

ASSEMBLY BILL

No. 2192

Introduced by Assembly Member Levine

February 20, 2008

An act to amend Sections 871.5, 872, 873, 874, 875, 876, 877, 878, and 879 of, and to repeal Section 879.5 of, the Public Utilities Code, relating to telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

AB 2192, as introduced, Levine. Telecommunications: universal service: Moore Universal Telephone Service Act.

The Moore Universal Telephone Service Act established the Universal Lifeline Telephone Service (ULTS) program.

This bill would replace the definition of "residential" in the Moore Universal Telephone Service Act, with a definition of "household" and would make conforming changes.

Existing law requires the commission to: (1) annually designate a class of lifeline service necessary to meet minimum residential communications needs, including the ability to originate and receive calls and the ability to access electronic information services, (2) set the rates and charges for that service, (3) develop eligibility criteria for that service, and (4) assess the degree of achievement of universal service.

With respect to the 2nd requirement described above, this bill would require the commission to set the monthly rate assistance amount for lifeline service, and to charge assistance amounts for installation and connection. The bill would require the commission to, at least triennially, initiate a proceeding to set the rate and charge assistance amounts for lifeline telephone service.

Existing law requires that the ULTS rates be set at no more than 50% of either the basic rate for measured service or the basic flat 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, not be more than 50% of the charge for basic residential service installation or connection.

This bill would delete these provisions.

Existing law requires the commission to require every telephone corporation providing telephone service within a service area to file a schedule of rates and charges providing a class of lifeline telephone service.

This bill would delete this provision.

Existing law requires that a lifeline telephone service subscriber be provided with one single party line at his or her principal place of residence.

This bill would require that a lifeline telephone service subscriber be provided with one lifeline subscription, as defined by the commission, at his or her principal place of residence.

Existing law makes any public utility, as defined, and any corporation other than a public utility, that violates the Public Utilities Act, or that fails to comply with any part of any order, decision, rule, direction, demand, or requirement of the commission is guilty of a crime.

Because the provisions of this bill are within the act and require action by the commission to implement its requirements, a violation of these provisions would impose a state-mandated local program by expanding the definition 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.

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

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

- 1 SECTION 1. Section 871.5 of the Public Utilities Code is
- 2 amended to read:
- 3 871.5. The Legislature finds and declares all of the following:

1 (a) The offering of high quality basic telephone service at
2 affordable rates to the greatest number of citizens has been a
3 longstanding goal of the state.

4 (b) The Moore Universal Telephone Service Act has been, and
5 continues to be, an important means for achieving universal service
6 by making basic ~~residential~~ telephone service affordable to
7 low-income ~~citizens~~ *households* through the creation of a lifeline
8 class of service.

9 (c) Every means should be employed by the commission and
10 telephone corporations ~~operating within service areas which furnish~~
11 ~~lifeline telephone service~~ to ensure that every ~~person~~ *household*
12 qualified to receive lifeline telephone service is informed of and
13 is afforded the opportunity to subscribe to that service.

14 (d) The furnishing of lifeline telephone service is in the public
15 interest and should be supported fairly and equitably by every
16 telephone corporation, and the commission, in administering the
17 lifeline telephone service program, should implement the program
18 in a way that is equitable, nondiscriminatory, and without
19 competitive consequences for the telecommunications industry in
20 California.

21 SEC. 2. Section 872 of the Public Utilities Code is amended
22 to read:

23 872. As used in this article, ~~“residential”~~ *“household”* means
24 ~~a residential-use dwelling that is the principal place of residence~~
25 ~~of the lifeline telephone service subscriber; and excludes any~~
26 ~~industrial, commercial, and every other category of end use or~~
27 ~~other nonresidential building.~~

28 SEC. 3. Section 873 of the Public Utilities Code is amended
29 to read:

30 873. (a) The commission shall annually do all of the following:

31 (1) Designate a class of lifeline service necessary to meet
32 minimum residential communications needs.

33 (2) Set the ~~rates and charges~~ *monthly rate assistance amount*
34 ~~for that service, and charge assistance amounts for installation~~
35 ~~and connection.~~

36 (3) Develop eligibility criteria for that service.

37 (4) Assess the degree of achievement of universal service,
38 including telephone penetration rates by income, ethnicity, and
39 geography.

1 This information shall be annually reported to the Legislature
2 by the commission in a document which can be made public.

3 (b) Minimum residential communications needs includes, but
4 is not limited to, the ability to originate and receive calls and the
5 ability to access electronic information services.

6 SEC. 4. Section 874 of the Public Utilities Code is amended
7 to read:

8 ~~874. The lifeline telephone service rates and charges shall be~~
9 ~~as follows:—(a) The commission may limit the number of~~
10 ~~installation and connection charge assistance amounts, or both,~~
11 ~~provided to a lifetime telephone service customer in any given~~
12 ~~period.~~

13 ~~(a) In a residential subscriber’s service area where measured~~
14 ~~service is not available, the lifeline telephone service rates shall~~
15 ~~not be more than 50 percent of the rates for basic flat rate service,~~
16 ~~exclusive of federally mandated end user access charges, available~~
17 ~~to the residential subscriber.~~

18 ~~(b) In a residential subscriber’s service area where measured~~
19 ~~service is available, the subscriber may elect either of the~~
20 ~~following:~~

21 ~~(1) A lifeline telephone service measured rate of not more than~~
22 ~~50 percent of the basic rate for measured service, exclusive of~~
23 ~~federally mandated end user access charges, available to the~~
24 ~~residential subscriber.~~

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

28 ~~(c) The lifeline telephone service installation or connection~~
29 ~~charge, or both, shall not be more than 50 percent of the charge~~
30 ~~for basic residential service installation or connection, or both.~~
31 ~~The commission may limit the number of installation and~~
32 ~~connection charges, or both, that may be incurred at the reduced~~
33 ~~rate in any given period.~~

34 ~~(d)~~

35 ~~(b) There shall be no charge to the residential lifeline customer~~
36 ~~who has filed a valid eligibility statement for changing out of~~
37 ~~lifeline service.~~

38 ~~(e)~~

39 ~~(c) The commission shall assess whether there is a problem with~~
40 ~~customers who fraudulently obtain lifeline telephone service. If~~

1 the commission determines that there is a problem, it shall
2 recommend and promulgate appropriate solutions. This assessment
3 and the solutions determined by the commission shall not, in and
4 of themselves, change the procedures developed pursuant to
5 Section 876.

