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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

NEXTG NETWORKS OF CALIFORNIA, INC., a
Delaware Corporation,

No. C 05-00658 MHP

Plaintiff,

v.

THE CITY OF SAN FRANCISCO and THE
DEPARTMENT OF PUBLIC WORKS OF THE CITY
OF SAN FRANCISCO,

MEMORANDUM & ORDER
**Re: Motion for Summary
Adjudication**

Defendants.

Plaintiff NextG Networks of California, Inc. (“NextG”), a telecommunications company, has filed the present action against the City of San Francisco and the Department of Public Works of the City of San Francisco (collectively, “the City”), alleging that the City has violated NextG’s right to install, operate, and maintain its facilities along or upon the public rights-of-way consistent with sections 7901 and 7901.1 of the California Public Utilities Code, section 253 of the Telecommunications Act of 1996, 47 U.S.C. sections 151 et seq, and NextG’s due process, equal protection, and just compensation rights under the United States Constitution. NextG seeks declaratory judgment, injunctive relief, and money damages. Now before the court is NextG’s motion for summary adjudication on certain of its claims. Having considered the parties’ arguments and submissions, the court enters the following memorandum and order.

UNITED STATES DISTRICT COURT
For the Northern District of California

1 BACKGROUND¹

2 Plaintiff NextG is a Delaware corporation with its principal place of business in Milpitas,
3 California. On January 30, 2003, the California Public Utilities Commission (“CPUC”) granted
4 NextG’s application for a certificate of public convenience and necessity (“CPCN”) to provide
5 telecommunication services in California. NextG’s application sought authority to obtain a limited
6 facilities-based CPCN and described its intention to operate a system of fiber optic cables and small
7 antennas and conversion equipment attached to poles and other structures. The CPUC’s order
8 granting the certificate did not specify the precise extent of NextG’s authority, but simply granted a
9 CPCN to operate as a limited, facilities-based and resale provider of local exchange and
10 interexchange services.

11 NextG’s telecommunications services differ in certain respects from services offered by
12 traditional telecommunications providers. NextG does not operate a complete end-to-end
13 communication network or offer services directly to consumers or businesses. Rather, NextG’s
14 network consists of discrete, localized extensions to other wireless carriers’ networks which
15 “transport” the carriers’ signals to problematic coverage areas. Each unit of NextG’s network
16 consists of a pair of radio frequency (“RF”) transmitter / receivers connected by fiber optic cable. At
17 one end of the cable, the “hub” receiver picks up a wireless carrier’s RF signal, converts it to an
18 optical signal, and transports it across NextG’s fiber optic cable to the “remote” transmitter at the
19 other end, which then converts the optical signal to an RF signal and rebroadcasts it to the wireless
20 carrier’s subscribers. RF signals generated by the subscribers follow the same path in reverse,
21 entering NextG’s system at the remote receiver, proceeding through NextG’s fiber optic cable, and
22 exiting NextG’s system as an RF signal broadcast by the hub transmitter. NextG’s network thus
23 comprises two types of physical components: fiber optic cable, which is deployed through conduits;
24 and the RF transmitter / receiver units (“RF antennas”), which must be located above ground on a
25 structure such as a building or utility pole.

26 From December, 2002 through July, 2003, NextG submitted inquiries and applications to the
27 City, seeking authority to install its telecommunications network on public rights-of-way in San
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1 Francisco. NextG requested that the city issue it a utilities conditions permit (“UCP”), which allows
2 telecommunications providers and other utilities to construct facilities in public rights-of-way. On
3 August 11, 2003, the City Attorney, acting on behalf of the Department of Public Works, denied
4 NextG’s UCP application for such a permit or other authorization. Although the City granted NextG
5 authority to deploy its fiber optic cable in existing conduits, the City Attorney informed NextG that
6 the City and the Department of Public Works required a discretionary major encroachment permit
7 for the installation of NextG’s RF antennas, which the City characterized as new “wireless
8 facilities.”

9 The City based its argument on NextG’s classification as a “limited” facilities-based
10 provider, as opposed to a “full” facilities-based provider. According to the City, while it routinely
11 issues UCPs to full facilities-based providers, it requires that all limited facilities-based providers
12 obtain major encroachment permits for the construction of any new facilities, including new wireless
13 facilities. This is so, according to the City, because limited facilities-based providers are not
14 authorized by the CPUC to construct new wireless facilities such as NextG’s RF antennas.

