

Exhibit DTC-62
Assembly Bill 1588



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Bill Title: Communications: fees: lifeline service: broadband.

Spectrum: Partisan Bill (Democrat 1-0)

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CALIFORNIA LEGISLATURE— 2023–2024 REGULAR SESSION

ASSEMBLY BILL

NO. 1588

Introduced by Assembly Member Wilson
(Coauthors: ~~Assembly Members Aguiar-Curry, Garcia, McKinnor, and Reyes~~)

February 17, 2023

~~An act to add Section 11548.5 to the Government Code, relating to communications.~~ *An act to amend Section 11549.56 of the Government Code, to amend Sections 277, 431, 432, 433, 435, 871, 871.5, 871.7, 873, 875, and 878 of, to amend the heading of Article 8 (commencing with Section 871) of Chapter 4 of Part 1 of Division 1 of, to add Section 871.6 to, to repeal Sections 285, 874, and 879.5 of, and to repeal and add Sections 877, 878.5, and 879 of, the Public Utilities Code, and to amend Section 42101 of the Revenue and Taxation Code, relating to communications.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1588, as amended, Wilson. ~~Affordable Internet and Net Equality Act of 2024.~~ *Communications: fees: lifeline service: broadband.*

(1) Existing law vests the Public Utilities Commission with regulatory authority over public utilities. Existing law requires the commission to require interconnected Voice over Internet Protocol (VoIP) service providers, as described, to collect and remit surcharges on their California intrastate revenues in support of specified public purpose program funds, as specified.

This bill would delete that requirement.

Existing law requires the commission to annually determine a fee to be paid by every electrical, gas, telephone, telegraph, water, sewer system, and heat corporation and every other public utility providing service directly to customers or subscribers and subject to the jurisdiction of the commission, except as specified, to produce a total amount equal to that amount established in the authorized commission budget for the same year, as specified. Existing law requires the fee to be deposited into the Public Utilities Commission Utilities Reimbursement Account. Existing law requires the commission, within each class of those public utilities subject to the fee, to allocate among the members of the class the amount of its budget to be financed by the fee using specified methods, including for telephone and telegraph corporations, the ratio that each corporation's gross intrastate revenues bears to the total gross intrastate revenues for the class. Existing law requires the commission, for every public utility with annual gross intrastate revenues of \$750,000 or less, to annually establish uniform fees to be paid by those public utilities. Existing law requires those public utilities subject to the fee to make payment of the required fee in accordance with specified schedules.

This bill would expressly require the commission to also annually determine a fee to be paid by every interconnected VoIP service provider for the purpose described above. The bill would require the commission to allocate among telephone and telegraph corporations the amount of its budget to be financed by the fee using an appropriate measurement methodology determined by the commission, rather than the ratio that each corporation's gross intrastate revenues bears to the total gross intrastate revenues for the class. The bill would authorize, rather than require, the commission, for every public utility with annual gross intrastate revenues of \$750,000 or less, to annually establish uniform fees to be paid by those public utilities. The bill would authorize the commission to require a public utility to make payment of the required fee in accordance with any schedule adopted by the commission, rather than the specified schedules.

(2) The Moore Universal Telephone Service Act establishes the lifeline telephone service program to provide low-income households with access to affordable basic residential telephone service.

This bill would rename that act to the Moore Universal Communications Service Act. The bill would require the commission to provide, as part of lifeline service, subsidies for standalone and bundled broadband internet access services that meet or exceed certain deployment speed requirements.

The act requires the commission, among other things, to annually designate a class of lifeline service necessary to meet minimum communications needs and set the rates and charges for that service. The act describes minimum communications needs as including the ability to originate and receive calls and the ability to access electronic information services.

This bill would, for lifeline service, instead require the commission, as appropriate, to establish minimum service standards necessary to meet minimum communications needs, as specified. The bill would revise the description of minimum communications needs to expressly include the ability to originate and receive voice calls and the ability to access broadband internet access service. The bill would also require the commission to set a maximum out-of-pocket cost to customers for eligible lifeline service tiers.

The act establishes the lifeline telephone service rates and charges, as prescribed, and requires the commission, at least annually, to initiate a proceeding to set rates, funding requirements, and funding mechanism for lifeline telephone service, as specified.

This bill would repeal the provision establishing the lifeline telephone service rates and charges and the requirement for the commission, at least annually, to initiate the proceeding described above.

This bill would require the commission to establish an education and outreach program to encourage eligible households to enroll in the lifeline program. The bill would require communications service corporations participating in the program to inform all eligible subscribers of the availability of lifeline service and how they may qualify for and obtain service, as specified.

The act requires a lifeline telephone service subscriber to be provided with one lifeline subscription at the subscriber's principal place of residence and prohibits any other member of the subscriber's family or household who maintains residence at that place from being eligible for lifeline telephone service, except multiple subscribers may maintain the same address if they are not members of the same household.

