



**Annual Report of Telegraph and Telephone Corporation Employment,
Investment, and Contracting in California**
As Required by P.U. Code 7912



California Public Utilities Commission
August 26, 2014





California Public Utilities Commission

Communications Division
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Executive Summary

Background

P.U. Code 7912 falls within Division 4. Laws Relating to Utility Corporations and Their Employees. Chapter 3 enacted by Statutes 1951, Ch.764 specifically relates to Telegraph or Telephone Corporations. P.U. Code 7912 requires the California Public Utilities Commission (CPUC) collect information annually on employment and investment from any public utility employing more than 750 total employees and report that information to the Assembly Committee on Utilities and Commerce and the Senate Committee on Energy, Utilities and Communications.

The information contained within this report covers years 2012 and 2013 for both wireline and wireless companies. The reporting wireline companies for both of these years include: AT&T California, Verizon California, Sprint. The reporting wireless companies for both years include: AT&T Mobility, Verizon Wireless, Sprint, T-Mobile, MetroPCS.

The data from the individual carriers could not be reported as all reporting utilities requested confidential treatment under P.U. Code § 583 and General Order 66-C as the information is considered to be proprietary, sensitive and would place the utility at a competitive disadvantage. Thus, Commission staff aggregated the data from these sources to protect the claimed confidential information. If the Committee determines that this aggregated information is insufficient for its purposes, Commission staff will pursue a formal release of the unredacted data by vote of the Commission.

Key Findings

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

The data show that all three of the wireline companies with more than 750 employees reported declining customer bases of 14% on average between 2012 and 2013.

The total number of Californians employed by wireline companies in 2012 was 24,169. In 2013 it was 25,485, a growth of 316 employees. This growth was despite such large declines in the customer base.

P.U. Code 7912 also requests companies also report the total number of contractors, but that data was unavailable for any of the reporting companies.

As two of the three reporting companies are California-based companies, both reported that virtually 100% of their customer base and employee ranks were California residents.

The total capital investment by wireline companies in 2012 was \$1.481 billion. In 2013, that number increased by 22% to \$1.803 billion. This increase is significant especially given the 14% decline in their total customer base. The size of the capital investment correlates to the size of the customer base, and although one company is responsible for the majority of the capital



investments in the wireline industry, all three carriers increased their investments in California between 2012 and 2013.

Table 1. Aggregated Results from all Reporting Wireline Companies

	Total Customer Base	Total California Residents Employees	Total Capital Investments
2012	6,215,451	24,169	\$1.481 billion
2013	5,354,965	24,485	\$1.803 billion
Delta	860,486 (-14%)	316 (1.3%)	\$.322 billion (22%)

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

The data show that the total number of wireless customers from the companies with over 750 employees in 2012 was 34.5 million. The two largest companies averaged 11 million customers each, and the remaining three averaged 4 million customers. In 2013 the total customer base grew 2.6% to 35.4 million. The distribution among the companies remained the same.

Unlike the wireline companies, which are California-based and California-centric in their operations, the wireless companies are national. The California customer base represents approximately 13% of their total domestic customer base in both 2012 and 2013.

The total number of California residents employed by the reporting wireless companies was 21,736 in 2012. In 2013 the number increased slightly to 21,814, an increase of 78 employees.

The percentage of the total workforce that resides in California was 11% in 2012 and 13% in 2013. The range within companies was 8-20% in 2012 and 8-22% in 2013.

The number of California residents employed by the reporting companies as contractors was unavailable.

The total capital investment by wireless companies in 2012 was \$2.8 billion. In 2013, that number increased by 25% to \$3.5 billion. The range across companies varied widely, with a low of \$600 million and high of \$1.2 billion. This is a significant increase despite no growth in employees and a modest 3% growth in the total customer base.



Table 2. Aggregated Results from all Reporting Wireless Companies

	Total Customer Base	Total California Residents Employees	Total Capital Investments
2012	34,500,000	21,736	\$2.8 billion
2013	35,400,000	21,814	\$3.5 billion
Delta	900,000 (2.6%)	78 (0%)	\$.700 billion (25%)

Reporting Requirements Under PU Code 7912

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

P.U. Code 7912 requires the California Public Utilities Commission (CPUC) collect information annually on employment and investment from any public utility employing more than 750 total employees and report that information to the Assembly Committee on Utilities and Commerce and the Senate Committee on Energy, Utilities and Communications:

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
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 basis¹
7. Forecast of the number of net new positions expected to be created during the next year (2012)

¹ “...Information required 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 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.”



