

ASSEMBLY BILL

No. 1825

Introduced by Assembly Member Strom-Martin

February 3, 2000

An act to repeal and add Article 3 (commencing with Section 15399.48) of Part 6.7 of Division 3 of Title 2 of the Government Code, to amend Section 739.3 of, to add Sections 276.5 and 277.5 to, and to amend, repeal, and add Sections 270, 276, 277, and 879 of, the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 1825, as introduced, Strom-Martin. Rural telecommunications infrastructure.

(1) Existing law establishes the California Rural Policy Task Force within the Office of Planning and Research in the Governor's office. The task force is composed of state officers and oversees the mobilization and effective delivery of resources to rural California.

This bill would, until January 1, 2005, establish the Rural Telecommunications Infrastructure Task Force within the California Rural Policy Task Force. The Rural Telecommunications Infrastructure Task Force would develop resources and programs to facilitate community efforts to deploy telecommunications infrastructure in areas not currently served. This task force would administer a grant program to provide community-based groups with resources to build telecommunications infrastructure, as prescribed. The Trade and Commerce Agency would provide

administrative support, and the Public Utilities Commission would provide technical assistance, as prescribed.

(2) Existing law provides for a program to provide transfer payments to telephone corporations providing local exchange services in high-cost areas to create fair and equitable rate structures, and a program to ensure lifeline telephone service is available to the people of the state that are administered by the Public Utilities Commission, and paid for in the utility rates authorized by the commission. Existing law also provides for advisory boards that advise the commission regarding these programs, and creates a fund for each advisory board in the State Treasury in which funds generated by each of these programs is deposited. Existing law limits the expenditure of the moneys in these funds to the specified programs and upon appropriation in the annual Budget Act.

This bill would, under the Public Utilities Act, until January 1, 2005, expand each of these programs to include funding a grant program to build telecommunications infrastructure in rural areas, as prescribed. Upon appropriation, half of the funding would be derived from the interest earnings of each fund up to a specified annual limit, as prescribed, and would be transferred to the Rural Telecommunications Infrastructure Task Force, as prescribed. The bill would require the commission to ensure adequate funding of the grant program and to form a working group to develop technical criteria for evaluating the grants. Because, under the act, a violation of these provisions would be a crime, this bill would impose a state-mandated local program by creating new crimes.

This bill would result in a change in state taxes for the purpose of increasing state revenues within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would required for passage the approval of $\frac{2}{3}$ of the membership of each house of the Legislature.

(3) 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: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

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

SECTION 1. Article 3 (commencing with Section 15399.48) of Part 6.7 of Division 3 of Title 2 of the Government Code is repealed.

SEC. 2. Article 3 (commencing with Section 15399.48) is added to Part 6.7 of Division 3 of Title 2 of the Government Code, to read:

Article 3. Rural Telecommunications Infrastructure
Task Force

15399.48. (a) The Rural Telecommunications Infrastructure Task Force is hereby created in the California Rural Policy Task Force, to be composed of members appointed by the California Rural Policy Task Force.

(b) The purpose of the task force is to develop programs and resources that facilitate community efforts to deploy telecommunications infrastructure in areas not currently served by existing carriers.

(c) The task force shall administer a grant program funded by interest earnings from universal service programs as set forth in Sections 276.5 and 277.5 of the Public Utilities Code. The Trade and Commerce Agency shall provide administrative support for the task force and the grant program.

(d) On or after July 1, 2001, any community-based group may apply for and receive grants to build an original telecommunications infrastructure that will serve an area with not less than 20 families that currently lacks basic telecommunications services. The task force shall establish eligibility criteria for community-based groups to qualify to apply for telecommunications infrastructure grants.

(e) Grant proposals shall be submitted to the task force in accordance with procedures prescribed by the task

1 force and evaluated and awarded by the task force using
2 technology criteria developed by the
3 government-industry working group established by
4 Section 276.5 of the Public Utilities Code.

5 (f) The procedures developed for awarding grants
6 shall ensure that the grants awarded do not exceed annual
7 moneys available to support the program, and that no one
8 applicant receive more than 25 percent of amounts
9 transferred to the task force in a single fiscal year.

10 (g) This chapter shall remain in effect only until
11 January 1, 2005, and as of that date is repealed, unless a
12 later enacted statute that is enacted before January 1,
13 2005, deletes or extends that date.

