

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Date of Issuance: July 9, 2026  
Communications Division

RESOLUTION T-17910  
July 2, 2026

R E S O L U T I O N

**RESOLUTION T-17910. Adopts Universal Service Public Purpose Programs  
Surcharge Rate of \$1.05 per Access Line, effective September 1, 2026.**

PROPOSED OUTCOME:

- Adopts surcharge rate of \$1.05 per access line and the following surcharge revenue allocation among the six Public Purpose Programs that fund universal service in California:
  - Fund 0464 (CHCF-A), 5.39%;
  - Fund 0470 (CHCF-B), 0.00%;
  - Fund 0471 (LifeLine), 64.52%;
  - Fund 0483 (California Connect (DDTP)), 8.59%;
  - Fund 0493 (CTF), 0.00%; and
  - Fund 3141 (CASF), 21.50%.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this resolution.

ESTIMATED COST:

- There are no costs associated with this resolution.

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**SUMMARY**

This Resolution adopts a surcharge rate of \$1.05 per access line and the following surcharge revenue allocation among the six Public Purpose Programs that fund universal service in California:

- Fund 0464 (CHCF-A), 5.39%;
- Fund 0470 (CHCF-B), 0.00%;
- Fund 0471 (LifeLine), 64.52%;

- Fund 0483 (California Connect (DDTP)), 8.59%;
- Fund 0493 (CTF), 0.00%; and
- Fund 3141 (CASF), 21.50%.

All telephone corporations shall change the Public Purpose Programs surcharge rate assessed per access line on end users for intrastate telecommunications services from \$0.90 per access line to \$1.05 per access line, effective September 1, 2026.

## **BACKGROUND**

The California Public Utilities Commission (Commission or CPUC) is responsible for the administration of six state-mandated Public Purpose Programs (PPPs) and their respective end user surcharges. The Commission's six telecommunications PPPs and their respective surcharges are set forth in Public Utilities (Pub. Util.) Code Sections 270 to 281. Those programs are detailed below.

In Decision (D).22-10-021, the Commission adopted a new surcharge mechanism to fund the PPPs and consolidated the six surcharges into a single, flat rate PPP surcharge. The new mechanism assesses surcharges based on the number of active access lines that a telephone corporation operates in California. With that decision, the per access line surcharge rate of \$1.11 and corresponding revenue allocation percentages became effective on April 1, 2023.<sup>1</sup>

On May 1, 2025, the Commission lowered the surcharge rate from \$1.11 to \$0.90 and adjusted the revenue allocation percentages.<sup>2</sup> The Commission determined that the surcharge rate should be lowered to reduce excessive fund balances that had accrued across each program. On August 1, 2025, the Commission's Communications Division (CD) adjusted how the \$0.90 surcharge rate is allocated amongst the six PPPs.<sup>3</sup> Table 1 below shows the surcharge allocations across the six PPPs.

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<sup>1</sup> See D.22-10-021.

<sup>2</sup> See Resolution T-17818 at

<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M562/K398/562398411.PDF>

<sup>3</sup> See Administrative Letter at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/communications-division/documents/high-cost-support-and-surcharges/surcharge-rates/admin-letter--updated-ppp-surcharge-allocation-percentages-082025.pdf>

Table 1

| Effective Date | Surcharge Rate* | Percentage of Surcharge Revenue Allocated to Each Public Purpose Program |                       |                         |                     |                    |                     |
|----------------|-----------------|--------------------------------------------------------------------------|-----------------------|-------------------------|---------------------|--------------------|---------------------|
|                |                 | Fund 0464<br>(CHCF-A)                                                    | Fund 0470<br>(CHCF-B) | Fund 0471<br>(LifeLine) | Fund 0483<br>(DDTP) | Fund 0493<br>(CTF) | Fund 3141<br>(CASF) |
| 5/1/2025       | \$ 0.90         | 6.60%                                                                    | 0.00%                 | 50.44%                  | 0.00%               | 14.46%             | 28.50%              |
| 8/1/2025       | \$ 0.90         | 3.02%                                                                    | 0.00%                 | 61.09%                  | 4.40%               | 6.61%              | 24.88%              |

