

Date of Hearing: June 23, 2025

ASSEMBLY COMMITTEE ON COMMUNICATIONS AND CONVEYANCE

Tasha Boerner, Chair

AB 470 (McKinnor) – As Amended June 19, 2025

SUBJECT: Telephone corporations: carriers of last resort

SUMMARY: This bill would require the California Public Utilities Commission (CPUC) to adopt a process, as specified, for a telephone corporation to request relief from carrier of last resort (COLR) obligations in eligible areas, as specified. This bill would require the process to include specified public notice and challenge requirements, and oblige the telephone corporation that has been granted amended to meet specified requirements, as provided. This bill would require the CPUC to approve a request for amended status, only as provided. Specifically, **this bill:**

- 1) Defines “eligible areas” as a census block that is well-served, as defined, or where the United States Census Bureau reports no population and where a telephone corporation provides line no basic exchange service to any customer address located within its telephone service territory.
- 2) Defines “well-served” to mean at least three different facilities-based service providers, not including the copper infrastructure from the relevant telephone corporation, offer alternative voice basic service in the relevant area in compliance with existing law. At least one of those service providers must be a wireline provider, at least one of the service providers must offer a comparatively priced alternative voice basic service, and at least one of the service providers must participate in the lifeline telephone service program. The alternative voice basic service must be available to all of the broadband-serviceable locations in the area, as specified.
- 3) Defines “amended status” to mean the status of a telephone corporation that has been granted relief from carrier of last resort status in a census block or census blocks.
- 4) Requires the CPUC to approve a request for amended status, subject to the requirements of this bill and other conditions imposed by the CPUC that are consistent with this bill.
- 5) Requires the CPUC, on or before December 15, 2026, to adopt a map designating well-served areas, and specifies that the map shall include data from the wireless coverage maps previously adopted by the CPUC.
- 6) Requires the CPUC, in consultation with the Office of Emergency Services (OES), to on or before December 15, 2026, adopt a process through which a telephone corporation seeking to amend its status as a carrier of last resort may submit a request for amended status for an area where the United States Census Bureau reports no population and where the telephone corporation provides no basic exchange service to any customer address located within the area, as provided.
- 7) Requires the CPUC, in consultation with the Office of Emergency Services, to on or before December 15, 2026, adopt a process through which a telephone corporation seeking to

amend its status as a carrier of last resort may submit a request for amended status for an area that is well-served, based on the map adopted by the CPUC.

- 8) Requires a telephone corporation that has been granted relief from its carrier of last resort obligations to meet specified requirements, including among other requirements:
 - a. Making accessible, within six years, its advance fiber optics buildout to at least three times the number of residential unit in the state as the number of basic exchange customers the telephone corporation had as of the effective date of its first request for amended status, one-half of which shall be in areas that are not well-served as of the effective date it first obtained amended status.
 - b. Provide continuing service to a customer for at least 12 months if the customer elects not to transition to an alternative voice basic service.
 - c. For at least 24 months, provide funding for public safety technology upgrade grants.
 - d. For at least 24 months, provide funding to OES for grants and programs to tribal governments, community-based organizations, and local governments to help them prepare for, respond to, and recover from emergencies.
 - e. For at least 24 months, provide funding for programs to develop community-based digital literacy resources in amended status areas.
 - f. For at least 24 months, provide funding for a workforce development program in amended status areas that includes enhanced skills training, mentoring, education reimbursement, and career development programs for nonmanagement employees.
 - g. For at least 24 months, engage in fair labor practices and workforce training for employees that may be impacted by carrier of last resort relief.
- 9) Authorizes the CPUC to impose a remedy, after notice and reasonable opportunity to cure, if the telephone corporation fails to meet any requirement specified.
- 10) For a period of 10 years after a telephone corporation has received amended status, require a telephone corporation to provide alternative voice basic service to any residential customer that is unable to obtain alternative voice basic service from any provider in the well-served areas, as provided.
- 11) Exempts from this bill any inhabited island that is not part of the mainland area of the state and is not accessible by bridge or road, if any part of the island is well-served.
- 12) Prohibits the CPUC from designating any other entity as a successor carrier of last resort for any census block wherein the CPUC has approved amended status.
- 13) Specifies that this bill does not modify or reduce the obligations of a telephone corporation to be the carrier of last resort in any area that is not an eligible area for amended status.

