



**Public Advocates Office**  
*California Public Utilities Commission*  
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April 17, 2019

The Honorable Andreas Borgeas  
California State Senate  
State Capitol, Room 3082  
Sacramento, CA 95814

**Re: SB 603 (Borgeas) — Oppose**

Dear Senator Borgeas:

The Public Advocates Office is the independent consumer advocate at the California Public Utilities Commission (CPUC). Our mission is to advocate for the lowest possible rates for customers of California's regulated utilities consistent with safe, reliable service levels and the state's environmental goals.

SB 603, as amended on March 28, 2019, would require the California High Cost Fund - A (CHCF-A), paid for by all voice communications customers statewide, to: 1) subsidize the legal and rate case expenses of participating small telephone companies, 2) place a 12-month time limit on the CPUC to process General Rate Case (GRC) applications and 3) allow GRC requests to be filed via an informal procedure with a 10-month time limit for the CPUC to process. Most concerning, this bill implies that a utility's GRC request is deemed granted if the CPUC fails to process the GRC request within the bill's specified time limits.

We respectfully oppose SB 603 because it would increase litigation costs and subsidize the legal, regulatory, and rate case expenses of non-regulated affiliates of small telephone companies participating in the CHCF-A program. The bill's strict time limits incentivizes utilities to "run down the clock" and employ delay tactics during the review process, since their request would be deemed approved if the CPUC fails to issue a decision within the prescribed time limits. As we are the only party representing customers in small telephone company GRCs, a fair and deliberative process is necessary. SB 603 would impede our ability to analyze and develop recommendations, degrade the integrity of the CHCF-A and lessen public support for the subsidy program.

Now is especially not the time for this bill because the CPUC currently has an open rulemaking (Phase 2) to determine what changes to the CHCF-A program are necessary. This rulemaking will resolve outstanding policy issues and explore alternative regulatory mechanisms that will modernize and streamline the administration of the program (for example, a formula-based approach to GRCs, such as the one employed by the Federal Communications Commission in its universal service program). Until this rulemaking is completed, changes to the statute governing the CHCF-A program are premature.

We very much appreciate the need for the CHCF-A to ensure access to essential affordable and available communications services in rural areas of California. We were pleased to support the program's extension last year.

For these reasons, we respectfully oppose this bill. If you have any questions or would like to discuss this matter further, please don't hesitate to contact me at (415) 703-2381 or at [elizabeth.echols@cpuc.ca.gov](mailto:elizabeth.echols@cpuc.ca.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Elizabeth Echols". The signature is written in a cursive style with a large initial "E".

Elizabeth Echols  
Director