

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Consumer Programs Branch**

**RESOLUTION T-17458
December 18, 2014**

R E S O L U T I O N

**Resolution T-17458. Approval of the Deaf and Disabled
Telecommunications Program (DDTP) Fund Surcharge Rate of 0.50%
Effective February 1, 2015.**

Summary

This resolution adopts a Deaf and Disabled Telecommunications Program (DDTP) Fund surcharge rate¹ of 0.50% effective February 1, 2015. This revised surcharge rate shall remain in effect until further revised by the California Public Utilities Commission (CPUC or Commission). All telephone corporations and interconnected Voice over Internet Protocol (VOIP) service providers shall apply this new DDTP surcharge rate on revenues collected from end-users for intrastate telecommunications services subject to surcharge effective February 1, 2015, and thereafter.

Background

The CPUC established a program to provide specialized equipment to the deaf and hard of hearing through CPUC decisions issued in the 1980's.² Subsequently, the Legislature codified the program through passage of several provisions contained in Public Utilities (PU) Code sections 2881 *et seq.* To implement the three legislative mandates at that time, the CPUC created DDTP and its advisory committees.³ The legislative mandates currently governing the DDTP are as follows: PU Code section 2881(a) which authorizes the provision of Teletypewriters (TTYs) to Deaf or Hard of Hearing individuals; PU Code section 2881(b) which uses third-party intervention, also known as the California Relay Service (CRS) to connect by telephone consumers who are deaf, hard of hearing, or speech-impaired with other parties; and PU Code section 2881(c) which authorizes the provision of other specialized telecommunications

¹ The DDTP surcharge is designated as "CA Relay Service and Communications Devices Fund" on end-user bills.

² The statutory language uses the term "hearing impaired." The preferred term today is "hard of hearing," and that term is used in this resolution.

³ The Commission currently is advised by the DDTP consumer advisory boards: the Telecommunications Access for the Deaf and Disabled Administrative Committee (TADDAC), now codified in PU Code section 278, and the Equipment Program Advisory Committee (EPAC), a subcommittee.

equipment to consumers with hearing, vision, mobility, speech, and/or cognitive disabilities. Assembly Bill 136 (Ch. 404, 2011) added Speech Language Pathologists to the list of program certifying agents. That legislation, along with CPUC Decision (D.) 13-12-054 (R. 13-03-008) implementing it, expands the program to include assistance to individuals with speech disabilities for provision of speech generating devices (SGDs), accessories, mounting systems, and specialized telecommunications equipment. Further, CD has begun discussions with the Department of Rehabilitation (DOR) on partnering with them on a trial of SGDs that are supplemental telecommunications equipment (STE), e.g., tablets.

Senate Bill 669 (Ch. 677, 1999) created a special fund dedicated to the DDTP whose funds are maintained in the State Treasury. The DDTP is funded via a surcharge assessed against all charges for all intrastate services on end-user telephone bills in California.⁴ The current DDTP surcharge rate is 0.20%.

Pursuant to PU Code section 2881, the CPUC administers and adopts policies which govern the DDTP. The CPUC has charged its Communications Division (CD) staff with the task of monitoring the administration of the DDTP. The CPUC's Primary Program and Contract Administrator for the DDTP (PPCA or DDTP Administrative Contractor) is the California Communications Access Foundation (CCAF), a private vendor. CCAF and all others providing equipment or services to the DDTP do so under contract to the State/CPUC, pursuant to state contracting and procurement rules.

In addition to the DDTP Administrative Contractor, the CPUC contracts for services with a number of other vendors including the following: sign language interpreters, foreign language translators, captioners, voicers, brailier, personal attendants, marketing vendors, equipment vendors, contact center, warehouse operator, and relay providers.

Lastly, in addition to SGDs, the DDTP anticipates moving forward with targeted wireless program initiatives, including iPhone for low-vision and blind persons.

Discussion

CD periodically reviews universal service public purpose program balances and surcharge rates to ensure that the programs are sufficiently funded. CD strives to maintain a positive program fund level which strikes a reasonable balance between the need to have sufficient liquidity in the fund to cover program expenditures and the desire to not overburden ratepayers by collecting too much in program surcharges.

⁴ Participants in the CPUC's LifeLine program do not pay the DDTP surcharge.

For this Resolution, the Commission evaluated the current DDTP surcharge rate of 0.20% relative to the DDTP fund balance. CD analysis shows that if the Commission maintains the current surcharge of 0.20%, the DDTP fund balance would accumulate a deficit in excess of \$50 million by the end of Fiscal Year (FY) 2015-16.

Based on current projections, to avert a negative DDTP fund balance and maintain a positive fund balance at the close of FY 2015-16, an increase in the DDTP surcharge rate to 0.50% is required. With an adjusted surcharge rate of 0.50%, CD estimates, as shown in Appendix A, a projected ending fund balance of \$5,377,000 on June 30, 2016. The revised surcharge rate will enable the DDTP fund to have a positive ending fund balance, given anticipated expenses, by June 30, 2016. Accordingly, all telephone corporations⁵ and interconnected VoIP service providers⁶ shall assess a DDTP surcharge rate of 0.50% on revenues collected from end users for intrastate telecommunications services subject to surcharge on February 1, 2015, and thereafter, until further ordered by the Commission.