EXISTING LAW:

- 1) Establishes that telephone corporations are public utilities subject to control by the Legislature. (California Constitution Article XI § 3)
- 2) Authorizes the California Public Utilities Commission (CPUC) to, among other things, establish rules for all public utilities subject to its jurisdiction. (California Constitution Article XI § 6)
- 3) Defines "telephone corporation" to include every corporation or person owning, controlling, operating, or managing any telephone line for compensation within this state. (Public Utilities Code Section 234)
- 4) Defines "service area" for purposes of the operations of a telephone corporation, to mean a local access and transport area as defined and approved by the United States District Court for the District of Columbia circuit in the case of the *United States v. Western Electric Co., Inc., and American Telephone and Telegraph Co.*, CA 82-0192, April 20, and July 8, 1983, and in a Memorandum and Order of August 5, 1983. (Public Utilities Code Section 230.3)
- 5) Requires the CPUC to ensure that public utilities furnish and maintain such adequate, efficient, just and reasonable service, instrumentalities, equipment, and facilities as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public. (Public Utilities Code § 701)
- 6) Requires a telephone corporation, before it exits the business of providing interexchange services to all of its customers or to an entire class of its customers, to provide those affected customers with a written notice at least 30 days prior to the proposed transfer of those customers to another telephone corporation, as specified. (Public Utilities Code § 2889.3)
- 7) Requires the CPUC to require telephone corporations to provide customer service to telecommunication customers that includes, but is not limited to, sufficient information upon which to make informed choices among telecommunications services and providers, ability to access a live operator by dialing "0", reasonable statewide service quality standards, and information concerning the regulatory process. (Public Utilities Code § 2896)
- 8) Defines "telecommunications service" to mean voice communication provided by a telephone corporation, voice communication provided by a provider of satellite telephone service, voice communication provided by a provider of mobile telephone service, and voice communication provided by a commercially available facilities-based provider of voice communication services utilizing Voice over Internet Protocol (VoIP). (Public Utilities Code § 2892.1)
- 9) Establishes the California High Cost Funds (CHCF) A, CHCF B, Universal Lifeline Telephone Service Trust, the Deaf and Disabled Telecommunications Program, and the California TeleConnect Fund. (Public Utilities Code Sections 270 to 281)
- 10) Requires the CPUC to require every telephone corporation providing telephone service within a service area to file a schedule of rates and charges providing a class of lifeline telephone service. (Public Utilities Code Section 876)

- 11) Requires every telephone corporation providing service within a service area to inform all eligible subscribers of the availability of lifeline telephone service, and how they may qualify for and obtain service, and shall accept applications for lifeline telephone service according to procedures specified by the CPUC. (Public Utilities Code Section 876)
- 12) Authorizes the CPUC to annually determine user fees to be paid by every electrical, gas, telephone, telegraph, water, sewer system, and heat corporation and every other public utility providing service directly to customers or subscribers and subject to the jurisdiction of the commission, as specified. (Public Utilities Code Sections 431 to 435)
- 13) Declares that the policies for telecommunications in California are as follows:
 - a. To continue our universal service commitment by assuring the continued affordability and widespread availability of high-quality telecommunications services to all Californians.
 - b. To focus efforts on providing educational institutions, health care institutions, community-based organizations, and governmental institutions with access to advanced telecommunications services in recognition of their economic and societal impact.
 - c. To encourage the development and deployment of new technologies and the equitable provision of services in a way that efficiently meets consumer need and encourages the ubiquitous availability of a wide choice of state-of-the-art services.
 - d. To assist in bridging the "digital divide" by encouraging expanded access to state-of-the-art technologies for rural, inner-city, low-income, and disabled Californians.
 - e. To promote economic growth, job creation, and the substantial social benefits that will result from the rapid implementation of advanced information and communications technologies by adequate long-term investment in the necessary infrastructure.
 - f. To promote lower prices, broader consumer choice, and avoidance of anticompetitive conduct.
 - g. To remove the barriers to open and competitive markets and promote fair product and price competition in a way that encourages greater efficiency, lower prices, and more consumer choice.
 - h. To encourage fair treatment of consumers through provision of sufficient information for making informed choices, establishment of reasonable service quality standards, and establishment of processes for equitable resolution of billing and service problems. (Public Utilities Code Section 709)

FISCAL EFFECT: According to the Assembly Appropriations Committee analysis of a similar version of this bill, it would create significant new analytical work for the CPUC to complete tasks such as adopting a map of well-served areas, reviewing advice letters submitted pursuant to this bill, and ensuring a telephone corporation fulfills other obligations pursuant to this bill.

