To expand communications between Washington and California, the California Institute provides periodic news bulletins regarding current activity on Capitol Hill and other information that directly impacts the state. Bulletins are published weekly during sessions of Congress, and occasionally during other periods.

RESOURCES: HOUSE OVERWHELMINGLY APPROVES WATER RESOURCES BILL

By a vote of 417-3, the House on October 23, 2013 overwhelmingly approved H.R. 3080, the Water Resources Reform and Development Act (WRRDA). The legislation authorizes the U.S. Army Corps of Engineers to study and construct water infrastructure projects, including harbor maintenance, dredging, dam, and levee projects. It also addresses flood protection and environmental restoration needs.

The bill authorizes the Corps to construct 23 new projects at a cost of about $3.1 billion over the 2014–2018 period. The American River Watershed Common Features project to reduce risk from floods in the Natomas Basin near Sacramento, California is one of the largest of those projects. The coastal storm damage reduction project along the Pacific Ocean shoreline in San Clemente is also authorized.

H.R. 3080 eliminates congressional authorization of further specific projects, in keeping with the abolishment of earmarks. But one of its key principles is to protect Congress’s legislative authority to designate projects. To effectuate that the bill sets up a procedure for future approval, requiring the Corps to provide a list of its recommended projects, which Congress would then approve or disapprove. The bill also requires the Administration to include in the annual federal budget request a list of projects recommended for funding.

The bill also makes significant changes aimed at expediting regulatory and environmental reviews. It limits Corps of Engineers feasibility studies to 3 years and $3 million in federal costs per feasibility study. It also grants permanent authority for the Corps of Engineers to accept funds from non-federal public interests to expedite the processing of permits within the Corps’ regulatory program (the Section 214 program). Additionally, it allows public utility companies to participate in the program. H.R. 3080 also accelerates Corps studies and reviews by requiring that the Secretary of the Army hold the lead role in facilitating the environmental review process; creating new opportunities for non-federal sponsors to assume greater responsibilities in protecting public health, safety, and the environment; and authorizing deadlines for all agencies providing materials and comments for studies and reviews.
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MaryBeth Sullivan
Executive Director

The bill also establishes a water infrastructure public-private partnership pilot program, and authorizes the Secretary of the Army to enter into agreements with non-federal interests, including private entities, to finance construction of at least 15 authorized water resources development projects.

The bill also sets up a procedure to incentivize expenditures out of the Harbor Maintenance Trust Fund, which supports dredging and other port projects. Currently, although the user fees paid into the Fund are about $1.6 billion annually, appropriations out of the fund are only about $700 million a year. The bill sets target expenditures from the Fund increasing each year so that by fiscal year 2020, and every year thereafter, no less than 80 percent of the funds collected go to operation and maintenance activities.

About $12 billion in old inactive projects will be deauthorized under the bill, including the Walnut Creek (Pacheco Creek) and the Walnut Creek (San Ramon Creek) projects for flood protection.

H.R. 3080 will now move to a conference committee with the Senate, which passed its version of the reauthorization bill on May 15, 2013. S. 601, sponsored by Chairwoman of the Environment and Public Works Committee Barbara Boxer, passed the Senate by a vote of 83-14.


**TELECOMMUNICATIONS: HOUSE SUBCOMMITTEE EXAMINES WIRED COMMUNICATIONS REGULATIONS**

On October 23, 2013, the House Energy and Commerce Subcommittee on Communications and Technology held a hearing entitled "The Evolution of Wired Communications Networks" to examine the roots of the regulations that govern wired communications companies and whether those regulations have managed to keep pace with the rapidly evolving communications industry in the age of the internet. With the advent of Internet Protocol (IP), the common language almost all forms of technology can understand that enables seamless communication of voice, data and Internet applications among various devices, legacy networks of copper wiring and TDM-driven connectivity are quickly becoming outdated.

