

DRAFT**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA****Telecommunications Division
Public Program Branch****RESOLUTION T-16817
Date: January 22, 2004****R E S O L U T I O N**

Resolution No. T-16817. To Establish the Deaf and Disabled Telecommunications Equipment and Service Program (Public Utilities Code Section 2881, Et Seq.) 2004-2005 Fiscal Year Budget Pursuant to Decision No. 89-05-060.

Summary

This resolution recommends an annual budget of \$49,193,290 for the Deaf and Disabled Telecommunications Equipment and Service Program (DDTP), pursuant to Public Utilities (PU) Code Section 2881, et seq. for Fiscal Year (FY) 2004/2005. During FY 2003/2004, several existing contracts and anticipated contracts for services rendered in FY 04/05 were encumbered utilizing FY 03/04 state budget appropriation authority. Although several contracts have increased, due to increased equipment placements and program changes, this resolution recommends that the surcharge be maintained at its current rate of 0.20% until further revised by the Commission.

The 2004-2005 budget year is the second of two transition years for the DDTP as was approved by the California Public Utilities Commission (Commission) in Resolution T-16703. Since July 1, 2003, the Commission has administered the DDTP; the newly formed Telecommunications Access for the Deaf and Disabled Administrative Committee (TADDAC) has provided advice and recommendations to the Commission. July 1, 2003 also marks the first day the DDTP was operated and managed by a state contractor. In Resolution T-16740, the Commission approved the awarding of the California Communications Access Foundation (CCAF) as the contractor to provide the services of the DDTP, pending review and approval by the Department of General Services (DGS).

Because of a successful marketing campaign, TD recommends increased efforts in marketing and outreach during the 2004-2005 budget cycle to include a campaign to educate Californians on the newly structured California Relay Service (CRS) to be implemented in 2004. Due to these marketing campaigns, there has been an increase in the number of consumers using specialized equipment leading to an increase in

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equipment expenses. Hence, TD recommends increasing the equipment budget for FY 2004/2005.

Background

The Commission established the DDTP to implement three legislative mandates: PU Code Section 2881(a) authorizes the provision of TTYs to deaf or hard of hearing individuals; PU Code Section 2881(c) authorizes the provision of other specialized telecommunications equipment to consumers with hearing, vision, mobility, speech, and cognitive disabilities; and PU Code Section 2881(b) uses third-party intervention (also known as the California Relay Service (CRS) to connect consumers who are deaf or hearing impaired with hearing parties. The DDTP was previously managed by an external staff acting as agents of the Commission. The DDTP Administrative Committee (AC) administered the DDTP and oversaw its finances. Two advisory committees, the Equipment Program Advisory Committee (EPAC) and the CRS Advisory Committee (CRSAC), advised the DDTPAC on the equipment and relay service programs.

SB 669, signed by Governor Gray Davis in 1999, changed the operations of the Commission's public programs in two ways: 1) it transferred the funds for the programs from a bank trust fund to the State Treasury and 2) it changed the duties of the administrative committees to those of advisory boards. The Commission successfully implemented the requirements of SB 669 by October 1, 2001 for the California High Cost Fund-A, California High Cost Fund-B, California Teleconnect Fund, and Universal Lifeline Telephone Services programs.

Because of the size of the DDTP and the complexities involved, the Commission sought an extension of the original deadline for the transfer of the DDTP funds. AB 1734, signed into law in June 2002, provided for an extension of the deadline for the transfer of DDTP funds from July 1, 2002 to July 1, 2003.

On December 17, 2002, the Commission adopted Resolution T-16703 approving a transition plan that included the release of an Invitation For Bid (IFB) to operate and manage the programs and services of the DDTP. On May 22, 2003, the Commission approved Resolution T-16740 awarding a two year contract to operate and manage the DDTP to the California Communications Access Foundation (CCAF), pending DGS review and approval. FY 03/04 was the first year of the CCAF contract. This Resolution provides the budget for FY 04/05, the second year of the CCAF contract.

Discussion

Revenues

For the FY 2004-2005 budget, the Telecommunications Division (TD) estimates a billing base of \$20.947 billion. At the current surcharge rate of 0.20%, TD estimates total

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revenues of \$41,894,000. TD estimates that the interest on the DDTP funds in 2004-2005 will equal approximately \$710,478. TD estimates total revenues of \$42,604,478 million in 2004-2005.

2004/2005 DDTP Budget Changes

TD anticipates several program changes affecting the 2004-2005 budget cycle such as: 1) changes to the DDTP committee budget, 2) the DDTP will implement a new CRS structure by the end of 2004, 3) the TDD Placement Interim Program Budget will be included under the DDTP, and 4) Captel services will be included under DDTP available equipment.