The CPUC estimates costs resulting from the mapping obligation to be approximately \$200,000, one time, for a data analyst position and contracting and equipment costs of \$172,000 in the first

year and \$57,000 annually thereafter (Public Utilities Commission Utilities Reimbursement Account (PUCURA)). In addition, the CPUC estimates it will need twelve new positions, at a cost of approximately \$2.5 million (PUCURA) to review COLR advice letters and undertake consequent obligations required by bill. The CPUC did not explicitly tie its estimated number of positions needed to the number of COLR advice letters it expects to receive as a result of the authority provided by this bill.

The Appropriations Committee cost estimate does not reflect costs resulting from additional work newly required by the current version of the bill.

COMMENTS:

- 1) *Author's statement.* According to the author: "AB 470 will incentivize investment in more advanced and affordable communications for all Californians. Modern network services are more innovative, reliable, fast and generally meet the twenty-first-century needs of Californians. In addition to superior services and reliability, the cost of VoIP and wireless services have been steadily decreasing for the past two decades, while during the same period, copper landline services have drastically increased in cost. With affordable modern internet-based and wireless-based phone services, consumers benefit from greater affordability and additional features that will keep all Californians connected to each other and people around the world."
- 2) *What is a Carrier of Last Resort (COLR)?* Under state and federal laws, an entity that owns, operates, or manages a telephone line for compensation is a public utility, specifically a telephone corporation. A carrier of last resort (COLR) is a designated telephone corporation that has a legal obligation to provide access to basic telephone service to any household in its service territory who requests it. In a competitive market environment that exists across much of the state today, where consumers have multiple options to meet their voice communications needs, the COLR is literally the last-resort if no other carrier is willing or able to offer service. Across the state, every census block has a specified carrier that is designated as the COLR by the California Public Utilities Commission (CPUC), even in areas where there may be multiple providers offering telephone service. In areas where there are multiple providers in the market, which this bill designates as a "well-served" area, it is still only one carrier that is designated to hold the legal obligations of the COLR. The legal obligations placed on a COLR have been a tenant of universal service for decades, to ensure that everyone has guaranteed access to safe, reliable, and affordable telephone service. According to the California Public Utilities Commission (CPUC), there are 16 COLR-designated companies across California with distinct service territories. AT&T is the designated COLR in many parts of the State and is the largest COLR in California; Frontier is the second largest COLR in the State.

For much of the 20th century a single company, the American Telephone & Telegraph (now AT&T), owned and operated essentially all of the telephone infrastructure in the country as a regulated monopoly granted by government. Along with that market power, utility regulatory bodies such as the CPUC were vested with the authority to regulate the rates of telephone service to ensure just and reasonable prices for customers, control against unreasonable profits, and enforce the obligations to serve all customers in a discriminatory manner. In that context, it was clearly not unreasonable to require the single company with a monopoly on service to be expected to serve all the households in its service territory as a carrier of last

resort. In that non-competitive context, the telephone corporation could recoup their costs from other customers during their rate cases before the CPUC, essentially spreading the cost of service to all households across their entire customer base. However, this dynamic began to change in the 1980's with the introduction of competition into the telephone market. In 1982, the United State Department of Justice succeeded in its antitrust litigation against AT&T, resulting in a breakup of the company into smaller regional entities. The breakup of AT&T also paved the way for further innovation of telecommunications and other competitors to enter the telephone services market. For example, mobile telephone service first began to become commercially available in the 1980s. Subsequently, Congress passed the Telecommunications Act of 1996, which further incentivized competition in telecommunications service market as a means to reduce prices, and increase quality and innovation. Despite the proliferation of competition in the telecommunications marketplace over decades, COLR requirements have remained in California as a means to ensure there is a guaranteed provider of basic telephone service regardless of the status of the market. However, unlike in the era of a monopoly, no company is guaranteed a particular revenue from their customers or profit. Even if a COLR loses customers to competitors, they retain the legal obligation of a COLR and the according costs. The perspective of this bill, which opponents continue to take issue with, is that such COLR requirements are no longer required and may actually hinder further investment and competition in the market. Accordingly, this bill proposes to require the CPUC to adopt a process telephone corporations to seek relief from their obligations as a carrier of last resort in eligible areas as a way to incentivize further investment and access to advance technologies.

