

STATE OF CALIFORNIA

Public Utilities Commission  
San Francisco

## Memorandum

**Date:** June 20, 2012

**To:** The Commission  
(Meeting of June 21, 2012)

**From:** Lynn Sadler, Director  
Office of Governmental Affairs (OGA) — Sacramento

**Subject:** **SB 379 (Fuller) – Telecommunications: universal service: regulation.**  
**As amended: June 12, 2012**

**LEGISLATIVE SUBCOMMITTEE RECOMMENDATION: NONE**

### SUMMARY OF BILL

SB 379 would amend Public Utilities Code (PU Code) Sec. 275.6. The bill would codify the existing high cost support program – the California High Cost Fund-A (CHCF A) program -- which provides subsidies to qualified rural rate-of-return (ROR) incumbent local exchange carriers (ILECs). It would also increase the subsidies to these carriers in the following ways:

- It would require the CHCF-A program to pay carriers for any lost federal universal service high cost support.
- It would require the CHCF-A program to subsidize deployment of broadband-capable facilities.

**Sec. 275.6 sunsets on January 1, 2015, unless extended by the legislature.**

### SUMMARY OF SUPPORTING ARGUMENTS FOR RECOMMENDATION

The issues addressed in proposed amendments to PU Code Sec. 275.6 are currently being considered in pending CPUC rulemaking R.11-11-007. These issues are complex and impact all telephone users in California, as well as the ROR carriers. The rulemaking permits all interested parties the opportunity to comment and reply to comments of other parties, and provides a venue for a comprehensive public review and discussion of the complex issues raised by this bill.

In November 2011, the Federal Communications Commission (FCC) released an Order that begins a fundamental change in the federal high cost support scheme. The full implications of the FCC's Order are still unknown and the implementation of the Order is still undergoing changes by the FCC itself. The state should not tie the hands of the CPUC to properly respond to the changes ordered by the FCC now and in the future by locking into statute how the state's high cost support should be determined and for what purposes.

By locking into state statute funding for high cost broadband as well as telephony for rate-of-return incumbent local exchange carriers (small independent telephone companies), SB 379 would prevent the CPUC from making changes to the CHCF-A program as it views necessary in light of changes in FCC universal service support and broadband policy changes, as well as changes in technologies, market dynamics and the changing competitive landscapes in rural California.

SB 379 would expand the costs of the CHCF-A Program. The combination of less FCC funding and SB 379 could double the amount of subsidies that rural rate-of-return carriers may request from the CHCF-A Program. The ROR LECs estimate a \$3.2 million dollar loss of federal dollars under the new FCC high cost support scheme. Even without any reforms, the program's budget has increased an average of 64% per year. The funding draw per participant has increased an average of 41% annually. Broadening the existing A-Fund program to add broadband to the existing voice subsidies could result in a substantial increase to the program fund. This could significantly increase the amount of money that each rate payer must pay into this fund each month, based on a surcharge on intrastate telecommunications billings.

SB 379 would mandate that the CHCF-A program provide subsidies for both telephone and broadband advanced services infrastructure, but would not allow the CPUC to take broadband or other advanced services revenue streams (such as video) into account when determining how much subsidy a rural telephone company really needs to continue to stay in business and provide service to their customers. Due to the current federal Separations process, the CPUC is not currently able to recognize broadband revenues in the ratemaking process or take broadband revenues into account when determining the size of subsidies. Only telephone revenues are taken into account.

California's jurisdiction over broadband services is limited. The state has no jurisdiction over Internet access service. The FCC's November Order established Federal high cost support for the deployment of broadband networks. SB 379 would require California local service ratepayers to also subsidize the ROR carriers' deployment of broadband-capable facilities even though California has limited jurisdiction over broadband services and cannot take into account revenues from these unregulated broadband services when determining local rates for the ROR carriers.

Broadband facilities which would potentially be included in the Small ILECs intrastate rates are already subject to recovery through interstate rates and are further eligible for subsidy by a variety of federal mechanisms. This change would essentially require

state ratepayers to not only provide recovery for the facilities and expenses related to the provision of intrastate services but also for interstate services. The State does not have jurisdiction over interstate services. The carriers assert that the CPUC cannot recognize the revenues from interstate services in a general rate case proceeding. The simple fact is, the Small ILECs already get recovery for interstate services and the state would become a secondary source of recovery for the same investment.

