

**DRAFT**

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**Telecommunications Division**  
**Public Programs Branch**

**RESOLUTION T-16833**  
**July 8, 2004**

**R E S O L U T I O N**

**RESOLUTION T-16833. APPROVAL OF THE CALIFORNIA  
TELECONNECT FUND (CTF) ADMINISTRATIVE COMMITTEE FUND  
SURCHARGE RATE EFFECTIVE AUGUST 1, 2004**

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**Summary**

This resolution raises the California Teleconnect Fund surcharge from the current rate of zero to 0.16% effective August 1, 2004 to fund approximately \$21.74 million in expenses from Fiscal Year (FY) 02-03 and FY 03-04.

**Background**

The California Teleconnect Fund was implemented under Decision (D.) 96-10-066 on October 25, 1996. In this decision, the Commission reaffirmed its commitment to universal service, and in accordance with state and federal directives, created the CTF to provide discounted rates for a family of telecommunications services for schools and libraries, government-owned health care providers and qualifying community based organizations.

In October 1999, PU Code sections 270-281 were codified as a result of the enactment of Senate Bill (SB) 669 (Stats. 1999, Chapter 677). Section 270(b) requires that the monies in the CTF and five other funds may only be expended pursuant to sections 270-281 and upon appropriation in the annual Budget Act.

The Commission established the present CTF surcharge rate at zero in Resolution T-16686, dated December 5, 2002. The surcharge rate at zero% on January 1, 2003. The surcharge rate was established at zero based on an estimated reduction in CTF claims and a remaining fund balance that supported the rate of zero. The CTF fund balance has now been depleted and it is now necessary to implement a surcharge.

## **Discussion**

In this Resolution, the Commission adopts a 0.16% CTF surcharge effective August 1, 2004. This surcharge was developed using the billing base as adopted by Resolution T-16782 and the estimate of remaining program expenses and obligations from periods in FY 02-03 and FY 03-04 to carriers who have provided discounts to CTF customers. The surcharge rate of 0.16% is applied to the adopted billing base of \$20,947,125,000 in Resolution T-16782, dated December 18, 2003 to generate monthly revenues of approximately \$2.79 million.

Estimates of remaining program expenses and obligations are \$7.26 million for FY 02-03 and \$14.48 million for FY03-04 for a total amount of \$21.74 million. These outstanding obligations were projected using data from claims currently on file and available for payment and estimates based on past claims of what reasonably can be expected to be filed for the remainder of FY 03-04.

Dividing the desired yield, \$21.74 million, by the billing base, \$20.947 billion, yields the surcharge requested to meet the obligations of the fund for 02-03 and 03-04 in the 10th month after implementation.

In this Resolution, the Commission adopts a 0.16% CTF surcharge until further revised by the Commission.

## **Notice to Other Carriers, Advice Letter Filing, and Notice of Availability**

In Resolution T-15558 (dated June 8, 1994), we waived the notice requirements of General Order (G.O.) 96-A, Section III.G.1 to furnish competing utilities either public or private with copies of related tariff sheets. We did so because it did not appear to be in the public's interest for each utility to send and receive over two hundred notices advising them of regulatory changes about which they already know. Since that time nothing has happened to change our opinion, so we will waive this notice requirement for tariff changes which comply with this resolution.

All telecommunications utilities that are subject to the CTF surcharges are required to file revised tariff schedules in compliance with this resolution in accordance with the provisions of G.O. 96-A on or before July 19, 2004. These advice letters shall become effective August 1, 2004 and will remain effective until further revised by the Commission.

## **Notice of Availability and Comments**

In compliance with PU Code Section 311(g), the Commission had served a hard copy of prior resolutions regarding CTF budgets on all telecommunications carriers and the parties of record in R. 95-01-020/I95-01-021. To be consistent with the Commission's commitment to utilize the Internet for distributing Commission orders and information, the Telecommunications Division mailed a notice letter informing the telecommunications carriers, members of the California Teleconnect Fund Administrative Committee and the parties of record in R. 95-01-020/I95-01-021 on the availability of this draft resolution as well as the conformed resolution, when adopted by the Commission, on the Commission web-site, [www.cpuc.ca.gov/static/industry/telco/resolutions/index.htm](http://www.cpuc.ca.gov/static/industry/telco/resolutions/index.htm).

Comments received on a timely basis will be addressed by the Telecommunications Division in this resolution.

## **Findings**

1. In October 1999, Public Utilities Code (PU) Code Sections 270-281 were codified as a result of the enactment of Senate Bill 669.
2. PU Code Section 270(b) requires that the monies in California Teleconnect Fund (CTF) Administrative Committee Fund may only be disbursed pursuant to Sections 270-281 and upon appropriation in the annual Budget Act.
3. There are outstanding program payments of approximately \$21.74 million from Fiscal Years (FYs) 2002-03 and 2003-04 that are within the appropriation levels set by the legislature.
4. A CTF surcharge level of 0.16% is necessary to fund the estimated remaining obligations from FY 02-03 and FY 03-04.
5. A CTF surcharge of 0.16% is reasonable and should be adopted.
6. All certificated telecommunications carriers required to file tariffs with the Commission should file advice letters by July 19, 2004 revising the current CTF surcharge rate from zero to 0.16% effective August 1, 2004. All certificated telecommunications carriers in California should apply this surcharge rate on their end-user bills rendered on and after August 1, 2004 until further revised by the Commission.
7. Since the circumstances have not changed since the time the Commission waived the notice requirements of General Order 96-A, Section III, G.1 (Resolution T-15558

dated June 8, 1994), the notice requirement for tariff changes complying with this resolution will continue to be waived.

8. Telecommunications carriers, members of the California Teleconnect Fund Administrative Committee and the parties of record in R. 95-01-020/I95-01-021 were informed of the availability of the draft resolution as well as the conformed resolution, when adopted by the Commission, on the Commission web-site, [www.cpuc.ca.gov](http://www.cpuc.ca.gov).

**THEREFORE, IT IS ORDERED that:**

1. A surcharge rate of 0.16% is adopted to take effect on August 1, 2004 and remain until further revised by the Commission.
2. All certificated telecommunications carriers required to file tariffs with the Commission shall file advice letters by July 19, 2004 revising the CTF surcharge rate from zero to 0.16% effective August 1, 2004 and should apply this surcharge rate on their end user bills on and after August 1, 2004 until further revised.
3. All Local Exchange Companies and Interexchange Companies are granted an exemption from the noticing requirement of General Order 96-A, Section III, G.1 (Resolution T-15558 dated June 8, 1994), for surcharge changes resulting from this resolution only.

This resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on July 8, 2004. The following Commissioners approved it:

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WILLIAM AHERN  
Executive Director