- 3) *The transition from plain old telephone service is happening on its own, regardless of this bill.* Just as the preferred type of telecommunications technologies transitioned at the turn of the 20th century from telegraph to telephone, consumers today are once again increasingly transitioning towards more modern telecommunications services such as mobile telephone and broadband internet service when those options are available. This bill would classify those other types of services as “alternative voice basic services”. To put this transition in context, consider several data points from the Center for Disease Control (CDC) National Center of Health Statistics, which has measured the availability of telephone service in households for decades. In 1999 the CDC estimated that about 95% of California households had a household telephone, while in 2007 nationwide figures showed that only about 16% of households relied on wireless phone service only. Data from 2023 show that 76% of adults lived in households that did not have landline telephone but did have at least one wireless telephone, a stark difference since the late 90s and early 2000s. Beyond telephone service, data from the California Statewide Digital Equity Survey published in 2023 show that 91% of households also subscribe to high-speed internet access at home. In summary, most consumers today have more options to meet their communications needs, from more providers utilizing different types of technologies, than ever before. The perspective of this bill is that, because of competition, the requirement for one company to hold the entire legal obligation to serve an area is no longer necessary and is a barrier to investment and competition. However, it must be noted that the public benefits of competition have not been realized equally across the state.

Whereas in the monopoly era, it was essentially one company that had an obligation to provide telephone service to households as the COLR and only carrier; today's market is different. There is no carrier of last resort for mobile telephone service or broadband internet access, and those industries have resisted regulation of their services. In fact, under state or

federal law broadband internet service providers are not a public utilities or common carriers at all. Even mobile telephone providers, although they are common carriers, are not subject to the same requirements as a COLR. Unlike the monopoly era, regulators are not empowered to require a mobile telephone or broadband internet provider to expand their network to unserved households and providers are not currently required to meet baseline quality of service requirements¹. As a result, in areas where there is little economic incentive for providers to enter the market, households remain unserved and underserved by more advanced telecommunications technologies or wireless reception can be unreliable. In those areas where there is no competition, the COLR might be the only reliable provider. The areas of the state which have not benefited from competition in the market generally are disproportionately rural and lower-income, and may never be served by advanced technologies regardless of COLR or without government intervention. The dichotomy, between well-served areas with robust competition for telecommunications services, and less well-served areas where the market is not meeting consumers' needs for advanced communications services, like broadband internet access, illustrates a bright line of the digital divide.

Acknowledging that alternative services are not available to all corners of this state, this bill is drafted in a manner that attempts to respect that bright lines, by establishing a process for relinquishment only in those areas that are well-served and in areas where there is no population or no customers. This bill defines these areas as "eligible areas". Areas that are not eligible areas would not be subject to the process that would be established by the commission pursuant to this bill. Recent amendments clarify the scope of this bill.

- 4) *The bill requires the CPUC to establish a process for COLR relief, including a challenge process.* Previous versions of this bill provided a limited role for the CPUC, however this version of the bill requires the CPUC to establish the process that a telephone corporation must follow in order to seek and obtain amended status. "Amended status" is defined by this bill as the status of a telephone corporation that has been granted relief from carrier of last resort in a census block or census blocks. In particular, this bill requires the CPUC to adopt processes for both well-served areas, and areas with no population and no customers each by December 15, 2026. Each area will of course have different considerations that the CPUC would be able to take into account when developing those requirements. For example, in no population areas and no customer areas there are not customers to notify, therefore the CPUC would not be required to adopt customer notice requirements but may instead require notifications to local elected officials, emergency responders, and other interested parties. To ensure a robust process, this bill establishes some guidelines that each process should include. For example, the process for each area shall include a Tier 2 Advice letter process for a telephone corporation to request relief, public notification requirements, a challenge process, and timelines for when the amended status shall be in effect after approval of a request. Under each process, the CPUC would be prohibited from granting relief if there are pending challenges in that census block.

Where the processes will differ among the two eligible areas is particularly on the timelines for when the amended status takes affect and also the timelines for a challenge. In a no

¹ In April 2025 the CPUC issued a proposed decision to implement service quality standards on wireline Voice over Internet-Protocol (VoIP) and mobile voice communications.

population and no customer area, the CPUC is required to allow 90 days for a challenge to a request for amended status. After those 90 days have elapsed and when the CPUC approves the request, the amended status takes effect immediately. In a well-served area, given the potential customer impact or disruption of service, the public is given more time to challenge for a total of 180 days. Additionally, at least 180 days must have passed from the last customer notification before amended status can take effect. The additional time is a safeguard to ensure no area that is not legitimately well-served, as defined, is capable of being granted relief from COLR requirements.

Ultimately, once each process is complete and a telephone corporation has met its obligations, the CPUC is required to approve the request for amended status. The CPUC would also maintain the authority to deny or modify requests that do not meet the requirements of this bill or other conditions it imposes on the process. Providing certainty to the telephone corporation seeking amended status is reasonable given that the process the CPUC will establish will be comprehensive and intensive on the part of the telephone corporation and provides guardrails to ensure universal service. Without this certainty, it is possible the CPUC may utilize its discretion in a manner that results in no request for relief being approved, thus undermining the process the legislature would be directing the agency to follow pursuant to this bill. Most importantly, given that in public statements the CPUC has cast doubt as to whether the agency has the legal authority to grant relief of COLR obligations if there is no replacement, this provision ensures the CPUC has the authority needed to implement this bill.