\* Assessed per active access line

The six telecommunications PPPs funded by the surcharge are:

- California High-Cost Fund-A (CHCF-A)
- California High-Cost Fund-B (CHCF-B)
- California LifeLine Program (LifeLine or ULTS)
- California Connect, also called Deaf and Disabled Telecommunications Program (DDTP)
- California Teleconnect Fund (CTF)
- California Advanced Services Fund (CASF)

### California High-Cost Fund-A

Pub. Util. Code § 275.6 requires the Commission to implement a program for universal service support to reduce rate disparity in rural areas. The California High-Cost Fund-A (CHCF-A) program provides a source of supplemental revenue to Small Incumbent Local Exchange Carriers, whose basic residential telephone service rates may otherwise need to be increased to levels that would threaten universal service goals.<sup>4</sup>

The appropriation in the enacted state budget for Fiscal Year (FY) 2025-2026 is \$1.567 million for State Operations and \$47.913 million for Local Assistance.<sup>5</sup> California Senate Bill (SB) 857 (2022)<sup>6</sup> extended the CHCF-A program until January 1, 2028.

### California High-Cost Fund-B

The California High-Cost Fund B (CHCF-B) program was established pursuant to Pub. Util. Code § 276.5, which requires the Commission to implement and maintain a program for universal telephone service support to reduce rate disparity in high-cost

<sup>4</sup> See the CHCF-A webpage for program information at <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/california-high-cost-fund-a>

<sup>5</sup> See FY 2025-2026 Enacted State Budget at <https://ebudget.ca.gov/2025-26/pdf/Enacted/GovernorsBudget/8000/8660.pdf>

<sup>6</sup> See Pub. Util. Code § 275.6, amended by Stats. 2022, Ch. 706, Sec. 1. (SB 857)

areas. The program gives subsidies to Carriers of Last Resorts that provide basic residential telephone service to customers in specified rural high-cost areas.<sup>7</sup>

The appropriation in the enacted state budget for FY 2025-2026 is \$1.675 million for State Operations and \$20.777 million for Local Assistance.<sup>8</sup> SB 857 (2022) also extended the CHCF-B program to January 1, 2028.<sup>9</sup> The current surcharge revenue allocation for CHCF-B is 0.00% because the program already has sufficient reserves to fund its operations.

### California LifeLine

The Commission implemented the California LifeLine Program (LifeLine), pursuant to the creation of the Universal LifeLine Telephone Service (ULTS) Trust Administrative Committee Fund, codified in 1984 in Pub. Util. Code §§ 277 and 871. The LifeLine program provides discounted residential wireless, wireline, and bundled Voice over Internet Protocol (VoIP) with broadband communication services to qualified low-income households. As of December 2025, approximately 1.79 million Californians participate in the program. Of the total number of LifeLine participants, approximately 1.71 million have wireless services.<sup>10</sup>

The appropriation in the enacted state budget for FY 2025-2026 is \$25.530 million for State Operations and \$502.470 million for Local Assistance.<sup>11</sup>

### California Connect (i.e., Deaf and Disabled Telecommunications Program)

California Connect, also called the Deaf and Disabled Telecommunications Program (DDTP), is governed by the following sections: Pub. Util. Code § 2881(a) (telecommunications devices to deaf or hard of hearing individuals); § 2881(b) (California Relay Service enables consumers who are deaf, hard of hearing, or have a speech disability to connect by telephone with other parties); § 2881(c) (specialized communications equipment to consumers with hearing, vision, mobility, speech, and/or

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<sup>7</sup> See the CHCF-B webpage for program information at <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/california-high-cost-fund-b>

