

AMENDED IN SENATE JUNE 10, 2013

AMENDED IN ASSEMBLY APRIL 16, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1407

Introduced by ~~Committee on Utilities and Commerce (Bradford (Chair), Bonilla, Fong, Garcia, Quirk, Rendon, Skinner, and Williams)~~ Assembly Member Bradford

March 13, 2013

An act to amend ~~Section 380 of Sections 871.5 and 873 of, to repeal Sections 871.7, 878, 879, 879.5, 880, 882, and 883 of, and to repeal and add Sections 872, 874, 875, 876, and 877 of, the Public Utilities Code, relating to public utilities communications.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1407, as amended, ~~Committee on Utilities and Commerce Bradford~~. Public utilities: resource adequacy requirement. voice communications service: lifeline program.

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. Under the act, universal service is an evolving level of telecommunications services that the Federal Communications Commission is required to establish periodically, taking into account advances in telecommunications and information technologies and services. Pursuant to the act, the Federal

Communications Commission has established and revised a lifeline program that is available for qualifying low-income consumers.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations. The Moore Universal Telephone Service Act establishes the Universal Lifeline Telephone Service program in order to provide low-income households with access to affordable basic residential telephone service. Existing law establishes the Universal Lifeline Telephone Service Trust Administrative Committee Fund in the State Treasury.

This bill would recast the Moore Universal Telephone Service Act so that it would provide a household, as defined, having an eligible customer, as defined, with high-quality voice communications service at affordable rates. The bill would state the intent of the Legislature to ensure that California residents have access to technologies and services and to promote technological neutrality by giving lifeline customers the ability to choose the communications provider and service that best meet their unique needs, while encouraging providers to participate in the lifeline program.

The Moore Universal Telephone Service Act requires the Public Utilities Commission to annually designate a class of lifeline service necessary to meet minimum residential, as defined, communications needs, to set the rates and charges for that service, to develop eligibility criteria for that service, and to assess the degree of achievement of universal service, including telephone penetration rates by income, ethnicity, and geography.

The bill would instead require the Public Utilities Commission to annually develop eligibility criteria for customers to participate in the program, assess the penetration rates for lifeline service by income, ethnicity, and geography, and to prepare and submit a report to the Legislature on the fiscal status of the lifeline program that includes a statement of the lifeline program surcharge level and revenues produced by the surcharge, the size of the Universal Lifeline Telephone Service Trust Administrative Committee Fund, the reason for a decline or increase in the size of the fund, if applicable, an accounting of program expenses, and an evaluation of options for controlling those expenses and increasing program efficiency.

The Moore Universal Telephone Service Act requires that the Universal Lifeline Telephone Service rates be set at no more than 50% of either the basic rate for measured residential telephone service or the basic flat residential telephone rate service, as applicable, exclusive

of federally mandated end user access charges that are available to the residential subscriber. Existing law requires that the lifeline telephone service installation or connection charge, or both, be not more than 50% of the charge for basic residential service installation or connection.

The bill would repeal these requirements and instead require that through and including December 31, 2014, the nonrecurring service charge for commencing voice service for a single voice connection for a lifeline customer be no greater than \$10. Until and including December 31, 2014, the lifeline provider would be eligible for reimbursement from the fund for the difference between the nonrecurring charge paid by a lifeline subscriber and the nonrecurring charge the lifeline provider charges for identical services in the ordinary course of business to subscribers that are not eligible customers, subject to the limitation that the reimbursement can be no more than \$40 per connection. Beginning January 1, 2015, the Public Utilities Commission would be authorized to annually increase the nonrecurring service charge incurred by eligible customers, and the lifeline provider connection reimbursement, by an amount in proportion to the increase, if any, to the Consumer Price Index for All Urban Consumers (CPI-U). The bill would require that every eligible customer be given a discount of \$11.85 per month, in addition to any federally supported lifeline discount provided to customers of an eligible telecommunications carrier, and would, beginning January 1, 2015, authorize the commission to annually adjust the support amount in proportion to the increase, if any, in the CPI-U. The bill would provide that an eligible customer is not entitled to any combined monthly federal and state lifeline support in excess of the customer's monthly rate. The bill would require that state lifeline support be provided only after federal lifeline support, if any, is received by an eligible customer.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because the provisions of this bill would be a part of the act and would require action by the Public Utilities Commission to implement its requirements, and because the bill would expand the class of lifeline providers, the bill would impose a state-mandated local program by expanding the scope of a crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state.

Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

~~Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Existing law requires the commission, in consultation with the Independent System Operator to establish resource adequacy requirements for all load-serving entities to achieve specified objectives.~~

~~This bill would additionally require the Public Utilities Commission to consult with the State Energy Resources Conservation and Development Commission to establish the resource adequacy requirements.~~

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

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

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) Technological advances in Internet and mobile
4 communications have resulted in a variety of new voice
5 communications offerings beyond traditional wireline telephone
6 service, such as mobile telephony service, commonly known as
7 cellular telephone service, and Voice over Internet Protocol
8 service.

9 (b) California consumers are increasingly choosing these new
10 voice communications services, while conversely, traditional
11 telephone subscriptions are decreasing.

12 (c) The Moore Universal Telephone Service Act should be
13 modernized in order to maintain the vitality of its original policy
14 goals by acknowledging that technologies, services, and business
15 models other than traditional telephone service can be used to
16 offer low-income citizens access to affordable, reliable, and
17 high-quality communications service.

18 (d) In enacting this act, it is the intent of the Legislature to
19 ensure that California residents have access to technologies and
20 services and to promote technological neutrality by giving lifeline
21 customers the ability to choose the voice communications service
22 provider and service that best meets their unique needs, while

1 *encouraging mobile telephony service and other nontraditional*
2 *providers to participate in the lifeline program.*

3 *SEC. 2. Section 871.5 of the Public Utilities Code is amended*
4 *to read:*

5 871.5. The Legislature finds and declares all of the following:

6 (a) The offering of high-quality ~~basic telephone~~ *voice*
7 *communications* service at affordable rates to the greatest number
8 of citizens has been a longstanding goal of the state.

9 (b) The Moore Universal Telephone Service Act ~~has been, and~~
10 ~~continues to be,~~ *is* an important means for achieving universal
11 service by making ~~basic telephone~~ *voice communications* service
12 affordable to low-income households through the ~~creation of a~~
13 ~~lifeline class of service~~ *program.*

14 (c) *The Federal Communications Commission has recently*
15 *reformed and modernized the federal universal service fund's*
16 *lifeline program by, among other things, adopting a technology*
17 *neutral approach to lifeline.*

18 ~~(e)~~

19 (d) Every means should be employed by the ~~commission and~~
20 ~~telephone corporations~~ to ensure that every household qualified
21 to receive lifeline ~~telephone service~~ *support* is informed of and is
22 afforded the opportunity to ~~subscribe to that service~~ *obtain that*
23 *support. Nothing in this section effects an eligible*
24 *telecommunications carrier's obligations to advertise the*
25 *availability of its offerings and charges for those offerings using*
26 *media of general distribution under Section 54.201(d)(2) of Title*
27 *47 of the Code of Federal Regulations. The commission shall not*
28 *impose any additional advertising obligations on lifeline providers.*

29 ~~(d)~~

30 (e) The furnishing of lifeline ~~telephone service~~ *support* is in the
31 public interest and should be supported fairly and equitably by
32 every telephone corporation, and the *interest.* The commission, in
33 administering the lifeline ~~telephone service~~ program, should
34 implement the program in a way that is equitable,
35 nondiscriminatory, and without competitive consequences for the
36 telecommunications industry in California.

37 *SEC. 3. Section 871.7 of the Public Utilities Code is repealed.*

38 ~~871.7. The Legislature finds and declares all of the following:~~

39 ~~(a) The Moore Universal Telephone Service Act, enacted in~~
40 ~~1987, was intended to offer high quality basic telephone service~~

1 at affordable rates to the greatest number of California residents,
2 and has become an important means of achieving universal service
3 by making residential service affordable to low-income citizens
4 through the creation of a lifeline class of service.

5 (b) Factors such as competition and technological innovation
6 are resulting in the convergence of a variety of telecommunications
7 technologies offering an expanded range of telecommunications
8 services to users that incorporate voice, video, and data. These
9 technologies have differing regulatory regimes and jurisdictions.

10 (c) It is the intent of the Legislature that the commission initiate
11 a proceeding investigating the feasibility of redefining universal
12 telephone service by incorporating two-way voice, video, and data
13 service as components of basic service. It is the Legislature's
14 further intent that, to the extent that the incorporation is feasible,
15 that it promote equity of access to high-speed communications
16 networks, the Internet, and other services to the extent that those
17 services provide social benefits that include all of the following:

18 (1) Improving the quality of life among the residents of
19 California.

20 (2) Expanding access to public and private resources for
21 education, training, and commerce.

22 (3) Increasing access to public resources enhancing public health
23 and safety.

24 (4) Assisting in bridging the "digital divide" through expanded
25 access to new technologies by low-income, disabled, or otherwise
26 disadvantaged Californians.

27 (5) Shifting traffic patterns by enabling telecommuting, thereby
28 helping to improve air quality in all areas of the state and mitigating
29 the need for highway expansion.

