

**ASSEMBLY BILL**

**No. 470**

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**Introduced by Assembly Member McKinnor**

February 6, 2025

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An act to add Article 1.5 (commencing with Section 2878) to Chapter 10 of Part 2 of Division 1 of the Public Utilities Code, relating to ~~telecommunications~~: *communications*.

LEGISLATIVE COUNSEL'S DIGEST

AB 470, as amended, McKinnor. ~~Telecommunications~~—*Telephone corporations: carriers of last resort.*

*Existing law vests the Public Utilities Commission with regulatory authority over public utilities, including telephone corporations. Existing law authorizes the commission to fix just and reasonable rates and charges for public utilities. Existing law requires the commission, on or before February 1, 1995, to issue an order initiating an investigation and open proceeding to examine the current and future definitions of universal service in telecommunications. Pursuant to that provision, the commission issued a decision involving carriers of last resort, including the withdrawal process for carriers of last resort, defined as a carrier who provides local exchange service and stands ready to provide basic service to any customer requesting such service within a specified area.*

*This bill would require a telephone corporation seeking to relinquish its carrier of last resort designation for an eligible area, as defined, to provide a notice to the commission, as described, and would require the telephone corporation's carrier of last resort designation for the eligible area to be relinquished upon the submission of the notice. The*

*bill would require the telephone corporation to modify its tariff for basic local exchange telephone service, as specified, and would require that the modified tariff be effective upon the submission of the notice. The bill would require the telephone corporation to administer and pay for a customer challenge process for customers who inform the telephone corporation that no alternative voice service, as defined, is available at their location, as specified. The bill would require the commission, as part of a specified rulemaking, to establish a transition plan that a telephone corporation would be required to follow before its carrier of last resort designation is relinquished for an area within its service territory other than an eligible area.*

*Under existing law, a violation of an order, decision, rule, direction, demand, or requirement of the commission is a crime.*

*Because 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 authorizes the Public Utilities Commission to supervise and regulate every public utility in the state, including telephone corporations.~~

~~This bill would state the intent of the Legislature to enact subsequent legislation relating to telecommunications.~~

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

*The people of the State of California do enact as follows:*

- 1    SECTION 1. *The Legislature finds and declares all of the*
- 2    *following:*
- 3    (a) *All Californians deserve reliable, affordable, fast, and safe*
- 4    *communications options, no matter who they are, where they live,*
- 5    *or why they need to be connected.*
- 6    (b) *The transition to broadband networks is key to creating*
- 7    *equity and positive impacts on California education, health care,*
- 8    *public safety, workforce development, and the economy.*

1 (c) Outdated state laws result in continued investments in aging  
2 technology that consumers are increasingly abandoning because  
3 it does not meet their needs.

4 (d) Californians are moving swiftly to abandon the old copper  
5 network because it does not provide the benefits of modern  
6 communication technologies, with more choosing to use wireless  
7 or internet-based services every year.

8 (e) California must develop a responsible and equitable  
9 transition plan that ensures all Californians have access to the  
10 connectivity they need.

11 (f) The transition should include a phased approach that over  
12 time ensures customers have access to communication services  
13 that are equally or more reliable and affordable, before  
14 transitioning away from the old legacy network.

15 (g) As part of the transition, no Californian will be left without  
16 reliable voice service in their homes, including the ability to  
17 contact 9-1-1 and to receive critical emergency alerts.

18 SEC. 2. Article 1.5 (commencing with Section 2878) is added  
19 to Chapter 10 of Part 2 of Division 1 of the Public Utilities Code,  
20 to read:

21  
22 Article 1.5. Carriers of Last Resort

23  
24 2878. For purposes of this article, all of the following  
25 definitions apply:

26 (a) "Alternative voice service" means a retail service made  
27 available through a technology or service arrangement by a  
28 provider that provides, as a stand-alone service or as part of a  
29 bundled service, all of the following:

30 (1) Voice access interconnected with the public switched  
31 telephone network.

32 (2) Access to emergency 9-1-1 service.

33 (3) Compatibility with a backup power source.

34 (b) "Area" means census block.

35 (c) "Available" means the service provider provides coverage  
36 to at least 99 percent of the population of the area, according to  
37 the most recent federal census population estimates.

