



DRA

*Division of Ratepayer Advocates
California Public Utilities Commission*

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JOSEPH P. COMO
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June 27, 2013

Honorable Henry Perea
California State Assembly
State Capitol, Room 3120
Sacramento, CA 95814

RE: AB 300 (Perea) - Oppose

Dear Assemblymember Perea:

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

DRA respectfully opposes your AB 300, as amended on June 25, 2013, which would create a new surcharge collection remittance system for prepaid wireless phone services, as specified.

DRA recognizes your efforts to modernize the California's complex surcharge collection process to help ensure all, especially those most in need, have access necessary telecommunications services. However, AB 300 would potentially create a new collection process that is more costly and confusing to customers.

Currently, all wireless carriers collect and remit to the CPUC a surcharge to fund public purpose programs. AB 300 would modify this process to require thousands of retail sellers of prepaid services to remit this money to the Board of Equalizations (BOE). Retail sellers would then retain 3 percent of the public purpose surcharges collected, and the BOE would retain another 2 percent of the collection – cumulatively 5 percent – as payment toward their administrative overhead expenses. By making this change, this could result in fewer public purpose program benefits for those most in need or require telephone monthly rates to be increased to compensate for any revenue losses.

AB 300 would also mandate the use of the Federal Communications Commission (FCC) "safe harbor" approach in determining the amount of intrastate revenue subject to the surcharge. This calculation method would likely result in less revenue overall to fund both State and Federal public purpose programs. We must do all that we can to ensure Californians have access to available, affordable and reliable telephone while trying to avoid unnecessary customer monthly bill impacts and potential program revenue losses.

If you have any questions or would like to discuss this matter further, please call DRA's Legislative Advisor Rebecca Tsai-Wei Lee, at (916) 327-1407 or me at (415) 703-2381.

Respectfully,

Joseph P. Como, Acting Director
Division of Ratepayer Advocates

By
Rebecca Lee
Legislative Advisor