

ASSEMBLY BILL

No. 1299

Introduced by Assembly Member Bradford

February 22, 2013

An act to amend Section 281 of the Public Utilities Code, relating to telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

AB 1299, as introduced, Bradford. Telecommunications: universal service programs: California Advanced Services Fund.

Existing law, the federal Telecommunications Act of 1996, establishes a program of cooperative federalism 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. The act authorizes each state to adopt regulations to provide for additional definitions and standards to preserve and advance universal service within the state, only to the extent that they adopt additional specific, predictable, and sufficient mechanisms that do not rely on or burden federal universal service support mechanisms.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations, as defined. Existing law establishes the California Advanced Services Fund (CASF) in the State Treasury and requires that moneys in those 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 requires the commission to develop, implement, and administer the CASF to encourage deployment of high-quality advanced communications services to all Californians that will promote economic growth, job creation, and substantial social benefits of advanced information and communications technologies, as provided in specified decisions of the commission and in the CASF statute.

Existing law requires that \$100,000,000, collected by a surcharge authorized by the commission, after January 1, 2011, is to be deposited into the Broadband Infrastructure Account. Existing law authorizes the commission to collect an additional sum not to exceed \$125,000,000, after January 1, 2011, for a sum total of moneys collected through the surcharge not to exceed \$225,000,000. Existing law authorizes the commission to collect the additional sum through the 2015 calendar year.

This bill would require the commission to develop, implement, and administer the CASF to encourage deployment and adoption of high-quality advanced communication services to Californians who reside in publicly supported housing communities in urban regions without assessing a new surcharge or increasing an existing surcharge.

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 281 of the Public Utilities Code is
- 2 amended to read:
- 3 281. (a) The commission shall develop, implement, and
- 4 administer the California Advanced Services Fund to encourage
- 5 deployment of high-quality advanced communications services to
- 6 all Californians that will promote economic growth, job creation,

1 and the substantial social benefits of advanced information and
2 communications technologies, as provided in Decision 07-12-054
3 and Decision 09-07-020 and this section. *Without assessing a new*
4 *surcharge or increasing an existing surcharge, the commission*
5 *shall also develop, implement, and administer the California*
6 *Advanced Services Fund to encourage deployment and adoption*
7 *of high-quality advanced communications services to Californians*
8 *who reside in publicly supported housing communities in urban*
9 *regions.* The commission shall establish the following accounts
10 within the fund:

11 (1) The Broadband Infrastructure Grant Account.

12 (2) The Rural and Urban Regional Broadband Consortia Grant
13 Account.

14 (3) The Broadband Infrastructure Revolving Loan Account.

15 (b) (1) All moneys collected by the surcharge authorized by
16 the commission pursuant to Decision 07-12-054, whether collected
17 before or after January 1, 2009, shall be transmitted to the
18 commission pursuant to a schedule established by the commission.
19 The commission shall transfer the moneys received to the
20 Controller for deposit in the California Advanced Services Fund.
21 Moneys collected after January 1, 2011, shall be deposited in the
22 following amounts in the following accounts:

23 (A) One hundred million dollars (\$100,000,000) into the
24 Broadband Infrastructure Grant Account.

25 (B) Ten million dollars (\$10,000,000) into the Rural and Urban
26 Regional Broadband Consortia Grant Account.

27 (C) Fifteen million dollars (\$15,000,000) into the Broadband
28 Infrastructure Revolving Loan Account.

29 (2) All interest earned on moneys in the fund shall be deposited
30 in the fund.

31 (3) The commission shall not collect moneys, by imposing the
32 surcharge described in paragraph (1) for deposit in the fund, in an
33 amount that exceeds one hundred million dollars (\$100,000,000)
34 before January 1, 2011. After January 1, 2011, the commission
35 may collect an additional sum not to exceed one hundred
36 twenty-five million dollars (\$125,000,000), for a sum total of
37 moneys collected by imposing the surcharge described in paragraph
38 (1) not to exceed two hundred twenty-five million dollars
39 (\$225,000,000). The commission may collect the additional sum
40 beginning with the calendar year starting on January 1, 2011, and

1 continuing through the 2015 calendar year, in an amount not to
2 exceed twenty-five million dollars (\$25,000,000) per year, unless
3 the commission determines that collecting a higher amount in any
4 year will not result in an increase in the total amount of all
5 surcharges collected from telephone customers that year.