In addition to the above referenced program changes, Resolution T-16740, approved by the Commission on May 22, 2003, awarded the contract to provide the personnel to operate and manage the DDTP to the California Communications Access Foundation (CCAF) for a two-year period at a cost not to exceed \$6,844,800 per year. The CCAF is amended to include duties and responsibilities not included in the original contract, such as fleet management, and additional marketing responsibilities. The cost of the contract for the 2004/2005 budget shall not exceed \$7,945,350 (\$6,844,800 original contract amount + \$1,100,550 contract amendment to include fleet management and additional marketing responsibilities). 25% of this amended contract amount (roughly the first three months of FY 04/ 05) was encumbered in the revised FY 03/04 budget (T-16816). TD has allocated the remaining \$5,958,462 throughout the budget categories in lieu of former personnel costs for FY 04/05. The estimate allocated for each category will be included in the individual budget categories discussed later in this resolution.

Additional budget items are detailed below:

Committee Changes

Appointing Additional Committee Members

In D.03-06-070, dated March 13, 2003, it was noted that DDTP committees had received feedback from various constituents indicating that the needs of their particular group are not effectively represented in the program. More specifically, at this time, DDTPAC (now TADDAC) requested the authority to be granted up to two new committee members to represent communities not currently represented on the committees, such as deaf-blind consumers, low vision consumers, or cognitively impaired consumers. D.03-06-070 allows each committee the flexibility to vote to add additional members if the Director of TD determines that there is adequate program funding to support per diem and expenses for additional members.

This resolution provides funds for each committee to appoint up to two additional members per committee, provided that the appointees represent a segment of the deaf and disabled community not included in current membership. Once committees have

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voted to add a particular member, a brief explanation of how the appointee represents a constituent no currently represented (not to exceed one-page) shall be provided to the Executive Director of Telco for final confirmation.

Quarterly Meetings Between Committee Chairs and CPUC Management

In order to increase communications between committee chairpersons and management at the Commission, one additional meeting per quarter between all committee chairpersons and Commission staff will be permitted.

Inclusion of Educational Seminars for Committee Members

In order to ensure that committee members are educated with regard to the latest advances in telecommunications for the disabled, the deaf, and hearing impaired community, each committee member will have the option to attend one convention / conference per year in regards to these issues.

Off-Site Meetings

In order to make the best effort to increase participation at committee meetings among the deaf, hearing impaired, and disabled community, each committee will resume hosting at least one annual offsite committee meeting at a qualified learning facility for the deaf, hearing impaired, and /or disabled.

Implementation Of The New CRS Structure

On June 19, 2003, TD released, for public comment, Draft Resolution T-16741 recommending that the Commission authorize the Commission's Executive Director to award six contracts to provide the CRS at a total cost of approximately \$146 million for five and one-half years. These six contracts represent a new CRS structure whereby CRS is provided by three types of providers: 1) one network services provider which provides the inbound and outbound network transport and consumer billing, 2) four call center services providers which provide the relay services including Speech-to-Speech (STS), video relay service and web chat relay service, and 3) one network management services provider which provides the routing of 7-1-1 and DDTP 800 calls as well as auditing and reporting performance costs of the other CRS contractors.

TD anticipates that the new CRS structure will not be fully implemented until mid 2004. The current CRS structure will remain in place for part of the 2004-2005 budget cycle. The new CRS structure will then be operational for the remainder of the 2004-2005 budget cycle. Estimates for the 2004-2005 budget costs of these items are discussed in the Telecom Expenses section below.

TDD Placement Interim Committee Program Budget Inclusion (TPIC)

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On October 5, 2003, the Governor signed SB 168. This bill removes the TTY Placement Program (TPP), a program that places specialized phones for the deaf in public buildings, from the oversight of the Payphone Service Providers Committee (PSPC). The TPP and DDTP will now be under the advisory oversight of the TADDAC. Further discussion on this issue is continued in the section below:

Telecom Expenses

SB 168 – P.U. Code Section 2881.2(a)

TDD Placement Interim Committee

According to constituents such as to California Coalition of Agencies Serving the Deaf and Hard of Hearing (Coalition) and members of the DDTPAC (now TADDAC), the Public Utilities Code was contradictory regarding the oversight body for the TTY Placement Program (TPP). Section 279(a) assigns to the Payphone Service Provider Committee (PSPC) the responsibility to:

“...provide for the placement of telecommunications devices capable of servicing the needs of the deaf or the hearing impaired in existing buildings and public accommodations, as specified in subdivision (a) of 2881.2”

Section 2881.4 states that the Commission may contract with entities or individuals to provide, manage, or operate the programs described in 2881, 2881.1, and 2881.2. According to constituents, this implies that both of these programs (DDTP and TPP) should be managed or operated jointly and that the DDTP and TPP are both intended to be under the advisory oversight of the TADDAC.