- 5) *The bill does not grant blanket COLR relinquishment across the state.* Many of the organizations opposed to this bill have expressed concerns about the impact of this bill for all Californians, and especially those in rural communities or where reliable access to telephone service has not been consistently available except through the carrier of last resort. Certainly those areas are worthy of special consideration, and this bill is limited to eligible areas. Eligible areas as defined by this bill are well-served areas and those areas with no population or where the telephone corporation has no customers on basic exchange service. Areas will be measured on a census block basis.

This bill only requires the CPUC to establish a process for relinquishment of COLR obligations in eligible areas. Well-served areas, as defined by this bill, are areas where there are at least three other alternative voice service providers, at least one of which must be a wireline provider and at least one of which is a Lifeline provider. In well-served areas, the public already has various choices for providers and many have willingly chosen to subscribe to services from carriers that are not carriers of last resort. Still, it is undeniable that relinquishing the obligation of a carrier of last resort to serve all customers poses an inherent risk to the public's universal access to telephone service. Nonetheless, short of a market collapse, it is likely that residents of well-served areas will continue to have access to reliable voice communication services even despite relinquishment of COLR. This is evidenced by the fact that most consumers in well-served areas purchase services other than COLR basic service, such as broadband, VoIP, or mobile wireless telephone service. Additionally, in recent history large providers have rarely gone out of business, although there has been market consolidation. Notably, the CPUC is required to approve mergers of telecommunications providers and this bill does not change that.

Beyond well-served areas, this bill also requires the CPUC to adopt a process for a telephone corporation to seek amended status in census blocks with no population and no customers. In these areas, there is obviously a smaller risk for public impact because of the nature of those areas having no population. However, to the extent that those areas may be developed in the future, there is a risk that no provider would be willing to serve new developments. Again, here the actual risk of a stranded customer is unlikely because a local government would have to approve new development and likely would know the area is not covered by COLR before doing so. Even so, for a period of 10 years, this bill would require a telephone corporation that has been granted amended status as carrier of last resort to be required to offer alternative voice service if there are truly no other providers.

- 6) *This bill requires the CPUC to adopt a map of well-served areas.* As stated above, one eligible area for relief under this bill are well-served areas. Well-served areas are defined in reference to the number of alternative providers that meet particular criteria, particularly the availability of three alternatives offering alternative voice basic service, including one wireline provider and one provider that offers Lifeline. Moreover, every household in such a census block would need to meet this criteria in order to be considered well-served. Although the availability of multiple providers reduces the possibility that an individual would not be able to access reliable and affordable alternative voice service, it is imperative that these areas are accurately represented as part of the COLR relief process. To ensure the most robust set of data currently available, this bill directs the CPUC to adopt a map that includes data from the wireless coverage maps adopted pursuant to implementation of the Broadband Equity, Access, and Deployment (BEAD) program² or from the Federal Communications Commission's (FCC) National Broadband Map³. The BEAD program map and the FCC National Broadband Map were objectively the most robust and comprehensive mapping effort ever undertaken by the state and federal government. The maps include layers that demonstrate fixed and mobile broadband service availability by broadband serviceable location address.

In well-served areas, it likely that the availability of wireless services will be heavily relied on to meet the minimum requirements of the definition, as it is not uncommon that a household would only have one alternative wireline option available, often from a cable company. Given that the availability of wireless coverage may be spotty in some parts of the state, especially at the peripheries of wireless coverage areas, there exists a need to ensure all the available alternatives are actually available. Towards that end, this version of the bill continues to require the CPUC to adopt a map of well-served areas that will then serve as the basis for where a telephone corporation can seek amended status. In other words, if an area is not represented on this map, even if there are some alternatives, then it is not well-served as established by this bill and in turn would not be eligible for amended status. This mapping requirement will offer additional discretion to the CPUC in the public's interest, to ensure everyone in a well-served area is truly well-served.

Despite the additional assurance that such a map can provide, a number of the opponents of this bill point out that the BEAD map and the National Broadband Map are imperfect nonetheless. For example, the Public Advocates Office of the CPUC points out that the national broadband map has had over 2 million errors discovered across the nation.