<sup>8</sup> See FY 2025-2026 Enacted State Budget at <https://ebudget.ca.gov/2025-26/pdf/Enacted/GovernorsBudget/8000/8660.pdf>

<sup>9</sup> See Pub. Util. Code § 276.5, amended by Stats. 2022, Ch. 706, Sec. 2. (SB 857)

<sup>10</sup> See the LifeLine website for program information at <https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/lifeline>

<sup>11</sup> See FY 2025-2026 Enacted Stated Budget at <https://ebudget.ca.gov/2025-26/pdf/Enacted/GovernorsBudget/8000/8660.pdf>

cognitive disabilities); and § 2881(d)(Augmentative and Alternative Communication (AAC) devices to any subscriber who is certified as having a speech disability).<sup>12</sup>

The appropriation in the enacted state budget for FY 2025-2026 is \$64.853 million for State Operations and \$0.210 million for Local Assistance.<sup>13</sup>

Pub. Util. Code § 2881(g), as amended by Stats. 2025, Ch. 19, Sec. 1. (SB 142), authorizes the Commission to collect revenues for DDTP via a surcharge until December 31, 2034.

### California Teleconnect Fund

California Teleconnect Fund (CTF) was established by D.96-10-066 and is governed by Pub. Util. Code §§ 280 and 884. In the Decision, the Commission reaffirmed its commitment to universal service, and in accordance with state and federal directives, created CTF to provide discounted rates for a host of telecommunications services for schools, libraries, government-owned health care providers, and qualifying community-based organizations (CBOs).<sup>14</sup>

The appropriation in the enacted state budget for FY 2025-2026 is \$3.414 million for State Operations and \$105 million for Local Assistance.<sup>15</sup>

### California Advanced Services Fund

Pub. Util. Code § 281(a) directs the Commission to develop, implement, and administer the California Advanced Services Fund (CASF) program to encourage deployment of high-quality advanced communications services to all Californians that will promote economic growth, job creation, and the substantial social benefits of advanced information and communications technologies. Pursuant to § 281(b)(1)(A), the goal of the CASF program is, no later than December 31, 2032, to approve funding for infrastructure projects that will provide broadband access to no less than 98% of Californian households.<sup>16</sup>

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<sup>12</sup> See the DDTP website for program information at <https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/ddtp>

<sup>13</sup> See FY 2025-2026 Enacted State Budget at <https://ebudget.ca.gov/2025-26/pdf/Enacted/GovernorsBudget/8000/8660.pdf>

<sup>14</sup> See the CTF webpage for program information at <https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/california-teleconnect-fund>

<sup>15</sup> See FY 2025-2026 Enacted State Budget at <https://ebudget.ca.gov/2025-26/pdf/Enacted/GovernorsBudget/8000/8660.pdf>

<sup>16</sup> See the CASF webpage for program information at <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/california-advanced-services-fund>

The appropriation in the enacted state budget for FY 2025-2026 is \$12.648 million for State Operations and \$136.211 million for Local Assistance.<sup>17</sup> § 281(d)(4) authorizes CASF to collect surcharge revenue through December 31, 2032.

## **DISCUSSION**

In May 2025, through Resolution T-17818, the Commission lowered the surcharge rate from \$1.11 to \$0.90 to reduce excessive fund balances that had accrued across each program. The excessive fund balances are projected to be eliminated across the majority of the PPPs.

The Commission's policy is to support the FY 2026-2027 projected appropriations for all six PPPs. The Commission finds it reasonable to increase the per access line surcharge rate from \$0.90 to \$1.05, and to adjust the surcharge revenue allocation among the six PPPs, to maintain reasonable fund balances and fund reserves for each PPP.