Locking into statute a commitment of the government to subsidize California rate of return rural telephone corporations' continued deployment of both broadband and voice telephone infrastructure will also not permit the CPUC to respond to the evolving telecommunications marketplace.

Codification of the current CHCF-A program also would prohibit the CPUC from making changes to the high cost support program to eliminate inefficient, wasteful or outdated aspects of the program.

In 2011 the CPUC began rulemaking R.11-11-007 to undertake a comprehensive review of the high cost support subsidy mechanisms for the small rural carriers in California. The aim of this proceeding is to develop a more efficient, prudent, and forward-looking plan for rural consumers that will reflect realities of the market place and technological advancements to safeguard California ratepayers. This comprehensive public process is a better way to address any necessary changes to the CHCF-A program.

Legislation is not necessary to address the ROR carriers' concerns. The issues are being addressed in an open comprehensive proceeding at the CPUC. As such, the bill should be modified to ensure that the commission follows through on its obligation to address the issues fully.

## **SUMMARY OF SUGGESTED AMENDMENTS**

SB 379 should be amended to strike all revisions to current law and instead add a new Section to the PU Code directing the CPUC to ensure that R.11-11-007 or a related follow-on proceeding considers the appropriateness of adopting the numerous directives enumerated in Section 275.6 (c) of the bill.

Technical Amendment (if above recommendations are not adopted): The definition of "rural telephone company" is not at 47 USC 153 (37) as stated at page 4, lines 8-9 of the bill; the definition of "rural telephone company" is at 47 USC 153 (44).

## **DIVISION ANALYSIS (Communications Division)**

- 1) SB 379 would transform the California High Cost Fund – A Program (CHCF-A) from a fund that was designed to only subsidize universal voice telephone service into a fund that would also be required to fund broadband facilities and advanced services in rural areas of California.

- 2) SB 379 would change the definition of advanced services to include broadband. In the past, for the purposes of the High Cost Funds, the term “advanced services” referred to telephone services such as call waiting, voice mail and other telephony related services.
- 3) If SB 379 mandates that broadband be included in the CHCF A- Program, the CPUC would need to initiate a proceeding to examine the implications of subsidizing broadband, given the state’s limited jurisdiction over broadband facilities and services.
- 4) The bill would add the following very significant new conditions on how the commission must determine the revenue requirements of small independent telephone corporations when administering the High-Cost Fund – A Program: “Employ rate-of-return regulation to... afford the telephone corporation an opportunity to earn a **reasonable return on its investments, attract capital for investment on reasonable terms, and ensure the financial integrity** of the telephone corporation.” These are entirely new requirements the impact of which have not been fully vetted. However, these proposals are being examined in detail in the CPUC rulemaking R.11-11-007.
- 5) The bill would codify the CPUC requirement that telephone corporations receiving high cost support are required to act as Carriers of Last Resort (COLR). SB 379 would add a definition of Carrier of Last Resort to the CHCF-A program requiring telephone corporations that receive such support fulfill all “reasonable” requests for service within their service territories. Adding this COLR definition is problematic because it adds the term “reasonable” into the definition. This is inconsistent with the Commission’s current definition in D.96-10-066. The 1996 decision states that a COLR shall be required to serve all customers upon request. (See COL 132; FOF 165); It is not limited to “reasonable” requests. [Note however, that the FCC is now requiring recipients of federal high cost support for broadband deployment and voice service to provide service in subsidized service areas to customers “upon reasonable request”.]
- 6) The California High Cost Fund – A Program was developed to ensure universal voice telephone service throughout California. It was not intended to provide funding for broadband infrastructure. The California Advanced Service Fund (CASF) was created to help fund broadband infrastructure in underserved and unserved areas throughout California.
- 7) In a separate proceeding, the CPUC is also redefining “basic telephone service”, and considering whether to expand the basic service definition to include advanced services. While this proceeding is active, this proposed bill may be a hindrance to the CPUC’s efforts to redefine basic telephone services.

- 8) Legal Issues: The current pending legal issue is the on-going R.11-11-007 proceeding led by Administrative Law Judge Anthony Colbert.