15 NextG then brought the present action against the City of San Francisco and the Department
16 of Public Works, alleging that pursuant to authority vested by the CPUC, it is entitled to install its
17 fiber-optic cable and RF antennas in the public rights-of-way without obtaining a discretionary
18 major encroachment permit. It alleges that the City’s requirement for such a permit violates the
19 Telecommunications Act of 1996, section 7901 of the California Public Utilities Code, and NextG’s
20 federal constitutional rights pursuant to 42 U.S.C. section 1983. In addition to money damages,
21 NextG seeks a declaration of its rights to install, operate, and maintain its telecommunications
22 network in public rights-of-way within the city as well as an order compelling the city to issue any
23 necessary and legitimate permits for such actions forthwith.

24 Following the filing of the present complaint, the City turned the tables, filing its own
25 complaint against NextG with the CPUC to request that the CPUC remove NextG’s CPCN or to find
26 that NextG lacks the authority to provide telecommunications services by installing its RF antennas
27 on existing utility poles. See Declaration of Williams K. Sanders in Support of Defendants’ Motion
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1 to Dismiss, Exh. A. The complaint alleged that rather than provide “competitive local exchange and
 2 interexchange telecommunications services,” as the company was authorized to do, NextG offers
 3 “what it calls radiofrequency transport services to commercial radio mobile service providers.” Id.
 4 at ¶¶ 6–7. Seeking revocation of NextG’s licence and declaratory relief, the city alleged that NextG
 5 had violated the orders and rules of the CPUC and the terms and conditions of NextG’s CPCN by
 6 failing to timely provide exchange and interexchange services, representing to the city that it had
 7 been authorized to provide radio frequency services, and pursuing the installation of facilities in the
 8 public rights-of-way and on existing utility poles. Id. at ¶¶ 4, 6, 28–44. At the City’s request, this
 9 court stayed NextG’s federal lawsuit pending the outcome of the City’s complaint against NextG
 10 before the CPUC.

11 On January 16, 2006 the CPUC issued an opinion denying in all respects the City’s claims
 12 for relief. City & County of San Francisco v. NextG Networks of California, Inc., Decision 06-01-
 13 006, 2006 Cal. PUC LEXIS 19 (Cal. Pub. Utils. Comm’n Jan. 12, 2006). The CPUC resolved four
 14 issues disputed by the parties:

- 15 1. Whether the Commission granted NextG the authority to place antennas and
 16 microcells on utility poles and in public rights-of-way in D.03-01-061.
- 17 2. Whether NextG misrepresented the authority granted it by the Commission in
 18 requesting to place microcells and antennas on utility poles in San Francisco and
 19 other localities.
- 20 3. Whether NextG timely exercised its authority.
- 21 4. Whether the placement of microcells and antennas on utility poles by a telephone
 22 corporation such as NextG is exempt from the California Environmental Quality Act
 23 (CEQA).

24 Id. at *5.

25 With respect to the first and fourth issues, the CPUC noted that it has construed limited
 26 facilities-based CPCNs to include wholesale services, such as NextG’s service, as well as traditional
 27 retail services that are offered direct to consumers. Id. at *8. The CPUC further noted that it has not
 28 distinguished between wireline and wireless carriers. Id. at *8–*9. Thus, the CPUC concluded that
 “our decision grants the authority requested and authorizes NextG to provide radiofrequency
 transport services.” Id. at *11. The CPUC also found that “[a]llowing placement of microcells and
 antennas on existing utility poles is consistent with limited facilities-based authority, because no

1 construction is involved. It is also consistent with our prior decision that installation of fiber optic
2 equipment on existing utility structures is categorically exempt from CEQA.” Id. at *12–*13. As a
3 result, the CPUC found that NextG is authorized to install its RF antennas on existing utility poles.
4 Id. at *14.

5 With respect to the second and third issues, the CPUC found that NextG has accurately
6 represented its authority to the city, and that NextG has timely exercised that authority. Id. at
7 *17–*18.

8 The stay in this case was lifted following the CPUC’s ruling. NextG now moves for
9 summary adjudication of its claims that the City’s permit requirement is preempted by federal
10 telecommunications law and state law as now clarified by the CPUC.

