Date of Hearing: July 1, 2026

ASSEMBLY COMMITTEE ON COMMUNICATIONS AND CONVEYANCE
Tasha Boerner, Chair
SB 1191 (Ochoa Bogh) – As Amended June 8, 2026

SENATE VOTE: 33-0

SUBJECT: Communications: universal service programs

SUMMARY: This bill would extend the California High-Cost Fund A and B program requirements to January 1, 2033. Specifically, **this bill**:

1) Provides that this bill is an urgency measure, to ensure that the Public Utilities Commission has sufficient lead time to incorporate the Legislature's direction regarding these universal service programs in its proposed budget to the Department of Finance for fiscal year 2027-2028.

EXISTING LAW:

1) Establishes the California High-Cost Fund (CHCF) A program, under the adminstration of the California Public Utilities Commission (CPUC), to provide universal service rate support to small independent telephone corporations in furtherance of the state's universal service commitment to the continued affordability and widespread availability of safe, reliable, high-quality communications services in rural areas of the state. (Public Utilities Code (PUC) § 275.6(a))

2) Requires that in order to participate in the CHCF-A program, a small independent telephone corporation shall meet all of the following requirements (PUC § 275.6(d)):
   a. Be subject to rate-of-return regulation.
   b. Be subject to the commission's regulation of telephone corporations pursuant to this division.
   c. Be a carrier of last resort in their service territory.
   d. Qualify as a rural telephone company under federal law (47 U.S.C. Sec. 153(44)).

3) Establishes that the program shall remain in effect only until January 1, 2028. (PUC 275.6(g))

4) Authorizes the CPUC to collect a surcharge to fund the CHCF-A program, and establishes an adminstrarive committee to oversee implementation of the program. (PUC § 275)

5) Establishes the California High-Cost Fund (CHCF) B program, under the adminstration of the CPUC, to reduce any disparity in the rates charged by telephone corporations serving areas where the cost of providing services exceeds rates charged by other providers, as provided. (PUC § 276.5 (a))

6) Establishes that program shall remain in effect only until January 1, 2028. (PUC § 276.5(d))

7) Authorizes the CPUC to collect a surcharge to fund the CHCF-B program, and establishes an advisory committee to oversee implementation of the program. (PUC § 276)

FISCAL EFFECT: According to the Senate Appropriations Committee, this bill would likely result in ongoing revenues and expenditures in the tens of millions of dollars to continue the programs.

COMMENTS:

1) *Author's statement.* "SB 1191 continues California's commitment to universal service by extending its High-Cost Fund programs to ensure rural communities have access to reliable and affordable telecommunications services. Without the support of these funds, rural residents would find it very difficult to cover the high cost of delivering telecommunications services in remote, rugged and sparsely populated areas of the state. SB 1191 will help keep rural communities connected to the network and the essential services it provides, like 911 and reverse 911, by keeping telecommunication services affordable."

2) *CHCF-A Overview.* The CHCF-A program is established to provide rate support subsidies to small independent telephone corporations in amounts sufficient to meet the revenue requirements established by the commission through rate-of-return regulation. The subsidies are intended to support the state's universal service commitment to affordability and widespread availability of safe, reliable, high-quality communications services in rural areas of the state. As implemented, the subsidies minimize the telephone rate disparities between high-cost rural areas and metropolitan areas to keep rates affordable in areas with lower population densities. The program fund currently supports 13 eligible small independent telephone companies that collectively serve about 40,000 customers. The size of the small companies range from a couple hundred to up to about 12,500 customers. The program budget in Fiscal Year 2025-2026 was $49.5 million. The program is funded through a portion of the flat-rate $0.90-cent per month surcharge on each telephone access line in the state, which supports various programs including the CHCF-A. As of August 1, 2025, the share of the surcharge attributable to the CHCF-A program is $0.03-cents per line per month.

3) *CHCF-B Overview.* The CHCF-B program is established to provide subsidies to carriers of last resort (COLRs) for providing basic local telephone service to residential customers in high-cost areas. Those are currently served by AT&T California, Frontier California, Inc., which recently was acquired by Verizon Communications, and Citizens Telecommunications Company of California. The purpose of the subsidies is to keep basic telephone service affordable and to meet the Commission's universal service goal. The CPUC defines high-cost areas of state as those in which the cost to the COLR to provide service is $36 or more per telephone line. The program budget for Fiscal Year 2025-2026 is $22.5 million. The program is funded through a portion of the flat-rate surcharge on each telephone access line in the state, which supports various programs including the CHCF-B. As of August 1, 2025, the CPUC is not collecting new revenue to support the CHCF-B program because of existing surpluses, and the rate of collection is set at zero cents per month.

4) *Would further modifications to the CHCF program be reasonable?* Public policies in California have supported universal service to telecommunications services, including voice and broadband, through programs like Lifeline and CHCF for decades. The public's interest in universally available, affordable, and reliable telecommunications is enduring despite

changes to technologies those services are accessible over. Accordingly, this bill proposes to continue that history through the CHCF programs by extending the sunsets without any other policy changes. However, as more consumers begin to move away from legacy copper networks to advanced fiber-optic based networks that support high-speed broadband, it is reasonable to consider whether future modifications to these programs could better support increased access to and continued maintenance of modern broadband networks instead of legacy copper networks. Certainly, such a change would require further contemplation of tradeoffs that is not addressed by this narrow bill, but could be addressed through a more robust regulatory process at the direction of the Legislature.

These conversations are already beginning at the state and federal level. For example, just recently in May the Federal Communications Commission issued a Notice of Proposed Rulemaking to modernize the federal high-cost program, in the interest of ensuring that "high-cost support is targeting areas where it is needed" in a more "efficient and effective" mechanism.[1] Additionally, at the state level, in March 2026 the CPUC issued a draft resolution that proposed, in part, that the CPUC should explore changes to the CHCF-B programs[2]. The draft resolution was later rescinded for procedural reasons, and potentially opposition from some stakeholders because it proposed suspending rate cases for small independent telephone companies. Additionally, a Staff Report published in the Carrier of Last Resort proceeding also suggest the CPUC consider revising the CHCF-B program.[3]

5) *Similar/related legislation.*

   a. **SB 857** (Hueso, 2022) extended the CHCF-A and B programs from January 1, 2023, to January 1, 2028.

REGISTERED SUPPORT / OPPOSITION:

Support

California Independent Telephone Companies
Rural County Representatives of California (RCRC)

Opposition

None on file.

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[1] Federal Communications Commission. May 2026. Notice of Propose Rulemaking of High-Cost Program. https://www.fcc.gov/document/fcc-proposes-modernization-high-cost-program-0
[2] California Public Utilities Commission. March 2026. Draft Resolution T-17908. https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M601/K965/601965392.PDF
[3] California Public Utilities Commission. December 2025. Carrier of Last Resort and Network Modernization Staff Report (R. 24-06-012). At page 49. https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M591/K255/591255757.PDF