



California Public Utilities Commission

Annual Report of Telephone Corporations Customer, Employment and Investment Information As Required by Public Utilities Code Section 914

**COMMUNICATIONS DIVISION
REPORT TO LEGISLATURE**



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CALIFORNIA PUBLIC UTILITIES COMMISSION

COMMUNICATIONS DIVISION

Miriam Sidney
Principal Author

Cynthia Walker, ***Director***
Michael Amato, ***Deputy Director***
Geraldine Carlin, ***Supervisor***

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I. Executive Summary

Background

Public Utilities (P.U.) Code Section 914 requires that the California Public Utilities Commission (Commission or CPUC) report, on an annual basis, the information provided by public utilities under P.U. Code Section 7912 to the Assembly Committee on Communications and Conveyance and to the Senate Committee on Energy, Utilities and Communications. 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. CPUC is in the process of finalizing a solution to delays in reporting.

The information contained within this report covers the year 2017 for both wireline and wireless companies with more than 750 employees. The reporting wireline companies include AT&T California, Frontier California, and Sprint. The reporting wireless companies include: AT&T Mobility, Verizon Wireless, Sprint, and T-Mobile. 2017 data is the most current full-year data available at the time of this report.

The data from the above carriers could not be reported individually as 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 would place a utility at a competitive disadvantage. Thus, Commission staff aggregated the data from these sources to protect the claimed confidential information.

Key Findings

Wireline Companies: AT&T California, Frontier California, Sprint

Table 1. Aggregated Results from all Reporting Wireline Companies

	Total Customer Base	Total California Residents Employees	Total Capital Investments
2016	3,409,118	19,409	\$3.1 billion
2017	3,028,849	17,946	\$3.6 billion
2016-2017 Delta	-380,269 (-11%)	-1,463 (-8%)	\$0.5 billion (16%)

The data show that total number of wireline customers for the companies subject to the statute was 3.4 million in 2016, and 3.0 million in 2017. This is a decrease of 11% from the 2016 level. The total number of Californian residents employed by wireline companies was 19,409 in 2016 and 17,946 in 2017. This is a decline of 1,463 employees or 8% from the 2016 level.

The total capital investment by wireline companies was \$3.1 billion in 2016 and \$3.6 billion in 2017. Capital investment increased by 16% from 2016 to 2017, with two companies increasing their investments.

Wireless Companies: AT&T Mobility, Verizon Wireless, Sprint, T-Mobile

Table 2. Aggregated Results from all Reporting Wireless Companies

	Total Customer Base	Total California Residents Employees	Total Capital Investments
2016	37,168,081	20,103	\$2.9 billion
2017	37,126,099	17,652	\$2.8 billion
2016-2017 Delta	-41,982 (-0.1%)	-2,451 (-12%)	-\$0.1 billion (-3%)

The data shows that the total number of wireless customers for the companies was 37.1 million in 2017. The number of customers for these wireless companies ranged between 5.4 to 13.5 million in 2017. This decrease of approximately 0.1% from the 2016 level represents a fairly static customer base.

The total number of California residents employed by the reporting wireless companies was 20,103 in 2016 and 17,652 in 2017. This is a 12% decrease from the 2016 level. The range of California residents employed by these companies was between 4,067 to 6,617 in 2017.

Roughly 12% of the wireless companies' total workforce resides in California. The range for the percentage of full-time workforce residing in California for these companies ranged between 7.5% and 11.42%.

The total capital investment by wireless companies was relatively unchanged from 2016 to 2017. The total capital investment by wireless companies was \$2.9 billion in 2016, and \$2.8 billion in 2017. This is a decline of \$0.1 billion or 3% from the 2016 level.

II. Reporting Requirements Under P.U. Code Section 7912

P.U. Code Section 7912 falls within Division 4 of the P.U. Code, (Laws Relating to Utility Corporations and Their Employees), Chapter 3 (Telegraph and Telephone Corporations), enacted by Statutes 1951, Ch.764. Thus, Section 7912 specifically relates to Telegraph or Telephone Corporations.

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. P.U. Code Section 914 requires that the Commission report the information provided by public utilities 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.

