

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 30, 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 the term "small independent telephone corporation" to refer to independent telephone corporations that serve rural areas that are subject to rate-of-return regulations by the California Public Utilities Commission (PUC). This bill would become operative only if SB 780 (Wiggins) is chaptered and becomes operative.

FISCAL SUMMARY

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

The California Constitution requires the state to reimburse local government for the costs of any program or increased level of service mandated by the Legislature or any state agency. Any local government costs resulting from the mandate in this measure would not be state-reimbursable because the mandate only involves the definition of a crime.

COMMENTS

The Department of Finance is neutral on this bill as it would merely extend the sunset date for an existing program.

Current law requires 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	(Fiscal Impact by Fiscal Year)								Fund Code
	SO	LA	CO	PROP	FC	FC	FC	FC	
	RV	98	FC	2008-2009	FC	2009-2010	FC	2010-2011	
8660/PUC	SO	No		-----	No/Minor Fiscal Impact	-----			0464
<u>Fund Code</u>	<u>Title</u>								
0464	High-Cost Fund-A Admin Committee Fd, Cal								

Analyst/Principal (0621) K. DaRosa	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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