11
12 LEGAL STANDARD

13 Summary judgment is proper when the pleadings, discovery and affidavits show that there is
14 “no genuine issue as to any material fact and that the moving party is entitled to judgment as a
15 matter of law.” Fed. R. Civ. P. 56(c). Material facts are those which may affect the outcome of the
16 case. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248 (1986). A dispute as to a material fact is
17 genuine if there is sufficient evidence for a reasonable jury to return a verdict for the nonmoving
18 party. Id. The party moving for summary judgment bears the burden of identifying those portions
19 of the pleadings, discovery, and affidavits that demonstrate the absence of a genuine issue of
20 material fact. Celotex Corp. v. Cattrett, 477 U.S. 317, 323 (1986). On an issue for which the
21 opposing party will have the burden of proof at trial, the moving party need only point out “that
22 there is an absence of evidence to support the nonmoving party’s case.” Id.

23 Once the moving party meets its initial burden, the nonmoving party must go beyond the
24 pleadings and, by its own affidavits or discovery, “set forth specific facts showing that there is a
25 genuine issue for trial.” Fed. R. Civ. P. 56(e). Mere allegations or denials do not defeat a moving
26 party’s allegations. Id.; Gasaway v. Northwestern Mut. Life Ins. Co., 26 F.3d 957, 960 (9th Cir.
27 1994). The court may not make credibility determinations, and inferences to be drawn from the
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1 facts must be viewed in the light most favorable to the party opposing the motion. Masson v. New
 2 Yorker Magazine, 501 U.S. 496, 520 (1991); Anderson, 477 U.S. at 249.

3 The moving party may “move with or without supporting affidavits for a summary judgment
 4 in the party’s favor upon all or any part thereof.” Fed. R. Civ. P. 56(a). “Supporting and opposing
 5 affidavits shall be made on personal knowledge, shall set forth such facts as would be admissible in
 6 evidence, and shall show affirmatively that the affiant is competent to testify to the matters stated
 7 therein.” Fed. R. Civ. P. 56(e).

8
 9 DISCUSSION

10 I. Preemption Under Federal Law

11 A. Section 253(a)

12 NextG argues that the City’s permit requirement is preempted on its face by the
 13 Telecommunications Act of 1996, which states that “[n]o State or local statute or regulation, or other
 14 State or local legal requirement, may prohibit or have the effect of prohibiting the ability of any
 15 entity to provide any interstate or intrastate telecommunications service.” 47 U.S.C. § 253(a).
 16 According to NextG, the City’s requirement that a limited facilities-based carrier obtain a wholly
 17 discretionary major encroachment permit before installing its facilities in the public rights-of-way
 18 may have the effect of preventing the carrier from operating in San Francisco.

19 Under clearly established Ninth Circuit law, section 253(a) effects an extremely broad
 20 preemption of state and local regulation of telecommunications services: “[w]e have interpreted this
 21 preemptive language to be clear and ‘virtually absolute’ in restricting municipalities to a ‘very
 22 limited and proscribed role in the regulation of telecommunications.’” Qwest Commc’ns v. City of
 23 Berkeley, 433 F.3d 1253, 1256 (9th Cir. 2006) (quoting City of Auburn v. Qwest Corp., 260 F.3d
 24 1160, 1175 (9th Cir. 2001), cert. denied, 534 U.S. 1079 (2002)). In order to show that a local
 25 regulation is preempted, the provider need not show that the local requirement has had an “actual
 26 impact” on the provision of services. Id. Instead, the provider need only show that the ordinance
 27 “may have the effect of prohibiting the provision of telecommunications services.” Qwest Corp v.

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1 City of Portland, 385 F.3d 1236, 1241 (9th Cir. 2004), cert. denied, 544 U.S. 1049 (2005) (emphasis
2 in original).

3 In City of Berkeley, the Ninth Circuit considered a local regulation which imposed several
4 obligations on telecommunications providers seeking to construct facilities in the public rights-of-
5 way. In order to avoid substantial fees, each provider was required to “identify its qualifications to
6 provide telecommunications services and to certify that it is in compliance with state and federal
7 laws.” City of Berkeley, 433 F.3d at 1257. In addition, each provider was required to provide the
8 city with a detailed annual report, including rate information, tariffing information, and customer
9 lists. Id. at 1257–58. The city was allowed to audit the provider’s books at any time. Id. at 1258.
10 Finally, the city retained substantial (though not unlimited) discretion to refuse to issue an
11 excavation permit, or to deny the right to provide services altogether. Id. A provider could be
12 subject to fines and penalties for violation of any of the requirements. Id.