This bill would instead require a lifeline service subscriber to be provided with one or more lifeline subsidies per household, and would prohibit any other member of the household from being eligible for lifeline service, except the bill would authorize the commission to evaluate whether additional persons would be eligible for lifeline service, as provided. The bill would specify that fostered youths are eligible for lifeline service and would authorize lifeline service subsidies for fostered youths to subsidize both the communications service and any equipment reasonably necessary to receive the service, as determined by the commission.

(3) Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because the above-described provisions would be part of the act and a violation of a commission action implementing this bill's requirements would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

~~Existing law requires all contracts for the acquisition of information technology goods and services related to information technology projects, as defined, to be made by or under the supervision of the Department of Technology, which also has the final authority in the determination of information technology procurement policy.~~

~~This bill, the Affordable Internet and Net Equality Act of 2024, would require the Department of Technology, in coordination with the Public Utilities Commission and the Department of General Services, to develop and establish the Net Equality Program. The bill would require the state and state agencies to only enter into a procurement contract with an internet service provider offering affordable home internet service, which costs no more than \$40 per month and meets specified minimum speed requirements, to households participating in certain public assistance programs, or with an internet service provider participating in the federal Affordable Connectivity Program, or any other state or federal program that offers broadband affordability assistance for households that qualify for that program, and that offers to households that qualify for those programs internet service that costs no more than \$40 per month and meets specified minimum speed requirements.~~

~~This bill would require the Department of Technology to annually post on its internet website a list of internet service providers that meet the requirements of the bill, as provided. The bill would not apply to the Department of Forestry and Fire Protection, the Office of Emergency Services, political subdivisions of the state, including, but not limited to, cities and counties, a contract entered into before January 1, 2026, or an internet service provider with fewer than 100,000 California residential subscribers. The bill would also make its~~

~~provisions severable.~~

Digest Key

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: ~~no~~yes

Bill Text

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

SECTION 1. *Section 11549.56 of the Government Code is amended to read:*

11549.56. (a) All state agencies shall work in cooperation to expedite the delivery and permitting of the statewide open-access middle-mile broadband network.

(b) The office shall consider adopting rules to encourage or require internet services providers that use the statewide open-access middle-mile broadband network to participate in the lifeline program pursuant to the Moore Universal-~~Telephone~~ *Communications* Service Act (Article 8 (commencing with Section 871) of Chapter 4 of Part 1 of Division 1 of the Public Utilities Code) and the federal lifeline program.

(c) The Administrative Procedure Act (Chapter 3.5 (commencing with Section ~~11340~~ of Part 1 of Division 3 of Title 2) *11340*) does not apply to regulations related to the operation of the statewide open-access middle-mile broadband network adopted by the office or a state agency assigned by the office to operate the broadband network.

(d) The Legislature finds and declares that the statewide open-access middle-mile broadband network serves a public purpose. Notwithstanding Section 104.12 of the Streets and Highways Code and any other applicable law, any lease of public property for purposes of the statewide open-access middle-mile broadband network may be made for less than fair market value.

SEC. 2. *Section 277 of the Public Utilities Code is amended to read:*

277. (a) There is hereby created the Universal Lifeline Telephone Service Trust Administrative Committee, which is an advisory board to advise the commission regarding the development, implementation, and administration of a program to ensure lifeline-~~telephone~~ service is available to the people of the state, as provided for in Article 8 (commencing with Section 871) of Chapter ~~4 of Part 1 of Division 1~~, *4*, and to carry out the program pursuant to the commission's direction, control, and approval.

(b) All ~~revenues collected by telephone corporations in rates~~ *moneys* authorized by the commission to fund the program specified in subdivision (a) *and collected by communications service corporations* shall be submitted to the commission pursuant to a schedule established by the commission. Commencing on October 1, 2001, and continuing thereafter, the commission shall transfer the moneys received, and all unexpended revenues collected ~~prior to before~~ October 1, 2001, to the Controller for deposit ~~in~~ *into* the Universal Lifeline Telephone Service Trust Administrative Committee Fund. All interest earned by moneys in the fund shall be deposited ~~in~~ *into* the fund.

(c) Moneys appropriated from the Universal Lifeline Telephone Service Trust Administrative Committee Fund to the commission shall be ~~utilized~~ *used* exclusively by the commission for the program specified in subdivision (a), including all costs of the board and the commission associated with the administration and oversight of the program and the fund.