30 (d) For purposes of this section, the term "feasibility" means
31 consistency with all of the following:

32 (1) Technological and competitive neutrality.

33 (2) Equitable distribution of the funding burden for redefined
34 universal service as described in subdivision (c), among all affected
35 consumers and industries, thereby ensuring that regulated utilities'
36 ratepayers do not bear a disproportionate share of funding
37 responsibility.

38 (3) Benefits that justify the costs.

39 *SEC. 4. Section 872 of the Public Utilities Code is repealed.*

1 ~~872. As used in this article, “household” means a residential~~
2 ~~dwelling that is the principal place of residence of the lifeline~~
3 ~~telephone service subscriber, and excludes any industrial,~~
4 ~~commercial, or other nonresidential building.~~

5 *SEC. 5. Section 872 is added to the Public Utilities Code, to*
6 *read:*

7 *872. As used in this article, the following terms have the*
8 *following meanings:*

9 *(a) “Eligible customer” means any person who has, after*
10 *providing adequate supporting documentation, been determined*
11 *to be eligible to receive lifeline support by a third-party lifeline*
12 *administrator. A lifeline provider shall not be obligated to provide,*
13 *nor shall any person be entitled to receive, any lifeline support*
14 *until that person has been determined to be an eligible customer*
15 *by a third-party lifeline administrator. A customer applying to*
16 *become an eligible customer shall not be required to first establish*
17 *service as a condition for lifeline eligibility.*

18 *(b) “Household” means any individual or group of individuals*
19 *who are living together at the same address as one economic unit.*
20 *A household may include related and unrelated persons. An*
21 *“economic unit” consists of all adult individuals contributing to*
22 *and sharing in the income and expenses of a household. An adult*
23 *is any person 18 years of age or older. If an adult has no or*
24 *minimal income, and lives with someone who provides financial*
25 *support to him or her, both people shall be considered part of the*
26 *same household. Children under 18 years of age living with their*
27 *parents or guardians are considered to be part of the same*
28 *household as their parents or guardians.*

29 *(c) (1) “Lifeline provider” means any telephone corporation*
30 *or alternative provider that meets all of the following requirements:*

31 *(A) Provides voice communications services that are eligible*
32 *for federal universal service support pursuant to Section 54.101*
33 *(a) of Title 47 of the Code of Federal Regulations.*

34 *(B) Collects and remits surcharges for the lifeline program.*

35 *(C) Voluntarily chooses to participate in the lifeline program*
36 *or is otherwise mandated to offer basic service as of January 1,*
37 *2013.*

38 *(D) Agrees to comply with, and be held liable for any violations*
39 *of, this article and any commission rules implementing this article,*
40 *as enforced by the commission.*

1 (2) Any “lifeline provider,” including a local exchange carrier,
 2 may use any technology, or multiple technologies, within the
 3 provider’s service territory.

4 SEC. 6. Section 873 of the Public Utilities Code is amended
 5 to read:

6 873. ~~(a)-(1)~~The commission shall annually do all of the
 7 following:

8 ~~(A) Designate a class of lifeline service necessary to meet~~
 9 ~~minimum communications needs.~~

10 ~~(B) Set the rates and charges for that service.~~

11 ~~(C)~~

12 (a) Develop eligibility criteria for ~~that service~~ eligible customers
 13 to participate in the lifeline program. The commission shall not
 14 increase lifeline income limits from those in effect on January 1,
 15 2013, except for an annual adjustment to reflect inflation based
 16 on changes to the United States Consumer Price Index for All
 17 Urban Consumers (CPI-U).

18 ~~(D)~~

19 (b) Assess the ~~degree of achievement of universal service,~~
 20 ~~including telephone~~ penetration rates for the lifeline program by
 21 income, ethnicity, and geography. This information shall be
 22 annually reported to the Legislature by the commission in a
 23 document that can be made public.

24 ~~(2) This information shall be annually reported to the Legislature~~
 25 ~~by the commission in a document which can be made public.~~

26 (c) Notwithstanding Section 10231.5 of the Government Code,
 27 not later than March 31 of each year, prepare and submit a report
 28 to the Legislature on the fiscal status of the lifeline program. The
 29 report shall be submitted in compliance with Section 9795 of the
 30 Government Code. The report shall include a statement of the
 31 lifeline program surcharge level and revenues produced by the
 32 surcharge, the size of the Universal Lifeline Telephone Service
 33 Trust Administrative Committee Fund, the reason for a decline or
 34 increase in the size of the fund, if applicable, an accounting of
 35 program expenses, and an evaluation of options for controlling
 36 those expenses and increasing program efficiency.