The addition of TPP budget dollars will have very little impact on the existing DDTP budget aside from additional dollars for the TDD Placement Interim Committee Program Committee (TPIC) being included as a separate budget program category in the DDTP FY 04/05 Budget. The inclusion of these dollars necessarily increases the budget allocation for the overall DDTP program.

As the TPIC budget allocation is only recently being included in the DDTP FY 04/05 Budget, historical data is minimal. TD recommends allocating funding levels equivalent to the FY 02/03 TPIC approved budget increased by 16%. This increase is necessary as TPIC placements are expected to increase significantly as a result of TPIC inclusion in the DDTP. TD recommends a total of \$ 360,374 be allocated in FY 04/05 for the TPIC budget.

SB 597—P.U. Code Section 2881(a)

Telecommunication Devices for the Deaf and Hearing-Impaired

TD reviewed the SB 597 equipment purchases budget allocations and actual expenses over the past 12 months. The FY 02/03 budget allocation was \$1.745 million for

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equipment purchases. Actual 02-03 equipment placements for SB 597 represent approximately \$1.803 million, translating into a 3% increase as shown in the following table:

SB 597	SUM
Budgeted	\$ 1,744,956.00
Placement	\$ 1,802,925.00
Plcmt Dif	\$ (57,969.00)
% Dif	-3.32%

At the current trend, TD estimates the FY 2004/2005 outlook for SB 597 equipment purchases to be approximately \$1,912,723. This estimate is 3% percent over the budgeted amount of \$1,857,016 for the FY 2003/2004 budget.

At this time, inductive coupler devises and web cams are not on the Commission-approved DDTP equipment list. Unless the Commission approves the inductive coupler device and web cam for inclusion on the list, the DDTP cannot purchase either or use the \$600,000 allocated in this budget for the purchase of web cams and inductive coupler devices.

Additionally, the equipment budget is increased by \$72,347 to account for a 43% anticipated increase in equipment placements for one month due to the inclusion of one additional marketing event, bringing the total marketing events in the 04-05 budget period to four from the three that were allocated for FY 03/04. Based on past SB 597 equipment placements, increasing costs by 5% to account for inflation, and a 30-day equipment surplus inventory increase (for a total of a 60-day equipment surplus), TD recommends \$2,943,358 for SB 597 equipment purchases in the FY 2004/2005 DDTP budget.

Based on historical trends, TD estimates an additional \$247,200 for tariffed services, maintenance and repairs, and small miscellaneous expenses for SB 597.

Both of the equipment contracts for FY 04/05 were encumbered in the revised DDTP FY 03/04 budget (T-16816). The approximate amount encumbered for SB 597 is \$2,519,800.

Subtracting the encumbered amount of \$2,519,800, TD recommends total expenses of \$670,758 for SB 597 in the FY 2004/2005 budget.

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SB 60—P.U. Code Section 2881(c)

Specialized Communication Equipment for the Disabled

TD reviewed the SB 60 equipment purchase budget allocations and actual expenses over the past fiscal year. In FY 02/03, the DDTP placed \$6.922 million for equipment purchases, approximately 16% percent over budget. The Commission adopted \$5.989 million for SB 60 equipment purchases in the FY 2002/2003 budget.

As with equipment purchases in SB 597, the recent DDTP marketing campaigns and the July opening of the Burbank walk-in center created a need for a 14% increase in equipment placements in SB 60. Including a 20% one month increase due to one more marketing event for FY 04/05, a 30-day equipment surplus increase for a total of a 60-day surplus, and a 5% equipment cost increase, TD recommends \$8,575,822 for SB 60 equipment purchases in the FY 2004/2005 DDTP budget.

Based on historical trends, TD included an additional \$1,662,796 million for tariffed services, maintenance and repairs and smaller miscellaneous expenses for SB 60.

As described on the prior page, equipment contracts for FY 04/05 were encumbered in the revised FY 03/04 budget (T-16816). The approximate amount encumbered for SB 60 is \$7,048,463.

Subtracting out the encumbered amount of \$7,048,463, TD recommends expenses of \$3,190,155 for SB 60 in the 2004-2005 DDTP budget.

SB 244—P.U. Code Section 2881(b)

The California Relay Service

The SB 244 program has two budget items: CRS and STS.