As a guideline, the Commission targets a minimum of 25% fund reserves for each PPP to ensure there are sufficient funds for unexpected fluctuations in revenues or expenditure.<sup>18</sup> The current \$0.90 surcharge rate was sufficient for FY 2025-2026, even with the increase in LifeLine's FY 2025-2026 appropriation compared to FY 2024-2025.<sup>19</sup> However, if the surcharge rate remains at \$0.90 for FY 2026-2027, several PPPs would end the year with low fund balances below the 25% fund reserves (see Table 2 and Table 3, line E).<sup>20</sup> Therefore, the Commission determined that the surcharge rate should be raised to support the PPP appropriations through FY 2026-2027.

Table 2

| Fiscal Year 2026-2027 - With \$0.90 Surcharge Rate |                               |                                                |                                               |
|----------------------------------------------------|-------------------------------|------------------------------------------------|-----------------------------------------------|
| Surcharge Rate<br>[A]                              | Number of Access Lines<br>[B] | Projected Surcharge Revenue - Per Month<br>[C] | Projected Surcharge Revenue - Per Year<br>[D] |
| \$ 0.90                                            | 53,601,227                    | \$ 48,241,104                                  | \$ 578,893,252                                |

<sup>17</sup> See FY 2025-2026 Enacted State Budget at <https://ebudget.ca.gov/2025-26/pdf/Enacted/GovernorsBudget/8000/8660.pdf>

<sup>18</sup> For PPP funds, the Commission has generally targeted 25% fund reserves. See e.g., Res T-17818, T-17705, T-17127, and T-17460. For the Public Utilities Reimbursement Account (PUCURA) Fund the Commission has also targeted 25% fund reserve. See e.g. Res M-4879, M-4874, and M-4870.

<sup>19</sup> See FY 2025-2026 Enacted State Budget at <https://ebudget.ca.gov/2025-26/pdf/Enacted/GovernorsBudget/8000/8660.pdf>

<sup>20</sup> See Appendix A for calculation details.

Table 3

| Fiscal Year 2026-2027 Projected Fund Balances - With \$0.90 Surcharge Rate |                                                  |                       |                       |                         |                     |                    |                     |                |
|----------------------------------------------------------------------------|--------------------------------------------------|-----------------------|-----------------------|-------------------------|---------------------|--------------------|---------------------|----------------|
|                                                                            |                                                  | Fund 0464<br>(CHCF-A) | Fund 0470<br>(CHCF-B) | Fund 0471<br>(LifeLine) | Fund 0483<br>(DDTP) | Fund 0493<br>(CTF) | Fund 3141<br>(CASf) | Total          |
| [A]                                                                        | Beginning Balance                                | \$ 28,682,608         | \$ 63,283,000         | \$ 238,708,210          | \$ 37,855,694       | \$ 146,969,771     | \$ 394,676,969      | \$ 910,176,252 |
| [B]                                                                        | Projected Expenditures                           | \$ 49,562,000         | \$ 22,535,000         | \$ 529,480,000          | \$ 72,349,000       | \$ 108,591,000     | \$ 149,698,000      | \$ 932,215,000 |
| [C]                                                                        | Projected Revenues<br>(Surcharge)                | \$ 28,597,327         | \$ -                  | \$ 373,559,815          | \$ 45,790,456       | \$ -               | \$ 130,945,654      | \$ 578,893,252 |
| [D]                                                                        | Projected Ending Balance<br>(Fund Balance)       | \$ 7,717,934          | \$ 40,748,000         | \$ 82,788,025           | \$ 11,297,151       | \$ 38,378,771      | \$ 375,924,622      | \$ 556,854,503 |
| [E]                                                                        | Projected Fund Reserve<br>Percentage (at FY-end) | 15.57%                | 180.82%               | 15.64%                  | 15.61%              | 35.34%             | 251.12%             |                |

<sup>1</sup> FY 2026-2027 Surcharge Revenue Projection uses the following allocations: CHCF-A, 4.94%; CHCF-B, 0.00%; LifeLine, 64.53%; DDTP, 67.91%; CTF, 0.0%; and CASf, 22.62%

The Commission finds it reasonable to increase the surcharge rate to \$1.05 per access line, and to adjust the surcharge revenue allocation among the six PPPs, because it will achieve the following:

1. Maintain a reasonable fund balance to ensure program stability;
2. Avoid excessive surcharge burden on current ratepayers; and,
3. Minimize the size of the rate increase to minimize customer impact.