SEC. 3. *Section 285 of the Public Utilities Code is repealed.*

~~285.(a)As used in this section, "interconnected Voice over Internet Protocol (VoIP) service" has the same meaning as in Section 9.3 of Title 47 of the Code of Federal Regulations.~~

~~(b)The Legislature finds and declares that the sole purpose of this section is to require the commission to impose the surcharges pursuant to this section to ensure that end use customers of interconnected VoIP service providers contribute to the funds enumerated in this section, and, therefore, this section does not indicate the intent of the Legislature with respect to any other purpose.~~

~~(c)The commission shall require interconnected VoIP service providers to collect and remit surcharges on their California intrastate revenues in support of the following public purpose program funds:~~

~~(1)California High Cost Fund A Administrative Committee Fund under Section 275.~~

~~(2)California High Cost Fund B Administrative Committee Fund under Section 276.~~

~~(3)Universal Lifeline Telephone Service Trust Administrative Committee Fund under Section 277.~~

~~(4)Deaf and Disabled Telecommunications Program Administrative Committee Fund under Section 278.~~

~~(5)California Teleconnect Fund Administrative Committee Fund under Section 280.~~

~~(6)California Advanced Services Fund under Section 281.~~

~~(d)The authority to impose a surcharge pursuant to this section applies only to a surcharge imposed on end use customers for~~

~~interconnected VoIP service provided to an end use customer's place of primary use that is located within California. As used in this subdivision, "place of primary use" means the street address where the end use customer's use of interconnected VoIP service primarily occurs, or a reasonable proxy as determined by the interconnected VoIP service provider, such as the customer's registered location for 911 purposes.~~

SEC. 4. *Section 431 of the Public Utilities Code is amended to read:*

431. (a) The commission shall annually determine a fee to be paid by every electrical, gas, telephone, telegraph, water, sewer system, and heat ~~corporation~~ *corporation, provider of interconnected VoIP service, as defined in Section 9.3 of Title 47 of the Code of Federal Regulations,* and ~~every~~ other public utility providing service directly to customers or subscribers and subject to the jurisdiction of the commission other than a railroad, except as otherwise provided in Article 2 (commencing with Section 421).

(b) The annual fee shall be established to produce a total amount equal to that amount established in the authorized commission budget for the same year, including adjustments for increases in employee compensation, other increases appropriated by the Legislature, and an appropriate reserve to regulate public utilities less the amount to be paid from special accounts or funds pursuant to Section 402, reimbursements, federal funds, and any other revenues, and the amount of unencumbered funds from the preceding year.

(c) This article ~~shall~~ *does* not apply to ~~any an~~ *an* electrical ~~cooperative~~ *cooperative*, as defined in Chapter 5 (commencing with Section 2776) of Part 2.

(d) On and after January 1, 1985, this article shall apply to radiotelephone utilities as defined in ~~former~~ *former* Section ~~4902~~ *4902*, as ~~those provisions that section~~ read on December 31, 1984.

~~(e) This section shall become operative on January 1, 2020.~~

SEC. 5. *Section 432 of the Public Utilities Code is amended to read:*

432. The commission shall establish the fee pursuant to Section 431 with the approval of the Department of Finance and in accordance with all of the following:

(a) In its annual budget request, the commission shall specify both of the following:

(1) The amount of its budget to be financed by the fee.

(2) The dollar allocation of the amount of its budget shall be financed by the fee by each class of public utility subject to the fee. The fee allocation among classes of public utilities shall reflect expenditures by the commission on regulatory and other authorized activities affecting each respective class, and shall bear the same ratio that the commission's workload for each class of public utility subject to the fee bears to the commission's total workload for all public utilities subject to the fee.

(b) The commission may establish different and distinct methods of assessing fees for each class of public ~~utility;~~ *utility* if the revenues collected are consistent with paragraph (2) of subdivision (a), except that the commission shall establish a uniform charge per ~~kilowatt hour~~ *kilowatthour* for sales in ~~kilowatt hours~~ *kilowatthours* for the class of electrical corporations and a uniform charge per therm for sales in therms for the class of gas corporations.

(c) Within each class of public utility subject to the fee, the commission shall allocate among the members of the class the amount of its budget to be financed by the fee using the following methods:

(1) For electrical corporations, the ratio that each corporation's sales in ~~kilowatt hours~~ *kilowatthours* bears to the total sales in ~~kilowatt hours~~ *kilowatthours* for the class.

(2) For gas corporations, the ratio that each corporation's sales in therms bears to the total sales in therms for the class.

(3) For telephone and telegraph corporations, ~~the ratio that each corporation's gross intrastate revenues bears to the total gross intrastate revenues for the class.~~ *an appropriate measurement methodology determined by the commission.* If the commission determines that there is a need for consultants or advisory services to assist in determining the reasonableness of capital expenditures for a telephone corporation, the commission may adjust the fees within the class so that the expenses for the consultants and advisory services are fully allocated to that telephone corporation.

(4) For water and sewer system corporations, the ratio that each corporation's gross intrastate revenues bears to the total gross intrastate revenues for the class.

(5) For all other public utilities, an appropriate measurement methodology determined by the commission.