Historically, AT&T was granted status as a "government sanctioned monopoly" with the rationale being that a single provider could deploy the necessary wired networks to achieve consistent connectivity for all telephone users across the nation. Today's world, on the other hand, is experiencing a rapid transition from these legacy wired networks towards faster, more reliable and more widely available wireless networks that are able to provide more choice and more services to consumers. Witnesses testified to the effects of current regulations that stem from the historical context of wired communication and suggested guidelines for reform that would spur increased innovation in the digital age of communications while protecting consumer interests.
Witnesses included: Jim Cicconi, Senior Executive Vice President, External and Legislative Affairs, AT&T; John D. Burke, Board Member, Public Service Board, State of Vermont; Harold Feld, Senior Vice President, Public Knowledge; Mark Iannuzzi, President, TelNet Worldwide; and Randolph May, President and Founder, Free State Foundation.

Mr. Cicconi testified to the growing consumer demand for wireless and IP connectivity, which has prompted AT&T to invest nearly $98B in its wireless and wireline networks over the last five years, investing more capital into the U.S. economy than any other public company, he noted. In addition, AT&T plans to invest billions of dollars over the next three years to expand their 4G LTE network to cover 300 million people by year-end 2014, more than 9 out of 10 Americans; expand their wired IP broadband network to approximately 75% of customer locations in their 22-state wireline service area by year-end 2015; and deploy fiber to 1 million additional business customer locations in AT&T’s wireline service area by year-end 2015, among other goals. Mr. Cicconi went on to posit that AT&T is no longer a monopoly telephone service provider, and thus "must be permitted -- indeed encouraged -- to retire their antiquated telephone networks and replace them with next-generation high-speed Internet networks…. There are not enough dollars in universal service support to pay the cost of bringing broadband everywhere in this country where it's not present today. If we are going to get broadband everywhere in this country, we have to recognize that it makes no sense to mandate investment in antiquated architecture instead of modern architecture. Indeed, every dollar spent maintaining and supporting POTS and TDM service is an investment dollar...not being spent on broadband – as the FCC's own National Broadband Plan points out. Consequently, the mission of the FCC should be to do everything it can to maximize the amount of private investment in broadband infrastructure…"

Other witnesses encouraged the Committee to remain deliberative and circumspect about reforms to these regulations – though they must evolve in congruence with the evolving technology, blanket deregulation may also bring harms. Maintaining a reliable communications network is critical for the U.S. economy and regulators may play a crucial role in ensuring that all Americans have affordable, reliable access to voice, video, and other communication methods whether through the telephone or other means, some of the witnesses stated.

For the complete testimony of the witnesses, please visit:


On October 24, 2013, House Judiciary Committee Chairman Bob Goodlatte (VA) was joined by Reps. Zoe Lofgren (San Jose), Peter DeFazio (OR), and Subcommittee on Courts, Intellectual Property, and the Internet Chairman Howard Coble (NC) in introducing a bill to address the problem of abusive patent litigation. Rep. Anna Eshoo (Atherton) is also an original co-sponsor of the bill. The Innovation Act (H.R. 3309) is intended to build on the America Invents Act and address certain abusive practices taking place in U.S. Courts.

Key components of the Innovation Act include targeting abusive patent litigation behavior and not specific entities with the goal of preventing individuals from taking advantage of gaps in the system to engage in litigation extortion. It does not attempt to eliminate valid patent litigation, according to the sponsors. The bill also includes heightened pleading standards and transparency provisions. It will require parties to do more due diligence up front before filing an infringement suit. H.R. 3309 also would revise current law regarding shifting attorneys fees to the losing party in some cases "(Section 285 fee shifting"). The bill also amends current procedures regarding initial discovery, case
management, joinder and the common law doctrine of customer stays. The bill also provides for small business education and outreach by the U.S. Patent and Trademark Office.

Rep. Lofgren said: “Introducing this legislation provides an opportunity to curb patent trolls for their drain on U.S. innovation and our economic growth. America’s innovation economy is dependent on a functional patent system that promotes invention and competition. This bill is a starting point with additional refinement necessary. I look forward to working with Chairman Goodlatte and my colleagues on the Judiciary Committee in an open and constructive process to move forward the best bill possible to halt abusive practices and protect independent inventors with legitimate patent claims.”