## **PROGRAM BACKGROUND**

- 1) In 1987, the California legislature enacted Pub. Util. Code § 739.3 requiring the Commission to develop, implement, and maintain a suitable program to establish a fair and equitable local rate structure aided by transfer payments to small independent telephone companies serving rural and small metropolitan areas. The purpose of the program is to, "promote the goals of universal telephone service and to reduce any disparity in the rates charged by those companies" in comparison to the lower rates charged to customers in larger metropolitan areas.
- 2) In response to the Legislature's mandate, the Commission established the original High Cost Fund to provide a source of supplemental revenues to small and mid-size ILECs whose basic exchange access line service rates would otherwise be increased to levels that would threaten universal service. The original program was funded by an increment in Pacific Bell's intrastate carrier common line charge and was administered by Pacific Bell. In 1994, the Commission changed the funding source from an increment in the carrier common line charge to a surcharge paid by all end-users, and reaffirmed Pacific Bell as the administrator of the fund.
- 3) Addressing the emergence of competition for local exchange services, in 1996, the Commission decided that in addition to support for small and medium sized carriers, mechanisms needed to be established that would support universal service in high-cost areas served by the large ILECs. Recognizing that small ILECs should not be subject to the same rules applicable to the larger ILECs, in 1996 as the Commission changed the name of the original High Cost fund to CHCF-A, it created the California High Cost Fund B (CHCF-B) to provide high cost support for the large carriers; i.e. Pacific Bell (now dba AT&T of California), GTE California and GTE Contel (now Verizon California), Roseville Telephone Company (now SureWest), and Citizens Telecommunications Company of California (now Frontier Communications of California). The Commission began administering the CHCF-A program for eligible small ILECs, relieving Pacific Bell of the responsibility.
- 4) In 2008, the Legislature further added Pub. Util. Code § 275.6(d) and amended Pub. Util. Code § 739.3(h) The legislation required the Commission to prepare and submit to the Legislature a report on the affordability of basic telephone service in areas funded by the CHCF-B. The sunset of CHCF-A and CHCF-B programs is now extended to January 1, 2015.
- 5) The CHCF-A is funded by an all-end-user surcharge, assessed as a percentage of all customers' intrastate service charges (other than LifeLine services). The surcharge is revised as needed to ensure adequate funding. The surcharge rate is based on the program's total funding requirement (i.e., sum of all participating carrier's funding requirements) divided by the total projected intrastate revenue

subject to surcharge.

- 6) Initially, 17 carriers were eligible to apply for the CHCF-A funding. Subsequently, D.08-10-010 authorized Citizens Telecommunications Company of California, Inc. to consolidate with three CHCF-A eligible small ILECs: Citizens Telecommunications Company of Tuolumne, Citizens Telecommunications Company of the Golden State and Global Valley Networks, Inc. This consolidation resulted in a reduction in the total number of small ILECs eligible for CHCF-A support from 17 to 14. This reduction did not impact the CHCF-A as these carriers were not drawing from the fund at the time.
- 7) Carriers' funding requirements for the CHCF-A are determined through General Rate Cases (GRCs). Carriers have the option to take the informal path of filing an advice letter or go through a formal application process. The informal GRC advice letter filings for small ILECs are typically reviewed by the Communication Division (CD). The process requires CD to review the filing company's estimated revenues, expenses, rate base and rate of return in order to arrive at an appropriate revenue level necessary for operation. Subsequently, CD prepares a resolution for the Commission to authorize the ongoing funding level in response to annual carrier funding request advice letters.
- 8) In the formal application process however, the application is assigned to an Administrative Law Judge (ALJ) with the carrier and the Division of Ratepayers Advocates (DRA) identified as parties to the proceeding. In the application process, DRA reviews the carrier filings as CD does in the informal process and testifies on its findings. The ALJ can use CD's resources to review application details independent of the parties. Subsequently, the ALJ drafts a decision for the Commission to vote on and to authorize the recommended funding level.
- 9) The Commission uses the revenue requirement derived from GRCs to determine appropriate rates for telecommunications services, up to 150% of the rates of comparable services in urban areas. If carriers cannot meet their revenue requirement with these maximally allowed rates, they are granted the CHCF-A subsidy to cover the shortfall. The CHCF-A funding level for each carrier is the difference between the revenue requirement and the carrier's actual revenue. The CHCF-A support is then distributed to carriers directly on a monthly basis.
- 10) Under the current rules of the CPUC's CHCF-A program any reduction in federal high cost support translates into an increase in support from the CHCF-A.
- 11) The CHCF-A program is currently under review in CPUC OIR R.11-11-007. It has been nearly 20 years since D.91-09-042 was issued outlining the procedures for the administration of the CHCF-A. The Commission recognizes that competition and technology have evolved over time and has determined that a review of CHCF-A fund is overdue. In this proceeding, the Commission seeks comments as well as updated information to comprehensively reassess the CHCF-A program

