

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Consumer Programs Branch**

**RESOLUTION T-17741
December 2, 2021**

RESOLUTION

RESOLUTION T-17741 Approval of the Deaf and Disabled Telecommunications Program Fund Surcharge Rate of 1.11% Effective January 1, 2022.

SUMMARY

This resolution adopts a Deaf and Disabled Telecommunications Program (DDTP) Fund surcharge rate of 1.11%, effective January 1, 2022, until further revised by the California Public Utilities Commission (Commission). All telecommunications carriers and interconnected Voice over Internet Protocol (VOIP) service providers shall change the DDTP surcharge rate assessed on revenues collected from end users for intrastate telecommunications services subject to surcharge from 0.50% to 1.11% effective January 1, 2022, and thereafter.

BACKGROUND

The Commission established a program to provide specialized equipment to the deaf and hard of hearing through Commission decisions issued in the 1980's.¹ 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 Commission created the DDTP and its advisory committees.² 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

¹ The statutory language uses the term "hearing impaired." The preferred term today is "hard of hearing," and that term is used in this resolution.

² 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.

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 with speech disability with other parties; PU Code section 2881(c) which authorizes the provision of other specialized telecommunications equipment to consumers with hearing, vision, mobility, speech, and/or cognitive disabilities; and PU Code section 2881 (d) and (e)(1) which authorizes the provision of speech generating devices as the provider of last resort and adds speech language pathologists as a DDTP certifying agent.

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.³ The current DDTP surcharge rate is 0.50%, which was set in statute until AB 14 was signed by the Governor on October 8, 2021.

Pursuant to PU Code section 2881, the Commission administers and adopts policies which govern the DDTP. The Commission has assigned its Communications Division (CD) staff with the task of monitoring the administration of the DDTP. The Commission's Primary Program and Contract Administrator (PPCA) for the DDTP, provides equipment and services to the DDTP do so under contract to the State/Commission, pursuant to state contracting and procurement rules.

In addition to the DDTP Administrative Contractor, the Commission contracts for services with several other vendors including the following: sign language interpreters, foreign language translators, captioners, voicers, personal attendants, marketing vendors, equipment vendors, contact center services, distribution center services, and relay providers.

DDTP is funded by a surcharge assessed on revenues collected from intrastate telecommunications services subject to surcharge. Intrastate services are referred to internally as the "billing base" reported for all carriers, with associated surcharges billed to and collected from end users, then remitted by carriers monthly to the Commission. The Commission periodically reviews public purpose program fund balances and adjusts surcharge rates to ensure that the programs are sufficiently funding. Historically, the DDTP surcharge rates since 1/1/2010 are available online at [Surcharge Rates \(ca.gov\)](#).

³ Participants in the Commission's LifeLine program do not pay the DDTP surcharge.

DISCUSSION

In this Resolution, the Commission increases the DDTP surcharge rate from 0.50% to 1.11%, effective January 1, 2022, until further revised by the Commission. DDTP must have a positive fund balance. At the current 0.50% surcharge rate, DDTP would have a negative fund balance by end of Fiscal Year 21-22. To offset the negative fund balance, the California High Cost Fund-B (CHCF-B) program loaned \$25 million to DDTP. However, this loan balance must be paid back to the CHCF-B program. Therefore, the CPUC has decided to set a surcharge rate equal to its appropriations level.

For the past several years, the intrastate billing base has declined significantly⁴, resulting in lower surcharge revenue collected for the DDTP. While the rate of decline has slowed in the past year, CD projects that the billing base will continue to decline over the next several years. For FY 20-21, average monthly expenditures have been at \$4.7 million while average monthly revenues are lower at \$2.6 million. If the DDTP surcharge rate remains at 0.50%, CD project that the DDTP fund balance would become negative in Fiscal Year (FY) 2021-22. The projected DDTP fund balance as of June 30, 2022 is projected to (\$7,727,000). These projections are summarized in Table 1 below.

