

**ASSEMBLY BILL**

**No. 1457**

---

**Introduced by Committee on Utilities and Commerce (Reyes (Chair), Richman (Vice Chair), Calderon, Campbell, Canciamilla, Diaz, Jerome Horton, La Malfa, La Suer, Levine, Maddox, Nunez, Ridley-Thomas, and Wolk)**

February 21, 2003

---

An act relating to telecommunications, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1457, as introduced, Committee on Utilities and Commerce. Telecommunications: High-Cost Fund-A.

Existing law, requires the Public Utilities Commission to develop, implement, and maintain a suitable program to establish a fair and equitable local rate structure aided by transfer payments to small independent telephone corporations serving rural and small metropolitan areas, in order to promote the goals of universal telephone service and to reduce any disparity in rates charged by small independent telephone corporations serving rural and small metropolitan areas. Moneys collected for this program are deposited into the California High-Cost Fund-A Administrative Committee Fund. Moneys in the fund may be expended, upon appropriation in the annual Budget Act.

This bill would appropriate \$2,500,000 from the fund for the purpose of transferring funds to telephone corporations providing services in high cost areas and authorized to receive the funds. The bill would prohibit the commission from increasing any fee, charge, or rate as a result of this appropriation.

The bill would declare that it is to take effect immediately as an urgency statute.

Vote: <sup>2</sup>/<sub>3</sub>. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

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

1 SECTION 1. There is hereby appropriated from the  
2 California High-Cost Fund-A Administrative Committee Fund to  
3 the Public Utilities Commission, two million five hundred  
4 thousand dollars (\$2,500,000) for the purpose of transferring  
5 funds to telephone corporations providing services in high cost  
6 areas and authorized to receive these funds pursuant to Chapter 1.5  
7 (commencing with Section 270) of Part 1 of Division 1 of the  
8 Public Utilities Code. No fee, charge, or rate may be increased by  
9 the commission as a result of this section.

10 SEC. 2. This act is an urgency statute necessary for the  
11 immediate preservation of the public peace, health, or safety  
12 within the meaning of Article IV of the Constitution and shall go  
13 into immediate effect. The facts constituting the necessity are:

14 The authority to expend money from the California High-Cost  
15 Fund-A Administrative Committee Fund in the Budget Act for  
16 fiscal year 2001–02 was underestimated due to an accounting  
17 misunderstanding. Money for the payments due to be transferred  
18 to telephone corporations were collected and deposited into these  
19 funds, but authorization to transfer the moneys fell short of the  
20 amount due to be paid out by the end of the fiscal year. The  
21 California High-Cost Fund-A Administrative Committee Fund,  
22 among other things, provides funding for basic telephone services  
23 to state residents who would not otherwise receive these necessary  
24 services. In order to provide sufficient revenues for the telephone  
25 corporations authorized to receive these funds pursuant to Chapter  
26 1.5 (commencing with Section 270) of Part 1 of Division 1 of the  
27 Public Utilities Code, to continue providing services in high cost  
28 areas, it is necessary that this act take effect immediately.