14 SEC. 3. Section 270 of the Public Utilities Code is
15 amended to read:

16 270. (a) The following funds are hereby created in
17 the State Treasury:

18 (1) The California High-Cost Fund-A Administrative
19 Committee Fund.

20 (2) The California High-Cost Fund-B Administrative
21 Committee Fund.

22 (3) The Universal Lifeline Telephone Service Trust
23 Administrative Committee Fund.

24 (4) The Deaf and Disabled Telecommunications
25 Program Administrative Committee Fund.

26 (5) The Payphone Service Providers Committee
27 Fund.

28 (6) The California Teleconnect Fund Administrative
29 Committee Fund.

30 (b) Moneys in the funds may only be expended
31 pursuant to this chapter and upon appropriation in the
32 annual Budget Act.

33 (c) Moneys in each fund may not be appropriated, or
34 in any other manner transferred or otherwise diverted,
35 to any other fund or entity, *except as provided for in*
36 *Sections 276.5 and 277.5.*

37 (d) Notwithstanding Section 7550.5 of the
38 Government Code, on or before July 1, 2000, the Public
39 Utilities Commission, in consultation with the
40 Department of Finance, shall report to the Governor and

the Legislature regarding a transition plan for programs associated with funds to be established within the State Treasury, as specified in subdivision (a). The transition plan report shall include information regarding the annual revenue to be deposited in, and the annual estimated expenditure for, each fund specified in subdivision (a). Advisory committees created by Sections 275, 276, 277, 278, 279, and 280 shall provide information and input to the commission in development of the specified transition plan.

(e) This section shall remain in effect only until January 1, 2005, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2005, deletes or extends that date.

SEC. 4. Section 270 is added to the Public Utilities Code, to read:

270. (a) The following funds are hereby created in the State Treasury:

(1) The California High-Cost Fund-A Administrative Committee Fund.

(2) The California High-Cost Fund-B Administrative Committee Fund.

(3) The Universal Lifeline Telephone Service Trust Administrative Committee Fund.

(4) The Deaf and Disabled Telecommunications Program Administrative Committee Fund.

(5) The Payphone Service Providers Committee Fund.

(6) The California Teleconnect Fund Administrative Committee Fund.

(b) Moneys in the funds may only be expended pursuant to this chapter and upon appropriation in the annual Budget Act.

(c) Moneys in each fund may not be appropriated, or in any other manner transferred or otherwise diverted, to any other fund or entity.

(d) Notwithstanding Section 7550.5 of the Government Code, on or before July 1, 2000, the Public Utilities Commission, in consultation with the Department of Finance, shall report to the Governor and

1 the Legislature regarding a transition plan for programs
2 associated with funds to be established within the State
3 Treasury, as specified in subdivision (a). The transition
4 plan report shall include information regarding the
5 annual revenue to be deposited in, and the annual
6 estimated expenditure for, each fund specified in
7 subdivision (a). Advisory committees created by Sections
8 275, 276, 277, 278, 279, and 280 shall provide information
9 and input to the commission in development of the
10 specified transition plan.

11 (e) This section shall become operative on January 1,
12 2005.

13 SEC. 5. Section 276 of the Public Utilities Code is
14 amended to read:

15 276. (a) There is hereby created the California
16 High-Cost Fund-B Administrative Committee, which is
17 an advisory board to advise the commission regarding the
18 development, implementation, and administration of a
19 program to provide for transfer payments to telephone
20 corporations providing local exchange services in
21 high-cost areas in the state to create fair and equitable
22 local rate structures, as provided for in Section 739.3, *and*
23 *the development of a grant program for the construction*
24 *of telecommunications infrastructure as set forth in*
25 *Section 15399.48 of the Government Code*, and to carry
26 out the ~~program~~ *programs* pursuant to the commission's
27 direction, control, and approval.

28 (b) All revenues collected by telephone corporations
29 in rates authorized by the commission to fund the
30 program specified in subdivision (a) shall be submitted to
31 the commission pursuant to a schedule established by the
32 commission. The commission shall transfer the moneys
33 received to the Controller for deposit in the California
34 High-Cost Fund-B Administrative Committee Fund. All
35 interest earned by moneys in the fund shall be deposited
36 in the fund. Any unexpended revenues collected prior to
37 the operative date of this section shall be submitted to the
38 commission, and the commission shall transfer those
39 moneys to the Controller for deposit in the California
40 High-Cost Fund-B Administrative Committee Fund.