13 The Ninth Circuit found Berkeley’s regulation to be preempted. The reporting and audit
14 requirements were “patently onerous,” and the discretion retained by the city to refuse access to the
15 rights-of-way further added to the risk that the regulation would have the effect of prohibiting a
16 provider from offering its services. Id.

17 Similarly, in City of Auburn the regulations in question required each telecommunications
18 provider to obtain a franchise, which involved a “lengthy and detailed application form, including
19 maps, corporate policies, documentation of licenses,” as well as other “information as may be
20 requested by the City.” City of Auburn, 260 F.3d at 1176. Two of the cities named as defendants in
21 the lawsuit required a public hearing before granting the right to install facilities. Id. Also, “[e]ach
22 of the franchise systems authorizes the Cities to consider discretionary factors that have nothing to
23 do with the management or use of the right-of-way.” Id. Finally, the ordinances in question
24 restricted transfers of ownership of the franchise. Id. The Ninth Circuit found that the regulation, in
25 total, had the effect of prohibiting telecommunications companies from providing their services. Id.

26 The major encroachment permitting process at issue here, though not as onerous as the
27 processes described in City of Berkeley and City of Auburn, is still very involved. The permit
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1 application itself requires an explanation of the purpose of the facilities, maps showing the location
2 of the facilities, pictures of the proposed locations, drawings and specifications for the equipment to
3 be installed, and contact information for the party requesting the permit. Declaration of Cynthia N.
4 Chono in Support of Defendants' Opposition to Plaintiff's Motion for Partial Summary Judgment
5 ("Chono Dec."), Exhs. J–K. The party requesting the permit must pay an \$800 processing fee as
6 well as \$4,000 to cover "the Department's reasonable administrative costs and attorney's [sic] fees."
7 Id., Exh. K. The requesting party must also provide notice to all other city agencies entitled to
8 notice under section 786.2 of the San Francisco Public Works Code: "the Director of Planning, the
9 Director of Property, the Chief of the Police Department, the Chief of the Fire Department, the
10 General Manger of the Municipal Railway, the Art Commission, and . . . the City Engineer." Id.,
11 Exh. J. Each city entity must provide a report to the Director of Public Works. Id. After the
12 Director receives the reports, the Department must conduct a public hearing on the permit. Id., Exh.
13 K. The Department then submits a recommendation to the Board of Supervisors. Id. The Board has
14 plenary power to accept or reject the Department's recommendation.

15 Under the terms of this permitting process, following a time-consuming and expensive
16 application process, the Department and the Board of Supervisors still retain absolute discretion as
17 to whether any given telecommunications carrier will be able to install its facilities in the public
18 rights-of-way. Other courts, including the Ninth Circuit in City of Auburn, have found this sort of
19 unfettered discretion to be especially problematic. See City of Auburn, 260 F.3d at 1176 ("the
20 ultimate cudgel is that each city reserves discretion to grant, deny, or revoke the franchises and the
21 Cities may revoke the franchise if the terms in the ordinance are not followed, even allowing the
22 Cities to remove the company's facilities."); id. at 1175–76 ("Any 'process for entry' that imposes
23 burdensome requirements on telecommunications companies and vests significant discretion in local
24 government decisionmakers to grant or deny permission to use the public rights-of-way 'may have
25 the effect of prohibiting' the provision of telecommunications services in violation of the Act."
26 (quoting Bell Atlantic-Maryland, Inc. v. Prince George's County, 49 F. Supp. 2d 805, 814 (D. Md.
27 1999), vacated and remanded on other grounds, 212 F.3d 863 (4th Cir. 2000))); see also TCG New
28

1 York, Inc. v. City of White Plains, 305 F.3d 67, 76 (2d Cir. 2002), cert. denied, 538 U.S. 923 (2003)
2 (“In particular, the provision that gives the Common Council the right to reject any application based
3 on any ‘public interest factors . . . that are deemed pertinent by the City’ amounts to a right to
4 prohibit providing telecommunications services, albeit one that can be waived by the City.”). The
5 court therefore concludes that the City’s requirement that NextG obtain a major encroachment
6 permit “may prohibit or have the effect of prohibiting” NextG from providing telecommunications
7 services.

