

STATE OF CALIFORNIA

Public Utilities Commission
San Francisco

M e m o r a n d u m

Date: April 2, 2007

To: The Commission
(Meeting of April 12, 2007)

From: Delaney Hunter, Director
Office of Governmental Affairs (OGA) — Sacramento

Subject: AB 1647 (De La Torre) – Video service: customer service standards.
As Introduced: February 23, 2007

LEGISLATIVE SUBCOMMITTEE RECOMMENDATION: Oppose

SUMMARY OF BILL: This bill would require the Commission to open a new rulemaking, in consultation with local entities, to promulgate uniform customer service standards that would apply to all video service providers. Video service providers include locally franchised cable operators and OVS providers, in addition to the video service providers holding a state issued franchise.

SUMMARY OF SUPPORTING ARGUMENTS FOR RECOMMENDATION:

Existing state and federal law already provide extensive customer service standards for video service that apply to incumbent video providers and new video providers. The Legislature already delineated customer service standards applicable to state issued franchise holders. There is no history to indicate that these provisions are inadequate.

SUMMARY OF SUGGESTED AMENDMENTS (if any):

None

DIVISION ANALYSIS (Energy Division):

- AB 1647 would require the Commission to open a Rulemaking, in consultation with local entities to develop and adopt customer service standards for video service providers.
- Current state and federal law provide for extensive customer service and protection standards. The Legislature in adopting the Digital Infrastructure and Video Competition Act of 2006 (DIVCA), expressly maintained the protections enumerated in the Government Code.
- Relevant statutory provisions include:

United States Code Sec. 521 Purpose, establishes a national policy concerning cable communications and Sec. 541 General Franchise Requirements

California Government Code - Sec. 53066 enables cities and counties to authorize cable franchises

PROGRAM BACKGROUND:

- Under the Digital Infrastructure and Video Competition Act of 2006 (DIVCA), the Legislature established the Commission as the sole franchising authority to issue state video franchises for the provision of video services in the state.
- The Commission opened Rulemaking 06-10-005 to establish procedures to implement DIVCA and issued its final decision (D.07-03-014) on March 5, 2007. Consistent with DIVCA and PU Code section 5900(c), Decision 07-03-014 states that local entities are charged with the authority to enforce consumer service and protection standards.
- The Commission is currently administering state video franchise applications and has ongoing administrative duties and annual reporting requirements as required by DIVCA.
- Public Utilities Code (PU) section 5900(c) requires local entities to enforce existing customer service and protection standards with respect to complaints received from residents within the local entity's jurisdiction. However, local entities may not adopt or seek to enforce any additional or different customer service standards.
- PU Code section 5900(a) also states that the state franchise holder shall comply with any other customer service standards pertaining to the provision of video service established by federal law or regulation or adopted by

subsequent enactment of the Legislature. Section 5900(a) further states that, "All customer service and consumer protection standards under this section shall be interpreted and applied to accommodate newer or different technologies while meeting or exceeding the goals of the standards."

LEGISLATIVE HISTORY:

AB 2987(Nunez) established DIVCA and set forth the procedures for the issuance of state franchises for the provision of video service.

FISCAL IMPACT:

The rulemaking required by the bill to establish customer service standards would require:

Video Franchise Staff

- Supervisor ¼ time
- PURA V ½ time
- PURA II ½ time
- Office Tech ¼ time

Other staff

- ALJ 1/3 time
- Legal 1/3 time

Developing the customer service standards in cooperation with local entities will require extensive time in research, data gathering, meetings with local entities, developing and reviewing standards, and writing the resultant decision.

The total fiscal impact to the CPUC for the tasks required of this bill is estimated to be \$253,994.

STATUS:

AB 1647 has been referred to and is awaiting hearing in the Assembly Utilities and Commerce Committee.

SUPPORT/OPPOSITION:

Support: Communication Workers of America (sponsor)

Opposition: None on file

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Date: April 2, 2007

BILL LANGUAGE:

BILL NUMBER: AB 1647 INTRODUCED
BILL TEXT

INTRODUCED BY Assembly Member De La Torre

FEBRUARY 23, 2007

An act to add Section 5901 to the Public Utilities Code, relating to video service.

LEGISLATIVE COUNSEL'S DIGEST

AB 1647, as introduced, De La Torre. Video service: customer service standards.

Existing law, the Digital Infrastructure and Video Competition Act of 2006, establishes a procedure for the issuance of state franchises for the provision of video service, defined to include cable service and open-video systems, administered by the Public Utilities Commission. The act requires that a video service provider holding a state-issued franchise comply with specified customer service standards and any other customer service standards pertaining to the provision of video service adopted by subsequent enactment of the Legislature. The act authorizes a local entity, as defined, to enforce customer service standards. The existing Telecommunications Customer Service Act of 1993 requires the commission to require telephone corporations to provide certain customer services to telecommunication customers, as specified.

This bill would require the commission to open a rulemaking or other appropriate proceeding and, in consultation with local entities, to adopt customer service standards for video service providers that ensure capable and responsive customer service.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 5901 is added to the Public Utilities Code, to read:

5901. The commission shall open a rulemaking or other appropriate proceeding and, in consultation with local entities, adopt customer service standards for video service providers that ensure capable and responsive customer service. It is the intent of the Legislature that the customer service standards incorporate best practices adopted by local franchising entities, ensure that customers can reach a live operator with sufficient knowledge to provide assistance, ensure that service problems are addressed promptly or the customer is relieved from paying for service until the problem is resolved, and that customer service standards be imposed in a nondiscriminatory and competitively neutral manner.