Advice Letter Filing and Surcharge Changes

Consistent with Resolution T-16901, dated December 2, 2004, AT&T (formerly SBC) should file an advice letter on or before January 5, 2015, modifying the DDTP surcharge rate from 0.20% to 0.50% to take effect on February 1, 2015, and thereafter, until further revised by the Commission. Further, all telephone corporations and interconnected VoIP service providers shall revise the DDTP surcharge rate assessed on revenues collected from end-users for intrastate telecommunications services, subject to surcharge, from 0.20% to 0.50%. AT&T is not required to inform competing carriers of tariff changes which comply with this resolution.

Safety Issues

The DDTP provides specialized telecommunications equipment and relay services through the California Telephone Access Program (CTAP) and CRS. Persons who are challenged using a standard telephone because of difficulty seeing, hearing, speaking, moving, or remembering can obtain specialized devices through CTAP.

Access to CTAP equipment provides persons with disabilities access to 911 and emergency services in the event of an emergency. Without these specialized devices, these individuals may have no other means to access 911 and emergency services, or to make medical and other safety-impacting calls, since they are unable to use a standard telephone. Additionally, CRS provides access to the relay service for persons who deaf,

⁵ See PU Code §2881(g).

⁶ See PU Code §285(c).

hearing impaired, or speech-disabled to enable them to make medical and other safety-impacting calls, and to stay connected to family and friends.

Comments

In compliance with PU Code § 311 (g), the Commission on November 14, 2014, emailed a draft of this resolution to all telecommunications carriers, the parties of record to Rulemaking (R.) 00-05-001, R.03-03-014, and R. 13-03-008 for whom email was available, the Telecommunications Access for the Deaf and Disabled Administrative Committee (TADDAC) members, the Equipment Program Advisory Committee (EPAC) members, and the DDTP Administrative Contractor, informing them it is available for public comments.

Comments filed on a timely basis will be addressed by CD in this resolution.

Findings

1. In October 1999, PU Code §§ 270-281 were codified as a result of the enactment of Senate Bill 669.
2. PU Code § 270(b) requires that the monies in DDTP Fund may only be expended pursuant to PU Code §§ 270-281 and upon appropriation in the annual State Budget Act.
3. The Commission, in Resolution T-17451, dated November 06, 2014, approved a \$65.00 million DDTP FY 2015-16 expense budget.
4. The current DDTP surcharge rate of 0.20% was approved by the Commission Resolution T-17127 in December of 2007.
5. The current balance of DDTP monies requires the Commission to increase the surcharge rate for the DDTP fund from 0.20% to 0.50% effective February 1, 2015, and thereafter, until further revised by the Commission. The revised surcharge rate will enable the DDTP fund to have a positive ending fund balance, given anticipated expenses, by June 30, 2016.
6. Consistent with Resolution T-16901, dated December 2, 2004, AT&T should file an advice letter on or before January 5, 2015, modifying the DDTP surcharge rate from 0.20% to 0.50% to take effect on February 1, 2015, and thereafter, until further revised by the Commission.
7. All telephone corporations and interconnected VoIP service providers should revise the DDTP surcharge rate assessed on end-user intrastate telecommunications

service revenues to 0.50% beginning on February 01, 2015, and thereafter, until further ordered by the Commission.

8. On November 14, 2014, the Commission e-mailed a draft of this resolution to all telecommunications carriers, the parties of record to Rulemaking (R.) 00-05-001, R.03-03-014, and R. 13-03-008 for whom email was available, the Telecommunications Access for the Deaf and Disabled Administrative Committee (TADDAC) members, the Equipment Program Advisory Committee (EPAC) members, and the DDTP Administrative Contractor.

THEREFORE, IT IS ORDERED that:

1. A Deaf and Disabled Telecommunications Program (DDTP) fund surcharge rate of 0.50%, shall be effective on February 1, 2015, and thereafter, until further revised by the Commission, is adopted.
2. AT&T shall file an advice letter on or before January 5, 2015, modifying the DDTP surcharge rate from 0.20% to 0.50% to take effect on February 1, 2015, and thereafter, until further revised by the Commission.
3. All telephone corporations and interconnected VoIP service providers shall assess a DDTP surcharge rate of 0.50% on revenues collected from end users for intrastate telecommunications services subject to surcharge on February 1, 2015, and thereafter, until further ordered 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 18, 2014. The following Commissioners approved it:

PAUL CLANON
Executive Director

Resolution T-17458
CD/TCH

Appendix - A

APPENDIX A

DEAF AND DISABLED TELECOMMUNICATIONS PROGRAM				
Analysis for Surcharge Rate Increase				
Effective February 1, 2015				
1	Telecommunications Revenue Subject to Surcharges (Estimated for FY 2014/15 and FY 2015/16)			\$14,061,000,000
2	Surcharge Rate (Effective January 1, 2008)			0.20%
3	Surcharge Rate (Effective February 1, 2015)			0.50%
		(in thousands)		
4	Fiscal Years	2013-14	2014-15	2015-16
5	Beginning Fund Balance	\$9,837	\$8,233	\$0
6	Prior year adjustments	\$23,412		
7	Adjusted Beginning Balance	\$33,249	\$8,233	\$0
8	Est. Total Revenues, Transfers and Other Adjustments	\$27,818	\$45,775	\$70,382
9	Est. Total Expenditures and Expenditures Adjustments	\$52,834	\$54,008	\$65,005
10	Ending Fund Balance	\$8,233	\$0	\$5,377