

Mailed Date: March 8, 2007

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Telecommunications Division
Public Programs Branch**

**RESOLUTION T- 17071
March 1, 2007**

R E S O L U T I O N

RESOLUTION T-17071. Approval of Universal Lifeline Telephone Service Surcharge Rate and Revised Fiscal Years 2006-07 and 2007-08 Budgets.

SUMMARY

This resolution adopts a revised Universal Lifeline Telephone Service (ULTS) surcharge rate of 1.15% which will be effective on April 1, 2007. The new surcharge rate shall remain in effect until further revised by the Commission. All certificated telecommunications carriers shall apply a ULTS rate of 1.15% on their end-user's bills rendered for intrastate telecommunication services on April 1, 2007 and thereafter, until further revised by the Commission.

BACKGROUND

ULTS was implemented by the California Public Utilities Commission (CPUC or Commission) in 1984 pursuant to Public Utilities (PU) Code § 871 to provide discounted basic telephone services to qualifying low-income households. ULTS discounted services are provided by local exchange service providers, which, in turn, receive reimbursement from the ULTS fund net of payments from the federal Lifeline and Link-Up programs.

The ULTS program is funded through the ULTS surcharge. Historical ULTS surcharge rates since the inception of the program are available online at <http://www.cpuc.ca.gov>.

DISCUSSION

This Resolution resets the ULTS surcharge from the current rate of 1.29% to 1.15% for the funding of the ULTS program through fiscal year (FY) 2007-08.¹ The development of this revised rate is demonstrated in Appendix A. The 1.15% ULTS surcharge rate shall take effect on April 1, 2007 and thereafter, until further revised by the Commission. All certificated telecommunications carriers shall assess a revised ULTS rate of 1.15% on their end-user's bills rendered for intrastate telecommunications services on April 1, 2007 and thereafter, until further revised by the Commission.

ADVICE LETTER FILING

In accordance with Resolution T-16901 dated December 2, 2004, AT&T (formerly SBC) shall file an Advice Letter on or before March 22, 2007, modifying the ULTS surcharge rate from 1.29% to 1.15% to take effect on April 1, 2007, until further revised by the Commission.

To maximize administrative efficiency, AT&T is allowed to file simultaneously on or before March 22, 2007 the revised tariff schedules in compliance with resolutions revising various public program surcharges effective on April 1, 2007 in accordance with the provisions of General Order 96, as modified by first, second, and third interim orders. AT&T is not required to inform competing carriers of tariff changes which comply with this resolution.

NOTICE OF AVAILABILITY AND PUBLIC COMMENTS

In compliance with PU Code § 311(g), copies of the Notice of Availability (Notice) was e-mailed on January 30, 2007, to all certificated telecommunications carriers, the parties of record in R.04-12-001, and committee members of the ULTS Administrative Committee informing them that this draft resolution is available at the Commission's website <http://www.cpuc.ca.gov/static/documents/index.htm> and is available for public comments. In addition, the Telecommunications Division notified these parties of the availability of the conformed resolution at the same website.

TD received no comments on this resolution.

¹ On July 20, 2006, the Commission adopted Resolution T-17042, approving a budget of \$287.046 million for the ULTS program for FY 2007-08.

FINDINGS

1. The Universal Lifeline Telephone Service (ULTS) program was implemented by the California Public Utilities Commission (CPUC or Commission) in 1984 pursuant to Public Utilities (PU) Code § 871 to provide discounted basic telephone services to qualifying low-income households.
2. The ULTS program is funded through the ULTS surcharge.
3. The development of the ULTS revised surcharge rate is shown in Appendix A.
4. The revised ULTS surcharge rate of 1.15% should take effect on April 1, 2007 and thereafter, until further revised by the Commission.
5. All certificated telecommunications carriers should assess the revised ULTS rate of 1.15% on their end-user's bills rendered for intrastate telecommunication services on April 1, 2007 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 March 22, 2007 modifying the ULTS surcharge rate from 1.29% to 1.15% to take effect on April 1, 2007 and thereafter, until further revised by the Commission.
7. To maximize administrative efficiency, AT&T is allowed to file simultaneously on or before March 22, 2007 the revised tariff schedules in compliance with resolutions revising various public program surcharges effective on April 1, 2007 in accordance with the provisions of General Order 96, as modified by first, second, and third interim orders.
8. In compliance with PU Code § 311(g), copies of the Notice of Availability was e-mailed on January 30, 2007 to all certificated telecommunications carriers, the parties of record in R.04-12-001, and committee members of the ULTS Administrative Committee informing them that a draft of this Resolution is accessible on the Commission's web-site (www.cpuc.ca.gov) and is available for public comments.
9. TD received no comments on this resolution.