(d) Every public utility belonging to more than one class shall be subject to the fee for each class of which it is a member.

(e) For every public utility with annual gross intrastate revenues of seven hundred fifty thousand dollars (\$750,000) or less, the commission ~~shall~~ *may* annually establish uniform fees to be paid by each such public ~~utility;~~ *utility* if the revenues collected thereby are consistent with paragraph (2) of subdivision (a) and subdivision (c).

SEC. 6. *Section 433 of the Public Utilities Code is amended to read:*

433. (a) Except as provided in Section ~~404,~~ *404 and subdivision (b),* every public utility subject to Section 431 shall make payment of the required fee in accordance with the following schedule:

~~(a)~~

(1) Every public utility with annual gross intrastate revenues of seven hundred fifty thousand dollars (\$750,000) or less shall make payment of the fee to the commission on an annual basis on or before January 15.

~~(b)~~

(2) Every other public utility not subject to ~~subdivision (a) paragraph (1)~~ shall make payment of the fee to the commission on a quarterly basis between the first and 15th days of July, October, January, and April.

(b) Notwithstanding subdivision (a), the commission may require a public utility to make payment of the required fee in accordance with any other schedule adopted by the commission.

SEC. 7. *Section 435 of the Public Utilities Code is amended to read:*

435. ~~As used in~~ *For purposes of this article, the following definitions apply:*

(a) "Class" means a group of public utilities as specified by the commission for purposes of establishing fees pursuant to this article. The commission shall create separate classes for the following: electrical corporations, gas corporations, heat corporations, water corporations, sewer system corporations, and telephone and telegraph corporations.

(b) "Fee" means that monetary amount determined in accordance with this article.

(c) "Gross intrastate revenues" means those revenues from a public utility subject to the jurisdiction of the commission and accounted for according to the uniform system of accounts maintained by the commission. For purposes of this article, the amount of gross intrastate revenues of a public utility subject to the jurisdiction of the commission shall be the gross intrastate operating revenues set forth in the annual report of the public utility to the commission.

(d) "Sales in ~~kilowatt hours~~ *kilowatthours*" means sales in ~~kilowatt hours~~, *kilowatthours*, subject to the jurisdiction of the commission, for service directly to customers and subscribers of each electrical corporation, and shall not include interdepartmental sales or transfers and sales to other privately owned or publicly owned public utilities furnishing electricity.

(e) "Sales in therms" means deliveries of gas in therms, without regard to ownership of the gas, subject to the jurisdiction of the commission, directly to customers and subscribers of each gas corporation, except interdepartmental sales or transfers and sales to other privately owned or publicly owned public utilities furnishing electricity, gas, or heat.

SEC. 8. *The heading of Article 8 (commencing with Section 871) of Chapter 4 of Part 1 of Division 1 of the Public Utilities Code is amended to read:*

Article 8. Universal ~~Telephone~~ *Communications* Service

SEC. 9. *Section 871 of the Public Utilities Code is amended to read:*

871. This article shall be ~~known~~ *known*, and may be ~~cited~~ *cited*, as the Moore Universal ~~Telephone~~ *Communications* Service Act.

SEC. 10. *Section 871.5 of the Public Utilities Code is amended to read:*

871.5. The Legislature finds and declares all of the following:

(a) The offering of high-quality ~~basic telephone service~~ *communications services* at affordable rates to the greatest number of citizens has been a longstanding goal of the state.

(b) The Moore Universal ~~Telephone~~ *Communications* Service Act has been, and continues to be, an important means for achieving universal service by making ~~basic telephone service~~ *communications services* affordable to low-income households through the creation of a lifeline class of service.

(c) Every means should be employed by the commission and ~~telephone~~ *communications service* corporations to ensure that every household qualified to receive lifeline ~~telephone~~ service is informed of and is afforded the opportunity to subscribe to that service.

(d) The furnishing of lifeline ~~telephone~~ service is in the public interest and should be supported fairly and equitably by every ~~telephone~~ *communications service* corporation, and the commission, in administering the lifeline ~~telephone~~ service program, should implement the program in a way that is equitable, nondiscriminatory, and without competitive consequences for the telecommunications industry in California.

SEC. 11. *Section 871.6 is added to the Public Utilities Code, to read:*

871.6. *(a) The commission shall provide subsidies for broadband internet access services as part of lifeline service.*

(b) Upon the enactment of the act that adds this section, the commission shall do everything necessary to implement the requirement of subdivision (a), including, but not limited to, all of the following:

(1) Offer subsidies for standalone and bundled broadband internet access service.

(2) Where appropriate, and in line with the state lifeline program's objectives, combine the state lifeline program subsidy with the federal lifeline program subsidy and any other federal funds.

(3) Consider whether participation in the lifeline program should be extended to noneligible telecommunications carriers, as defined in subsection (e) of Section 214 of Title 47 of the United States Code.