8 The City attempts to distinguish its regulation from those struck down in City of Auburn and
9 City of Berkeley on a number of grounds. First, the City argues that its regulation is appropriate in
10 light of the diminished rights afforded to limited facilities-based carriers: “[w]here, as with NextG,
11 the CPUC has granted a telecommunications carrier only limited facilities-based authority, the City
12 will not issue a UCP because the CPUC did not authorize the carrier to engage in any new
13 construction in the public rights-of-way.” Defs.’ Brief in Opposition at 8. According to the City,
14 the UCP process for full facilities-based carriers is very straightforward, and does not violate section
15 253. Section 253, however, does not depend on determinations by state law agencies such as the
16 CPUC for its application; it applies broadly to any “entity” that “provide[s] any interstate or
17 intrastate telecommunications service.” 47 U.S.C. § 253(a). The City does not dispute that NextG
18 provides wireless telecommunications services. Moreover, the factual predicate for the City’s
19 argument has been completely undermined by the January, 2006 holding of the CPUC, which
20 expressly authorized NextG to install its RF antennas on existing utility poles. The City seemingly
21 ignores this clear holding in its brief.²

22 Second, the City argues that because its major encroachment permit process is a law of
23 general applicability, applying to all utilities, it is permissible. In support of this argument, the City
24 cites City of Portland:

25 [T]here is no indication that Portland or the other Cities . . . have passed ordinances
26 that are specific to the telecommunications process and apply to all
27 telecommunications providers attempting to enter the market. Therefore, to the
28 extent that Qwest challenges these ordinance provisions, it is questionable whether §
253 even applies.

1 385 F.3d at 1242. All district courts in this circuit considering this passage from City of Portland
2 have either rejected it as *dicta* or otherwise distinguished it. Pacific Bell Tel. Co. v. California Dept.
3 of Trans., 365 F. Supp. 2d 1085, 1088 n.2 (N.D. Cal. 2005) (White, J.) (“The State’s reliance on
4 [City of Portland] for the proposition that comprehensive governmental policies are exempt from
5 Section 253 is misplaced. The Ninth Circuit’s statement to that effect in that case was *dicta*.”); Sprint
6 Telephony PCS, L.P. v. County of San Diego, 377 F. Supp. 2d 886 (S.D. Cal. 2005) (“Although the
7 use permit provisions are not telecommunications specific, they are an integral part of the wireless
8 regulatory framework governing wireless providers. Accordingly, the Court properly included the
9 use permit provisions in its section 253(a) analysis.”).

10 Other courts have rejected the language in City of Portland for good reason. If a city could
11 circumvent the requirements of section 253(a) simply by enacting regulations that apply to all
12 utilities, then federal law would fail to provide any meaningful special protection to
13 telecommunications providers. Under the City’s proposed construction, it could enact a regulation
14 allowing the City to arbitrarily deny any utility access to public rights-of-way without violating
15 section 253(a). The City’s position cannot be reconciled with the plain language of the statute or the
16 deregulatory purpose which it serves.

17 Third, the City and NextG dispute whether NextG has actually been prevented from offering
18 its services in San Francisco. The City contends that because NextG has not attempted to obtain a
19 permit, fact questions exist as to whether it would be able to do so. As discussed supra, however,
20 the preemption analysis under section 253 focuses on the regulation itself, and not on its application
21 to a particular provider. The parties’ “as applied” arguments are therefore not relevant.

22 The court therefore concludes that the City’s regulation falls within the scope of section
23 253(a).

24
25 B. Section 253(c) Safe Harbor

26 The City argues that even if its regulation violates section 253(a), it is saved by section
27 253(c). Section 253(c) provides municipalities with some latitude in regulating providers:
28

1 [n]othing in this section affects the authority of a State or local government to
2 manage the public rights-of-way or to require fair and reasonable compensation from
3 telecommunications providers, on a competitively neutral and nondiscriminatory
basis, for use of public rights-of-way on a nondiscriminatory basis, if the
compensation required is publicly disclosed by such government.

4 47 U.S.C. § 253(c). The right to “manage the public rights-of-way” has been interpreted to
5 encompass “control over the right-of-way itself, not control over companies with facilities in the
6 right-of-way.” City of Berkeley, 433 F.3d at 1258. For example, cities are permitted to coordinate
7 construction schedules, determine insurance requirements, establish and enforce building codes, and
8 prevent interference between the various systems using the rights-of-way. Id. (quoting City of
9 Auburn, 260 F.3d at 1177).

