



DRA

*Division of Ratepayer Advocates
California Public Utilities Commission*

505 Van Ness Avenue
San Francisco, California 94102
Tel: 415-703-2381
Fax: 415-703-2057

JOSEPH P. COMO
Acting Director

<http://dra.ca.gov>

June 13, 2012

Honorable Jean Fuller
California State Senate
State Capitol, Room 3063
Sacramento, CA 95814

RE: SB 379 (Fuller) – Oppose unless amended

Dear Senator Fuller:

DRA (Division of Ratepayer Advocates) is the independent consumer advocate within the California Public Utilities Commission (CPUC). DRA's statutory mandate is to obtain the lowest possible rate for utility service consistent with reliable and safe service levels. DRA also advocates for customer and environmental protections in connection with utility service.

DRA opposes unless amended your SB 379, as amended on June 12, 2012, which would expand the California High-Cost Fund-A (CHCF-A) program to include high-quality communications services, such as broadband and other non-regulated services, and codify some of the CPUC's process for reviewing small telephone company requests and financial plans, as specified.

DRA supports the continued existence of the CHCF-A program to ensure basic telephone service is available and affordable for all Californians. We also recognize the program was created in 1987 and the industry has significantly changed. Your SB 379 seeks to modernize the CHCF-A program at the same time the CPUC has an active open proceeding (Rulemaking 11-11-007) to review the program and determine how it can be made more efficient and effective to achieve its universal service goals. DRA respectfully suggests that the CPUC be given time to collect public comment from interested stakeholders and conclude this important proceeding before moving forward with your SB 379.

SB 379 would expand the CHCF-A program to include "advanced services and deployment of broadband-capable facilities." While we strongly support the State's goals of ubiquitous broadband deployment and adoption, DRA is concerned that SB 379 would require the CPUC to expand the CHCF-A program it administers without providing the CPUC with the power of regulatory oversight over broadband and other advanced services the CHCF-A would subsidize. This may result in the CPUC being unable to administer the program in the most prudent manner consistent with the public interest.

We would also like to note that there are already several ratepayer funded programs that exist to advance the State's broadband goals such as the California Teleconnect Fund, the California Advanced Services Fund and the California Rural Telecommunications Infrastructure Grant Program. These programs already provide an array of services to make broadband service

available and affordable. In addition, all but two of the rural telecommunications companies that receive CHCF-A funding have already achieved the Federal and State broadband goal of 4 Megabits per second (Mbps) upload and 1 Mbps download speeds, with many companies exceeding this goal significantly. We suggest that the CPUC's OIR be expanded to look at the aforementioned programs as well as others to see how we can achieve our broadband goals most cost-effectively.

Finally, SB 379 seeks to codify some of the CPUC's process for reviewing CHCF-A program General Rate Case (GRC) requests and financial plans. These cases determine the amount of revenues the utility may collect that in turn impacts a customer's bill. SB 379 would modify the CHCF-A program from implementing a "fair and equitable local rate structure....to support small independent telephone corporations" to requiring the CPUC to provide "rate support to small independent telephone corporations in amounts sufficient to meet the revenue requirements." Typically, DRA reviews these GRC requests and puts forth its recommendations to the CPUC. We are concerned that this provision would impact DRA advocacy efforts to ensure monthly service remains affordable. DRA respectfully requests that this provision be stricken from the bill.

Thank you for working with us on this important issue. If you have any questions or would like to discuss this matter further, please call DRA's Legislative Director Matthew Marcus, at (916) 327-3455 or me at (415) 703- 2381.

Respectfully,

Joseph P. Como, Acting Director
Division of Ratepayer Advocates

By
Matthew Marcus
Legislative Director