6 (c) (1) All moneys in the California Advanced Services Fund
7 shall be available, upon appropriation by the Legislature, to the
8 commission for the program administered by the commission
9 pursuant to this section, including the costs incurred by the
10 commission in developing, implementing, and administering the
11 program and the fund.

12 (2) Notwithstanding any other law and for the sole purpose of
13 providing matching funds pursuant to the federal American
14 Recovery and Reinvestment Act of 2009 (Public Law 111-5), any
15 entity eligible for funding pursuant to that act shall be eligible to
16 apply to participate in the program administered by the commission
17 pursuant to this section, if that entity otherwise satisfies the
18 eligibility requirements under that program. Nothing in this section
19 shall impede the ability of an incumbent local exchange carrier,
20 as defined by subsection (h) of Section 251 of Title 47 of the
21 United States Code, that is regulated under a rate of return
22 regulatory structure, to recover, in rate base, California
23 infrastructure investment not provided through federal or state
24 grant funds for facilities that provide broadband service and
25 California intrastate voice service.

26 (d) Moneys in the Rural and Urban Regional Broadband
27 Consortia Grant Account shall be available for grants to eligible
28 consortia to fund the cost of broadband deployment activities other
29 than the capital cost of facilities, as specified by the commission.
30 An eligible consortium may include, as specified by the
31 commission, representatives of organizations, including, but not
32 limited to, local and regional government, public safety, K-12
33 education, health care, libraries, higher education,
34 community-based organizations, tourism, parks and recreation,
35 agricultural, and business, and is not required to have as its lead
36 fiscal agent an entity with a certificate of public convenience and
37 necessity.

38 (e) Moneys in the Broadband Infrastructure Revolving Loan
39 Account shall be available to finance capital costs of broadband
40 facilities not funded by a grant from the Broadband Infrastructure

1 Grant Account. The commission shall periodically set interest rates
2 on the loans based on surveys of existing financial markets.

3 (f) (1) The commission shall conduct an interim and final
4 financial audit and an interim and final performance audit of the
5 implementation and effectiveness of the California Advanced
6 Services Fund to ensure that funds have been expended in
7 accordance with the approved terms of the grant awards and loan
8 agreements and this section. The commission shall report its interim
9 findings to the Legislature by April 1, 2011. The commission shall
10 report its final findings to the Legislature by April 1, 2017. The
11 reports shall also include an update to the maps in the final report
12 of the California Broadband Task Force and data on the types and
13 numbers of jobs created as a result of the program administered
14 by the commission pursuant to this section.

15 (2) (A) The requirement for submitting a report imposed under
16 paragraph (1) is inoperative on January 1, 2018, pursuant to Section
17 10231.5 of the Government Code.

18 (B) A report to be submitted pursuant to paragraph (1) shall be
19 submitted in compliance with Section 9795 of the Government
20 Code.

21 (g) (1) Beginning on January 1, 2012, and annually thereafter,
22 the commission shall provide a report to the Legislature that
23 includes all of the following information:

24 (A) The amount of funds expended from the California
25 Advanced Services Fund in the prior year.

26 (B) The recipients of funds expended from the California
27 Advanced Services Fund in the prior year.

28 (C) The geographic regions of the state affected by funds
29 expended from the California Advanced Services Fund in the prior
30 year.

31 (D) The expected benefits to be derived from the funds expended
32 from the California Advanced Services Fund in the prior year.

33 (E) Actual broadband adoption levels from the funds expended
34 from the California Advanced Services Fund in the prior year.

35 (F) The amount of funds expended from the California
36 Advanced Services Fund used to match federal funds.

37 (G) An update on the expenditures from California Advanced
38 Services Fund and broadband adoption levels, and an accounting
39 of remaining unserved and underserved areas of the state.

1 (2) (A) The requirement for submitting a report imposed under
2 paragraph (1) is inoperative on January 1, 2016, pursuant to Section
3 10231.5 of the Government Code.

4 (B) A report to be submitted pursuant to paragraph (1) shall be
5 submitted in compliance with Section 9795 of the Government
6 Code.

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