



County of San Mateo

Inter-Departmental Correspondence

Department: BOARD OF SUPERVISORS
DISTRICT 3
File #: 24-479

Board Meeting Date: 6/25/2024

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Supervisor Ray Mueller, District 3
Supervisor Warren Slocum, District 4
Subject: Resolution Opposing AB 2797

RECOMMENDATION:

Adopt a resolution opposing Assembly Bill 2797 (McKinnor) amending the requirements for a telephone corporation to withdraw as a carrier of last resort.

BACKGROUND:

Assembly Bill (AB) 2797 (McKinnor) would authorize a telecommunications service provider to withdraw from certain Carrier of Last Resort (COLR) obligations if a prescribed notice is given to the California Public Utilities Commission (CPUC).

Under state law, a COLR is a telecommunications service provider that provides basic telephone service, typically in the form of "Plain Old Telephone Service" (POTS) (i.e., landline phone service), to any customer requesting such service within a specified area. These rules ensure at least one telephone company in a specified area provides access to telephone service to anyone in its service territory who requests it, giving residents safe, reliable, and affordable telephone service.

State regulations allow carriers to opt out of their COLR obligations when another provider opts to provide and assume responsibility for COLR service. In March 2023, AT&T requested to be relieved of its COLR obligations in areas throughout the state, including in many parts of San Mateo County.

On June 20, 2024, the CPUC rejected AT&T's request to withdraw as a COLR. The CPUC noted that AT&T's application did not meet the CPUC's withdrawal requirements, as no potential alternative COLR agreed to assume AT&T's service obligations. The Commission also voted to initiate a new Rulemaking process to address COLR telecommunications service obligations. Responding to recent CPUC action, AT&T is working with Assemblymember McKinnor to sponsor AB 2797, which was recently gutted and amended to address CPUC's oversight of carriers' COLR obligations.

DISCUSSION:

AB 2797 would allow any provider to relieve itself of COLR obligations within particular census tracts

by sending notice to the CPUC stating either (1) that it currently has no customers or there is no population in a census block it serves, or (2) for urban census blocks, that two or more alternative providers offer comparably priced voice services to customers in that census block.

This bill would circumvent the CPUC's current review and approval process and allow COLRs to self-determine if they must provide services in a given census tract, independent of public oversight and without the safeguards to guarantee alternative COLR coverage.

The bill does not require that any alternative service provider be currently operational in the specific areas, nor does it require alternative providers to offer COLR services to all residents. In addition, the bill does not impose reliability requirements for alternative voice service providers, such that VoIP or cellular service could be considered a substitute for POTS. This may leave residents with no coverage, partial coverage, or less reliable wireless service alternatives.

Moreover, the bill redefines affordable alternative voice services under COLR regulations and allows for increased costs. Without a defined COLR, San Mateo County residents may be unable to access reliable and affordable basic landline telephone services like free 9-1-1 and discounted service rates through the federal Lifeline program. Additionally, these allowances will lead to higher costs for vulnerable residents who will likely need to purchase additional service bundles to receive basic telephone service.

AT&T notes that it is sponsoring AB 2797 to assist California residents in transitioning to high-speed internet. It cites the CPUC's decision to deny its application as a four- to five-year delay to prevent vulnerable communities from accessing more modern services.

Adopting a resolution to oppose AB 2797 would align with the County's 2024 Legislative Platform and previous advocacy opposing AT&T's application to the CPUC and prevent these detrimental changes to COLR regulations.

FISCAL IMPACT:

AB 2797 would have no direct fiscal impact on the County of San Mateo. However, losing affordable and accessible telephone service carrier obligations may necessitate future County telecommunications infrastructure investments.

EQUITY IMPACT:

The County's 2024 Legislative program supports policies that further or enhance equity goals in addressing the needs of underserved, disadvantaged, or marginalized residents.