The following six telephone companies had more than 750 full-time employees in California and were therefore required to report employment data for 2017:

- AT&T California
- AT&T Mobility
- Frontier California
- Sprint
- T-Mobile
- Verizon Wireless

III. Customers in California

Table 3. Aggregated Data for California Customers of Reporting Companies

	Wireline	Wireless
2016	3,409,118	37,168,081
2017	3,028,849	37,126,099
2016-2017 Delta	-380,269 (-11%)	-41,982 (-0.1%)

Wireline companies: The data show that the wireline companies with more than 750 employees reported decreasing customer bases of 11% on average between 2016 and 2017. In 2016 the total number of wireline customers was 3,409,118 and for 2017 this number decreased to 3,028,849. This reduction illustrates a continued trend of customers dropping wireline service for other communication technologies.

Wireless companies: The data show that the total number of wireless customers from the four companies with over 750 employees reported relative a lack of change in customer bases, with customer bases decreasing 0.1% on average between 2016 and 2017. In 2016 the total number of wireless customers was 37,168,081 and for 2017 this number decreased to 37,126,099.

Customer Comparison in California: In 2017, wireless telephone companies had twelve times more customers than wireline telephone companies. This gap has increased from the 2016 levels, in which the wireless companies had ten times more customers than wireline companies

In 2016 and with the exception of one reporting company, the wireline companies reported that almost 100% of their customer base were California residents. In 2017, the wireline companies reported that 100% of their customer base were California residents.

In 2016 the wireless companies reported that 13% of their total customer base were California residents. In 2017, the wireless companies reported that 18% of their total customer base were California residents.

IV. Employees in California

Table 4. Aggregated Data for California Employees of Reporting Companies

	Wireline CA Employees	% of Workforce in CA	Wireless CA Employees	% of Workforce in CA
2016	19,409	100%	20,103	10%
2017	17,946	100%	17,642	12%
2016-2017 Delta	-1,463 (-8%)	0%	-2,451 (-12%)	0%

P.U. Code Section 7912 requires telephone and telegraph companies with over 750 total employees to report on the number of California residents they employ as well as the percentage of the utility's total domestic workforce.

Table 4 shows the total number of employees in California for the years 2016 and 2017. It also shows the percentage of California residents making up the workforce of the reporting companies.

Both the number of workers and the percentage of the workforce are calculated on a full-time equivalent basis.

Wireline companies: The total number of Californians employed by wireline companies in 2016 was 19,409. In 2017 the employment number was 17,946, a decline of 1,463 employees. Wireline companies in aggregate employ 100% of their workforce from California¹

Wireless companies: The total number of California residents employed by the reporting wireless companies was 20,103 in 2016. In 2017 the number declined to 17,642, a drop of 2,451 employees from 2016. The percentage of the total workforce that resides in California has increased marginally from 10% to 12% from 2016 to 2017.

V. Capital Investments in California

Table 5. Aggregated Data for Capital Investments in California by Reporting Companies

¹ Reported as Full-Time Equivalent (FTE). One carrier was not able to disaggregate its wireline and wireless work force. Since the majority of that carrier's business is wireless the employee number was reflected in the wireless data. The percentage impact was determined to be immaterial.

	Wireline	Wireless
2016	\$3.1 billion	\$2.9 billion
2017	\$3.6 billion	\$2.8 billion
2016-2017 Delta	\$0.5 billion (16%)	\$-0.1 billion (-3%)

P.U. Code 7912 requires that companies with more than 750 total employees report on their capital investments in California. The code defines capital investment the following way: “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.”

Wireline companies: The total capital investment by wireline companies was \$3.1 billion in 2016, and \$3.6 billion in 2017. Capital investment increased by 16% from 2016 to 2017, as most wireline companies increased their capital investment.

Wireless companies: The total capital investment by wireless companies was \$2.9 billion in 2016, and \$2.8 billion in 2017, representing no significant change from 2016 to 2017.

VI. Number of California Residents Employed by Independent Contractors

In general, the companies reported that they did not track the number of California residents employed by independent contractors who directly provide services to the franchise holder. Therefore, we cannot provide a complete profile of the total number of California residents employed by independent contractors. The companies that did track the data indicated an aggregate of one contractor who was a California resident working in wireline operations and an aggregate of roughly 550 contractors who were California residents working in its wireless operations.

Appendix A: P.U. Code section 914 and P.U. Code section 7912

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.)

914.

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.)