10 The City’s argument fails because certain of the requirements for obtaining a permit do not
11 fall under the category of “manage[ment]” of the rights-of-way as contemplated by the statute. In
12 particular, the Department of Public Works and the Board of Supervisors have unfettered discretion
13 to reject a permit application altogether, for whatever reasons they choose. Although certain
14 permitting requirements—the provision of plans and photographs—arguably enable the City to
15 manage the installation of facilities on its rights-of-way, the authority to prohibit NextG from
16 installing its facilities at all is “control over [a company] with facilities in the right of way” rather
17 than “control over the right-of-way itself,” and is therefore beyond what is contemplated by the safe
18 harbor. See id.

19 NextG also argues that section 253(c) only allows the City to manage the public rights-of-
20 way on a “competitively neutral and nondiscriminatory basis.” According to NextG, the City’s
21 decision to subject limited facilities-based carriers to the major encroachment permit process, while
22 allowing full facilities-based carriers to obtain a UCP, is unfairly discriminatory. The City argues
23 that the phrase “competitively neutral and nondiscriminatory basis” modifies only the right to
24 “require fair and reasonable compensation from telecommunications providers” and does not limit
25 the City’s ability to manage its rights-of-way.

1 The Ninth Circuit has not squarely addressed the question raised by the parties. NextG relies
2 on language in City of Berkeley suggesting that the nondiscrimination requirement applies to
3 management as well as fees:

4 Section 253 also includes a “safe harbor” clause that allows state and local
5 government “to manage the public rights-of-way or to require fair and reasonable
6 compensation from telecommunications providers” so long as the management and
7 compensation is done on a “competitively neutral and nondiscriminatory basis.”

8 433 F.3d at 1255. Other courts have concluded that the text of the statute suggests the narrower
9 interpretation. Cablevision of Boston, Inc. v. Public Improvement Commission of the City of
10 Boston, 184 F.3d 88, 101 (1st Cir. 1999) (“In context, the emphasized language can only modify the
11 immediately preceding phrase, ‘to require fair and reasonable compensation from
12 telecommunications providers.’”); Cox Communications PCS, L.P. v. City of San Marcos, 204 F.
13 Supp. 2d 1260, 1269 n.2 (S.D. Cal. 2002) (“The provision ‘for use of public rights-of-way on a
14 nondiscriminatory basis,’ clearly only modifies ‘requir[ing] fair and reasonable compensation.’”).
15 The Cablevision of Boston court ultimately concluded, however, that a narrow reading of the
16 nondiscrimination clause was difficult to reconcile with the deregulatory purpose of the statute, as
17 “discriminatory or competitively slanted management of the public rights of way could interfere
18 with open competition among telecommunications providers just as easily as discriminatory or
19 competitively slanted compensation schemes.” Cablevision of Boston, 184 F.3d at 102.

20 The court finds that both the statutory text and the statute’s purpose favor the broader
21 reading. Although the final two clauses of the statute are awkwardly placed—a fact which the
22 Cablevision of Boston court found to be dispositive—the placement of the comma between the
23 phrases “to manage the public rights-of-way or to require fair and reasonable compensation from
24 telecommunications providers” and “on a competitively neutral and nondiscriminatory basis” rather
25 than between “to manage the public rights-of-way” and “or to require fair and reasonable
26 compensation from telecommunications providers” strongly suggests that both management and fees
27 must be nondiscriminatory. Moreover, the court agree’s with the Cablevision of Boston court’s
28 conclusion as to the purpose of the statute. The power to “manage,” as interpreted by the City,

1 includes the power to exclude certain service providers altogether. Exclusion has a greater effect on
2 competition than the assessment of a discriminatory fee. The City's proposed construction is thus
3 not plausible.

4 Having concluded that the safe harbor requires nondiscriminatory management, the question
5 remains whether the City's distinction between limited and full facilities-based providers is justified.
6 The CPUC's recent ruling ends the inquiry, at least with respect to NextG; NextG has as much
7 authority to install its RF antennas on existing utility poles as a full facilities-based provider
8 because, according to the CPUC, the antennas are not new facilities. See 2006 Cal. PUC LEXIS 19,
9 at *12-*13. The distinction between limited and full facilities-based providers does not justify
10 different treatment in this case.