Table 4 below shows the projected effects of a \$1.05 surcharge rate on each of the PPP fund balances for FY 2026-2027 (line E).<sup>21</sup>

<sup>21</sup> See Appendix A for calculation details.

Table 4 <sup>22</sup>

| Projected Fund Balances<br>With \$1.05 Surcharge Rate Effective September 1, 2026 |                                               |                       |                       |                         |                     |                    |                     |
|-----------------------------------------------------------------------------------|-----------------------------------------------|-----------------------|-----------------------|-------------------------|---------------------|--------------------|---------------------|
|                                                                                   |                                               | CHCF-A<br>(Fund 0464) | CHCF-B<br>(Fund 0470) | LifeLine<br>(Fund 0471) | DDTP<br>(Fund 0483) | CTF<br>(Fund 0493) | CASF<br>(Fund 3141) |
| <b>FY 2026-2027</b>                                                               |                                               |                       |                       |                         |                     |                    |                     |
| [A]                                                                               | Projected Beginning Balance <sup>1</sup>      | \$ 28,682,608         | \$ 63,283,000         | \$ 238,708,210          | \$ 37,855,694       | \$ 146,969,771     | \$ 394,676,969      |
| [B]                                                                               | Projected Expenditures <sup>2</sup>           | \$ 49,562,000         | \$ 22,535,000         | \$ 529,480,000          | \$ 72,349,000       | \$ 108,591,000     | \$ 149,698,000      |
| [C]                                                                               | Projected Revenues (Surcharge) <sup>3</sup>   | \$ 33,249,377         | \$ -                  | \$ 422,067,854          | \$ 52,590,844       | \$ 6,377,474       | \$ 145,009,543      |
| [D]                                                                               | Projected Ending Balance (Fund Balance)       | \$ 12,369,985         | \$ 40,748,000         | \$ 131,296,063          | \$ 18,097,538       | \$ 44,756,245      | \$ 389,988,512      |
| [E]                                                                               | Projected Fund Reserve Percentage (at FY-end) | 24.96%                | 180.82%               | 24.80%                  | 25.01%              | 41.22%             | 260.52%             |

<sup>1</sup> Based on the Projected Ending Fund Balance for FY 2025-2026.

<sup>2</sup> Projected Expenditures are assumed to be equal to the appropriations adopted in the FY 2025-2026 state budget. This ensures that there are sufficient funds for each PPP to spend the maximum allowed.

<sup>3</sup> FY 2026-2027 Surcharge Revenue Projection with a \$1.05 surcharge rate uses the following allocations: CHCF-A, 5.39%; CHCF-B, 0.00%; LifeLine, 64.52%; DDTP, 8.59%; CTF, 0.0%; and CASF, 21.50%

The increased surcharge rate of \$1.05 will ensure that all PPPs will maintain fund reserves close to the 25% target through FY 2026-2027.

Although the CASF fund appears to have a higher fund reserve in FY 2026-2027, it does not reflect encumbrance for awarded projects that have not yet spent all or part of their grants. In addition, there is increasing demand from stakeholders for CASF projects. For example, on October 31, 2025, the CPUC received requests totaling approximately \$424 million for the CASF Broadband Infrastructure Grant Account; and in January 2026, funding requests of \$37.86 million for CASF Adoption Account and \$2.43 million for CASF Public Housing Account. Maintaining the current CASF surcharge revenues is necessary to meet the ongoing demand for the program. While there are seemingly multiple years of surplus in the CASF fund, the CPUC needs to collect the maximum revenue allowed by Pub. Util. Code § 281(d) until its surcharge authority sunsets on December 31, 2032, to meet the ongoing demand.