As discussed previously, the CRS will undergo a structural transition during the FY 2004/2005 budget year. It is anticipated that the transition will be fully implemented sometime in the last half of 2004. Budget estimates will be based upon costs of the former and new CRS structure, with an overlap of one month.

In FY 2002/2003, TD noted a 14% decline in CRS billed minutes compared to FY 03/04 estimates. Budget resolution T-16747 noted a CRS usage decline from 2000 to 2002 (page 6). Actual FY 02/03 STS billed minutes were 15% lower than FY 03/04 estimates. It was unclear at that time, and remains unclear, whether these declines are due to increased Internet usage or some other unknown cause. Given the ongoing downward trend in billable minutes for both CRS and STS, TD recommends using the actual billed minutes for the 02/03 period for the 04 – 05 estimate as opposed to carrying the decreased usage trend into 04/05 until DDTP staff ascertains further information on this issue. TD estimated expenses of \$29,072,938 for the CRS and STS in the FY 2003/2004 budget.

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Currently TD estimates \$26,907,084 for both the CRS and the STS for the FY 04/05 budget. This represents an 8% decrease from last year's expenditure.

In addition to the implementation of the new CRS structure, additional budget implications are imminent due to the incorporation of new service / equipment provided through CapTel. CapTel is a telecommunications service that uses captioned telephones to allow a user to hear the called party's response and read the text of the response simultaneously. The text of the response is provided through the use of communication assistants and voice recognition software. Currently, DDTP has been testing special captioning telecom equipment at no charge. If the Commission decides to continue to offer this service, resources will need to be assigned to be able to continue this provision. TD estimates increased costs of maintaining the CapTel Service beyond the trial date to be \$120,000 for 400 units. The average minutes per month, per set, is 110 at \$1.60 per minute. TD recommends a total allocation of \$964,800 for the inclusion of CapTel services in the FY 04/05 DDTP Budget.

TD recommends a total allocation of \$27,871,884 for the CRS and STS program in the FY 04/05 DDTP budget.

Other Non-Administrative Expenses

On May 22, 2003, the Commission approved Resolution T-16740, recommending the award of a two-year contract to provide the personnel to operate and manage the DDTP to the CCAF at an annual cost of \$6,844,800 for two years. FY 04/05 represents the second year of this contract in addition to the contract amendment of \$1,100,550 to include fleet management and increased marketing campaigns. TD has divided the annual cost of this contract, \$7,945,350 (\$6,844,800 prior contract amount + \$1,100,550 amended contract amount) less 25% for prepayments included in the FY 03/04 budget augmentation, amongst the non-Telco categories, in lieu of personnel costs.

Equipment Program

While the FY 2003/2004 budget allocated \$800,000 for distribution contract labor, the DDTP had spent \$694,829 from July 2002 through June 2003. TD allowed for an additional marketing campaign to occur in FY 03/04 from the two that occurred in 02 – 03. If TD's calculation of a 31.5% increase in equipment placed per marketing event, per month is correct, distribution contract labor is approximately 19% below budget for FY 04/05. TD estimates \$952,000 for distribution warehouse labor in the FY 2004/2005 budget. Warehouse rent should remain the same at \$200,000 based on the last contract amount.

From July 2002 through June 2003, expenses for freight charges equaled \$804,961. TD budgeted \$880,000 for FY 2003 – 2004. If the actual expended freight charges are increased by 31.5% per month, per marketing event and a 10% increase for gasoline

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prices is allowed, freight charges are under-budget by 5%. TD estimates a \$927,716 expense for freight charges in the 2004 – 2005 budget.

Additional expenses for miscellaneous supplies such as mailing boxes and labels estimated at \$74,901, and travel expenses estimated at \$22,096 totaling \$96,997 for miscellaneous expense.

Based on the proposed contract between the Commission and CCAF, TD estimates FY 2004/2005 contracted personnel expenses of \$357,101. 25% of the total FY 04/05 CCAF contract amount was encumbered in the revised FY 03/04 budget (T-16816). \$99,317 of this encumbered amount was allocated to the Equipment Program.

In addition to the encumbrance for the CCAF contract described on the prior page, anticipated communications assistance contracts in the amount of approximately \$3,000 were also encumbered in the revised FY 03/04 budget resolution.

Finally FY 04/05 expenses for the DRC and PNS contracts were encumbered in FY 03/04. Combined, they total \$1,706,638.

After subtracting out the encumbered amount of \$99,317 for the CCAF contract, \$3,000 for communications assistance, and \$1,706,638 for the DRC and PNS contracts, TD recommends total expenses of \$724,859 for the equipment program in the FY 2004/2005 DDTP budget.