37 SEC. 7. Section 874 of the Public Utilities Code is repealed.

38 874. ~~The lifeline telephone service rates and charges shall be~~
 39 ~~as follows:~~

1 ~~(a) In a residential subscriber's service area where measured~~
2 ~~service is not available, the lifeline telephone service rates shall~~
3 ~~not be more than 50 percent of the rates for basic flat rate service,~~
4 ~~exclusive of federally mandated end user access charges, available~~
5 ~~to the residential subscriber.~~

6 ~~(b) In a residential subscriber's service area where measured~~
7 ~~service is available, the subscriber may elect either of the~~
8 ~~following:~~

9 ~~(1) A lifeline telephone service measured rate of not more than~~
10 ~~50 percent of the basic rate for measured service, exclusive of~~
11 ~~federally mandated end user access charges, available to the~~
12 ~~residential subscriber.~~

13 ~~(2) A lifeline flat rate of not more than 50 percent of the rates~~
14 ~~for basic flat rate service, exclusive of federally mandated end user~~
15 ~~access charges, available to the residential subscriber.~~

16 ~~(c) The lifeline telephone service installation or connection~~
17 ~~charge, or both, shall not be more than 50 percent of the charge~~
18 ~~for basic residential service installation or connection, or both.~~
19 ~~The commission may limit the number of installation and~~
20 ~~connection charges, or both, that may be incurred at the reduced~~
21 ~~rate in any given period.~~

22 ~~(d) There shall be no charge to the residential customer who~~
23 ~~has filed a valid eligibility statement for changing out of lifeline~~
24 ~~service.~~

25 ~~(e) The commission shall assess whether there is a problem with~~
26 ~~customers who fraudulently obtain lifeline telephone service. If~~
27 ~~the commission determines that there is a problem, it shall~~
28 ~~recommend and promulgate appropriate solutions. This assessment~~
29 ~~and the solutions determined by the commission shall not, in and~~
30 ~~of themselves, change the procedures developed pursuant to~~
31 ~~Section 876.~~

32 *SEC. 8. Section 874 is added to the Public Utilities Code, to*
33 *read:*

34 *874. (a) Until and including December 31, 2014, the*
35 *nonrecurring service charge for commencing voice service for a*
36 *single voice connection for a lifeline customer shall be no more*
37 *than ten dollars (\$10). Until and including December 31, 2014, a*
38 *lifeline provider shall be eligible for reimbursement from the*
39 *Universal Lifeline Telephone Service Trust Administrative*
40 *Committee Fund for the difference between the nonrecurring*

1 charge paid by a lifeline subscriber and the nonrecurring charge
2 the lifeline provider charges for identical service in the ordinary
3 course of business to subscribers that are not eligible customers,
4 subject to the limitation that the reimbursement to the lifeline
5 provider shall be no more than forty dollars (\$40) per connection.

6 (b) Beginning January 1, 2015, the commission may annually
7 increase the nonrecurring service charge incurred by eligible
8 customers by an amount in proportion to the increase, if any, to
9 the Consumer Price Index for All Urban Consumers (CPI-U). If
10 the commission exercises this authority, then it also shall increase
11 the lifeline provider connection reimbursement by a proportionate
12 amount.

13 SEC. 9. Section 875 of the Public Utilities Code is repealed.

14 ~~875. (a) In addition to Section 874, every lifeline telephone~~
15 ~~service subscriber shall be given an allowance, reduced by the~~
16 ~~amount of any credit or allowance authorized by the Federal~~
17 ~~Communications Commission, equal to the then current or~~
18 ~~announced federally mandated residential end user access charges.~~

19 ~~(b) The commission may, in a separate proceeding, establish~~
20 ~~procedures necessary to ensure that the lifeline telephone service~~
21 ~~program qualifies for any federal funds available for the support~~
22 ~~of those programs.~~

23 SEC. 10. Section 875 is added to the Public Utilities Code, to
24 read:

25 875. (a) Except as provided in subdivision (b), every eligible
26 customer shall be given a discount of eleven dollars and eighty-five
27 cents (\$11.85) per month, in addition to any federally supported
28 lifeline discount provided to customers of an eligible
29 telecommunications carrier. Beginning January 1, 2015, the
30 commission may annually adjust the support amount in proportion
31 to the increase, if any, in the Consumer Price Index for All Urban
32 Consumers (CPI-U).

33 (b) An eligible customer shall not be entitled to any combined
34 monthly federal and state lifeline support in excess of the eligible
35 customer's monthly rate. State lifeline support shall be provided
36 only after federal lifeline support, if any, is received by an eligible
37 customer. Lifeline providers shall be eligible for reimbursement
38 from the Universal Lifeline Telephone Service Trust Administrative
39 Committee Fund in an amount not to exceed the amount of state
40 lifeline support that is actually received by an eligible customer.