38 (d) "Carrier of last resort" has the same meaning as defined  
39 in Section 275.6.

40 (e) "Eligible area" means either of the following:

- 1     (1) *An area that meets both of the following criteria:*
- 2     (A) *The United States Bureau of the Census reports no*
- 3     *population in the area.*
- 4     (B) *The telephone corporation does not provide basic local*
- 5     *exchange telephone service to a customer address in the area.*
- 6     (2) *An area that is well-served by alternative voice service.*
- 7     (f) *“Notice” means a written communication.*
- 8     (g) *“Telephone corporation” has the same meaning as defined*
- 9     *in Section 234.*
- 10    (h) *“Well-served” means at least three different service*
- 11    *providers, at least one of which is a wireline provider, offer*
- 12    *alternative voice service to customers in the relevant area, and at*
- 13    *least one of the alternative voice services offered by a service*
- 14    *provider is reasonably comparable in price or value to the*
- 15    *telephone corporation’s current nondiscounted rate for basic local*
- 16    *exchange telephone service.*
- 17    2878.1. (a) (1) *A telephone corporation seeking to relinquish*
- 18    *its carrier of last resort designation for an eligible area within its*
- 19    *service territory shall submit to the commission a notice. The*
- 20    *telephone corporation’s carrier of last resort designation for the*
- 21    *eligible area shall be relinquished upon the submission of the*
- 22    *notice.*
- 23    (2) *A notice submitted pursuant to paragraph (1) shall include*
- 24    *both of the following:*
- 25    (A) *A map of the eligible area covered by the notice, including*
- 26    *the source and date for all data reflected in the map. The telephone*
- 27    *corporation may use the most recent publicly available Federal*
- 28    *Communications Commission or commission map showing fixed*
- 29    *and wireless broadband coverage.*
- 30    (B) *A copy of the modified tariff described in subdivision (b).*
- 31    (b) *Notwithstanding any other law or commission decision, a*
- 32    *telephone corporation, before submitting a notice pursuant to*
- 33    *subdivision (a), shall modify its tariff for basic local exchange*
- 34    *telephone service to align with its relinquishment of its carrier of*
- 35    *last resort designation. The modified tariff shall be effective upon*
- 36    *the submission of the notice pursuant to subdivision (a).*
- 37    (c) (1) *The telephone corporation shall administer and pay for*
- 38    *a customer challenge process available to a customer who informs*
- 39    *the telephone corporation that no alternative voice service is*
- 40    *available at their location.*

1     (2) *The telephone corporation shall notify its customers of its*  
2 *customer challenge process.*

3     (3) *If a customer successfully challenges the availability of*  
4 *alternative voice service at their location, the telephone*  
5 *corporation shall continue to provide basic local exchange*  
6 *telephone service to the customer for at least two years after the*  
7 *challenge process is complete.*

8     (d) *This section does not confer regulatory authority to the*  
9 *commission over alternative voice service.*

10     (e) *As part of its Rulemaking 24-06-012 (June 20, 2024), Order*  
11 *Instituting Rulemaking Proceeding to Consider Changes to the*  
12 *Commission’s Carrier of Last Resort Rules, the commission shall*  
13 *establish a transition plan that a telephone corporation shall be*  
14 *required to follow before its carrier of last resort designation is*  
15 *relinquished for an area within its service territory other than an*  
16 *eligible area. The commission may consider input from*  
17 *stakeholders, including representatives of public safety agencies,*  
18 *during that portion of the rulemaking.*

19     SEC. 3. *No reimbursement is required by this act pursuant to*  
20 *Section 6 of Article XIII B of the California Constitution because*  
21 *the only costs that may be incurred by a local agency or school*  
22 *district will be incurred because this act creates a new crime or*  
23 *infraction, eliminates a crime or infraction, or changes the penalty*  
24 *for a crime or infraction, within the meaning of Section 17556 of*  
25 *the Government Code, or changes the definition of a crime within*  
26 *the meaning of Section 6 of Article XIII B of the California*  
27 *Constitution.*

28     ~~SECTION 1. It is the intent of the Legislature to enact~~  
29 ~~subsequent legislation relating to telecommunications.~~