Field Operations

This budget category covers the expenses of the field operations including the seven walk-in centers. TD reviewed the July 2002 through June 2003 expenses for the field operation category, determining costs to be currently on target with FY 2003/2004. TD recommends increases in this budget category due to annual lease increases, and telephone and office supplies costs. TD estimates that the non-personnel costs for the equipment category to be \$728,431 for FY 04/05.

Based on the proposed contract between the Commission and CCAF, and a contract amendment increasing the contract amount to include administration of vehicle leasing, TD estimates contracted personnel costs to be \$3,247,521. 25% of the total FY 04/05 CCAF contract amount was encumbered in the revised FY 03/04 budget (T-16816). \$834,262 of this encumbered amount was allocated to Field Operations.

In addition to the encumbrance for the CCAF contract described above, anticipated communications assistance contracts in the amount of approximately \$18,000 were also encumbered in the revised FY 03/ 04 budget resolution.

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After subtracting the encumbered amount of \$834,262 for the CCAF contract, and \$18,000 for communication assistance, TD recommends \$3,123,690 for Field Operations expenses in the FY 2004/2005 budget.

Customer Contact

The customer contact budget category primarily covers the expenses for the call center. TD reviewed the number of minutes invoiced to the DDTP from July 2002 through June 2003. The average number of minutes invoiced per month is 91,563. Using this average, TD estimates the monthly cost of the call center contract charges during FY 2004/2005 to be approximately \$516,295. This figure does not include the additional increase due to a third call center marketing event included under the FY 03/04 budget. TD anticipates that the DDTP will implement a fourth marketing campaign and estimates that for each event, call center charges will be approximately \$1,040,543 for the corresponding months. Thus, TD recommends \$7,244,036 for call center contract charges in the FY 2004/2005 DDTP budget.

During the FY 2002/2003 budget year, special project charges averaged approximately \$36,190 a month. After including increased costs for postage, supplies, and special projects, TD recommends \$434,282 for call center ongoing projects in the FY 2004/2005.

In addition, TD recommends miscellaneous expenses of \$42,197 for software and travel.

DDTP has contracted with Riptide Services to continue to provide maintenance and support for the current database. Until contract negotiations are completed, TD recommends an annual cost of \$144,100 for the FY 2004/2005 budget for database maintenance and support.

Based on the proposed contract between the Commission and CCAF, TD estimates the contracted personnel costs for the customer contact budget category to be \$258,959. 25% of the total FY 04/05 CCAF contract amount was encumbered in the revised FY 03/04 budget (T-16816). \$59,590 of this encumbered amount was allocated to customer contact.

The CSD contract amount of \$2,476,000 and database expenses of \$144,100 were also encumbered in the revised FY 03/04 budget to cover anticipated FY 04/05 expenses.

In addition to the encumbrance for the CCAF contract, CSD contract, and database expenses described above, anticipated communications assistance contracts in the amount of approximately \$16,433 were also encumbered in the revised FY 03/04 budget resolution.

After, subtracting the encumbered amounts of \$59,590 for the CCAF contract, 2,476,000 for the CSD contract, \$144,100 for database expense, and \$16,433 for communication

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assistance, TD recommends a total of \$5,427,451 for customer contact expenses in the FY 2004/2005 DDTP budget.

CRS

As described in the SB 244 discussion, the DDTP retained the services of HSO to oversee the procurement and implementation of the new CRS structure. In FY 2003/2004 TD allowed \$500,000 for the HSO contract in the CRS category, as set forth in the HSO contract amendment 1. Currently the HSO contract is under re-negotiation. TD estimates \$821,364 for HSO consulting fees for FY 04/05. \$571,023 of this amount was encumbered in FY 03/04.

The other major allocation in the CRS budget category is contracted personnel costs, which are based on the proposed contract between the Commission and CCAF, TD estimates to be \$274,282 for the FY 2004/2005 budget. \$59,590 of this amount was encumbered in the FY 03/04 revised budget.

In addition to the encumbrance for the CCAF contract, CSD contract, and database expenses described above, anticipated communications assistance contracts in the amount of approximately \$9,400 was also encumbered in the revised FY 03/04 budget resolution.

After including costs of \$16,000 for travel, and subtracting the above referenced encumbrances, TD recommends total expenses of \$471,633 for the CRS budget category in the FY 2004/2005 budget.

Marketing & Outreach

The budgeted marketing plan for FY 2003/2004 included two campaigns focused on promoting the CTAP and the walk-in centers and one campaign promoting the new CRS structure. In FY 2002/2003, there were two marketing plans both promoting the walk-in centers and the equipment program via the call center.