1 (c) To the extent necessary to support the lifeline program, the
2 commission may assess a lifeline surcharge in an amount not to
3 exceed 3.3 percent of the subscriber's charges for intrastate
4 telephone communications services or interconnected Voice over
5 Internet Protocol (VoIP) service. The methodology for applying
6 the lifeline surcharge to interconnected VoIP service shall be that
7 set forth in subdivision (e) of Section 285.

8 SEC. 11. Section 876 of the Public Utilities Code is repealed.

9 ~~876. The commission shall require every telephone corporation
10 providing telephone service within a service area to file a schedule
11 of rates and charges providing a class of lifeline telephone service.
12 Every telephone corporation providing service within a service
13 area shall inform all eligible subscribers of the availability of
14 lifeline telephone service, and how they may qualify for and obtain
15 service, and shall accept applications for lifeline telephone service
16 according to procedures specified by the commission.~~

17 SEC. 12. Section 876 is added to the Public Utilities Code, to
18 read:

19 876. (a) The commission shall, upon a request of a provider,
20 designate as lifeline providers a telephone corporation or
21 alternative provider that meets the requirements of subdivision (c)
22 of Section 872. The commission shall, upon a request of a provider,
23 designate the lifeline provider as an eligible telecommunications
24 carrier. The commission shall not, as a condition for either
25 designation, impose any obligation that exceeds the obligations
26 imposed on state-designated eligible telecommunications carriers
27 in Subpart E (commencing with Section 54.400) of Part 54 of Title
28 47 of the Code of Federal Regulations.

29 (b) The commission shall require a lifeline provider to offer
30 only the minimum service elements to eligible lifeline customers
31 set forth in Section 54.101 (a) of Title 47 of the Code of Federal
32 Regulations. Lifeline support may be applied to any bundle or
33 package that includes voice service.

34 SEC. 13. Section 877 of the Public Utilities Code is repealed.

35 ~~877. Nothing in this article precludes the commission from
36 changing any rate established pursuant to Section 873, either
37 specifically or pursuant to any general restructuring of all telephone
38 rates, charges, and classifications.~~

39 SEC. 14. Section 877 is added to the Public Utilities Code, to
40 read:

1 877. (a) Lifeline discounts shall be limited to one per
2 household. Nothing in this section effects the ability of a member
3 of a household to obtain an additional lifeline discount if that
4 member is medically certified as deaf or hard of hearing and has
5 continuous access to teletypewriter equipment, or its functional
6 equivalent, pursuant to Section 2881, and has been determined to
7 be an eligible customer by a third-party lifeline administrator.

8 (b) An applicant for lifeline support may report only one address
9 in the state as a principal place of residence.

10 SEC. 15. Section 878 of the Public Utilities Code is repealed.

11 878. A lifeline telephone service subscriber shall be provided
12 with one lifeline subscription, as defined by the commission, at
13 his or her principal place of residence, and no other member of
14 that subscriber's family or household who maintains residence at
15 that place is eligible for lifeline telephone service.

16 An applicant for lifeline telephone service may report only one
17 address in this state as the principal place of residence.

18 SEC. 16. Section 879 of the Public Utilities Code is repealed.

19 879. (a) The commission shall, at least annually, initiate a
20 proceeding to set rates for lifeline telephone service. All telephone
21 corporations providing lifeline telephone service shall annually
22 file, on a date set by the commission, proposed lifeline telephone
23 service rates and a statement of projected revenue needs to meet
24 the funding requirements to provide lifeline telephone service to
25 qualified subscribers, together with proposed funding methods to
26 provide the necessary funding. These funding methods shall include
27 identification of those services whose rates shall be adjusted to
28 provide the necessary funding.

29 (b) The commission shall commence a proceeding within 30
30 days after the date set for the filings required in subdivision (a),
31 giving interested parties an opportunity to comment on the
32 proposed rates and funding requirements and the proposed funding
33 methods. The commission may change the rates, funding
34 requirements, and funding methods proposed by the telephone
35 corporations in any manner necessary, including reasonably
36 spreading the funding among the services offered by the telephone
37 corporations, to meet the public interest. Within 60 days of the
38 annual filing, the commission shall issue an order setting lifeline
39 telephone service rates and funding methods for each telephone
40 corporation making a filing as required in subdivision (a). The

1 commission may establish a lifeline service pool composed of the
2 rate adjustments and surcharges imposed by the commission
3 pursuant to this section for the purpose of funding lifeline telephone
4 service.

