



Elimination of Carrier of Last Resort Obligations Will Result in Unaddressed Critical Access Issues

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Background

The California Public Utilities Commission (CPUC) recently dismissed AT&T's proposal to relieve the carrier from its obligation to serve all customers in its service territory, without any carrier stepping in to provide service. The obligation, referred to as Carrier of Last Resort (COLR), requires the service provider within a specified area to provide basic phone service to any customer that requests it, including low-income customers. There are 16 carriers who serve as COLRs and provide service to approximately 952,000 customers. Phone service can be provided over various wireline technologies including fiber networks.

We support the CPUC's decision to dismiss AT&T's proposal, as this essential universal service obligation is a safety net that ensures all Californians have access to safe, reliable, and affordable phone service. However, a bill currently working its way through the legislature, AB 2797, would essentially undermine the CPUC's decision and allow these 16 carriers to withdraw from their COLR obligation.

Specifically, AB 2797 would:

Allow All Carriers to Stop Providing COLR Service: AB 2797 would allow carriers to withdraw COLR service before decisionmakers can address important access issues that arise from transitioning from legacy communication systems, such as copper-based landline service, to modern broadband systems.

Jeopardize the Reliable Provision of Emergency Response Services: In addition to many residential customers who still rely on copper-based service, many businesses and organizations that provide emergency assistance and safety-related services would be affected. In 2023, approximately 1.3 million calls were made to E-9-1-1 from wireline voice services. The CPUC must first be allowed to address these challenges to ensure that public health and safety is not jeopardized.

Allow Carriers to Deny Essential Communication Service to Customers: This bill would leave over 29 million Californians with no guarantee of phone service in AT&T's service territory alone and/or no alternatives. From 2020 through 2022, approximately 16,000 structures were destroyed by wildfires. While communications companies are required to report their restoration efforts, without COLR, there would be no obligation to serve affected customers and the surrounding communities affected by the wildfire with essential communications services. Also, there are approximately 730,000 customers who use specialized equipment provided through the Deaf and Disabled Telephone Program with their wireline service. Without COLR, there is no assurance that these customers would have access to the equipment they rely on.

Impact Critical Lifeline Services for Low-Income Customers: More than 110,000 Lifeline customers receive service from a COLR. COLRs are required to provide Lifeline services to their customers. These Lifeline customers are at risk of losing their service if their carrier is permitted to withdraw from its COLR obligations.

Subvert Efforts to Address Important Policy Issues: The CPUC recently initiated a Rulemaking to address foundational access to communications services issues that arise from the transition to ubiquitous deployment of broadband systems and ensure that millions of customers are not put at risk during the transition.



The Rulemaking also includes considering the need to update the COLR obligation. The CPUC has set an aggressive schedule for this Rulemaking, including the submission of proposals from interested parties by September 2024. The CPUC has correctly set the stage to holistically and transparently address threshold policy issues related to modern broadband infrastructure in a manner that leaves no customer behind, especially those most vulnerable.

If you would like more information or have any questions regarding this important issue, please contact Mary Flannelly at mary.flannelly@cpuc.ca.gov.