First, the marketing staff held an October Statewide Celebration Day that promoted and increased awareness of the walk-in centers and the California Telephone Access Program (CTAP), and launched the opening of the Oakland walk-in center. The event featured an open house at each service center with free hearing test for customers and equipment demonstrations by DDTP customer advisors. Flyers were sent to residents in zip codes surrounding each of the six walk-in centers inviting them to attend.

A second marketing campaign in January lasted three weeks, focused on the CTAP and the call center. Newspaper ads, radio spots and posters in 720 bus shelters touting “free phones” invited interested parties to contact the call center or visit a walk-in center for more information.

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Equipment placements were positively effected by these two marketing campaigns. Placements increased for both SB 60 and SB 597 with SB 597 gaining a 34% over average increase during the month following the campaigns and SB 060 gaining 23% over average equipment placements. The numbers of inbound calls to the Call Center were increased during the January marketing event, which focused on the Call Center. The figures increased 57% over average for the number of calls handled to a 61% increase over the average number of calls per week.

While placements and increased calls to the call center were positively effected by these marketing campaigns, usage of the California Relay Service (SB 244) were not affected and in fact CRS usage declined during the 02/03 FY. This is in part because the marketing campaigns for this period did not focus on the CRS program. As previously stated in the SB 244 section of this resolution, it was unclear at that time, and remains unclear, whether these declines are also due to increased Internet usage or some other unknown cause

TD reviewed the expenditures for the marketing materials budget from July 2002 through June 2003, in addition to the marketing plan submitted by CCAF for FY 04/05. As of this writing, no marketing campaigns have yet occurred for FY 03/04. CCAF's marketing plans for FY 04/05 will include four major campaigns to promote the Service Center, Call Center, CRS, and multiple language usage.

TD estimates, based on existing marketing expenditures for FY 2002/2003, materials for four major campaigns in addition to daily marketing materials are approximately \$2,600,000. CCAF is requesting increased funding to include a multiple language campaign. Given the fact additional print media and materials to cater to multiple language populations for this campaign would need to be developed at an additional cost, TD finds that CCAF's recommended expenses for marketing materials in FY 2004/2005 at \$2,695,000 to be reasonable.

Based on the proposed contract between the Commission and CCAF and a contract amendment increasing the contract amount to include administration of vehicle leasing, TD estimates total contracted personnel costs for the FY 2004/2005 budget to be \$1,730,737. \$456,858 of this amount was encumbered in the revised FY 03/04 budget.

In addition to the encumbrance for the CCAF contract, CSD contract, and database expenses described above, anticipated communications assistance contracts in the amount of approximately \$63,765 was also encumbered in the revised FY 03/04 budget resolution.

TD estimates other direct expenses at \$370,933. These expenses include costs for communication assistants, travel, vehicle leasing, supplies, and training. After

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subtracting out the encumbered amounts for the CCAF contract and communications assistance as described above, TD estimates total outreach costs to be \$2,101,670.

TD recommends \$4,276,047 (\$2,695,000 for materials and \$1,581,047 for outreach) for the marketing and outreach budget category in the FY 2004/2005 budget.

Administrative Expenses

Committee Expenses

A notification from the Department of Finance (DOF) ¹ requires all State advisory bodies to limit their meetings to no more than one meeting for FY 2004/05. The estimates in this budget assume that DOF will approve the continuance of DDTP committee members meeting on at least a monthly basis in order to provide operational and policy-based advice to the Commission. The committee expenses category includes communication assistance, per diem, travel expenses, and miscellaneous meeting expenses for the Telecommunications Access for the Deaf and Disabled Administrative Committee (TADDAC), Equipment Program Advisory Committee (EPAC) and the CRS Advisory Committee (CRSAC). TD estimated expenses based on 13 meetings for the EPAC, 14 meetings for the CRSAC and 16 meetings for the TADDAC. These numbers include the annual joint meeting.

Several additional committee expenses are being incorporated into the FY 04/05 budget, as outlined on page 3, entitled “Committee Changes”. A brief explanation follows; in an effort to represent populations of the deaf, hearing impaired, and disabled community that are not represented in the existing committee membership, no more than two members will be added to each committee that satisfies this criteria. In an ongoing effort to increase communication between committee chairpersons and management at the Commission, one additional meeting per quarter between all committee chairpersons and the CPUC management staff will occur. In order to ensure that committee members are educated with regard to the latest advances in telecommunications for the disabled, the deaf, and hearing impaired community, each committee member will be entitled to attend one convention / conference having to do with these advances. Finally, each committee will resume hosting at least one offsite committee meeting at a qualified learning facility for the deaf, hearing impaired and/or disabled.

