

Senate Bill No. 1712

Passed the Senate August 25, 2000

Secretary of the Senate

Passed the Assembly August 7, 2000

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2000, at _____ o'clock ____M.

Private Secretary of the Governor

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CHAPTER _____

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

LEGISLATIVE COUNSEL'S DIGEST

SB 1712, 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, 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.

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

SECTION 1. Section 871.7 is added to the Public Utilities Code, to read:

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

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

(b) Factors such as competition and technological innovation are resulting in the convergence of a variety of telecommunications technologies offering an expanded range of telecommunications services to users that incorporate voice, video, and data. These



technologies have differing regulatory regimes and jurisdictions.

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

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

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

(3) Increasing access to public resources enhancing 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 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.
 - (B) The Business, Transportation and Housing Agency.
 - (C) The State and Consumer Services Agency.
 - (D) The Department of Information Technology.
 - (E) The State Department of Education.
 - (F) The State Department of Health Services.
 - (G) The California State Library.
- (10) Colleges and universities.

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

- (1) To investigate the feasibility of redefining universal service in light of current trends toward accelerated convergence of voice, video, and data, with an emphasis on the role of basic telecommunications and Internet services in the workplace, in education and workforce training, access to health care, and increased public safety.
- (2) To evaluate the extent to which technological changes have reduced the relevance of existing regulatory regimes given their current segmentation based upon technology.
- (3) To receive broad-based input from a cross section of interested parties and make recommendations on



whether video, data, and Internet service providers should be incorporated into an enhanced Universal Lifeline Service program, as specified, including relevant policy recommendations regarding regulatory and statutory changes and funding options that are consistent with the principles set forth in subdivision (c) of Section 871.7.

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

(A) Improved quality of life.

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

(C) Increased access to public resources enhancing 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.

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

(3) Education, health care, community, and government institutions shall be positioned as early recipients of new and emerging technologies so as to maximize the economic and social benefits of these services.

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



Approved _____, 2000

Governor

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