



ORA

*Office of Ratepayer Advocates
California Public Utilities Commission*

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JOSEPH P. COMO
Acting Director

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April 15, 2014

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

RE: AB 1717 (Perea) - Oppose

Dear Assemblymember Perea:

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

ORA respectfully opposes your AB 1717, which would create a new surcharge collection remittance system for prepaid wireless phone services, as specified.

ORA recognizes your efforts to modernize California's complex surcharge collection process to help ensure that all residents, especially those most in need, have access to affordable and necessary telecommunications and other services. However, AB 1717 would create a new collection process that is more complex and administratively costly, which will likely result in higher customer bills.

Currently, all wireless carriers collect and remit to the CPUC a surcharge to fund public purpose programs and other necessary services. AB 1717 would shift this collection and remittance responsibility to thousands of third party retailers of prepaid telephone services who are not subject to CPUC oversight. The new point of sale system proposed by this bill would have the unintended consequence of distancing this process from CPUC oversight and would add more process complexity, cost and inefficiency. For example, before remitting the surcharge collections to the Board of Equalization (BOE), third-party retailers would retain 2 percent of the surcharges collected. The added cost resulting from implementing and maintaining a more complex surcharge collection process would need to be offset by higher customer bills in order to fund both state and federal public purpose programs that help ensure all Californians have access to available, affordable and reliable telecommunications services.

ORA appreciates your willingness to work with interested stakeholders to identify the best ways to modernize the surcharge collection and remittance system for prepaid wireless phone services to ensure the State's universal service and other laudable goals are achieved most effectively and prudently. We look forward to continuing to contribute to that process. If you have any questions or would like to discuss this matter further, please call ORA's Legislative Advisor Rebecca Lee, at (916) 327-1407 or me at (415) 703-2381.

Respectfully,

Joseph P. Como, Acting Director
Office of Ratepayer Advocates

By
Rebecca Lee
Legislative Advisor