12) At the time, the California High Cost program was established, wireline telephone service was the only widely available and affordable mode of voice communication in rural areas. In an effort to help keep the costs of rural service affordable, the CPUC authorized these monopoly companies to set rates at an affordable level, but offset the high cost of providing service through a subsidy from the CHCF-A. Today, new technologies such as Internet Protocol and wireless telephony technologies compete with wireline Plain Old Telephone Service (POTS) as viable alternative options for the provisioning of voice service.

13) Other state/federal information:

Definition of "rural telephone company" in 47 USC 153 (44) is as follows:

(44) Rural telephone company

The term "rural telephone company" means a local exchange carrier operating entity to the extent that such entity -

(A) provides common carrier service to any local exchange carrier study area that does not include either –

(i) any incorporated place of 10,000 inhabitants or more, any part thereof, based on the most recently available population statistics of the Bureau of the Census; or

(ii) any territory, incorporated or unincorporated, included in an urbanized area, as defined by the Bureau of the Census as of August 10, 1993;

(B) provides telephone exchange service, including exchange access, to fewer than 50,000 access lines;

(C) provides telephone exchange service to any local exchange carrier study area with fewer than 100,000 access lines; or

(D) has less than 15 percent of its access lines in communities of more than 50,000 on February 8, 1996.

## FISCAL IMPACT

The bill would increase the CHCF-A Fund costs. Other impacts are unknown at this time.

## STATUS

SB 379 is pending hearing in the Assembly Appropriations Committee.

## **SUPPORT/OPPOSITION**

### Support:

Calaveras Telephone Company  
California Communications Association  
California Independent Telecommunications Companies (CITC) (Sponsor)  
California State Association of Counties (CSAC)  
Ducor Telephone Company  
Ponderosa Telephone  
Regional Council of Rural Counties (RCRC)  
Sebastian  
Siskiyou Telephone  
Small School Districts' Association (SSDA)  
Volcano Communications Group

### Opposition:

California Association of Competitive Telecommunications Companies (CALTEL)  
(unless amended)  
Division of Ratepayer Advocates (DRA) (unless amended)  
The Utility Reform Network (TURN) (unless amended)

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## BILL LANGUAGE

BILL NUMBER: SB 379      AMENDED  
BILL TEXT

AMENDED IN ASSEMBLY    JUNE 12, 2012  
AMENDED IN ASSEMBLY    MAY 23, 2012  
AMENDED IN SENATE      APRIL 25, 2011  
AMENDED IN SENATE      MARCH 25, 2011

INTRODUCED BY    Senator Fuller

FEBRUARY 15, 2011

An act to amend ~~Sections~~ Section  
275.6 ~~and 739.3~~ of the Public Utilities Code,  
relating to telecommunications.

### LEGISLATIVE COUNSEL'S DIGEST

SB 379, as amended, Fuller. Telecommunications: universal service:  
regulation.

Existing law, the federal Telecommunications Act of 1996, establishes a program of cooperative federalism for the regulation of telecommunications to attain the goal of local competition, while implementing specific, predictable, and sufficient federal and state mechanisms to preserve and advance universal service, consistent with certain universal service principles. The universal service principles include the principle that consumers in all regions of the nation, including low-income consumers and those in rural, insular, and high-cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas.

Existing law authorizes the Public Utilities Commission to supervise and regulate every public utility in the state, including telephone corporations, and to fix just and reasonable rates and charges for the public utility. Existing law establishes the state's universal service funds, including the California High-Cost Fund-A Administrative Committee Fund (CHCF-A) and the California High-Cost Fund-B Administrative Committee Fund (CHCF-B), in the State Treasury, and provides that moneys in each of the state's universal service funds are the proceeds of rates and are held in trust for the benefit of ratepayers and to compensate telephone corporations for their costs of providing universal service. Moneys in the funds may only be expended to accomplish specified telecommunications universal service programs, upon appropriation in the annual Budget Act or upon supplemental appropriation.