(c) Moneys appropriated from the California High-Cost Fund-B Administrative Committee Fund to the commission shall be utilized exclusively by the commission for the ~~program~~ programs specified in subdivision (a), including all costs of the board and the commission associated with the administration and oversight of the ~~program~~ programs and the fund.

(d) This section shall remain in effect only until January 1, 2005, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2005, deletes or extends that date.

SEC. 6. Section 276 is added to the Public Utilities Code, to read:

276. (a) There is hereby created the California High-Cost Fund-B Administrative Committee, which is an advisory board to advise the commission regarding the development, implementation, and administration of a program to provide for transfer payments to telephone corporations providing local exchange services in high-cost areas in the state to create fair and equitable local rate structures, as provided for in Section 739.3, and to carry out the program pursuant to the commission's direction, control, and approval.

(b) All revenues collected by telephone corporations in rates authorized by the commission to fund the program specified in subdivision (a) shall be submitted to the commission pursuant to a schedule established by the commission. The commission shall transfer the moneys received to the Controller for deposit in the California High-Cost Fund-B Administrative Committee Fund. All interest earned by moneys in the fund shall be deposited in the fund. Any unexpended revenues collected prior to the operative date of this section shall be submitted to the commission, and the commission shall transfer those moneys to the Controller for deposit in the California High-Cost Fund-B Administrative Committee Fund.

(c) Moneys appropriated from the California High-Cost Fund-B Administrative Committee Fund to the commission shall be utilized exclusively by the commission for the program specified in subdivision (a),

1 including all costs of the board and the commission
2 associated with the administration and oversight of the
3 program and the fund.

4 (d) This section shall become operative on January 1,
5 2005.

6 SEC. 7. Section 276.5 is added to the Public Utilities
7 Code, to read:

8 276.5. (a) Upon appropriation, an amount not to
9 exceed three million dollars (\$3,000,000) per year, shall be
10 transferred from the California High-Cost Fund-B
11 Administrative Committee Fund to the Rural
12 Telecommunications Infrastructure Task Force to fund
13 the telecommunications infrastructure grant program
14 established by Section 15399.48 of the Government Code.
15 The transferred funds shall be limited to the interest
16 earned on the moneys maintained in the fund.

17 (b) Of the moneys transferred pursuant to subdivision
18 (a), seventy-five thousand dollars (\$75,000) shall be
19 transferred to the Trade and Commerce Agency for the
20 administration of the grant program established by
21 Section 15399.48 of the Government Code.

22 (c) The commission shall establish a sufficient
23 surcharge to ensure that the moneys maintained in the
24 fund generate adequate interest to support the grant
25 program established by Section 15399.48 of the
26 Government Code.

27 (d) The commission shall establish a procedure that
28 allows any telecommunications provider subject to
29 commission jurisdiction that is capable of providing
30 telephone service to the grant funded service area an
31 opportunity to provide the interconnection to the public
32 switched telephone network.

33 (e) The commission shall establish a
34 government-industry working group to develop the
35 technical criteria to be used in evaluating grant awards.
36 The working group shall be composed of, but not limited
37 to, the following:

38 (1) Representatives of the commission.

39 (2) Representatives of the incumbent local exchange
40 carrier industry.

1 (3) Representatives of the competitive local exchange
2 carrier industry.

3 (4) Representatives of the wireless carrier industry.

4 (f) This section shall remain in effect only until
5 January 1, 2005, and as of that date is repealed, unless a
6 later enacted statute that is enacted before January 1,
7 2005, deletes or extends that date.

8 SEC. 8. Section 277 of the Public Utilities Code is
9 amended to read:

10 277. (a) There is hereby created the Universal
11 Lifeline Telephone Service Trust Administrative
12 Committee, which is an advisory board to advise the
13 commission regarding the development,
14 implementation, and administration of a program to
15 ensure lifeline telephone service is available to the people
16 of the state, as provided for in Article 8 (commencing
17 with Section 871) of Chapter 4 of Part 1 of Division 1, *and*
18 *the development of a grant program for the construction*
19 *of telecommunications infrastructure as set forth in*
20 *Section 15399.48 of the Government Code*, and to carry
21 out the ~~program~~ *programs* pursuant to the commission's
22 direction, control, and approval.

