SENATE THIRD READING
SB 1191 (Ochoa Bogh)
As Amended June 8, 2026
2/3 vote. Urgency

SUMMARY

This bill would extend the California High-Cost Fund A and B program requirements to January 1, 2033.

Major Provisions

Provides that this bill is an urgency measure, to ensure that the Public Utilities Commission has sufficient lead time to incorporate the Legislature's direction regarding these universal service programs in its proposed budget to the Department of Finance for fiscal year 2027-2028.

COMMENTS

1) *This bill is a simple program extension.* Under existing law the California High Cost Fund A and B programs would otherwise expire as of January 1, 2028. This bill extends the sunset an additional five years to January 1, 2033. This bill makes no other programmatic changes to the administrative requirements or eligibility.

   However, as more consumers begin to move away from legacy copper networks to advanced fiber-optic based networks that support high-speed broadband, it is reasonable to consider whether future modifications to these programs could better support increased access to and continued maintenance of modern broadband networks instead of legacy copper networks. Certainly, such a change would require further contemplation of tradeoffs that is not addressed by this narrow bill, but could be addressed through a more robust regulatory process at the direction of the Legislature.

   These types of more robust policy conversations are already beginning at the state and federal level. For example, just recently in May the Federal Communications Commission issued a Notice of Proposed Rulemaking to modernize the federal high-cost program, in the interest of ensuring that "high-cost support is targeting areas where it is needed" in a more "efficient and effective" mechanism. Additionally, at the state level, in March 2026 the CPUC issued a draft resolution that proposed, in part, that the CPUC should explore changes to the CHCF-B programs. The draft resolution was later rescinded for procedural reasons, and potentially, opposition from some stakeholders, because it proposed suspending rate cases for small independent telephone companies. Additionally, a Staff Report published in the Carrier of Last Resort proceeding also suggests the CPUC consider revising the CHCF-B program.

2) California High-Cost Fund (*CHCF)-A Overview.* The CHCF-A program is established to provide rate support subsidies to small independent telephone corporations in amounts sufficient to meet the revenue requirements established by the commission through rate-of-return regulation. The subsidies are intended to support the state's universal service commitment to affordability and widespread availability of safe, reliable, high-quality communications services in rural areas of the state. As implemented, the subsidies minimize the telephone rate disparities between high-cost rural areas and metropolitan areas to keep rates affordable in areas with lower population densities. The program fund currently supports 13

eligible small independent telephone companies that collectively serve about 40,000 customers. The size of the small companies range from a couple hundred to up to about 12,500 customers. The program budget in Fiscal Year 2025-2026 was $49.5 million. The program is funded through a portion of the flat-rate $0.90-cent per month surcharge on each telephone access line in the state, which supports various programs including the CHCF-A. As of August 1, 2025, the share of the surcharge attributable to the CHCF-A program is $0.03-cents per line per month.

3) *CHCF-B Overview.* The CHCF-B program is established to provide subsidies to carriers of last resort (COLRs) for providing basic local telephone service to residential customers in high-cost areas. Those are currently served by AT&T California, Frontier California, Inc., which recently was acquired by Verizon Communications, and Citizens Telecommunications Company of California. The purpose of the subsidies is to keep basic telephone service affordable and to meet the Commission's universal service goal. The CPUC defines high-cost areas of state as those in which the cost to the COLR to provide service is $36 or more per telephone line. The program budget for Fiscal Year 2025-2026 is $22.5 million. The program is funded through a portion of the flat-rate surcharge on each telephone access line in the state, which supports various programs including the CHCF-B. As of August 1, 2025, the CPUC is not collecting new revenue to support the CHCF-B program because of existing surpluses, and the rate of collection is set at zero cents per month.

According to the Author
"SB 1191 continues California's commitment to universal service by extending its High-Cost Fund programs to ensure rural communities have access to reliable and affordable telecommunications services. Without the support of these funds, rural residents would find it very difficult to cover the high cost of delivering telecommunications services in remote, rugged and sparsely populated areas of the state. SB 1191 will help keep rural communities connected to the network and the essential services it provides, like 911 and reverse 911, by keeping telecommunication services affordable."

Arguments in Support
These two state universal service programs ensure that affordable and reliable telephone service remains available in rural, high-cost areas of the state.

Arguments in Opposition
None on file.

FISCAL COMMENTS

According to the Assembly Appropriations Committee this bill results in ongoing annual costs, through 2033 at least, for the CPUC to continue to administer the high-cost fund programs. The CPUC reports it dedicates two regulatory analysts to the programs, at a combined annal cost of $419,000 (California High-Cost Fund A and California High-Cost Fund B).

VOTES

SENATE FLOOR: 33-0-7
YES: Archuleta, Arreguín, Ashby, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Ochoa Bogh, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
ABS, ABST OR NV: Allen, Alvarado-Gil, Becker, Hurtado, Niello, Padilla, Stern

ASM COMMUNICATIONS AND CONVEYANCE: 9-0-0
YES: Boerner, Hoover, Bonta, Caloza, Castillo, Krell, Lowenthal, Rogers, Blanca Rubio

ASM APPROPRIATIONS: 14-0-1
YES: Wicks, Hoover, Arambula, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Tangipa
ABS, ABST OR NV: Ta

UPDATED

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