

Assembly Bill No. 1693

Passed the Assembly August 22, 2014

Chief Clerk of the Assembly

Passed the Senate August 21, 2014

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2014, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

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

LEGISLATIVE COUNSEL'S DIGEST

AB 1693, 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 390 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 390th day, the bill would provide that the rate design proposed by the small independent telephone corporation in its application or advice letter will take effect on an interim basis beginning 420 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 420th 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 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.

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

SECTION 1. Section 455.4 is added to the Public Utilities Code, to read:

455.4. (a) For purposes of this section, “small independent telephone corporation” has the same meaning as defined in Section 275.6.

(b) The commission shall issue its final decision on a general rate case of a small independent telephone corporation no later than 390 days following the corporation’s filing of its general rate case application or advice letter initiating the general rate case.

(c) Notwithstanding Section 454, if the commission fails to issue a final decision as required by subdivision (b), the rate design proposed by the small independent telephone corporation in its application or advice letter will take effect on an interim basis beginning 420 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. The accounting true-up shall be performed consistent with commission policies and practices. If a final decision or resolution concluding the case has not been issued by the commission within 540 days, the interim rate design will become final, effective as of the 420th 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. Any new rate design adopted in a final decision or resolution issued by the commission after 540 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.

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

(e) This section shall apply to a general rate case that is pending on January 1, 2015. For a general rate case that is pending as of January 1, 2015, the time periods in subdivisions (b) and (c) shall be applied as follows:

- (1) The 390th day in subdivision (b) shall be January 25, 2016.
- (2) The 420th day in subdivision (c) shall be February 24, 2016.
- (3) The 540th day in subdivision (c) shall be June 23, 2016.

Approved _____, 2014

Governor