5 (e) Any order issued by the commission pursuant to this section
6 shall require telephone corporations providing lifeline telephone
7 service to apply the funding requirement in the form of a surcharge
8 to service rates which may be separately identified on the bills of
9 customers using those services. The commission shall not allow
10 any surcharge under this section on the rates charged by those
11 telephone corporations for lifeline telephone service.

12 (d) The commission shall permit telephone corporations
13 operating between service areas to adjust the rates of any service
14 which may be affected by any surcharge imposed by this section.

15 *SEC. 17. Section 879.5 of the Public Utilities Code is repealed.*

16 879.5. Notwithstanding Section 879, the commission shall
17 issue its initial order adopting required rates and funding
18 requirements not later than October 31, 1987, and prior to the
19 issuance of that order, may fund lifeline telephone service through
20 the use of an interim surcharge on service rates for telephone
21 service provided by telephone corporations operating between
22 service areas. The interim surcharge shall not exceed 4 percent of
23 the service rates.

24 *SEC. 18. Section 880 of the Public Utilities Code is repealed.*

25 880. The commission may determine any question of fact in
26 its administration of this article.

27 *SEC. 19. Section 882 of the Public Utilities Code is repealed.*

28 882. (a) The Public Utilities Commission shall, as soon as
29 practicable, open a proceeding or proceedings to, or as part of
30 existing proceedings shall, consider ways to ensure that advanced
31 telecommunications services are made available as ubiquitously
32 and economically as possible, in a timely fashion, to California's
33 citizens, institutions, and businesses. The proceeding or
34 proceedings should be completed within one year of
35 commencement.

36 (b) The proceeding or proceedings shall develop rules,
37 procedures, orders, or strategies, or all of these, that seek to achieve
38 the following goals:

39 (1) To provide all citizens and businesses with access to the
40 widest possible array of advanced communications services.

1 ~~(2) To provide the state’s educational and health care institutions~~
2 ~~with access to advanced communications services.~~
3 ~~(3) To ensure cost-effective deployment of technology so as to~~
4 ~~protect ratepayers’ interests and the affordability of~~
5 ~~telecommunications services.~~
6 ~~(e) In the proceeding or proceedings, the commission should~~
7 ~~also consider, but need not limit its consideration to, all of the~~
8 ~~following:~~
9 ~~(1) Whether the definition of universal service should be~~
10 ~~broadened.~~
11 ~~(2) How to encourage the timely and economic development~~
12 ~~of an advanced public communications infrastructure, which may~~
13 ~~include a variety of competitive providers.~~
14 ~~SEC. 20. Section 883 of the Public Utilities Code is repealed.~~
15 ~~883. (a) The commission shall, on or before February 1, 2001,~~
16 ~~issue an order initiating an investigation and opening a proceeding~~
17 ~~to examine the current and future definitions of universal service.~~
18 ~~That proceeding shall include public hearings that encourage~~
19 ~~participation by a broad and diverse range of interests from all~~
20 ~~areas of the state, including, but not limited to, all of the following:~~
21 ~~(1) Consumer groups.~~
22 ~~(2) Communication service providers, including all providers~~
23 ~~of high-speed access services.~~
24 ~~(3) Facilities-based telephone providers.~~
25 ~~(4) Information service providers and Internet access providers.~~
26 ~~(5) Rural and urban users.~~
27 ~~(6) Public interest groups.~~
28 ~~(7) Representatives of small and large businesses and industry.~~
29 ~~(8) Local agencies.~~
30 ~~(9) State agencies, including, but not limited to, all of the~~
31 ~~following:~~
32 ~~(A) The Business, Transportation and Housing Agency.~~
33 ~~(B) The State and Consumer Services Agency.~~
34 ~~(C) The State Department of Education.~~
35 ~~(D) The State Department of Health Services.~~
36 ~~(E) The California State Library.~~
37 ~~(10) Colleges and universities.~~
38 ~~(b) The objectives of the proceeding set forth in subdivision (a)~~
39 ~~shall include all of the following:~~

