

AMENDED IN ASSEMBLY JUNE 12, 2000

AMENDED IN SENATE MAY 9, 2000

AMENDED IN SENATE MAY 3, 2000

AMENDED IN SENATE APRIL 24, 2000

SENATE BILL

No. 1712

Introduced by Senator Polanco

February 23, 2000

An act to add Sections 871.7 and 883 to the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 1712, as amended, Polanco. Universal telephone service.

The Moore Universal Telephone Service Act requires the Public Utilities Commission to establish a class of lifeline service necessary to meet minimum residential communications needs and establish rates and charges for that service.

This bill would require the commission, on or before February 1, 2001, to initiate an investigation to examine the current and future definitions of universal service, seeking input from a wide cross section of providers, users, and state agencies, *and convergent industries* and reporting findings and recommendations, consistent with specified principles, to the Legislature. The bill would make related legislative findings and declarations.

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. Section 871.7 is added to the Public
2 Utilities Code, to read:

3 871.7. The Legislature finds and declares all of the
4 following:

5 (a) The Moore Universal Telephone Service Act,
6 enacted in 1987, was intended to offer high quality basic
7 telephone service at affordable rates to the greatest
8 number of California residents, and has become an
9 important means of achieving universal service by
10 making residential service affordable to low-income
11 citizens through the creation of a lifeline class of service.

12 (b) Factors such as competition and technological
13 innovation are resulting in the convergence of a variety
14 of telecommunications technologies offering an
15 expanded range of telecommunications services to users
16 that incorporate voice, video, and data. These
17 technologies have differing regulatory regimes and
18 jurisdictions.

19 (c) It is the intent of the Legislature that the
20 commission initiate a proceeding investigating the
21 feasibility of redefining universal telephone service by
22 incorporating two-way voice, video, and data service as
23 components of basic service. It is the Legislature's further
24 intent that, to the extent that the incorporation is feasible,
25 that it promote equity of access to high-speed
26 communications networks, the Internet, and other
27 services to the extent that those services provide social
28 benefits that include all of the following:

29 (1) Improving the quality of life among the residents
30 of California.

31 (2) Expanding access to public and private resources
32 for education, training, and commerce.

33 (3) Increasing access to public resources enhancing
34 public health and safety.

(4) Assisting in bridging the “digital divide” through expanded access to new technologies by low-income, disabled, or otherwise disadvantaged Californians.

(5) Shifting traffic patterns by enabling telecommuting, thereby helping to improve air quality in all areas of the state and mitigating the need for highway expansion.

(d) For purposes of this section, the term “feasibility” means consistency with all of the following:

(1) Technological and competitive neutrality.

(2) Equitable distribution of the funding *burden* for redefined universal—~~telephone~~ service as described in subdivision (c), among all affected consumers and industries, *thereby ensuring that regulated utilities’ ratepayers do not bear a disproportionate share of funding responsibility.*

(3) Benefits that justify the costs.

SEC. 2. Section 883 is added to the Public Utilities Code, to read:

883. (a) The commission shall, on or before February 1, 2001, issue an order initiating an investigation and opening a proceeding to examine the current and future definitions of universal service. That proceeding shall include public hearings that encourage participation by a broad and diverse range of interests from all areas of the state, including, but not limited to, all of the following:

(1) Consumer groups.

(2) Communication service providers, including all providers of high-speed access services.

(3) Facilities-based telephone providers.

(4) Information service providers and Internet access providers.

(5) Rural and urban users.

(6) Public interest groups.

(7) Representatives of small and large businesses and industry.

(8) Local agencies.

(9) State agencies, including, but not limited to, all of the following:

(A) The Trade and Commerce Agency.

1 (B) The Business, Transportation and Housing
2 Agency.

3 (C) The State and Consumer Services Agency.

4 (D) The Department of Information Technology.

5 (E) The State Department of Education.

6 (F) The State Department of Health Services.

7 (G) The California State Library.

8 (10) Colleges and universities.

9 (b) The objectives of the proceeding set forth in
10 subdivision (a) shall include all of the following:

11 (1) To investigate the feasibility of redefining
12 universal service in light of current trends toward
13 accelerated convergence of voice, video, and data, with
14 an emphasis on the role of basic telecommunications and
15 Internet—~~service services~~ in the workplace, in education
16 and workforce training, access to health care, and
17 increased public safety.

18 (2) To evaluate the extent to which technological
19 ~~changes justify a homogenization of regulations and~~
20 ~~regulatory jurisdictions.~~ *changes have reduced the*
21 *relevance of existing regulatory regimes given their*
22 *current segmentation based upon technology.*

23 (3) To receive broad-based input from a cross section
24 of interested parties and make recommendations on
25 whether video, data, and Internet service providers
26 should be incorporated into an enhanced Universal
27 Lifeline Service program, as specified, including relevant
28 policy recommendations regarding regulatory and
29 statutory changes and funding options *that are consistent*
30 *with the principles set forth in subdivision (c) of Section*
31 *871.7.*

32 (4) To reevaluate prior definitions of basic service in
33 a manner that will, to the extent feasible, effectively
34 incorporate the latest technologies to provide all
35 California residents with all of the following:

36 (A) Improved quality of life.

37 (B) Expanded access to public and private resources
38 for education, training, and commerce.

39 (C) Increased access to public resources enhancing
40 public health and safety.

(D) Assistance in bridging the “digital divide” through expanded access to new technologies by low income, disabled, or otherwise disadvantaged Californians.

(5) To assess projected costs of providing enhanced universal lifeline service in accordance with the intent of this article, and to delineate the subsidy support needed to maintain the redefined scope of universal service in a competitive market.

(6) To design and recommend an equitable and broad-based subsidy support mechanism for universal service in competitive markets in a manner that conforms with subdivision (c) of Section 871.7.

(7) To develop a process to periodically review and revise the definition of universal service to reflect new technologies and markets consistent with subdivision (c) of Section 871.7.

(8) To consider whether similar regulatory treatment for the provision of similar services is appropriate and feasible.

~~(e) In conducting its investigation, the commission shall consider that many of the providers of voice, video, and data services are not economically regulated by the commission or any other governmental entity.~~

(c) In conducting its investigation, the commission shall take into account the role played by a number of diverse but convergent industries and providers, even though many of these entities are not subject to economic regulation by the commission or any other government entity.

(d) The recommendations of the commission shall be consistent with state policies for telecommunications as set forth in Section 709, and with all of the following principles:

(1) Universal service shall, to the extent feasible, be provided at affordable prices regardless of linguistic, cultural, ethnic, physical, financial, and geographic considerations.

(2) Consumers shall be provided access to all information needed to allow timely and informed choices

1 about telecommunications products and services that are
2 part of the universal service program and how best to use
3 them.

4 (3) Education, health care, community, and
5 government institutions shall be positioned as early
6 recipients of new and emerging technologies so as to
7 maximize the economic and social ~~benefit~~—*benefits* of
8 these services.

9 (e) The commission shall complete its investigation
10 and report to the Legislature its findings and
11 recommendations on or before January 1, 2002.

