

AMENDED IN ASSEMBLY MAY 6, 2002

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2958**

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**Introduced by Assembly ~~Member Wright~~ Members Wright and  
John Campbell  
(~~Coauthors: Assembly Members Cox, and Diaz~~  
(Coauthor: Assembly Member Diaz)  
(Coauthor: Senator Perata)**

February 25, 2002

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An act to add and repeal Article 1.5 (commencing with Section 2880) ~~to~~ of Chapter 10 of Part 2 of Division 1 of the Public Utilities Code, relating to telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

AB 2958, as amended, Wright. Telecommunications: regulatory framework.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations. The commission issued a decision to adopt a new regulatory framework program and price adjustment formula for Pacific Bell and GTE California, Incorporated, on October 8, 1998. In that decision, the commission, among other things, ordered that a previously suspended price adjustment formula continue and that sharing be suspended for Pacific Bell and GTE California.

This bill would require that, consistent with the commission decision, price cap index productivity factors, sharing mechanisms and its components, and related elements for Pacific Bell and GTE California, Incorporated, be suspended until not earlier than January 1,

2007. The bill would require that in regulating telephone corporations under these provisions, the commission maintain its authority to regulate prices for all services subject to its jurisdiction and continue to have authority to move service between all pricing categories. The bill would provide that its provisions do not add to or subtract from any existing authority of the commission to regulate the quality of service provided by telephone corporations. ~~These~~ *The bill would provide that its provisions would be repealed on January 1, 2007.*

The bill would make a finding that a special law is necessary and that a general law cannot be made applicable within the meaning of subdivision (b) of Section 16 of Article IV of the California Constitution.

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. Article 1.5 (commencing with Section 2880) is  
2 added to Chapter 10 of Part 2 of Division 1 of the Public Utilities  
3 Code, to read:

4  
5 Article 1.5. Regulatory Framework  
6

7 2880. (a) It is the intent of the Legislature to maintain the  
8 progress created by the commission's new regulatory framework  
9 for telephone corporations, which includes the establishment of an  
10 atmosphere in which telephone corporations have incentives to  
11 operate efficiently, introduce new products, and provide better  
12 service.

13 (b) The Legislature finds and declares all of the following:

14 (1) The commission's new regulatory framework has allowed  
15 consumers to benefit from low, stable prices, as well as from the  
16 fast deployment of important new technologies.

17 (2) The state's telecommunications market is in a state of  
18 transition and thus, maintaining the investment incentives created  
19 by the commission's new regulatory framework, while at the same  
20 time protecting consumers and promoting competition, is vital to  
21 the state's economy.

22 (3) Telephone corporations regulated under the new regulatory  
23 framework's incentive-based or price cap mechanism require



1 certainty with respect to the provisions of the framework that will  
2 apply to them *and in exchange for certainty provided by the*  
3 *Legislature, telephone corporations should reinvest in the state's*  
4 *communications network and employment base.*

5 2880.2. (a) Consistent with commission Decision  
6 98–10–026, any price cap index productivity factor, sharing  
7 mechanism and its component, and related elements shall be  
8 suspended until not earlier than January 1, 2007.

9 (b) In regulating telephone corporations under this section, the  
10 commission shall maintain its authority to regulate prices for all  
11 services subject to its jurisdiction and shall continue to have  
12 authority to move service between all pricing categories.

13 (c) Nothing in this section may add to or subtract from any  
14 existing authority of the commission to regulate the quality of  
15 service provided by telephone corporations.

16 (d) This section applies only to those telephone corporations  
17 that were the subject of commission Decision 98–10–026.

18 2880.3. This article shall remain in effect only until January  
19 1, 2007, and as of that date is repealed, unless a later enacted  
20 statute, that is enacted before January 1, 2007, deletes or extends  
21 that date.

22 SEC. 2. The Legislature finds and declares that, because of the  
23 unique circumstances applicable only to Pacific Bell and GTE  
24 California, Incorporated, a statute of general applicability cannot  
25 be enacted within the meaning of subdivision (b) of Section 16 of  
26 Article IV of the California Constitution. Therefore, this special  
27 statute is necessary.