Table 1

⁴ Total reported intrastate revenue subject to surcharge was 10.027 billion in 2018, 7.371 billion in 2019, and 6.599 billion in 2020. Currently, the projected revenue subject to surcharge is \$5.9 billion.

| DDTP Projected Fund Balance at Existing Surcharge Rate | |
|--|------------|
| (dollars in thousands) | |
| Surcharge Rate (effective 1/1/22) | 0.50% |
| DDTP Fund Balance as of 7/1/2020 | \$ 39,878 |
| FY 2020-21 (7/1/2020 - 6/30/21) | |
| Estimated Prior Year Adjustments | \$ 15,302 |
| Estimated Surcharge Revenues | \$ 31,000 |
| Estimated Other Revenue (a) | \$ 455 |
| Loan to General Fund | \$ 134 |
| Estimated Expenditures | \$ 56,562 |
| Estimated DDTP Fund Balance as of 6/30/2021 | \$ 29,939 |
| FY 2021-2022 (7/1/2021 - 6/30/2022) | |
| Estimated Surcharge Revenues | \$ 29,000 |
| Estimated Prior Year Adjustments | \$ - |
| Estimated Other Revenue (a) | \$ 454 |
| DDTP Budget | \$ 67,120 |
| Estimated DDTP Fund Balance as of 6/30/2022 | \$ (7,727) |
| (a) Other Revenue is Investment Income - Surplus Money Investments | |

To maintain a positive fund balance with sufficient reserves, CD recommends that the Commission increase the DDTP surcharge rate from 0.50% to 1.11% effective January 1, 2022. With the increased surcharge rate, the fund balance is projected to be \$9,963,000 by end of FY 2021-2022. Table 2 below shows the effects of the surcharge increase on projected revenues for FY 2021-2022.

Table 2

| DDTP Projected Fund Balance at Increased Surcharge Rate | |
|--|-----------|
| (dollars in thousands) | |
| Surcharge Rate (effective 1/1/22) | 1.11% |
| DDTP Fund Balance as of 7/1/2020 | \$ 39,878 |
| FY 2020-21 (7/1/2020 - 6/30/21) | |
| Estimated Prior Year Adjustments | \$ 15,302 |
| Estimated Surcharge Revenues | \$ 31,000 |
| Estimated Other Revenue (a) | \$ 455 |
| Loan to General Fund | \$ 134 |
| Estimated Expenditures | \$ 56,562 |
| Estimated DDTP Fund Balance as of 6/30/2021 | \$ 29,939 |
| FY 2021-2022 (7/1/2021 - 6/30/2022) | |
| Estimated Surcharge Revenues | \$ 46,690 |
| Estimated Prior Year Adjustments | \$ - |
| Estimated Other Revenue (a) | \$ 454 |
| DDTP Budget | \$ 67,120 |
| Estimated DDTP Fund Balance as of 6/30/2022 | \$ 9,963 |
| (a) Other Revenue is Invement Income - Surplus Money Investments | |

All telecommunications carriers⁵ and interconnected VoIP service providers⁶ shall assess a DDTP surcharge rate of 1.11% on their revenues collected from end users for intrastate telecommunications services subject to surcharge effective January 1, 2022, until further direct by the Commission.

ADVICE LETTER FILING AND SURCHARGE CHANGES

Consistent with Resolution T-16901, approved December 2, 2004, AT&T (formerly SBC California) should file an advice letter on or before December 9, 2021, to modify the DDTP surcharge rate from 0.50% to 1.11%, effective January 1, 2022, 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 0.50% to 1.11%. AT&T is not required to inform

⁵ See PU Code § 275.
⁶ See PU Code § 285(c).

competing carriers of tariff changes which comply with this resolution.

SAFETY ISSUES

The DDTP provides specialized telecommunications equipment through the California Telephone Access Program (CTAP) and relay services through the California Relay Service (CRS). Persons who have difficulty using a standard telephone because of difficulty seeing, hearing, speaking, moving, or remembering can obtain specialized devices through CTAP. CRS is a service where a trained third-party operator relays a call from a person with a disability to the individual or entity, he/she is calling.