11 The City's major encroachment permit process is therefore not saved by section 253(c).

12
13 C. Section 253(b) Safe Harbor

14 Finally, the City argues that its regulation is saved by section 253(b). Section 253(b)
15 provides that

16 [n]othing in this section shall affect the ability of a State to impose, on a
17 competitively neutral basis and consistent with section 254 of this title, requirements
18 necessary to preserve and advance universal service, protect the public safety and
welfare, ensure the continued quality of telecommunications services, and safeguard
the rights of consumers.

19 The City argues that the State of California has delegated its authority to protect the public safety
20 and welfare to municipalities. See City of San Marcos, 204 F. Supp. 2d at 1268. Thus, according to
21 the City, its requirement for a major encroachment permit is in effect a state regulation.

22 Without passing on the legal merits of the City's argument, the court finds that the regulation
23 is not saved by section 253(b). The City has offered no coherent explanation as to which of its
24 permitting requirements furthers the public safety and welfare. In particular, the court cannot
25 conceive of how the City's retention of complete discretion to deny a permit altogether could fall
26 under section 253(b). See id. at 1268-69 (finding that only those portions of the regulation
27 necessary to safeguard the public health and welfare were saved under section 253(b)).
28

1 The court therefore finds that the City's regulation is preempted by section 253(a) and is not
2 saved by section 253(b) or section 253(c).

3 The court acknowledges the City's concern that absent regulation, wireless antennas will
4 proliferate without regard for public convenience, the negative views of residents, or aesthetic
5 guidelines. The City is not foreclosed from regulating wireless carriers through neutral, explicit
6 conditions for access which permit carriers to install their antennas and are limited to what is
7 necessary to promote effective management of the City's rights-of-way. The current regulatory
8 scheme is too broad in scope, vague in its details, and draconian in its effect to pass muster.

9
10 II. Preemption Under State Law

11 As the court has concluded that the City's regulation is preempted by section 253, it need not
12 consider whether it is also preempted by California law.

13
14 III. Claims for Declaratory Relief and a Writ of Mandamus

15 NextG's fourth and fifth claims for relief seek a declaration that NextG is entitled to access
16 the City's rights-of-way for installation of its telecommunications network, as well as an injunction
17 requiring the City to grant NextG that access. The city does not oppose NextG's fourth and fifth
18 claims, other than disputing the merits of NextG's arguments in favor of access. As the court has
19 granted NextG's motion with respect to its first claim for relief, NextG's motion with respect to its
20 fourth and fifth claims is also granted.

1 CONCLUSION

2 For the foregoing reasons, the court hereby GRANTS NextG's motion for summary
3 adjudication with respect to its first, fourth, and fifth claims for relief. In view of the nature of the
4 relief sought, NextG is instructed to submit a proposed form of judgment with copy to opposing
5 counsel within ten (10) days of this order.

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8 IT IS SO ORDERED.

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11 Dated: June 2, 2006



MARILYN HALL PATEL
District Judge
United States District Court
Northern District of California

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ENDNOTES

1. Unless otherwise noted, background facts are either undisputed or are taken from the declarations accompanying defendants’ opposition to plaintiff’s motion.

2. The City’s continued insistence that NextG should not be allowed to install its antennas on existing utility poles is not well taken in light of the clear ruling of the CPUC. In requesting that this action be stayed pending the ruling by the CPUC, the City represented that

[t]he City will show in this motion that the Court should not decide NextG’s claims until the PUC has had opportunity to consider and decide the issues raised in the City’s complaint because the PUC has primary jurisdiction over those matters. Once the issues before the PUC related to the extent of NextG’s authority are decided, this Court can rely on that determination to decide whether the City violated federal or state law by denying NextG access to the public rights-of-way.

Defs.’ Motion to Dismiss / Stay at 2–3. Now that the CPUC has ruled against the City on each of the City’s arguments, the City vigorously asserts that we should not “rely on that determination” in resolving any of plaintiff’s claims. Although the court rules in favor of NextG on other grounds, the City’s argument that this court should rely on the determination of the CPUC—an argument which this court accepted in granting the City’s motion to stay—arguably serves as a waiver of the City’s right to challenge the CPUC’s conclusions with respect to NextG’s authority before this court.

UNITED STATES DISTRICT COURT
For the Northern District of California