\$200,000 in communication assistance for committees was encumbered in the revised FY 03/04 budget. TD recommends \$290,084 for committee expenses in the FY 2004/2005 budget.

¹ Budget Letter Number 03-02, dated January 29, 2003.

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Office Administration

Based upon the proposed contract between the Commission and the CCAF, TD estimates \$1,801,613 for contracted personnel expenses in the office administration category. \$476,721 of this amount was encumbered in the revised FY 03/04 DDTP budget (T-16816).

TD reviewed office administration expenses for July 2002 through June 2003. Based upon historical trends and lease increases, TD estimates \$210,463 for administrative office expenses of which \$47,500 for communication assistance was encumbered in the revised FY 03/04 budget; \$600,000 for administrative facility expense of which \$540,000 is encumbered in FY 03/04, and \$165,500 for departmental office expenses.. After subtracting out the encumbrance, total office administration expenses for FY 04/05 are \$928,463.

TD recommends \$1,713,355 for office administration in the FY 2004/2005 budget.

Other Program Expenses

Consistent with the four other public programs administered by the Telecommunications Division, TD estimates and recommends \$123,000 for Commission fiscal office staff, \$200,000 for Commission legal staff, \$20,000 for public programs programming consultant, \$700,000 for audits, and \$30,000 for electronic storage of documents.

Notice To Other Carriers, Advice Letter Filings, 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.

For administrative efficiency, we will allow telecommunications utilities that are subject to the surcharges for these various programs to file concurrently revised tariff schedules in compliance with resolutions and decisions revising the surcharges for FY 04/05 in accordance with the provisions of G.O. 96-A on or before January 27, 2004. These advice letters shall become effective February 1, 2004.

Comments

In compliance with PU Code § 311 (g), the draft of this Resolution was mailed on December 23, 2003 to the parties of record to Investigation (I.) 87-11-031, Rulemaking

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(R.) 00-05-001, R.03-03-014, The Telecommunications Access for the Deaf and Disabled Administrative Committee members, California Relay Service Advisory Committee members and the Equipment Program Advisory Committee members. A copy of the transmittal letter of this mailing was also sent to each of the Commission certificated telecommunications carriers informing parties that this draft resolution is available at the Commission's website:

www.cpuc.ca.gov/static/industry/telco/resolutions/index.htm, and is available for public comments. In addition, TD informed these parties of the availability of the conformed resolution at the same website.

Comments received on a timely basis will be addressed by TD regarding this resolution.

FINDINGS

1. The Telecommunications Division estimate of \$49,193,290 for the 2004-2005 budget, as set forth in Column D of Appendix A, is reasonable for the Deaf and Disabled Telecommunications Program and should be adopted.
2. A surcharge rate of 0.20%, to be maintained through Fiscal Year 04/05 until further revised by the Commission, is reasonable and should be adopted.
3. It is reasonable to require that the Deaf and Disabled Telecommunications Program Administrative Committee, or its successor, provide justification for and seek approval from the Commission to include web cams and induction coupler devices on the formal Deaf and Disabled Telecommunications Program Equipment List prior to purchasing.
4. It is reasonable to require that funding for the web cam and induction coupler device not be utilized unless the Commission approves the web cam and coupler device for inclusion on the formal Deaf and Disabled Telecommunications Program Equipment List.
5. The Telecommunications Division's recommendations are reasonable and should be adopted.

THEREFORE, IT IS ORDERED that:

1. The fiscal year 2004/2005 budget for the Deaf and Disabled Telecommunications Program shall be \$49,193,290, as set forth in Column D of Appendix A of this resolution.

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2. The current surcharge rate of 0.20% will remain in effect until further revised by the Commission.
3. The Deaf and Disabled Telecommunications Program Administrative Committee, or its successor, shall provide justification for and seek approval from the Commission to include web cams and induction coupler devices on the formal Deaf and Disabled Telecommunications Program Equipment List prior to purchasing.
4. Funding for the web cam and induction coupler device shall not be utilized unless the Commission approves the web cam and coupler device for inclusion on the formal Deaf and Disabled Telecommunications Program Equipment List.
5. The Telecommunications Division's recommendations, set forth in this resolution, are adopted.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on January 22, 2004. The following Commissioners adopted it:

WILLIAM AHERN
Executive Director

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APPENDIX A

Budget for Services Provided to the
 Deaf and Disabled Telecommunications Program
 2004-2005