For more information, go to: http://judiciary.house.gov/news/2013/10232013_2.html

**BRIEFING: ITIF DISCUSSES CLEAN ENERGY STRATEGIES**

The Information Technology and Innovation Foundation (ITIF) recently hosted a panel of experts on October 23, 2013 to discuss the findings of its October 2013 report "Challenging the Clean Energy Deployment Consensus," by Megan Nicholson and Matthew Stepp. In the report, Nicholson and Stepp examine what they coin the "Deployment Consensus" – the belief held by a majority of clean energy advocates that policy breakthroughs rather than additional innovation breakthroughs are the key to advancing low-carbon technologies that are needed to significantly address climate change – and argue that this "consensus" ignores the fact that clean energy technologies are still largely more expensive and less reliable than fossil fuel. They refute other studies’ claims that the technology already exists today that given sufficient public policy support could be deployed feasibly to reduce carbon emissions to levels that would curb the worst effects of climate change. Rather, Nicholson and Stepp argue that while these studies are correct in their assertion that climate change must be addressed urgently, the focus should shift toward an "innovation consensus" in which federal policy scales up its investment in research and development for clean energy technologies that reduce costs while improving performance. Only then, they argue, will clean energy become cheaper than fossil fuels and countries, companies and individuals will adopt it on their own.

In addition to the report's authors, the panel included: Jane Long, Co-Chair of California's Energy Future Study; Armond Cohen, Executive Director of the Clean Air Task Force; and Margot Anderson, Executive Director of the Energy Project Bipartisan Policy Center.

With the passage of A.B. 32 (Global Warming Solutions Act of 2006), among other policies, California has set some of the most aggressive goals in the nation for reducing carbon emissions. The ITIF report analyzed the 2011 California Council on Science and Technology study on "California's Energy Future," and cited the CCST finding that to achieve greenhouse gas emission reduction of any significance, further innovation in renewable power generation, energy storage, and grid technologies, as well as next-generation nuclear power is necessary. The authors of the ITIF report note that even though the California study acknowledges that state standards for reduction by 2050 are difficult or near-impossible to achieve cost-effectively without incremental and breakthrough innovation in clean energy (particularly storage) technologies, the California study is erroneously used by the "deployment consensus" as evidence of a well constructed plan to decarbonize the state using existing technologies.

The ITIF report concluded with several policy recommendations for shifting away from a "deployment first" strategy towards an "innovation consensus" in which supporting breakthroughs in clean energy technology will drive costs down and improve performance of these alternative energy sources. Among these recommendations were: Increase public investments in research, development, and demonstration globally (tripling existing investment to $15 billion annually in the United States); reform national laboratories to better support clean energy innovation and improve the Department of Energy National Laboratory system to better link federally funded research to the market to accelerate
commercialization; create dedicated revenue streams to support public investment in energy innovation; enact policies that address the "valleys of death" by strengthening regional energy innovation ecosystems and improving government clean energy demonstration and prototyping programs; increase government procurement of next-generation clean energy technologies through agencies such as the Department of Defense and the General Services Administration; and reform deployment incentives so that cost reductions and performance improvements are a prerequisite for obtaining incentives.

For more information, go to: http://www.itif.org/publications/challenging-clean-energy-deployment-consensus

**HOUSING: CALIFORNIA HOUSING SALES/PRICES PROJECTED TO INCREASE**

The California Association of Realtors released its 2014 housing market forecast in October 2013. It projects that single family home sales will drop to about 430,000 in 2013, from the 2012 level of 439,000. But CAR projects the market will rebound in 2014 to about 444,000 units sold.

Despite the downturn in sales, sales prices are projected to rise. The 2013 median price of a single family home is expected to increase to $408,600 from the 2012 median price of $319,000 – and to $444,000 in 2014. The 2013 projection is a 28 percent increase over the 2012 median price, while the 2014 project is another 6 percent over 2013’s projection.

CAR also projects that the unemployment rate in California will continue to fall. It projects a 9.0 percent unemployment rate in 2013, down from the 10.5 percent in 2012. It projects 2014’s unemployment rate will continue to decline – to 8.3 percent.

For more information, go to: http://www.car.org/marketdata/marketforecast/