(c) Services subsidized pursuant to this section for broadband internet access service shall meet or exceed the deployment speed requirements of the California Advanced Services Fund Broadband Infrastructure Grant Account, as set forth in paragraph (5) of subdivision (f) of Section 281, or the highest speed combination offered by the service provider at the customer's location if no plan meeting those requirements is available at that location.

SEC. 12. *Section 871.7 of the Public Utilities Code is amended to read:*

871.7. The Legislature finds and declares all of the following:

(a) The Moore Universal Telephone Service Act, enacted in 1987, was intended to offer ~~high-quality~~ *high-quality* basic telephone service at affordable rates to the greatest number of California residents, and has become an important means of achieving universal service by making residential service affordable to low-income citizens through the creation of a lifeline class of service.

(b) Factors such as competition and technological innovation are resulting in the convergence of a variety of ~~telecommunications~~ *communications* technologies offering an expanded range of ~~telecommunications~~ *communications* services to users that incorporate voice, video, and data. These technologies have differing regulatory regimes and jurisdictions.

(c) It is the intent of the Legislature that the commission initiate a proceeding investigating the feasibility of redefining universal telephone service by incorporating two-way voice, video, and data service as components of basic service. It is the Legislature's further intent that, to the extent that the incorporation is feasible, that it promote equity of access to high-speed communications networks, the ~~Internet;~~ *internet*, and other services to the extent that those services provide social benefits that include all of the following:

- (1) Improving the quality of life among the residents of California.
- (2) Expanding access to public and private resources for education, training, and commerce.
- (3) Increasing access to public resources enhancing public health and safety.
- (4) Assisting in bridging the "digital divide" through expanded access to new technologies by low-income, disabled, or otherwise disadvantaged Californians.
- (5) Shifting traffic patterns by enabling telecommuting, thereby helping to improve air quality in all areas of the state and mitigating the need for highway expansion.

(d) For purposes of this section, the term "feasibility" means consistency with ~~all~~ *both* of the following:

~~(1) Technological and competitive neutrality.~~

~~(2)~~

(1) Equitable distribution of the funding burden for redefined universal service as described in subdivision (c), among all affected consumers and industries, thereby ensuring that regulated utilities' ratepayers do not bear a disproportionate share of funding responsibility.

~~(3)~~

(2) Benefits that justify the costs.

SEC. 13. *Section 873 of the Public Utilities Code is amended to read:*

873. ~~(a)~~ The commission ~~shall annually~~ *shall, as appropriate,* do all of the ~~following:~~ *following for lifeline service:*

~~(1) Designate a class of lifeline service~~

*(a) Establish minimum service standards necessary to meet minimum communications ~~needs.~~ *needs and that include, but are not limited to, the ability to originate and receive voice calls and the ability to access broadband internet access service.**

(b) Set a maximum out-of-pocket cost to customers for eligible lifeline service tiers.

~~(2)~~

(c) Set the rates and charges for that service.

~~(3)~~

(d) Develop eligibility criteria for that service.

~~(4)~~

*(e) Assess the degree of achievement of universal service, including telephone *and broadband internet access service* penetration rates by income, ethnicity, and geography.*

~~(b) Minimum communications needs include, but are not limited to, the ability to originate and receive calls and the ability to access electronic information services.~~

SEC. 14. *Section 874 of the Public Utilities Code is repealed.*

~~874. The lifeline telephone service rates and charges shall be as follows:~~

~~(a) In a residential subscriber's service area where measured service is not available, the lifeline telephone service rates shall not be more than 50 percent of the rates for basic flat rate service, exclusive of federally mandated end user access charges, available to the residential subscriber.~~

~~(b) In a residential subscriber's service area where measured service is available, the subscriber may elect either of the following:~~

~~(1) A lifeline telephone service measured rate of not more than 50 percent of the basic rate for measured service, exclusive of federally mandated end user access charges, available to the residential subscriber.~~

~~(2) A lifeline flat rate of not more than 50 percent of the rates for basic flat rate service, exclusive of federally mandated end user access charges, available to the residential subscriber.~~

~~(c) The lifeline telephone service installation or connection charge, or both, shall not be more than 50 percent of the charge for basic residential service installation or connection, or both. The commission may limit the number of installation and connection charges, or both, that may be incurred at the reduced rate in any given period.~~

~~(d) There shall be no charge to the residential customer who has filed a valid eligibility statement for changing out of lifeline service.~~

~~(e) The commission shall assess whether there is a problem with customers who fraudulently obtain lifeline telephone service. If the commission determines that there is a problem, it shall recommend and promulgate appropriate solutions. This assessment and the solutions determined by the commission shall not, in and of themselves, change the procedures developed pursuant to Section 876.~~

SEC. 15. *Section 875 of the Public Utilities Code is amended to read:*

875. (a) ~~In addition to Section 874, every~~ *Every* lifeline telephone service subscriber shall be given ~~an allowance, one or more subsidy,~~ reduced by the amount of any credit or ~~allowance~~ *subsidy* authorized by the Federal Communications ~~Commission, equal to the then current or announced federally mandated residential end user access charges.~~ *Commission.*

(b) The commission may, in a separate proceeding, establish procedures necessary to ensure that the lifeline ~~telephone~~ service program qualifies for any federal funds available for the support of those programs.

