital investment as: “the capital investment in the public utility’s tangible and intangible plant which ordinarily have a service life of more than one year, including plant used by the company or others in providing public utility services, in California during the yearly period.”

<i>Report Year</i>	<i>Wireline Capital Investments</i>	<i>Wireless Capital Investments</i>
2018	\$3,942,359,089	\$2,809,838,249
2019	\$3,974,698,143	\$3,385,444,821
change	\$32,339,054 (0.81%)	\$575,606,572 (17%)

Wireline: Table 3 shows the total capital investments by wirelines companies slightly increased in 2019 compared to 2018 by less than a percentage point. The wireline companies reported an aggregate total of approximately \$4 billion capital investments in 2019.

Wireless: Table 3 shows the total capital investments by wireless companies increased in 2019 compared to 2018 by 17%. The wireless companies reported an aggregate total of approximately \$3.38 billion capital investments in 2019.

California Residents Employed by Independent Contractors

Telephone corporations with more than 750 total employees report on the number of California residents employed by independent contractors and consultants hired by the public utility, calculated on a full-time or full-time equivalent basis.

In general, the wireline and wireless companies reported that they did not track the number of California residents employed by independent contractors who directly provide services to the public utility. Thus, the Commission cannot provide a complete profile at this time. However, the wireless and wireline companies that did track the data indicated an approximate aggregate total amount of 1,000 contractors who were California residents working directly to provide services.

Appendices

Appendix A

PUBLIC UTILITIES CODE

DIVISION 1. REGULATION OF PUBLIC UTILITIES [201 - 3260]

(Division 1 enacted by Stats. 1951, Ch. 764.)

CHAPTER 4. REGULATION OF PUBLIC UTILITIES [701 - 920]

(Chapter 4 enacted by Stats. 1951, Ch. 764.)

7914. The commission shall annually report the information required to be reported by public utilities pursuant to Section 7912, to the Assembly Committee on Utilities and Commerce and the Senate Committee on Energy, Utilities and Communications, or their successor committees, and within a reasonable time thereafter, shall make the information available to the public on its Internet Web site.

(Added by Stats. 2015, Ch. 612, Sec. 41. (SB 697) Effective January 1, 2016.)

DIVISION 4. LAWS RELATING TO UTILITY CORPORATIONS AND THEIR EMPLOYEES [7503 - 8286]

(Division 4 enacted by Stats. 1951, Ch. 764.)

CHAPTER 3. Telegraph or Telephone Corporations [7901 - 7912]

(Chapter 3 enacted by Stats. 1951, Ch. 764.)

7912. A public utility employing more than 750 total employees shall annually report to the commission all of the following:

- (a) The number of customers served in California by the public utility.
- (b) The percentage of the public utility's total domestic customer base that resides in California.
- (c) The number of California residents employed by the public utility, calculated on a full-time or full-time equivalent basis.
- (d) The percentage of the public utility's total domestic workforce, calculated on a full-time or full-time equivalent basis, that resides in California.
- (e) The capital investment in the public utility's tangible and intangible plant which ordinarily have a service life of more than one year, including plant used by the company or others in providing public utility services, in California during the yearly reporting period.
- (f) The number of California residents employed by independent contractors and consultants hired by the public utility, calculated on a full-time or full-time equivalent basis, when the public utility has obtained this information upon requesting it from the independent contractor or consultant, and the public utility is not contractually prohibited from disclosing the information to the public. This subdivision is inapplicable to contractors and consultants that are a public utility subject to the reporting requirements of this section. This paragraph applies only to those employees of an independent contractor or consultant that are personally providing services to the public utility and does not apply to employees of an independent contractor or consultant not personally performing services for the public utility.

(Amended by Stats. 2015, Ch. 612, Sec. 69. (SB 697) Effective January 1, 2016.)