6 SEC. 5. Section 875 of the Public Utilities Code is amended
7 to read:

8 875. (a) In addition to Section 874, *when applicable*, every
9 lifeline telephone service subscriber shall be given an allowance,
10 reduced by the amount of any credit or allowance authorized by
11 the Federal Communications Commission, equal to the then current
12 or announced federally mandated residential end user access
13 charges.

14 (b) The commission may, in a separate proceeding, establish
15 procedures necessary to ensure that the lifeline telephone service
16 program qualifies for any federal funds available for the support
17 of those programs.

18 SEC. 6. Section 876 of the Public Utilities Code is amended
19 to read:

20 ~~876. The commission shall require every~~ *Every* telephone
21 corporation providing telephone service within a service area ~~to~~
22 ~~file a schedule of rates and charges providing a class of lifeline~~
23 ~~telephone service. Every telephone corporation providing service~~
24 ~~within a service area~~ shall inform all eligible subscribers of the
25 availability of lifeline telephone service, and how they may qualify
26 for and obtain service, and shall accept applications for lifeline
27 telephone service according to procedures specified by the
28 commission.

29 SEC. 7. Section 877 of the Public Utilities Code is amended
30 to read:

31 877. Nothing in this article precludes the commission from
32 changing any rate, *rate assistance amount*, or *charge assistance*
33 *amount* established pursuant to Section 873, either specifically or
34 pursuant to any general restructuring of all telephone rates, charges,
35 and classifications.

36 SEC. 8. Section 878 of the Public Utilities Code is amended
37 to read:

38 878. A lifeline telephone service subscriber shall be provided
39 with ~~one single party line~~ *lifeline subscription, as defined by the*
40 *commission*, at his or her principal place of residence, and no other

1 member of that subscriber's family or household who maintains
2 residence at that place is eligible for lifeline telephone service.

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

5 SEC. 9. Section 879 of the Public Utilities Code is amended
6 to read:

7 879. (a) The commission shall, at least ~~annually~~ *triennially*,
8 initiate a proceeding to set ~~rates~~ *the rate and charge assistance*
9 *amounts* for lifeline telephone service. ~~All telephone corporations~~
10 ~~providing lifeline telephone service shall annually file, on a date~~
11 ~~set by the commission, proposed lifeline telephone service rates~~
12 ~~and a statement of projected revenue needs to meet the funding~~
13 ~~requirements to provide lifeline telephone service to qualified~~
14 ~~subscribers, together with proposed funding methods to provide~~
15 ~~the necessary funding. These funding methods shall include~~
16 ~~identification of those services whose rates shall be adjusted to~~
17 ~~provide the necessary funding.~~

18 (b) The commission ~~shall commence a proceeding within 30~~
19 ~~days after the date set for the filings required in subdivision (a);~~
20 ~~giving interested parties an opportunity to comment on the~~
21 ~~proposed rates and funding requirements and the proposed funding~~
22 ~~methods. The commission may change the rates, funding~~
23 ~~requirements, and funding methods proposed by the telephone~~
24 ~~corporations in any manner necessary, including reasonably~~
25 ~~spreading the funding among the services offered by the telephone~~
26 ~~corporations, to meet the public interest. Within 60 days of the~~
27 ~~annual filing, the commission shall issue an order setting lifeline~~
28 ~~telephone service rates and funding methods for each telephone~~
29 ~~corporation making a filing as required in subdivision (a). The~~
30 ~~commission may establish a lifeline service pool composed of the~~
31 ~~rate adjustments and surcharges imposed by the commission~~
32 ~~pursuant to this section for the purpose of funding lifeline telephone~~
33 ~~service.~~

34 (c) Any order issued by the commission pursuant to this section
35 shall require telephone corporations providing lifeline telephone
36 service to apply the funding requirement in the form of a surcharge
37 to service rates which may be separately identified on the bills of
38 customers using those services. The commission shall not allow
39 any surcharge under this section on the rates charged by those
40 telephone corporations for lifeline telephone service.

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

4 SEC. 10. Section 879.5 of the Public Utilities Code is repealed.

5 ~~879.5. Notwithstanding Section 879, the commission shall~~
6 ~~issue its initial order adopting required rates and funding~~
7 ~~requirements not later than October 31, 1987, and prior to the~~
8 ~~issuance of that order, may fund lifeline telephone service through~~
9 ~~the use of an interim surcharge on service rates for telephone~~
10 ~~service provided by telephone corporations operating between~~
11 ~~service areas. The interim surcharge shall not exceed 4 percent of~~
12 ~~the service rates.~~

13 SEC. 11. No reimbursement is required by this act pursuant to
14 Section 6 of Article XIII B of the California Constitution because
15 the only costs that may be incurred by a local agency or school
16 district will be incurred because this act creates a new crime or
17 infraction, eliminates a crime or infraction, or changes the penalty
18 for a crime or infraction, within the meaning of Section 17556 of
19 the Government Code, or changes the definition of a crime within
20 the meaning of Section 6 of Article XIII B of the California
21 Constitution.