23 (b) All revenues collected by telephone corporations
24 in rates authorized by the commission to fund the
25 ~~program~~ *programs* specified in subdivision (a) shall be
26 submitted to the commission pursuant to a schedule
27 established by the commission. The commission shall
28 transfer the moneys received to the Controller for deposit
29 in the Universal Lifeline Telephone Service Trust
30 Administrative Committee Fund. All interest earned by
31 moneys in the fund shall be deposited in the fund. Any
32 unexpended revenues collected prior to the operative
33 date of this section shall be submitted to the commission,
34 and the commission shall transfer those moneys to the
35 Controller for deposit in the Universal Lifeline
36 Telephone Service Trust Administrative Committee
37 Fund.

38 (c) Moneys appropriated from the Universal Lifeline
39 Telephone Service Trust Administrative Committee
40 Fund to the commission shall be utilized exclusively by

1 the commission for the ~~program~~ *programs* specified in
2 subdivision (a), including all costs of the board and the
3 commission associated with the administration and
4 oversight of the program and the fund.

5 *(d) This section shall remain in effect only until*
6 *January 1, 2005, and as of that date is repealed, unless a*
7 *later enacted statute, that is enacted before January 1,*
8 *2005, deletes or extends that date.*

9 SEC. 9. Section 277 is added to the Public Utilities
10 Code, to read:

11 277. (a) There is hereby created the Universal
12 Lifeline Telephone Service Trust Administrative
13 Committee, which is an advisory board to advise the
14 commission regarding the development,
15 implementation, and administration of a program to
16 ensure lifeline telephone service is available to the people
17 of the state, as provided for in Article 8 (commencing
18 with Section 871) of Chapter 4 of Part 1 of Division 1, and
19 to carry out the program pursuant to the commission's
20 direction, control, and approval.

21 (b) All revenues collected by telephone corporations
22 in rates authorized by the commission to fund the
23 program specified in subdivision (a) shall be submitted to
24 the commission pursuant to a schedule established by the
25 commission. The commission shall transfer the moneys
26 received to the Controller for deposit in the Universal
27 Lifeline Telephone Service Trust Administrative
28 Committee Fund. All interest earned by moneys in the
29 fund shall be deposited in the fund. Any unexpended
30 revenues collected prior to the operative date of this
31 section shall be submitted to the commission, and the
32 commission shall transfer those moneys to the Controller
33 for deposit in the Universal Lifeline Telephone Service
34 Trust Administrative Committee Fund.

35 (c) Moneys appropriated from the Universal Lifeline
36 Telephone Service Trust Administrative Committee
37 Fund to the commission shall be utilized exclusively by
38 the commission for the program specified in subdivision
39 (a), including all costs of the board and the commission

1 associated with the administration and oversight of the
2 program and the fund.

3 (d) This section shall become operative on January 1,
4 2005.

5 SEC. 10. Section 277.5 is added to the Public Utilities
6 Code, to read:

7 277.5. (a) Upon appropriation, an amount not to
8 exceed three million dollars (\$3,000,000) per year, shall be
9 transferred from the Universal Lifeline Telephone
10 Service Trust Administrative Committee Fund to the
11 Rural Telecommunications Infrastructure Task Force to
12 fund the telecommunications infrastructure grant
13 program established by Section 15399.48 of the
14 Government Code.

15 (b) Of the moneys transferred pursuant to subdivision
16 (a), seventy-five thousand dollars (\$75,000) shall be
17 transferred to the Trade and Commerce Agency for the
18 administration of the grant program established by
19 Section 15399.48 of the Government Code.

20 (c) The commission shall establish a sufficient
21 surcharge to ensure that the moneys maintained in the
22 fund generate adequate interest to support the grant
23 program established by Section 15399.48 of the
24 Government Code.

25 (d) The provisions of subdivisions (d) and (e) of
26 Section 376.5 are also applicable to this section.

27 (e) This section shall remain in effect only until
28 January 1, 2005, and as of that date is repealed, unless a
29 later enacted statute that is enacted before January 1,
30 2005, deletes or extends that date.