THEREFORE, IT IS ORDERED that:

1. The Universal Lifeline Telephone Service (ULTS) surcharge rate of 1.15% effective April 1, 2007, is adopted. This 1.15% ULTS surcharge rate shall remain in effect until further revised by the Commission.
2. In compliance with Resolution T-16901, dated December 2, 2004, AT&T shall file an Advice Letter on or before March 22, 2007 modifying the ULTS surcharge rate from 1.29% to 1.15% effective April 1, 2007 and thereafter, until further revised by the Commission.
3. All certificated telecommunications carriers shall assess a ULTS rate of 1.15% on their end-user's bills rendered for intrastate telecommunications services on April 1, 2007 and thereafter, until further revised by the Commission.
4. To maximize administrative efficiency, AT&T is allowed to file simultaneously on or before March 22, 2007 the revised tariff schedules in compliance with resolutions revising various public program surcharges effective on April 1, 2007 and thereafter, until further revised by the Commission, in accordance with the provisions of General Order 96, as modified by first, second, and third interim orders.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on March 1, 2007. The following Commissioners approved it:

/s/ STEVE LARSON

STEVE LARSON
Executive Director

MICHAEL R. PEEVEY
President
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
TIMOTHY A. SIMON
Commissioners

APPENDIX A

UNIVERSAL LIFELINE TELEPHONE SERVICE TRUST ADMINISTRATIVE COMMITTEE FUND (8660-0471)			
	Financial Reports submitted to the State Controller's Office FY 2005-06	Pro Forma Statement FY 2006-07	Pro Forma Statement FY 2007-08
1 Projected Intrastate Revenues Subject to Surcharge ¹ (based on actual intrastate billings subject to surcharges from Sep 04 through Aug 05)	\$21,270,761,000	\$21,270,761,000	
2 Projected Intrastate Revenues Subject to Surcharge (based on actual intrastate billings subject to surcharges from Oct 05 through Sept 06)		\$21,791,772,242	\$21,791,772,242
3 Surcharge Rate from Jul 1, 2005 thru Dec 31, 2005	1.55%		
4 Surcharge Rate effective Jan 1, 2006	1.29%	1.29%	
5 Surcharge Rate effective April 1, 2007		1.15%	1.15%
6 Beginning Fund Balance	\$31,788,808	\$87,340,472	\$69,992,866
7 Revenues:			
8 Surcharge (based on Ln 1 thru Ln 5)	\$316,355,938.00	\$271,246,393	\$250,605,381
9 Investment Income	\$3,174,624.35	\$1,250,000	\$1,250,000
10 Total Revenues (Ln 8 + Ln 9)	\$319,530,562.35	\$272,496,393	\$251,855,381
11 Expenditures:			
12 Prior Period Adjustment	(\$50,925)		
13 FY 2004-05	\$4,364,079		
14 FY 2005-06 (Actual)	\$259,665,744		
15 FY 2006-07 (Resolution T-16953)		\$289,844,000	
16 FY 2007-08 (Resolution T-17042)			\$287,046,000
17 Total Expenditures (sum of Ln 12 thru Ln 16)	\$263,978,898	\$289,844,000	\$287,046,000
18 Ending Fund Balance (Ln 6 + Ln 10 – Ln 17)	\$87,340,472	\$69,992,866	\$34,802,246
The following comparison is for information purpose only			
19 Required surcharge rate w/o prior year accumulated fund balance		1.36%	1.32%
20 Adopted surcharge rate (Ln 5)		1.15%	1.15%
21 Incremental surcharge rate reduction due to prior year accumulated fund balance (Ln 19 - Ln 20)		0.21%	0.17%

¹ \$21,270,761,000 is based on actual recorded twelve months intrastate billings amount; (March 2005 through February 2006); beginning November 2006, billing base changed to \$21,791,772,242 based on twelve months intrastate billings amounts (November 2005 through October 2006 - actual).