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

COMMENTS

Pursuant to Public Utilities Code section 311(g)(1), this draft resolution was served on October 15, 2021 to all parties on the service list for R. 00-05-001, R.03-03-014, and R. 13-03-008, the Telecommunications Access for the Deaf and Disabled Administrative Committee (TADDAC) members, the Equipment Program Advisory Committee (EPAC) members, the DDTP Administrative Contractor and all registered communications service providers, and was subject to a public review and comment period of 20 days or more, prior to a vote of the Commission on the resolution. The Commission received no public comments.

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 funds in the Deaf and Disabled Telecommunications Program (DDTP) may only be expended pursuant to PU Code §§ 270-281 and upon appropriation in the annual State Budget Act.
3. The Governor's Budget for DDTP for FY 2021/22 is \$67,123,000 which consists of \$64.426 million in State Operations, \$210,000 for Local Assistance, \$552,000 for

California State Library, \$33,000 for Supplemental Pension Payments and \$1,902 million for General Administrative Expenditures (aka Pro Rata).

4. PU Code § 270(b) requires that all public purpose program funds including DDTP be expended pursuant to §§ 270-281 and upon appropriation in the annual State Budget Act.
5. In Resolution T-17458, the Commission authorized a DDTP program surcharge rate of 0.50% effective February 1, 2015.
6. AB 14 (Aguiar Curry) removed the statutory 0.50% cap on the DDTP surcharge.
7. If the DDTP surcharge rate remains at 0.50%, the fund balance would be depleted before the end of Fiscal Year 2021-2022.
8. With a DDTP surcharge rate of 1.11%, the fund balance is forecasted to be \$9.963 million by June 30, 2022.
9. All telecommunications carriers and interconnected VoIP service providers should revise the DDTP surcharge rate assessed on intrastate telecommunications service revenues to 1.11%, effective January 1, 2022, and thereafter, until further directed by the Commission.
10. The Commission is conducting a review of the DDTP program in Rulemaking 11-11-007.
11. In accordance with Resolution T-16901, dated December 2, 2004, AT&T should file an advice letter by December 9, 2021, modifying the DDTP surcharge rate from 0.50% to 1.11%, effective January 1, 2022, until further revised by the Commission.
12. All telephone corporations and interconnected VoIP service providers should revise the DDTP surcharge rate assessed on end-user intrastate telecommunications service revenues to 1.11% beginning on January 1, 2022, and thereafter, until further ordered by the Commission.
13. The Commission served draft resolution on October 15, 2021, to all parties on the service list for R. 00-05-001, R.03-03-014, and R. 13-03-008, the Telecommunications Access for the Deaf and Disabled Administrative Committee (TADDAC) members, the Equipment Program Advisory Committee (EPAC) members, the DDTP Administrative Contractor and all registered communications service providers, and was subject to a public review and comment period of 20 days or more, prior to a vote of the Commission on the resolution. The Commission received no public comments.

THEREFORE, IT IS ORDERED that:

1. The Deaf and Disabled Telecommunications Program surcharge rate of 1.11%, is effective January 1, 2022, until further revised by the Commission, is adopted.
2. AT&T shall file an advice letter on or before December 9, 2021, modifying the surcharge rate for the Deaf and Disabled Telecommunications Program, from 0.50% to 1.11%, effective January 1, 2022, and thereafter, until further revised by the Commission.
3. All telecommunications carriers and interconnected Voice over Internet Protocol service providers shall revise the Deaf and Disabled Telecommunications Program rate assessed on revenues collected from end users for intrastate telecommunications services, subject to surcharge, from 0.50% to 1.11%, effective January 1, 2022, and thereafter, until further revised by the Commission.

This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on _____ . The following Commissioners voting favorable thereon:

Rachel A. Peterson
Executive Director