- 1 ~~(1) To investigate the feasibility of redefining universal service~~
2 ~~in light of current trends toward accelerated convergence of voice,~~
3 ~~video, and data, with an emphasis on the role of basic~~
4 ~~telecommunications and Internet services in the workplace, in~~
5 ~~education and workforce training, access to health care, and~~
6 ~~increased public safety.~~
- 7 ~~(2) To evaluate the extent to which technological changes have~~
8 ~~reduced the relevance of existing regulatory regimes given their~~
9 ~~current segmentation based upon technology.~~
- 10 ~~(3) To receive broad-based input from a cross section of~~
11 ~~interested parties and make recommendations on whether video,~~
12 ~~data, and Internet service providers should be incorporated into~~
13 ~~an enhanced Universal Lifeline Service program, as specified,~~
14 ~~including relevant policy recommendations regarding regulatory~~
15 ~~and statutory changes and funding options that are consistent with~~
16 ~~the principles set forth in subdivision (e) of Section 871.7.~~
- 17 ~~(4) To reevaluate prior definitions of basic service in a manner~~
18 ~~that will, to the extent feasible, effectively incorporate the latest~~
19 ~~technologies to provide all California residents with all of the~~
20 ~~following:~~
 - 21 ~~(A) Improved quality of life.~~
 - 22 ~~(B) Expanded access to public and private resources for~~
23 ~~education, training, and commerce.~~
 - 24 ~~(C) Increased access to public resources enhancing public health~~
25 ~~and safety.~~
 - 26 ~~(D) Assistance in bridging the “digital divide” through expanded~~
27 ~~access to new technologies by low income, disabled, or otherwise~~
28 ~~disadvantaged Californians.~~
- 29 ~~(5) To assess projected costs of providing enhanced universal~~
30 ~~lifeline service in accordance with the intent of this article, and to~~
31 ~~delineate the subsidy support needed to maintain the redefined~~
32 ~~scope of universal service in a competitive market.~~
- 33 ~~(6) To design and recommend an equitable and broad-based~~
34 ~~subsidy support mechanism for universal service in competitive~~
35 ~~markets in a manner that conforms with subdivision (e) of Section~~
36 ~~871.7.~~
- 37 ~~(7) To develop a process to periodically review and revise the~~
38 ~~definition of universal service to reflect new technologies and~~
39 ~~markets consistent with subdivision (e) of Section 871.7.~~

1 ~~(8) To consider whether similar regulatory treatment for the~~
2 ~~provision of similar services is appropriate and feasible.~~

3 ~~(e) In conducting its investigation, the commission shall take~~
4 ~~into account the role played by a number of diverse but convergent~~
5 ~~industries and providers, even though many of these entities are~~
6 ~~not subject to economic regulation by the commission or any other~~
7 ~~government entity.~~

8 ~~(d) The recommendations of the commission shall be consistent~~
9 ~~with state policies for telecommunications as set forth in Section~~
10 ~~709, and with all of the following principles:~~

11 ~~(1) Universal service shall, to the extent feasible, be provided~~
12 ~~at affordable prices regardless of linguistic, cultural, ethnic,~~
13 ~~physical, financial, and geographic considerations.~~

14 ~~(2) Consumers shall be provided access to all information~~
15 ~~needed to allow timely and informed choices about~~
16 ~~telecommunications products and services that are part of the~~
17 ~~universal service program and how best to use them.~~

18 ~~(3) Education, health care, community, and government~~
19 ~~institutions shall be positioned as early recipients of new and~~
20 ~~emerging technologies so as to maximize the economic and social~~
21 ~~benefits of these services.~~

22 ~~(e) The commission shall complete its investigation and report~~
23 ~~to the Legislature its findings and recommendations on or before~~
24 ~~January 1, 2002.~~

25 *SEC. 21. By May 1, 2014, the Public Utilities Commission*
26 *shall revise General Order 153 to bring the lifeline program into*
27 *compliance with the changes made by this act. The commission*
28 *shall allow a lifeline provider a reasonable period of time, as*
29 *determined by the commission, to implement the requirements or*
30 *obligations of the Moore Universal Telephone Service Act as*
31 *amended by this act. The commission shall not adopt any*
32 *obligations, rules, or standards that exceed, or otherwise add to,*
33 *those that are expressly required by this act.*

34 *SEC. 22. No reimbursement is required by this act pursuant*
35 *to Section 6 of Article XIII B of the California Constitution because*
36 *the only costs that may be incurred by a local agency or school*
37 *district will be incurred because this act creates a new crime or*
38 *infraction, eliminates a crime or infraction, or changes the penalty*
39 *for a crime or infraction, within the meaning of Section 17556 of*
40 *the Government Code, or changes the definition of a crime within*

1 *the meaning of Section 6 of Article XIII B of the California*
2 *Constitution.*

3 ~~SECTION 1. Section 380 of the Public Utilities Code is~~
4 ~~amended to read:~~

5 ~~380. (a) The commission, in consultation with the Independent~~
6 ~~System Operator and the Energy Commission, shall establish~~
7 ~~resource adequacy requirements for all load-serving entities.~~

8 ~~(b) In establishing resource adequacy requirements, the~~
9 ~~commission shall achieve all of the following objectives:~~

10 ~~(1) Facilitate development of new generating capacity and~~
11 ~~retention of existing generating capacity that is economic and~~
12 ~~needed.~~