The following six had more than 750 full-time employees in California and were therefore required to report employment data for 2011:

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

Customers in California

Total Customers in California

The total number of customers in California for wireline companies declined 14% between 2012 and 2013. During that time, the total wireless customer base grew by 2.6%. The number of wireless customers in California is now five and a half times greater than the number of wireline customers.

Table 3. Aggregated Data for California Customers of Reporting Companies

	Wireline	Wireless
2012	6,215,451	34,500,000
2013	5,354,965	35,400,000
Delta	860,486 (-14%)	900,000 (+2.6%)

Wireline companies: The data show that all three of the wireline companies with more than 750 employees reported declining customer bases of 14% on average between 2012 and 2013. In 2012 the total number of wireline customers was 6,215,451. This number declined to 5,354,965 in 2013. In the wireline business, there is one company that virtually dwarfs the other two companies in terms of customer base. Its customer base is almost ten times larger than the smallest company. However, the reductions were consistent across companies, no matter what their size.

Wireless companies: The data show that the total number of wireless customers from the companies with over 750 employees in 2012 was 34.5 million. The two largest companies averaged 11 million customers each, and the remaining three averaged 4 million customers. In 2013 the total customer base grew 2.6% to 35.4 million. The distribution among the companies remained the same.



Percentage of Customers in California

Two of the three reporting companies are California-based companies and both reported that virtually 100% of their customer base was California residents in both 2012 and 2013.

Unlike the wireline companies, which are California-based and California-centric in their operations, the wireless companies are national. The California customer base represents approximately 13% of their total domestic customer base in both 2012 and 2013.

Employees in California

P.U. Code 7912 requires telephone and telegraph companies with over 7650 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 years 2012 and 2013. It also shows the percentage of California residents that make up their workforce.

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

Table 4. Aggregated Data for California Employees of Reporting Companies

	Wireline CA Employees	% of Workforce	Wireless CA Employees	% of Workforce
2012	24,169	100%	21,736	11%
2013	24,485	100%	21,814	13%
Delta	316 (+1.3%)		78 (0%)	

Wireline companies: The total number of Californians employed by wireline companies in 2012 was 24,169. In 2013 it was 25,485, a growth of 316 employees. This growth was despite such large declines in the customer base. The aggregated data appears that employee growth was fairly static, but in fact one company lost 12% of its employee base, while the other two showed most gains of 1% and 3%. As two of the three reporting companies are California-based companies, both reported that virtually 100% of their customer base were California residents.

Wireless companies: The total number of California residents employed by the reporting wireless companies was 21,736 in 2012. In 2013 the number increased slightly to 21,814, an increase of 78 employees. However, the loss or gain of employees was more evident within individual companies and directly correlated to the loss or gain of customers. The percentage of the total workforce that resides in California was 11% in 2012 and 13% in 2013. The range within companies was 8-20% in 2012 and 8-22% in 2013.



Capital Investments in California

P.U. Code 7912 requires that companies over 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.”

The total capital investment by wireline companies in 2012 was \$1.481 billion. In 2013, that number increased by 22% to \$1.803 billion. This increase is significant especially given the 14% decline in their total customer base. The size of the capital investment correlates to the size of the customer base, and although one company is responsible for the majority of the capital investments in the wireline industry, all three carriers increased their investments in California between 2012 and 2013.

The total capital investment by wireless companies in 2012 was \$2.8 billion. In 2013, that number increased by 25% to \$3.5 billion. The range across companies varied widely, with a low of \$600 million and high of \$1.2 billion. This is a significant increase despite no growth in employees and a modest 3% growth in the total customer base.

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

	Wireline	Wireless
2012	\$1.481 billion	\$2.8 billion
2013	\$1.803 billion	\$3.5 billion
Delta	322,000 (+22%)	700,000 (+25%)

Number of California Residents Employed by Independent Contractors

All seven companies reported that information on the number of non-residents employed by independent contractors, which personally provide services to the franchise holder, was not collected.



Appendix A: P.U. Code 7912

PUBLIC UTILITIES CODE - PUC

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

- (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 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.
- (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, 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.

(b) The commission shall annually report the information required to be reported by public utilities pursuant to subdivision (a), 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. 2003, Ch. 446, Sec. 2. Effective January 1, 2004.)

