

Introduced by Senator CoxFebruary 4, 2008

An act to add and repeal Section 275.5 of the Public Utilities Code, relating to telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

SB 1144, as introduced, Cox. Telecommunications: universal service: California High-Cost Fund-A program.

The existing federal Telecommunications Act of 1996 establishes a program for the regulation of telecommunications to attain the goal of local competition, while implementing specific, predictable, and sufficient federal and state mechanisms to preserve and advance universal service, consistent with certain universal service principles. The universal service principles include the principle that consumers in all regions of the nation, including low-income consumers and those in rural, insular, and high-cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations. Existing law authorizes the commission to fix just and reasonable rates and charges for public utilities. Existing law establishes the California High-Cost Fund-A Administrative Committee Fund (CHCF-A Fund), the California High-Cost Fund-B Administrative Committee Fund, the Universal Lifeline Telephone Service Trust Administrative Committee Fund, the Deaf and Disabled Telecommunications Program

Administrative Committee Fund, the Payphone Service Providers Committee Fund, and the California Teleconnect Fund Administrative Committee Fund in the State Treasury, and requires that moneys in the funds are the proceeds of rates and are held in trust for the benefit of ratepayers and to compensate telephone corporations for their costs of providing universal service and may be expended only to accomplish specified telecommunications universal service programs, upon appropriation in the annual Budget Act or upon supplemental appropriation. Existing law, until January 1, 2009, requires the commission to develop, implement, and maintain a program to establish a fair and equitable local rate structure, aided by universal service rate support, to small independent telephone corporations serving rural and small metropolitan areas for the purpose of promoting the goals of universal telephone service and to reduce any disparity in the rates charged by those companies (CHCF-A program).

This bill would recast the CHCF-A program provisions in the Public Utilities Code adjacent to the CHCF-A Fund provisions and would require the commission to develop, implement, and maintain the CHCF-A program until January 1, 2013.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 275.5 is added to the Public Utilities
2 Code, to read:
3 275.5. (a) The commission shall develop, implement, and
4 maintain a suitable program to establish a fair and equitable local
5 rate structure aided by universal service rate support to small
6 independent telephone corporations serving rural and small
7 metropolitan areas. The purpose of the program shall be to promote
8 the goals of universal telephone service and to reduce any disparity
9 in the rates charged by those companies.
10 (b) For purposes of this section, “small independent telephone
11 corporations” means those independent telephone corporations
12 serving rural areas, as determined by the commission.
13 (c) The commission shall structure the programs required by
14 this section so that any charge imposed to promote the goals of
15 universal service reasonably equals the value of the benefits of
16 universal service to contributing entities and their subscribers.

1 (d) This section shall remain in effect until January 1, 2013, and
2 as of that date is repealed, unless a later enacted statute that
3 becomes effective on or before January 1, 2013, deletes or extends
4 that date.

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