

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 27, 2010
POSITION: Oppose unless amended

BILL NUMBER: AB 2213
AUTHOR: F. Fuentes

BILL SUMMARY: Moore Universal Telephone Service Act

Existing law establishes the Universal Lifeline Telephone Service program to provide low-income households with access to affordable basic residential telephone service.

This bill would provide that a lifeline subscriber be allowed one Lifeline subscription at the individual's principal place of residence. In addition, the bill would define "household" and replace all references to "residence" with "household."

FISCAL SUMMARY

The California Public Utilities Commission (CPUC) indicates the costs associated with the bill would be minor and absorbable within existing resources.

COMMENTS

Finance is opposed to this bill unless it is amended to provide that the cost paid by non-lifeline telephone service subscribers to subsidize lifeline rates, in terms of dollars per lifeline subscription, does not increase as a result of this bill.

This bill recognizes that advances in telecommunications technology have made additional options available that could be used to provide lifeline telephone service. However, services such as wireless service tend to be more expensive than traditional landline service. In 2010-11, the CPUC estimates that non-lifeline customers will pay \$362 million in additional rates to subsidize lifeline rates. This is a substantial cost. While it makes sense to allow lifeline customers to take advantage of new technologies if they so choose, it does not follow that non-lifeline customers should pay increased rates to afford them that privilege. Since the goal of universal lifeline service is to ensure that all residences are provided with telephone services, it is important that that service be provided as cost effectively as possible.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)						Fund Code
		(Dollars in Thousands)						
	LA	PROP						
	CO	98	FC	2009-2010	FC	2010-2011	FC	2011-2012
	RV							
8660/PUC	SO	No		-----	No/Minor	Fiscal Impact	-----	0471

<u>Fund Code</u>	<u>Title</u>
0471	Universal Lifeline Telpne Svc Trst Admin

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 _____

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

Suggested Amendments
AB 2213 (As amended April 27, 2010)

On page 3, line 33, after "878." Insert: (a)

On page 3, after line 39, insert: (b) In establishing lifeline rates, the Commission shall ensure that the per-subscriber subsidy provided by telephone corporations, and reimbursed to them from the Universal Life Service trust Administrative Committee Fund, is based on the most cost effective method of providing service to the household, regardless of the service option chosen by the subscriber.