SEC. 16. *Section 877 of the Public Utilities Code is repealed.*

~~877. Nothing in this article precludes the commission from changing any rate established pursuant to Section 873, either specifically or pursuant to any general restructuring of all telephone rates, charges, and classifications.~~

SEC. 17. *Section 877 is added to the Public Utilities Code, to read:*

877. (a) *The commission shall establish an education and outreach program to encourage eligible households to enroll in the lifeline program.*

(b) *Communications service corporations participating in the lifeline program shall inform all eligible subscribers of the availability of lifeline service, and how they may qualify for and obtain service according to procedures specified by the commission.*

SEC. 18. *Section 878 of the Public Utilities Code is amended to read:*

878. (a) A lifeline ~~telephone~~ service subscriber shall be provided with one *or more* lifeline ~~subscription, subsidies,~~ as defined by the commission, ~~at the subscriber's principal place of residence, and per household and, except as provided in subdivision (c), no other member of that subscriber's family or household who maintains residence at that place~~ is eligible for lifeline ~~telephone service.~~ *service.* *A lifeline service subscriber is eligible for lifeline service at only one physical address.*

~~(b) An applicant for lifeline telephone service may report only one address in this state as the principal place of residence.~~

~~(c)~~

(b) Multiple lifeline ~~telephone~~ service subscribers may maintain the same *physical* address if they are not members of the same household.

(c) *(1) Notwithstanding subdivision (a), the commission may evaluate whether additional persons are eligible for lifeline service. The commission shall evaluate, at minimum, whether all of the following are eligible persons:*

(A) Individuals that use domestic violence shelters.

(B) Formerly incarcerated persons.

(C) Homeless individuals.

(D) Individuals who are 60 years of age or older.

(E) Farm workers.

(F) Members of tribes.

(G) Disabled veterans.

(H) Students who are eligible for free or reduced-price meals under the federal National School Lunch Program.

(I) A member of another vulnerable or disadvantaged group commonly presenting complex guardianship or household compositions that would benefit from lifeline service eligibility, as determined by the commission.

(2) The commission may establish reasonable eligibility requirements for a subsidy provided pursuant to this subdivision.

(d) For purposes of this section, the following definitions apply:

(1) "Adult" means any person 18 years of age or ~~older~~ *older residing in California*.

(2) "Economic unit" means all adult individuals contributing to and sharing in the income and expenses of a household.

(3) "Household" means any group of individuals, including the subscriber, who are living together at the same address and as one economic unit. A household may include related and unrelated persons. If an adult has no, or minimal, income and lives with someone who provides financial support to that adult, both persons shall be part of the same household. A child under 18 years of age and living with a parent or guardian shall be part of the same household as the parent or guardian.

SEC. 19. *Section 878.5 of the Public Utilities Code is repealed.*

~~878.5. The commission shall adopt a portability freeze rule for the lifeline program by January 15, 2017. The commission shall consider including all of the following in the rule:~~

~~(a) A 60-day duration of the portability freeze.~~

~~(b) A period of time when a subscriber would be able to terminate lifeline service without penalty, similar to that established in Section 4.13.5 of commission Decision 14-01-036 (January 16, 2014), Decision Adopting Revisions to Modernize and Expand the California Lifeline Program.~~

~~(c) A requirement that the administrator of the lifeline program provide a telephone corporation providing lifeline service with real-time information concerning whether a subscriber has enrolled with another telephone corporation during the period of the portability freeze adopted by the commission pursuant to this section and, if the subscriber enrolled during this period, the date of enrollment.~~

SEC. 20. *Section 878.5 is added to the Public Utilities Code, to read:*

878.5. *Notwithstanding Section 878, foster youth shall be eligible for lifeline service subsidies. For foster youth, lifeline service may subsidize both the communications service and any equipment reasonably necessary to receive the service, as determined by the commission.*

SEC. 21. *Section 879 of the Public Utilities Code is repealed.*

~~879.(a) The commission shall, at least annually, initiate a proceeding to set rates for lifeline telephone service. All telephone corporations providing lifeline telephone service shall annually file, on a date set by the commission, proposed lifeline telephone service rates and a statement of projected revenue needs to meet the funding requirements to provide lifeline telephone service to qualified subscribers, together with proposed funding methods to provide the necessary funding. These funding methods shall include identification of those services whose rates shall be adjusted to provide the necessary funding.~~