² CPUC BEAD Challenge Map. <https://register.challenge.cpuc.ca.gov/register/bead/map>

³ Federal Communications Commission National Broadband Map. <https://broadbandmap.fcc.gov/home>

Additionally, the CPUC ran a separate challenge process for the state BEAD map and accepted their own challenges. Although the number of errors addressed on the map may cast doubt on their reliability or usefulness, on the other hand, that robust challenge process is also exactly why these maps are the most accurate broadband maps ever produced. Furthermore, by requiring the CPUC to utilize these maps as the starting point for a well-served map, it ensures there will be yet another opportunity for the public and stakeholders to ensure the accuracy of these previously vetted maps. The alternative would seem to be starting from scratch, which is not exactly an efficient use of resources given the amount of effort and funding that went into producing the FCC National Broadband Map and the state BEAD map. Lastly, and importantly, after the maps are adopted on the front end the public will still maintain the right to challenge their well-served designation based on the challenge process on the back end. In a nutshell, although the maps are imperfect, there are multiple mechanisms in this bill to provide additional assurance about a household's or census block's designation as well-served.

The CPUC will not be required to adopt a map of no population and no customer areas because it is fairly obvious, based on census data, where there is a population.

- 7) *This bill imposes obligations on a telephone corporation seeking amended status.* As was established in the previous section, there is an inherent risk in this bill to the public's continued universal access to telephone service. However, that risk is not guaranteed to be realized, and this bill includes robust guardrails for challenges. Further, those risks ought to be considered alongside the potential public benefits that this bill may enable. For example, in order to receive an amended status as a carrier of last resort, a telephone corporation must meet various ongoing requirements after obtaining amended status. The commitments include demonstrating that it has made accessible its advanced fiber optics buildout to a minimum number of residential units and year-over-year increase in fiber buildout. Other commitment include offering an affordable broadband plan, benefits for small business customers, funding for public safety technology upgrades, funding for community-based digital literacy resources, and workforce development. This bill would also establish the Public Safety Agency Technology Upgrade Grant program, to be administered by the CPUC and funded by donations. This bill also provides that the CPUC may seek a remedy if a provider fails to meet their commitments.

Among the most robust requirements of this bill that a telephone corporation will be required to follow is a commitment to make accessible its advanced fiber optics buildout to at least three times the number of residential units in the state as the number of basic exchange customers the telephone corporation had as of the effective date of its first amended status request. Moreover, this bill requires that half of that investment would be in areas of the state that are not well served. In effect, this provisions encourages investment in areas of the state that might otherwise not see investment.

- 8) *The public in affected areas would still have access to Lifeline under this bill.* As has been established, the concept of a COLR exists to ensure universal access to telephone service consistent with federal and state law. While the most obvious element of universal access is merely ensuring that an individual is capable of utilizing the telephone network for their communications needs, another element is ensuring affordable access. Without a guarantee of affordable access, universal access cannot be achieved because cost would otherwise be a barrier to low-income residents. Thus, in order to advance the public policy goal of universal

access to telephone service, COLR regulations require a carrier of last resort to participate in the Lifeline program. The Lifeline program offers subsidies to eligible low-income households to assist with affording the cost of basic telephone service. Historically, Lifeline service had been provided through landline telephones, but as technology advanced the program has also supported access to mobile telephone. In fact, based on today's enrollment there are about 1.4 million Lifeline participants in the state, with only about 133,000 of those utilizing the benefit for wireline service.

To ensure continued access to affordable telephone service, the bill's definition of well-served includes a requirement that at least one of the providers in a well-served areas is a Lifeline provider. This provision will ensure that any customer or member of the public in a well-served area will have access to Lifeline benefits, and therefore affordable telephone service. However, it should be noted that the Lifeline provider does not necessarily need to be a wireline provider. Therefore, it is possible that some customers who currently utilize their Lifeline benefit for wireline telephone service may be required to transition their benefit to a wireless plan. Nonetheless, they will retain access to an affordable voice service plan.

- 9) *Are COLR regulations technology-neutral?* The California Public Utilities Commission (CPUC) has asserted that its COLR rules are technology neutral, thus inferring that existing carriers of last resort may meet their COLR obligations through any technology. Taken a step further, this assertion implies that a COLR is not required to maintain a copper network, as is claimed by supporters. This is all technically an accurate statement, but in practice the answer is more complicated.

Under CPUC regulations, a COLR is required to offer what is referred to as "basic service" to any customer that requests it. Basic service must include several elements that are determined by the commission including: the ability to place and receive voice-grade calls over all distances, free access to 911 and enhanced-911 service, access to directory services, specified billing provisions, access to 800 and 8YY toll-free services, access to telephone relay services for disabled users, access to customer service information about Lifeline, one-time bill adjustments for certain charges, and access to operator services. Many of these elements are clearly necessary and basic services for consumers, while some may be more outdated or unnecessary given today's consumer preferences and practices. Importantly to an evaluation of whether current COLR rules are technology neutral, it is absolutely possible to meet those basic service requirements through other technologies like wireless or fiber, and basic service does not require a copper connection.

