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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Telecommunications Division
Carrier Branch

RESOLUTION T-17046
July 20, 2006

R E S O L U T I O N

Resolution T-17046. Approval of the California Teleconnect Fund (CTF) Administrative Committee Fund Budgets for Fiscal Year 2007-08 To Comply With The Requirements Of Public Utilities Code Sections 270-281.

Summary

This resolution adopts a budget of \$25,057,000 for fiscal year (FY) 2007-08 for the CTF Administrative Committee Fund.

On June 5, 2006, the California Teleconnect Fund (CTF) Administrative Committee (AC) filed with the Executive Director of the California Public Utilities Commission its proposed budget for July 1, 2007 through June 30, 2008.

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.

On June 5, 2006 the CTF-AC submitted a letter to the Executive Director accompanying their budget of \$25.520 million for the July 1, 2007 through June 30, 2008 period. Due to

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potential conflict of interest issues, this budget was not adopted by a quorum of the CTF-AC membership. This budget request was filed in accordance with Paragraph 4.1 of the CTF-AC charter.

Notice/Protests

Notice of the AC's budget letter request was published in the Commission Daily Calendar of June 15, 2006. To date, the Telecommunications Division (TD) has received no protest to the letter request.

Discussion

In this Resolution, the Commission adopts the following:

The CTF program budget for FY 2007-08 in the amount of \$25,057,000.

Appendix A of this resolution shows the FY 2007-08 CTF budget as proposed by TD and by the CTF Administrative Committee. The FY 07-08 budget includes enough funds to pay for audits, state overhead, outreach expenses and committee expenses. Of TD's \$25,057 million proposed budget for FY 2007-08, \$23.1 million is for payments and interest for claims submitted by the carriers providing CTF discounted services, \$450,000 for financial, compliance and surcharge remittance audits, \$30,000 for banking fees, \$40,000 for Advisory Committee expenses, \$587,000 for CPUC Administrative/Staff Costs, \$50,000 for programming and maintaining the electronic and monitoring systems, \$400,000 is for program outreach and \$400,000 for automation implementation.

TD's proposed budget differs from the AC adopted budget for the following reasons:

- a) Audit expenses were adjusted down. The TD's estimate of audits reflects lower number of audits that will be performed in fiscal year 2007-08.
- b) Interagency costs were adjusted down. The TD's estimate is based upon current inter-agency fees for services provided by various state agencies.
- c) Staff costs were adjusted upward. The change in TD's estimate of personnel cost reflects personnel allocation and program priorities in fiscal year 2007-08.

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

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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 e-mailed a notice letter informing telecommunications carriers serving CTF customers, 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.

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. On June 5, 2006, the CTF Administrative Committee (AC) submitted their CTF Fiscal Year (FY) 2007-08 budget of \$25.520 million to the Executive Director.
4. The Telecommunications Division's proposed CTF Fiscal Year 2007-08 budget of \$25.057 million is reasonable and should be adopted.
5. Telecommunications carriers serving CTF customers, 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

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THEREFORE, IT IS ORDERED that:

1. The CTF FY 2007-08 budget of \$25,057,000. as set forth in Appendix A of this resolution is adopted.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on July 20, 2006. The following Commissioners approved it:

STEVE LARSON
Executive Director

Appendix A

California Teleconnect Fund Budget Expenses for Fiscal Year 2007-2008

(From July 1, 2007 to June 30, 2008)

Appendix A				
California Teleconnect Fund Budget Expense for Fiscal Year 2007 - 2008				
(From July 1, 2007 to June 30, 2008)				
PROGRAM EXPENSES	FY 06-07.	Submitted by	Proposed by	Adopted
	Adopted 1	CTF-AC	TD	FY 07-08
a Carrier Claims	\$20,000	\$23,000	\$23,000	\$23,000
b Interest for Untimely Payment	\$100	\$100	\$100	\$100
c Administrative Committee - Per Diem	\$4	\$6	\$6	\$6
d Administrative Committee - Travel and Others	\$21	\$25	\$25	\$25
e Administrative Committee- Special Needs Accomodation	\$7	\$9	\$9	\$9
f Audits	\$460	\$500	\$450	\$450
g Banking Fee	\$20	\$30	\$30	\$30
h Interagency Cost	\$600	\$600	\$0	\$0
i CPUC Staff Costs	\$290	\$400	\$587	\$587
j Programming and Document Storage	\$50	\$50	\$50	\$50
k Outreach	\$250	\$400	\$400	\$400
l Automation Implementation	\$200	\$400	\$400	\$400
m Total Program Expenses (sum of a thru l)	\$22,002	\$25,520	\$25,057	\$25,057
1 Additional funding of \$4.83 million has been requested for FY 06-07 due to a forecasted increase in claims.				