Existing law, until January 1, 2015, requires the commission to develop, implement, and maintain a suitable program to establish a fair and equitable local rate structure aided by universal service

rate support to small independent telephone corporations that serve rural areas and are subject to rate-of-return regulation by the commission (the CHCF-A program).

This bill would revise the CHCF-A program to instead require the commission, until January 1, 2015, to exercise its regulatory authority to maintain the CHCF-A program to provide universal rate support to small independent telephone corporations in amounts sufficient to meet the revenue requirements established by the commission through rate-of-return regulation in furtherance of the state's universal service commitment to the continued affordability and widespread availability of safe, reliable, high-quality communications services in rural areas of the state. The bill would specify eligibility requirements for small independent telephone corporations to participate in the CHCF-A program and requirements for the commission in maintaining the program.

~~— Pursuant to its authority, the commission adopted decisions implementing an incentive based regulatory format called the new regulatory framework for certain telephone corporations. Existing law required the commission, by January 1, 2000, to commence a proceeding to consider whether to establish a new regulatory framework that (1) ensures that the public has universally available access to basic local exchange service, (2) applies appropriate rules to all telecommunications service providers, and (3) encourages the provision of advanced, high speed digital telecommunications services to the public.~~

~~— This bill would require the commission, by January 1, 2014, to establish a streamlined process that allows small independent telephone corporations the option of being regulated under a small corporation uniform regulatory framework that includes underlying principles, policies, and full pricing flexibility, similar to the framework applicable to large and mid sized incumbent local exchange carriers.~~

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. In making the changes made by this act to Section 275.6 of the Public Utilities Code, it is the intent of the Legislature to preserve all of the following:

(a) Federal universal service funding for telephone corporations participating in the California High-Cost Fund-A Program, thereby reducing cost pressures on the program and minimizing the state surcharge levels necessary to fund the program.

(b) Application of the Federal Communications Commission's cost allocation and separation rules to the expenses and investments of telephone corporations that participate in the California High-Cost Fund-A Program.

(c) The discretion of the Public Utilities Commission in open Rulemaking 11-11-007 to establish the regulatory requirements for the California High-Cost Fund-A Program within the policy framework provided by this act.

SEC. 2. Section 275.6 of the Public Utilities Code is amended to read:

275.6. (a) The commission shall exercise its regulatory authority to maintain the California High-Cost Fund-A Program to provide

universal service rate support to small independent telephone corporations in amounts sufficient to meet the revenue requirements established by the commission through rate-of-return regulation in furtherance of the state's universal service commitment to the continued affordability and widespread availability of safe, reliable, high-quality communications services in rural areas of the state.

(b) For purposes of this section, the following terms have the following meanings:

(1) "Carrier of last resort" means a telephone corporation that is required to fulfill all reasonable requests for service within its service territory.

(2) "Rate base" means the value of a telephone corporation's plant and equipment that is reasonably necessary to provide regulated voice services and access to advanced services, and upon which the telephone corporation is entitled to earn a reasonable rate of return.

(3) "Rate design" means the mix of end user rates, high-cost support, and other revenue sources that are targeted to provide an opportunity to meet the revenue requirement of the telephone corporation.

(4) "Rate-of-return regulation" means a regulatory structure whereby the commission establishes a telephone corporation's revenue requirements, and then fashions a rate design to provide the company a fair opportunity to meet the revenue requirement.

(5) "Revenue requirement" means the amount that is necessary for a telephone corporation to recover its reasonable expenses and tax liabilities and earn a reasonable rate of return on its rate base.

(6) "Small independent telephone corporations" are rural incumbent local exchange carriers subject to commission regulation.

(c) In administering the California High-Cost Fund-A Program, the commission shall do all of the following:

(1) Continue to set rates to be charged by the small independent telephone corporations in accordance with Sections 451, 454, 455, and 728.

(2) Employ rate-of-return regulation to determine a small independent telephone corporation's revenue requirement in a manner that provides revenues and earnings sufficient to allow the telephone corporation to deliver safe, reliable, high-quality voice communication service and fulfill its obligations as a carrier of last resort in its service territory, and to afford the telephone corporation an opportunity to earn a reasonable return on its investments, attract capital for investment on reasonable terms, and ensure the financial integrity of the telephone corporation.