However, in addition to these basic service elements, a basic service provider is also required to file and maintain tariffs, or schedules of rates, with the commission that include basic service rates, charges, terms and conditions. The tariffs are required to be filed through a Tier 2 advice letter that is subject to review and approval by CPUC staff. Herein lies the complication when evaluating whether the CPUC's COLR rules are actually technology-neutral in practice. While it is true that a carrier of last resort could meet its COLR obligation through any technology, if it were to meet those obligations through alternatives technologies beyond copper (such as broadband) it would be subjecting those otherwise non-tariffed services to CPUC tariffing requirements. In effect then, the COLR's alternative services would necessarily be regulated differently than their competitors merely because their status as a COLR. Therefore, in practice the CPUC's COLR requirements are not as neutral in practice as may have been represented.

10) *Could the CPUC designate a new COLR for areas that have been granted amended status?*

Under the California Constitution and the Public Utilities Code, the CPUC has broad authority over telephone corporations and the authority to establish its own procedures to regulate those entities. Generally speaking and consistent with the law, the CPUC has near plenary power to impose certain requirements on telephone corporations, unless otherwise prohibited by law. While this bill is intended to establish a process to effectuate the relinquishment of COLR obligations in some targeted areas, there is concern among non-COLR providers that the CPUC may seek to reassign COLR obligations to other entities. While there is not a specific statute that would authorize the CPUC taking this action, it is not a far-fetched concern that the CPUC would utilize the full extent of its other constitutional and statutory authority to attempt to unilaterally designate a new COLR in amended status areas despite passage of this bill. For example, existing Commission rules currently require the CPUC to find a replacement COLR in areas that have been granted in relief. Under existing law, nothing would explicitly prohibit the CPUC from designating another entity or re-designating a telephone corporation that has been granted relief as a COLR in the future. Therefore, to prevent the CPUC from utilizing the breadth of its constitutional authority to undermine the intent of this bill, it is reasonable to explicitly prohibit the CPUC from designating a replacement COLR in areas that have been granted relief pursuant to this bill.

11) *The CPUC has an open rulemaking to consider changes to COLR.* In June 2024, the CPUC initiated a new rulemaking to review and possibly update the rules for COLR. The rulemaking was initiated, in part, because the CPUC was required by its own precedent to deny a previous AT&T application requesting COLR relief on a technicality, not on its merits. That previous decision adopted a process for COLR relief that required a replacement COLR be identified before the CPUC could grant relief. Relying on that past decision as rationale, the CPUC denied that application with prejudice and prohibited AT&T from submitting similar request until at least one year after a decision to close the new rulemaking that was just opened. Eight months after opening the rulemaking, the assigned Commissioner eventually issued a scoping ruling outlining the issues that would be considered in the rulemaking. Among those issues within the scope of the rulemaking include whether the CPUC should adopt revisions to its current process for COLR relief and under conditions a COLR should be allowed to withdraw. The rulemaking also has other issues within its scope, such as updating existing COLR rules and revising the definition of “basic service”. To the extent this bill would require the CPUC to adopt a process to effectuate COLR relief, it would answer some of the questions within the scope of the proceeding and require the CPUC to grant COLR relief as provided in this bill. The CPUC would retain the discretion to design the process, consistent with this bill. Afterwards following adoption of the processes and the map required pursuant to this bill, the CPUC would be permitted to return to the other issues within the rulemaking such as updating the definition of “basic service” and other COLR requirements in areas where COLR obligations will persist indefinitely.

12) *Similar/related legislation.*

- a. AB 2797 (McKinnor), 2024, was similar to the provisions of this bill. The bill was referred to the Senate Energy, Utilities and Communications Committee.
- b. AB 2395 (Low), 2016, would have established a process for a telephone corporation to withdraw legacy public switched telephone network services and transition to

Internet Protocol (IP) enabled services and networks, beginning January 1, 2020. The bill was held in Assembly Appropriations.

