

AMENDED IN ASSEMBLY APRIL 2, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1693**

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**Introduced by Assembly Member Perea**

February 13, 2014

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An act to add Section 455.4 to the Public Utilities Code, relating to telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

AB 1693, as amended, Perea. Small independent telephone corporations: rates.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Existing law, with certain exceptions, prohibits a public utility from changing any rate, except upon a showing before the commission and a finding by the commission that the new rate is justified. Existing law requires the commission to exercise its regulatory authority to maintain the California High-Cost Fund-A Program to provide universal service rate support to small independent telephone corporations, as defined, in amounts sufficient to meet the revenue requirements established by the commission through rate-of-return regulation in furtherance of the state's universal service commitment to the continued affordability and widespread availability of safe, reliable, high-quality communications services in rural areas of the state.

This bill would require the commission to issue its final decision on a general rate case of a small independent telephone corporation no

later than 330 *calendar* days following the corporation’s filing of its general rate case application or advice letter initiating the general rate case. If the commission fails to issue a final decision by the 330th day, the bill would provide that the ~~application or advice letter is deemed approved and the rate design proposed by the small independent telephone corporation in its application or advice letter will take effect on the first day of the first month that begins more than 30 days following the expiration of the 330-day period.~~ *an interim basis beginning 360 calendar days following the filing of the application or advice letter, subject to an accounting true-up in a final commission decision or resolution concluding the rate case, if issued within 540 days. If a final decision or resolution concluding the case has not been issued by the commission within 540 days, the bill would provide that the interim rate design is final, effective as of the 360th calendar day following the filing of the general rate case application or advice letter, and that rate design will remain in place, until the commission issues a final decision or resolution concluding the rate case without any true-up accounting. The bill would provide that any new rate design adopted in a final decision or resolution issued by the commission after 540 calendar days following the filing of the application or advice letter will take effect on a prospective basis only, as of the effective date of the final decision or resolution.* The bill would provide that its provisions may be waived at any time by mutual consent of the executive director of the commission and the small independent telephone corporation.

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 455.4 is added to the Public Utilities
- 2 Code, to read:
- 3 455.4. (a) For purposes of this section, “small independent
- 4 telephone corporation” has the same meaning as defined in Section
- 5 275.6.
- 6 (b) The commission shall issue its final decision on a general
- 7 rate case of a small independent telephone corporation no later
- 8 than 330 *calendar* days following the corporation’s filing of its
- 9 general rate case application or advice letter initiating the general
- 10 rate case.

1 (c) Notwithstanding Section 454, if the commission fails to  
2 issue a final decision as required by subdivision (b), the ~~application~~  
3 ~~or advice letter shall be deemed approved and the rate design~~  
4 proposed by the small independent telephone corporation in its  
5 application or advice letter will take effect on the first day of the  
6 first month that begins more than 30 days following the expiration  
7 of the 330-day period in subdivision (b); *an interim basis beginning*  
8 *360 calendar days following the filing of the application or advice*  
9 *letter, subject to an accounting true-up in a final commission*  
10 *decision or resolution concluding the rate case, if issued within*  
11 *540 days. The accounting true-up shall be performed consistent*  
12 *with commission policies and practices. If a final decision or*  
13 *resolution concluding the case has not been issued by the*  
14 *commission within 540 days, the interim rate design will become*  
15 *final, effective as of the 360th calendar day following the filing of*  
16 *the general rate case application or advice letter, and that rate*  
17 *design will remain in place, until the commission issues a final*  
18 *decision or resolution concluding the rate case without any true-up*  
19 *accounting. Any new rate design adopted in a final decision or*  
20 *resolution issued by the commission after 540 calendar days*  
21 *following the filing of the application or advice letter will take*  
22 *effect on a prospective basis only, as of the effective date of the*  
23 *final decision or resolution.*

24 (d) The requirements of subdivisions (b) and (c) may be waived  
25 at any time by mutual consent of the executive director of the  
26 commission and the small independent telephone corporation.