	A adopted 2003-2004 budget	C revised 2003-2004 budget	D adopted 2004-2005 budget
Fund Balance	42,472,172	39,362,209	8,097,369
Billing Base	19,845,588,000	2,045,000,000	20,947,000,000
Surcharge Rate	0.000470	0.002000	0.002000
REVENUE			
Surcharges	9,327,426	35,010,249	41,894,000
Investment Income	0	0	0
Miscellaneous Income	0	0	0
CRS Damage Assessments	0	0	0
Interest Income	570,000	2,841,911	710,478
Total Revenue	19,406,026	37,852,160	42,604,478
PROGRAM EXPENSES			
TELECOM EXPENSES			
S.B. 597	2,519,800	2,964,589	670,758
S.B. 60	7,048,463	8,314,400	3,190,155
S.B. 244	29,080,938	29,080,938	27,871,884
S.B.168	0	0	360,374
Total Telecom Expenses	38,649,201	40,359,927	32,093,171
ADMIN / DEPT EXPENSES			
Interpreters	150,000	468,699	0
Audit/Accounting	700,000	700,000	700,000
Legal²	0	0	0
Consultants	0	0	0
Financial Advisor	0	0	0
Trustee	0	0	0
DDTP Office Expense	2,037,363	3,428,974	1,713,355
Committees	168,800	168,800	290,084
Equipment Program	1,892,651	3,731,811	724,859
Field Operations	3,649,218	4,743,050	3,123,690
Customer Contact	5,323,658	8,048,311	5,427,451
CRS	684,869	1,646,981	471,633
Outreach Media & Materials	1,950,000	1,950,000	2,695,000
Outreach Specialists	1,786,067	3,496,927	1,581,047
Other Program Expenses¹	173,000	373,000	373,000 ⁵
Total Admin / Dept Expenses	18,515,626	28,756,553	17,100,119
TOTAL EXPENSES	57,164,827	69,116,480	49,193,290
Fund Balance as of June 30, 2005			1,508,557

¹ Items include Commission Fiscal Office Staff costs, audits, programming consultant, and electronic storage of documents.

VIEW 1: View Before Allocations and Apportionments

**Budget for Services Provided
to the Deaf and Disabled Telecommunications Program
2004-2005**

	C adopted 2004-2005 budget
Beginning Fund Balance	8,097,369
 REVENUE	
Surcharges	41,894,000
Toll Revenues	0
Investment Income	0
Miscellaneous Income	0
CRS Damage Assessments	0
Interest Income	2,841,911
Total Revenue	44,735,911
 DISBURSEMENTS	
S.B. 597	670,758
S.B. 60	3,190,155
S.B. 244	27,871,884
S.B. 168	360,374
Total Program Disbursements	32,093,171
 Equipment Program	
Equipment Program	724,859
Field Operations	3,123,690
Customer Contact	5,427,451
CRS	471,633
Marketing & Outreach	4,276,047
 Administration	
Administration	2,850,939
Shared Expenses	225,500
Total Disbursements	49,193,290

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VIEW 2(a): View After Apportionments

Budget for Services Provided
to the Deaf and Disabled Telecommunications Program
2004-2005

	C adopted 2004-2005 budget
Beginning Fund Balance	8,097,369
REVENUE	
Surcharges	41,894,000
Toll Revenues	0
Investment Income	0
Miscellaneous Income	0
CRS Damage Assessments	0
Interest Income	2,841,911
Total Revenue	44,735,911
DISBURSEMENTS	
S.B. 597	670,758
S.B. 60	3,190,155
S.B. 244	27,871,884
S.B. 168	360,374
Total Program Disbursements	32,093,171
Equipment Program	748,086
Field Operations	3,146,917
Customer Contact	5,450,678
CRS	487,193
Marketing & Outreach	4,299,274
Administration	2,967,974
Total Disbursements	49,193,290

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**Budget for Services Provided
to the Deaf and Disabled Telecommunications Program
2004-2005**

	C adopted 2004-2005 budget
Beginning Fund Balance	<u>8,097,369</u>
REVENUE	
Surcharges	41,894,000
Toll Revenues	0
Investment Income	0
Miscellaneous Income	0
CRS Damage Assessments	0
Interest Income	2,841,911
Total Revenue	<u>44,735,911</u>
DISBURSEMENTS	
S.B. 597	2,465,181
S.B. 60	13,535,940
S.B. 244	29,863,822
S.B. 168	360,374
Total Program Disbursements	<u>46,225,317</u>
Equipment Program	0
Field Operations	0
Customer Contact	0
CRS	0
Marketing & Outreach	0
Administration	2,967,974
Total Disbursements	<u>49,193,290</u>