~~(b) The commission shall commence a proceeding within 30 days after the date set for the filings required in subdivision (a), giving interested parties an opportunity to comment on the proposed rates and funding requirements and the proposed funding methods. The commission may change the rates, funding requirements, and funding methods proposed by the telephone corporations in any manner necessary, including reasonably spreading the funding among the services offered by the telephone corporations, to meet the public interest. Within 60 days of the annual filing, the commission shall issue an order setting lifeline telephone service rates and funding methods for each telephone corporation making a filing as required in subdivision (a). The commission may establish a lifeline service pool composed of the rate adjustments and surcharges imposed by the commission pursuant to this section for the purpose of funding lifeline telephone service.~~

~~(c) Any order issued by the commission pursuant to this section shall require telephone corporations providing lifeline telephone service to apply the funding requirement in the form of a surcharge to service rates which may be separately identified on the bills of customers using those services. The commission shall not allow any surcharge under this section on the rates charged by those telephone corporations for lifeline telephone service.~~

~~(d) The commission shall permit telephone corporations operating between service areas to adjust the rates of any service which may be affected by any surcharge imposed by this section.~~

SEC. 22. *Section 879 is added to the Public Utilities Code, to read:*

879. *The commission shall not allow any surcharge on lifeline service.*

SEC. 23. *Section 879.5 of the Public Utilities Code is repealed.*

~~879.5. Notwithstanding Section 879, the commission shall issue its initial order adopting required rates and funding requirements not later than October 31, 1987, and prior to the issuance of that order, may fund lifeline telephone service through the use of an interim surcharge on service rates for telephone service provided by telephone corporations operating between service areas. The interim surcharge shall not exceed 4 percent of the service rates.~~

SEC. 24. *Section 42101 of the Revenue and Taxation Code is amended to read:*

42101. For purposes of this part, ~~all of~~ the following definitions shall apply:

- (a) "Department" means the California Department of Tax and Fee Administration.
- (b) (1) "Direct seller" means a prepaid MTS provider or services supplier, as defined in subdivision (l), that makes a sale of prepaid mobile telephony services directly to a prepaid consumer for any purpose other than resale in the regular course of business. A direct seller includes, but is not limited to, any of the following:
- (A) A telephone corporation, as defined in Section 234 of the Public Utilities Code.
- (B) An interconnected Voice over Internet Protocol (VoIP) service, as defined in Section ~~285 9.3~~ of *Title 47 of the Public Utilities Code: Code of Federal Regulations*.
- (C) A retailer, as defined in Section 6203, that is a member of the same commonly controlled group, as defined in Section 25105, or that is a member of the same combined reporting group, as defined in Section 25106.5(b)(3) of Title 18 of the California Code of Regulations or any successor regulation, as an entity defined in ~~subparagraphs~~ *subparagraph* (A) or (B).
- (2) For purposes of this subdivision, "sale" means any transfer of title, possession, exchange, or barter, conditional or otherwise.
- (c) "In this state" means within the exterior limits of the State of California and includes all territory within those limits owned by or ceded to the United States of America.
- (d) "Local charge" means the utility user taxes as described in Section 42102, and charges for access to communication services or to local "911" emergency telephone systems, as described in Section 42102.5.
- (e) "Local jurisdiction" or "local agency" means a city, county, or city and county, which includes a charter city, county, or city and county.
- (f) "Mobile data service" has the same meaning as defined in Section 224.4 of the Public Utilities Code.
- (g) "Mobile telephony service" or "MTS" has the same meaning as defined in Section 224.4 of the Public Utilities Code.
- (h) "Ordinance" refers to an ordinance of a local jurisdiction or local agency imposing a local charge, including any local enactment relating to the filing of a refund or a claim arising under the ordinance.
- (i) "Person" includes any individual, firm, partnership, joint venture, limited liability company, association, social club, fraternal organization, corporation, estate, trust, business trust, receiver, assignee for the benefit of creditors, trustee, trustee in bankruptcy, or syndicate, the United States, this state, any city, county, city and county, municipality, district, or other political subdivision of the state, or any other group or combination acting as a unit.
- (j) "Prepaid consumer" means a person who purchases prepaid mobile telephony services in a retail transaction.
- (k) "Prepaid mobile telephony services" means the right to use a mobile device for mobile telecommunications services or information services, including the download of digital products delivered electronically, content, and ancillary services, or both telecommunications services and information services, that must be purchased in advance of usage in predetermined units or dollars. For these purposes, "telecommunications service" and "information service" have the same meanings as defined in Section 153 of Title 47 of the United States Code.
- (l) "Prepaid MTS provider" means a telephone corporation, as defined in Section 234 of the Public Utilities Code, that provides prepaid mobile telephony services.
- (m) "Retail transaction" means the purchase of prepaid mobile telephony services, either alone or in combination with mobile data or other services, from a seller for any purpose other than resale in the regular course of business. For these purposes, a "purchase" means any transfer of title or possession, exchange, or barter, conditional or otherwise.
- (n) "Seller" means a person that sells prepaid mobile telephony service to a person in a retail transaction.