REGISTERED SUPPORT / OPPOSITION:

Support

Alameda County Latina Chamber of Commerce
Asian Pacific American Advocates
Asian Pacific American Community Center
Asian Pacific Islander American Vote (APIAVOTE)
At&t
Barona Band of Mission Indians
Big Valley Band of Pomo Indians
Black Business Association
Black Chamber of Orange County
Black Education Expo
Boss - Business of Student Success
Boys & Girls Clubs of Carson
Boys & Girls Clubs of Fresno County
Boys and Girls Club of Central Orange Coast
Boys and Girls Club of Kern County
Business Council San Joaquin County
CA League of United Latin American Citizens (LULAC)
Calasian Chamber of Commerce
California African American Chamber of Commerce
California Chamber of Commerce
California Hawaii State Conference of the NAACP
California Hispanic Chamber of Commerce
California Tennis Association for Underprivileged Youth
California Valley Miwok Tribe
Carlsbad Chamber of Commerce
Chemehuevi Indian Tribe
Cniga - California Nations Indian Gaming Association
Coalition for Responsible Community Development
Concerned Black Men of Los Angeles
Concerned Citizens Community Involvement
Digitallift
East Bay Leadership Council
Emac Construction
Empowerment (dessa Perkins Foundation)
Enterprise Rancheria
Ewiiapaayp Band of Kumeyaay Indians
Exp – the Opportunity Engine
Greater Bakersfield Chamber of Commerce
Greater Riverside Chambers of Commerce
Haven Neighborhood Services
Hopland Band of Pomo Indians
Iipay Nation of Santa Ysabel
Jamul Indian Village of California

Janet Goeske Foundation
Japanese American Citizens League (JACL)
Kern Economic Development Foundation
Kidstream Children's Museum
LA Jolla Band of Luiseno Indians
Latino Education and Advocacy Days (LEAD)
Los Angeles Mission
Maac Project
Mesa Grande Band of Mission Indians
Morongo Band of Mission Indians
Mother Lode Rehabilitation Enterprises INC. (MORE)
Newport Beach Chamber of Commerce
Oceanside Chamber of Commerce
Onegeneration
Orange County Business Council
Orange County Hispanic Chamber of Commerce
Pala Band of Mission Indians
Pauma Band of Luiseno Indians
Pinoleville Pomo Nation
Reality Changers
Redding Rancheria
Rincon Band of Luiseno Indians
Rise San Diego
Robinson Rancheria Pomo Indians of California
Salef
San Diego County Hispanic Chamber of Commerce
San Diego North Economic Development Council
San Gabriel Valley Conservation and Service Corps
San Gabriel Valley Economic Partnership
San Pasqual Band of Mission Indians
Santa Ana Chamber of Commerce
Santa Clarita Valley Chamber of Commerce
Silicon Valley Leadership Group
Small Business Diversity Network
Soboba Band of Luiseno Indians
Tejon Indian Tribe
The Arc California
The Fresno Center
Tulare Kings Hispanic Chamber of Commerce
United States Telecom Association DbA Ustelecom - the Broadband Association
Ventura Chamber of Commerce
Vermont-slauson Economic Development Corporation
Weave

Opposition

#oaklandundivided
Alliance for a Better Community (UNREG)
Arts for LA
Bridge the Digital Divide

California Alliance for Digital Equity
California Community Foundation
California Farm Bureau Federation
California Federation of Labor Unions, Afl-cio
Cdp Rural Caucus
Center for Accessible Technology
Center for Leadership, Equity, and Research (CLEAR)
City of Hidden Hills
Communications Workers of America Local 9410
Communications Workers of America Local 9510
Communications Workers of America Local 9511
Communications Workers of America, District 9
Communities in Schools of Los Angeles (CISLA)
Community Coalition of the Antelope Valley
Consejo De Federaciones Mexicanas (COFEM)
Cwa Southern California Council
Destination Crenshaw
Digital Equity LA
Diversity in Leadership Institute
Everyoneon
Families in Schools
Fiber-up My Neighborhood
Fresno Coalition for Digital Inclusion
Gpsn
Hack the Hood
Healing and Justice Center
Innovate Public Schools
Institute for Local Self-reliance
Insure the Uninsured Project
Jawharah McClinton
Kapor Center
Las Virgenes-malibu Council of Governments
Latino Equality Alliance
Los Angeles County Division, League of California Cities
Los Angeles Unified School District
Los Angeles Urban League
Luisa Calumpong, Broadband Manager, City of Oakland
Media Alliance
Nextgen California
Orange County Labor Federation, Afl-cio
Our Voice: Communities for Quality Education
Pacoima Beautiful
Para Los Ninos
Parent Engagement Academy
Parent Institute for Quality Education
Puente Learning Center
Southeast Community Development Corporation
The Utility Reform Network (TURN)
Trio Plus

Unite-la
United Parents and Schools
Vision Y Compromiso

Oppose Unless Amended

CalBroadband
County of Marin
Public Advocates Office

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