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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Communications Division
Licensing, Tariffs, Rural Carriers & Cost Support Branch

RESOLUTION T- 17128
December 20, 2007

R E S O L U T I O N

Resolution T-17128. Approval of the California High Cost Fund-A (CHCF-A) Administrative Committee Fund Surcharge Rate of 0.13% Effective January 1, 2008.

Summary

This resolution adopts a revised California High Cost Fund - A (CHCF-A) surcharge rate of 0.13% effective January 1, 2008, until further revised by the Commission. All certificated telecommunications carriers shall assess a CHCF-A rate of 0.13 % on their end-user's bills rendered for intrastate telecommunications services on January 1, 2008, and thereafter.

Background

The California High Cost Fund (HCF) was implemented by D.88-07-022 as modified by D.91-05-016 and D.91-09-042 to provide a source of supplemental revenues to three mid-size and seventeen small Local Exchange Companies (LECs) whose basic exchange access line service rates would otherwise be increased to levels that would threaten universal service. Public Utilities (PU) Code Section 739.3 requires the Commission to implement a program for universal service support to reduce rate disparity in rural and small metropolitan areas. PU code section 739.3 is scheduled to sunset on January 1, 2009, unless extended.

The CHCF-A program is funded by a surcharge assessed on consumers' intrastate telecommunications services. Historical CHCF-A surcharge rates since the inception of the program are available online at http://www.cpuc.ca.gov.

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Discussion

In this Resolution, the Commission adopts a surcharge rate of 0.13% effective January 1, 2008, for the funding of the CHCF-A program through fiscal year (FY) 2008-09[1]. The development of this revised rate is demonstrated in Appendix A. The 0.13% CHCF-A surcharge rate shall take effect on January 1, 2008, until further revised by the Commission.

All certificated telecommunications carriers shall assess a revised CHCF-A surcharge rate of 0.13% on their end-user's bills rendered for intrastate telecommunications services on January 1, 2008, and thereafter.

Comments

In compliance with PU Code § 311 (g), copies of the notice letter were e-mailed on November 20, 2007, to all telecommunications carriers, the CHCF-A Administrative Committee and the parties of record in R.01-08-002 and A.99-09-044 informing these parties that this draft resolution is available at the Commission's website http://www.cpuc.ca.gov and is available for public comments. In addition, the Communications Division (CD) informed these parties of the availability of the conformed resolution at the same website.

Advice Letter Filing and Surcharge Changes

In accordance with Resolution T-16901, dated December 2, 2004, AT&T (formerly SBC) should file an Advice Letter on or before December 28, 2007, modifying the CHCF-A surcharge rate from 0.21% to 0.13% to take effect on January 1, 2008, and thereafter, until further revised by the Commission. Further, since the tariffs of carriers other than AT&T, as of January 1, 2005, indicate that they concur with the Commission's Public Programs all-end-user surcharges and the Reimbursement Fee as filed by AT&T, such carriers are expected to update their billing systems to reflect the new surcharge.

[1] On July 20, 2006, the Commission adopted Resolution T-17043 approving a budget of $66.662 million for the CHCF-A program for FY 2007-08. On November 16, 2007, the Commission adopted Resolution T-17121, which has a budget of $64.866 million for the CHCF-A program for FY 2008-09.

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To maximize administrative efficiency, AT&T is allowed to file simultaneously on or before December 28, 2007, the revised tariff schedules in compliance with resolutions revising various public program surcharges effective on January 1, 2008, and thereafter in accordance with the provisions of General Order 96-B. AT&T is not required to inform competing carriers of tariff changes which comply with this resolution.

Findings

1. The California High Cost Fund (HCF) was implemented by D.88-07-022 as modified by D.91-05-016 and D.91-09-042 to provide a source of supplemental revenues to three mid-size and seventeen small Local Exchange Companies (LECs) whose basic exchange access line service rates would otherwise be increased to levels that would threaten universal service.

2. The CHCF-A program is funded through the CHCF-A surcharge.

3. The development of the CHCF-A revised surcharge rate is shown in Appendix A.

4. The revised CHCF-A surcharge rate of 0.13% should take effect on January 1, 2008, until further revised by the Commission.

5. All certificated telecommunications carriers should assess the revised CHCF-A surcharge of 0.13% on their end-user's bills rendered for intrastate telecommunications services on January 1, 2008, and thereafter, until further revised by the Commission.

6. In accordance with Resolution T-16901, dated December 2, 2004, AT&T should file an Advice Letter on or before December 28, 2007, modifying the CHCF-A surcharge rate from 0.21% to 0.13% to take effect on January 1, 2008, and thereafter, until further revised by the Commission.

7. To maximize administrative efficiency, AT&T is allowed to file simultaneously on or before December 28, 2007, the revised tariff schedules in compliance with resolutions revising various public program surcharges effective on January 1, 2008, and thereafter in accordance with the provisions of General Order 96-B.

8. Copies of the notice letter advising parties of the availability of this draft resolution for public comments and the conformed resolution, when adopted by the Commission on the Commission's web site, were e-mailed to all telecommunications carriers, the CHCF-A Administrative Committee, and the parties of record in R.01-08-002 and A.99-09-044 on November 20, 2007.

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THEREFORE, IT IS ORDERED that:

1. The California High Cost Fund-A Administrative Committee (CHCF-A AC) fund surcharge rate of 0.13% effective January 1, 2008, and thereafter, until further revised by the Commission, is adopted.

2. In compliance with Resolution T-16901, dated December 2, 2004, AT&T shall file an Advice Letter on or before December 28, 2007, modifying the surcharge rate for the CHCF-A AC fund to 0.13%, effective January 1, 2008, and thereafter, until further revised by the Commission.

3. To maximize administrative efficiency, AT&T is allowed to file simultaneously on or before December 28, 2007, the revised tariff schedules in compliance with resolutions revising various public program surcharges effective on January 1, 2008, and thereafter in accordance with the provisions of General Order 96-B.

4. All certificated telecommunications carriers shall assess the revised CHCF-A AC fund surcharge of 0.13% on their end-user's bills rendered for intrastate telecommunications services on January 1, 2008, and thereafter, until further revised by the Commission.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 20, 2007. The following Commissioners approved it:

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PAUL CLANON
Executive Director

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APPENDIX A

CALIFORNIA HIGH COST FUND-A ADMINISTRATIVE COMMITTEE FUND
FORECASTED RESULTS OF OPERATIONS FOR FY 2007-08 and FY 2008-09

		FY 2007-08 Res T-17043 (Expense Budget)	FY 2008-09 Res T-17121 (Expense Budget)
A	TELECOMMUNICATIONS REVENUE SUBJECT TO SURCHARGES [1]		
a	Billing base beginning July 1, 2007	$23,416,629,000	
b	Billing base beginning July 1, 2008		$24,425,238,000
B	SURCHARGE RATES		
a	Effective January 1, 2006	0.21%	
b	Effective January 1, 2008	0.13%	0.13%
1	BEGINNING FUND BALANCE	$59,387,099	$33,329,990
2	REVENUES	$39,808,269	$31,752,809
a	Investment Income	$796,165	$635,056
b	Total Revenues	$40,604,435	$32,387,866
3	PROGRAM EXPENSES	$66,661,544	$64,865,911
4	FUND BALANCE (Ln 1 + Ln 2b - Ln 3)	$33,329,990	$851,944

[1] Billing base was based on trending for the period July 1, 2003 through June 30, 2007.

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T17128 Notice of Availability for CHCF-A surcharge resolution