(3) Ensure that rates charged to customers of small independent telephone corporations are just and reasonable and are reasonably comparable to rates charged to customers of urban telephone corporations.

(4) Provide universal service rate support from the California High-Cost Fund-A Administrative Committee Fund to small independent telephone corporations in an amount sufficient to supply the portion of the revenue requirement that cannot reasonably be provided by the customers of each small independent telephone corporation after receipt of federal universal service rate support.

(5) Promote customer access to advanced services and deployment of broadband-capable facilities in rural areas that is reasonably comparable to that in urban areas, consistent with national

communications policy.

(6) Include all reasonable investments necessary to provide for the delivery of high-quality voice *communication* services and the deployment of broadband-capable facilities in the rate base of small independent telephone corporations.

(d) In order to participate in the California High-Cost Fund-A Program, a small independent telephone corporation shall meet all of the following requirements:

(1) Be subject to rate-of-return regulation.

(2) Be subject to the commission's regulation of telephone corporations pursuant to this division.

(3) Be a carrier of last resort in their service territory.

(4) Qualify as a rural telephone company under federal law (47 U.S.C. Section 153(37)).

(e) The commission shall structure the programs required by this section so that any charge imposed to promote the goals of universal service reasonably equals the value of the benefits of universal service to contributing entities and their subscribers.

(f) This section shall remain in effect only until January 1, 2015, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2015, deletes or extends that date.

~~SEC. 3. Section 739.3 of the Public Utilities Code is amended to read:~~

~~739.3. (a) The commission shall develop, implement, and maintain a suitable program to establish a fair and equitable local rate structure aided by universal service rate support to small independent telephone corporations serving rural and small metropolitan areas. The purpose of the program shall be to promote the goals of universal telephone service and to reduce any disparity in the rates charged by those companies.~~

~~(b) For purposes of this section, small independent telephone corporations means those independent telephone corporations serving rural areas, as determined by the commission.~~

~~(c) The commission shall develop, implement, and maintain a suitable, competitively neutral, and broadbased program to establish a fair and equitable local rate support structure aided by universal service rate support to telephone corporations serving areas where the cost of providing services exceeds rates charged by providers, as determined by the commission. The commission shall develop and implement the program on or before October 1, 1996. The purpose of the program shall be to promote the goals of universal telephone service and to reduce any disparity in the rates charged by those companies. Except as otherwise explicitly provided, this subdivision does not limit the manner in which the commission collects and disburses funds, and does not limit the manner in which it may include or exclude the revenue of contributing entities in structuring the program.~~

~~(d) The commission shall structure the programs required by this section so that any charge imposed to promote the goals of universal service reasonably equals the value of the benefits of universal service to contributing entities and their subscribers.~~

~~(e) The commission shall investigate reducing the level of universal service rate support, or elimination of universal service rate support in service areas with demonstrated competition.~~

~~(f) By July 1, 2010, the commission shall prepare and submit to the Legislature a report on the affordability of basic telephone~~

~~service in areas funded by the California High Cost Fund B Administrative Committee Fund. The report, among other things, shall provide information on prices and costs of basic telephone service, and penetration and utilization rates of basic telephone service by income, ethnicity, age, and other demographic characteristics, using surveys and other methods of identifying the factors affecting affordability of basic telephone service for customers and noncustomers. The report shall describe the characteristics of noncustomers and their reasons for not having telephone service. The report shall identify those persons most at risk of losing basic telephone service. The report shall be funded out of the California High Cost Fund B Administrative Committee Fund.~~

~~— (g) By January 1, 2014, the commission shall establish a streamlined process that allows a small independent telephone corporation the option of being regulated under a small corporation uniform regulatory framework that includes underlying principles, policies, and full pricing flexibility, similar to the framework applicable to large and mid-sized incumbent local exchange carriers. The small corporation uniform regulatory framework should take effect no later than 180 days from the date that the small independent telephone corporation chooses to adopt the small corporation uniform regulatory framework. Nothing in this section prohibits a small independent telephone corporation opting into regulation pursuant to this subdivision from participating in the California High Cost Fund B Program.~~

~~— (h) This section shall only apply to the California High Cost Fund B Administrative Committee Fund program.~~

~~— (i) This section shall remain in effect only until January 1, 2015, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2015, deletes or extends that date.~~