31 SEC. 11. Section 739.3 of the Public Utilities Code is
32 amended to read:

33 739.3. (a) The commission shall develop, implement,
34 and maintain a suitable program to establish a fair and
35 equitable local rate structure aided by transfer payments
36 to small independent telephone corporations serving
37 rural and small metropolitan areas. The purpose of the
38 program shall be to promote the goals of universal
39 telephone service and to reduce any disparity in the rates
40 charged by those companies.

1 (b) For purposes of this section, small independent
2 telephone corporations means those independent
3 telephone corporations serving rural areas, as
4 determined by the commission.

5 (c) The commission shall develop, implement, and
6 maintain a suitable, competitively neutral, and
7 ~~broad-based~~ *broad-based* program to establish a fair and
8 equitable local rate support structure aided by transfer
9 payments to telephone corporations serving areas where
10 the cost of providing services exceeds rates charged by
11 providers, as determined by the commission. The
12 commission shall develop and implement the program on
13 or before October 1, 1996. The purpose of the program
14 shall be to promote the goals of universal telephone
15 service and to reduce any disparity in the rates charged
16 by those companies. The commission shall structure the
17 program required by this subdivision so that the amount
18 of each transfer payment reasonably equals the value of
19 the benefits of universal service to the transferor entity
20 and its subscribers. Except as otherwise explicitly
21 provided, this subdivision does not limit the manner in
22 which the commission collects and disburses funds, and
23 does not limit the manner in which it may include or
24 exclude the revenue of transferring entities in structuring
25 the program.

26 (d) Not later than December 15, 1996, the commission
27 shall report to the Governor, the Joint Legislative Budget
28 Committee, and the fiscal committees of the Senate and
29 the Assembly regarding the results of the commission's
30 universal telephone service proceeding and
31 recommended program. The Legislature may, at its
32 discretion, assess whether any identified problems in the
33 universal telephone service program are issues that
34 warrant modifications to this chapter during the 1997–98
35 Regular Session.

36 (e) Not later than December 1, 1999, the commission
37 shall prepare a report to the Governor, the Joint
38 Legislative Budget Committee, and the fiscal committees
39 of the Senate and the Assembly regarding the status of the

1 universal telephone service fund and program. The
2 report shall consider all of the following:

3 (1) The effectiveness of the universal service funding
4 mechanism in establishing equitable and
5 nondiscriminatory contributions by all
6 telecommunications providers to support the
7 preservation and advancement of universal service.

8 (2) The extent to which the current universal
9 telephone service program provides the continued
10 availability of current telecommunications and
11 information services on a competitively neutral basis,
12 while providing adequate flexibility for provision of new
13 services and network capabilities as technology advances.

14 (3) The success of the universal telephone service
15 program in ensuring universal access, in rural and high
16 cost areas, to services that are reasonably comparable,
17 both in content and cost, to those services provided in
18 urban areas.

19 (f) The commission shall investigate subsidy
20 reduction, or elimination of subsidies in service areas with
21 demonstrated competition, and report on service area
22 auctions for high cost areas as part of the commission's
23 universal telephone service program report required in
24 accordance with subdivision (e).

25 (g) Not later than February 1, 2000, the Legislative
26 Analyst shall conduct a review of the state's universal
27 telephone service program, including subsequent
28 modifications as appropriate, and report to the Governor
29 and the Legislature as part of the Legislative Analyst's
30 analysis of the Budget Bill to be issued in February 2000.
31 In evaluating the program, the Legislative Analyst shall
32 consider all of the following:

33 (1) The findings of the report required by subdivision
34 (e).

35 (2) An assessment of whether any identified problems
36 are issues that affect the continued implementation of
37 this chapter or issues that warrant revisions of statutes or
38 regulations.

39 (h) *The commission shall participate in and authorize*
40 *rates for the development and implementation of a grant*

1 *program for the construction of telecommunications*
2 *infrastructure as set forth in Sections 276 and 276.5 and*
3 *Section 15399.48 of the Government Code.*

4 (i) This section shall remain in effect until January 1,
5 ~~2004~~ 2005, and as of that date is repealed, unless a later
6 enacted statute, which becomes effective on or before
7 January 1, ~~2004~~ 2005, deletes or extends that date.