13 ~~(2) Allocate equitably the cost of generating capacity and~~
14 ~~prevent the shifting of costs between customer classes.~~

15 ~~(3) Minimize enforcement requirements and costs.~~

16 ~~(4) Maximize the ability of community choice aggregators to~~
17 ~~determine the generation resources used to serve their customers.~~

18 ~~(c) Each load-serving entity shall maintain physical generating~~
19 ~~capacity adequate to meet its load requirements, including, but not~~
20 ~~limited to, peak demand and planning and operating reserves. The~~
21 ~~generating capacity shall be deliverable to locations and at times~~
22 ~~as may be necessary to provide reliable electric service.~~

23 ~~(d) Each load-serving entity shall, at a minimum, meet the most~~
24 ~~recent minimum planning reserve and reliability criteria approved~~
25 ~~by the Board of Trustees of the Western Systems Coordinating~~
26 ~~Council or the Western Electricity Coordinating Council.~~

27 ~~(e) The commission shall implement and enforce the resource~~
28 ~~adequacy requirements established in accordance with this section~~
29 ~~in a nondiscriminatory manner. Each load-serving entity shall be~~
30 ~~subject to the same requirements for resource adequacy and the~~
31 ~~renewables portfolio standard program that are applicable to~~
32 ~~electrical corporations pursuant to this section, or otherwise~~
33 ~~required by law, or by order or decision of the commission. The~~
34 ~~commission shall exercise its enforcement powers to ensure~~
35 ~~compliance by all load-serving entities.~~

36 ~~(f) The commission shall require sufficient information,~~
37 ~~including, but not limited to, anticipated load, actual load, and~~
38 ~~measures undertaken by a load-serving entity to ensure resource~~
39 ~~adequacy, to be reported to enable the commission to determine~~

1 compliance with the resource adequacy requirements established
2 by the commission.

3 ~~(g) An electrical corporation's costs of meeting resource~~
4 ~~adequacy requirements, including, but not limited to, the costs~~
5 ~~associated with system reliability and local area reliability, that~~
6 ~~are determined to be reasonable by the commission, or are~~
7 ~~otherwise recoverable under a procurement plan approved by the~~
8 ~~commission pursuant to Section 454.5, shall be fully recoverable~~
9 ~~from those customers on whose behalf the costs are incurred, as~~
10 ~~determined by the commission, at the time the commitment to~~
11 ~~incur the cost is made, on a fully nonbypassable basis, as~~
12 ~~determined by the commission. The commission shall exclude any~~
13 ~~amounts authorized to be recovered pursuant to Section 366.2~~
14 ~~when authorizing the amount of costs to be recovered from~~
15 ~~customers of a community choice aggregator or from customers~~
16 ~~that purchase electricity through a direct transaction pursuant to~~
17 ~~this subdivision.~~

18 ~~(h) The commission shall determine and authorize the most~~
19 ~~efficient and equitable means for achieving all of the following:~~

20 ~~(1) Meeting the objectives of this section.~~

21 ~~(2) Ensuring that investment is made in new generating capacity.~~

22 ~~(3) Ensuring that existing generating capacity that is economic~~
23 ~~is retained.~~

24 ~~(4) Ensuring that the cost of generating capacity is allocated~~
25 ~~equitably.~~

26 ~~(5) Ensuring that community choice aggregators can determine~~
27 ~~the generation resources used to serve their customers.~~

28 ~~(i) In making the determination pursuant to subdivision (h), the~~
29 ~~commission may consider a centralized resource adequacy~~
30 ~~mechanism among other options.~~

31 ~~(j) For purposes of this section, "load-serving entity" means an~~
32 ~~electrical corporation, electric service provider, or community~~
33 ~~choice aggregator. "Load-serving entity" does not include any of~~
34 ~~the following:~~

35 ~~(1) A local publicly owned electric utility.~~

36 ~~(2) The State Water Resources Development System commonly~~
37 ~~known as the State Water Project.~~

38 ~~(3) Customer generation located on the customer's site or~~
39 ~~providing electric service through arrangements authorized by~~

1 Section 218, if the customer generation, or the load it serves, meets
2 one of the following criteria:

3 (A) It takes standby service from the electrical corporation on
4 a commission-approved rate schedule that provides for adequate
5 backup planning and operating reserves for the standby customer
6 class.

7 (B) It is not physically interconnected to the electric transmission
8 or distribution grid, so that, if the customer generation fails, backup
9 electricity is not supplied from the electricity grid.

10 (C) There is physical assurance that the load served by the
11 customer generation will be curtailed concurrently and
12 commensurately with an outage of the customer generation.

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