SEC. 25. *No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.*

~~SECTION 1. Section 11548.5 is added to the Government Code, to read:~~

~~11548.5.(a) This section shall be known, and may be cited, as the Affordable Internet and Net Equality Act of 2024.~~

~~(b) As used in this section, the following definitions apply:~~

~~(1) "Affordable home internet service" means internet service costing no more than forty dollars (\$40) per month and that meets the~~

~~minimum speed requirements:~~

~~(2) "Commercial mobile service" means any mobile service that is provided for profit and makes interconnected service available (A) to the public or (B) to such classes of eligible users as to be effectively available to a substantial portion of the public. The Department of Technology may subsequently modify the definition of "commercial mobile service" to avoid conflict with Section 332 of Title 47 of the United States Code or regulations adopted pursuant to that section.~~

~~(3) "Eligible household" means a resident in a group home or congregate care facility within the qualified internet service provider's California service territory participating in a qualified public assistance program, or a household within the qualified internet service provider's California service territory with at least one resident of the household participating in a qualified public assistance program.~~

~~(4) "Internet service" or "internet" means "Broadband Internet access service" as defined in subdivision (b) of Section 3100 of the Civil Code, except commercial mobile service and private mobile service.~~

~~(5) "Minimum speed requirements" means at least 100 megabits per second downstream and 20 megabits per second upstream and sufficient speed and latency to support distance learning and telehealth services. The Department of Technology may subsequently increase the "minimum speed requirements" for the purpose of aligning the minimum service requirements with updated state or federal policies, but the department shall not redefine "minimum speed requirements" to provide slower speeds than 100 megabits per second downstream and 20 megabits per second upstream.~~

~~(6) "Private mobile service" means any mobile service that is not a commercial mobile service or the functional equivalent of a commercial mobile service. The Department of Technology may subsequently modify the definition of "private mobile service" to avoid conflict with Section 332 of Title 47 of the United States Code or regulations adopted pursuant to that section.~~

~~(7) "Qualified public assistance programs" means the California Alternate Rates for Energy program, the National School Lunch Program, the State Supplementary Payment Program, the Temporary Assistance for Needy Families program, CalFresh, Covered California, Medi-Cal, and Supplemental Security Income, and persons receiving financial aid for postsecondary education.~~

~~(8) "Qualified internet service provider" means an internet service provider doing business in California that enters into a procurement contract with the state or state agencies.~~

~~(c)(1) The Department of Technology, in coordination with the Public Utilities Commission and the Department of General Services, shall develop and establish the Net Equality Program. Under the program, the state and state agencies shall only enter into a procurement contract with an internet service provider doing business in California that offers affordable home internet service to all eligible households.~~

~~(2) The Department of Technology shall, on or before December 31, 2025, and each year thereafter, annually post on its internet website a list of internet service providers that meet the requirements of this section. The state and state agencies shall use that list to identify the internet service providers that are eligible to enter into a procurement contract with the state or state agencies pursuant to this section.~~

~~(d) Notwithstanding paragraph (1) of subdivision (c), an internet service provider doing business in California may enter into a procurement contract with the state and state agencies if the internet service provider does both of the following:~~

~~(1) Participates in one or more of the following programs:~~

~~(A) The federal Affordable Connectivity Program;~~

~~(B) Any other state or federal program that offers broadband affordability assistance to households that qualify for that program.~~

~~(2) For all households that qualify for a program described in subparagraph (A) or (B) of paragraph (1), offers internet service that costs no more than forty dollars (\$40) per month and that meets the minimum speed requirements described in paragraph (5) of subdivision (b);~~

~~(e) All eligible households shall be allowed to immediately convert to affordable home internet service during the month that the household qualifies as an eligible household.~~

~~(f) The exemptions in Section 11548 do not apply to this section.~~

~~(g) If, within a given geographic area, only one internet service provider is available and that internet service provider does not meet the requirements of this section, the state and state agencies may enter into a procurement contract in that geographic area with the internet service provider even though the internet service provider does not meet the requirements of this section.~~

~~(h) This section shall not apply to any of the following:~~

~~(1) The Department of Forestry and Fire Protection;~~

~~(2) The Office of Emergency Services;~~

~~(3) Political subdivisions of the state, including, but not limited to, cities and counties;~~

~~(4) A contract entered into before January 1, 2026;~~

~~(5) An internet service provider with fewer than 100,000 California residential subscribers.~~

~~(i) The provisions of this section are severable. If any provision of this section or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.~~