8 SEC. 12. Section 879 of the Public Utilities Code is
9 amended to read:

10 879. (a) The commission shall, at least annually,
11 initiate a proceeding to set rates for lifeline telephone
12 service. All telephone corporations providing lifeline
13 telephone service shall annually file, on a date set by the
14 commission, proposed lifeline telephone service rates
15 and a statement of projected revenue needs to meet the
16 funding requirements to provide lifeline telephone
17 service to qualified subscribers, together with proposed
18 funding methods to provide the necessary funding. These
19 funding methods shall include identification of those
20 services whose rates shall be adjusted to provide the
21 necessary funding. *The commission shall participate in*
22 *and authorize rates for the development and*
23 *implementation of a grant program for the construction*
24 *of telecommunications infrastructure as set forth in*
25 *Sections 277 and 277.5 and Section 15399.48 of the*
26 *Government Code.*

27 (b) The commission shall commence a proceeding
28 within 30 days after the date set for the filings required
29 in subdivision (a), giving interested parties an
30 opportunity to comment on the proposed rates and
31 funding requirements and the proposed funding
32 methods. The commission may change the rates, funding
33 requirements, and funding methods proposed by the
34 telephone corporations in any manner necessary,
35 including reasonably spreading the funding among the
36 services offered by the telephone corporations, to meet
37 the public interest. Within 60 days of the annual filing, the
38 commission shall issue an order setting lifeline telephone
39 service rates and funding methods for each telephone
40 corporation making a filing as required in subdivision (a).

1 The commission may establish a lifeline service pool
2 composed of the rate adjustments and surcharges
3 imposed by the commission pursuant to this section for
4 the purpose of funding lifeline telephone service.

5 (c) Any order issued by the commission pursuant to
6 this section shall require telephone corporations
7 providing lifeline telephone service to apply the funding
8 requirement in the form of a surcharge to service rates
9 which may be separately identified on the bills of
10 customers using those services. The commission shall not
11 allow any surcharge under this section on the rates
12 charged by those telephone corporations for lifeline
13 telephone service.

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

18 (e) *This section shall remain in effect only until*
19 *January 1, 2005, and as of that date is repealed, unless a*
20 *later enacted statute, that is enacted before January 1,*
21 *2005, deletes or extends that date.*

22 SEC. 13. Section 879 is added to the Public Utilities
23 Code, to read:

24 879. (a) The commission shall, at least annually,
25 initiate a proceeding to set rates for lifeline telephone
26 service. All telephone corporations providing lifeline
27 telephone service shall annually file, on a date set by the
28 commission, proposed lifeline telephone service rates
29 and a statement of projected revenue needs to meet the
30 funding requirements to provide lifeline telephone
31 service to qualified subscribers, together with proposed
32 funding methods to provide the necessary funding. These
33 funding methods shall include identification of those
34 services whose rates shall be adjusted to provide the
35 necessary funding.

36 (b) The commission shall commence a proceeding
37 within 30 days after the date set for the filings required
38 in subdivision (a), giving interested parties an
39 opportunity to comment on the proposed rates and
40 funding requirements and the proposed funding

1 methods. The commission may change the rates, funding
2 requirements, and funding methods proposed by the
3 telephone corporations in any manner necessary,
4 including reasonably spreading the funding among the
5 services offered by the telephone corporations, to meet
6 the public interest. Within 60 days of the annual filing, the
7 commission shall issue an order setting lifeline telephone
8 service rates and funding methods for each telephone
9 corporation making a filing as required in subdivision (a).
10 The commission may establish a lifeline service pool
11 composed of the rate adjustments and surcharges
12 imposed by the commission pursuant to this section for
13 the purpose of funding lifeline telephone service.

14 (c) Any order issued by the commission pursuant to
15 this section shall require telephone corporations
16 providing lifeline telephone service to apply the funding
17 requirement in the form of a surcharge to service rates
18 which may be separately identified on the bills of
19 customers using those services. The commission shall not
20 allow any surcharge under this section on the rates
21 charged by those telephone corporations for lifeline
22 telephone service.

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

27 (e) This section shall become operative on January 1,
28 2005.

29 SEC. 14. No reimbursement is required by this act
30 pursuant to Section 6 of Article XIII B of the California
31 Constitution because the only costs that may be incurred
32 by a local agency or school district will be incurred
33 because this act creates a new crime or infraction,
34 eliminates a crime or infraction, or changes the penalty
35 for a crime or infraction, within the meaning of Section
36 17556 of the Government Code, or changes the definition
37 of a crime within the meaning of Section 6 of Article
38 XIII B of the California Constitution.

