DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 22, 2008
POSITION: Neutral
SPONSOR: California's Independent Telephone Companies

BILL NUMBER: SB 1144
AUTHOR: D. Cox
RELATED BILLS: SB 780 (Wiggins), SB 1149 (Wiggins)

BILL SUMMARY: Telecommunications: Universal Services: High Cost Fund

This bill would extend the sunset date of the California High Cost Fund-A (CHCF-A) program from January 1, 2009 until January 1, 2013. The bill would clarify that the term 'small independent telephone corporation' refers to independent telephone corporations that serve rural areas that are subject to rate-of-return regulations by the California Public Utilities Commission (PUC).

FISCAL SUMMARY

The PUC indicates that there would be no additional cost associated with this bill since CHCF-A is a program that is already in existence.

COMMENTS

The Department of Finance is neutral on this bill. Currently, there are two related bills in the Legislature. SB 1149 would extend the sunset of the Rural Telecommunications Infrastructure Grant Program and AB 780 would extend the sunset date of both CHCF-A and California High Cost Fund-B.

In 1987, Legislation was enacted that required the PUC to develop and implement a program to establish a fair and equitable local rate structure through transfer payments to small independent telephone corporations serving rural and small metropolitan areas. The purpose of the program is to "promote the goals of universal telephone service and to reduce any disparity in the rates charged by those companies" in comparison to the rates charged to customers in larger metropolitan areas.

Code/Department Agency or Revenue Type	SOLACORV	(Fiscal Impact by Fiscal Year) (Dollars in Thousands) PROP 98	FC	2007-2008	FC	2008-2009	FC	2009-2010	Fund Code

Analyst/Principal (0621) K. DaRosa — Date — Program Budget Manager Karen Finn — Date

Department Deputy Director — Date

Governor's Office: By: Date: Position Approved_____ Position Disapproved_____