In addition to increasing the total per access line surcharge rate to \$1.05, the Commission also modifies the surcharge allocation percentages to those shown below in Table 5, effective September 1, 2026.

<sup>22</sup> As of March 2026, the CASF program has an outstanding encumbrance of approximately \$128 million. The CASF Broadband Infrastructure Grant Account did not have an application cycle in 2024 and postponed the application deadline from April 1, 2025 to October 31, 2025, to allow time for prospective applicants to leverage federal funding allocated to the state of California in the \$1.86 billion Broadband Equity, Access, and Deployment program.



Table 5

| Surcharge Allocation Percentages Effective September 1, 2026 |                       |                         |                     |                    |                     |
|--------------------------------------------------------------|-----------------------|-------------------------|---------------------|--------------------|---------------------|
| CHCF-A<br>(Fund 0464)                                        | CHCF-B<br>(Fund 0470) | LifeLine<br>(Fund 0471) | DDTP<br>(Fund 0483) | CTF<br>(Fund 0493) | CASF<br>(Fund 3141) |
| 5.39%                                                        | 0.00%                 | 64.52%                  | 8.59%               | 0.00%              | 21.50%              |

The allocation percentages determine how the total surcharge revenue is divided up amongst the six PPPs.<sup>23</sup> To determine the allocation percentages, the Commission calculates the total need for each program. The total need is the amount required for a PPP to be able to spend 100% of its authorized expenditures and maintain a sufficient reserve.

If necessary, CD will adjust the allocations at least annually via an Administrative Letter.

### **ADVICE LETTER FILING AND SURCHARGE CHANGES**

Consistent with Resolution T-16901, approved December 2, 2004, AT&T California (U-1001-C, formerly SBC California) should file an advice letter on or before July 16, 2026, to modify the Public Purpose Programs surcharge rate from \$0.90 per access line to \$1.05 per access line, effective September 1, 2026, until further revised by the Commission. Further, all telephone corporations operating in California shall revise the Public Purpose Programs surcharge rate assessed on end-users, subject to surcharge,<sup>24</sup> from \$0.90 per access line to \$1.05 per access line. AT&T California is not required to inform competing carriers of tariff changes which comply with this resolution.

### **COMMENTS ON INITIAL DRAFT RESOLUTION**

Pursuant to Pub. Util. Code § 311(g), a Notice of Availability of the initial draft resolution was emailed on April 10, 2026, informing all telephone corporations of the availability of the draft resolution, and of the opportunity to comment, at the Commission's website at <http://www.cpuc.ca.gov/>.

The Commission received comments from CTIA – The Wireless Association (CTIA) on April 30, 2026; no parties filed reply comments.

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<sup>23</sup> For example, to calculate CHCF-A support for 1 month:

CHCF-A Surcharge Revenue = Number of Access Lines x \$1.05 x 5.39%

<sup>24</sup> Consistent with rules adopted in D.22-10-021.

CTIA argues that an increase in surcharge rate of 40% from \$0.90 to \$1.25, as originally proposed, would be a financial burden on ratepayers and recommends using the FY 2026-2027 Governor's Proposed Budget, which includes projections for LifeLine's new Home Broadband Pilot budget. CTIA also raises concerns about having flexibility with the targeted 25% reserve level and the need to collect the statutory maximum of \$150 million for the CASF program.

Having considered the issues CTIA raised and our goals to ensure each program's stability and to protect ratepayers from significant surcharge burden, CD recalculated a new surcharge rate of \$1.05. This is a 16% increase from the current \$0.90 surcharge rate. Our projections show that maintaining the \$0.90 rate would no longer adequately support authorized program expenditures or our 25% reserve target, which is generally our target to ensure there are sufficient funds for unexpected fluctuations in revenues or expenditures.

We note that when we first adopted the flat rate access line surcharge, effective April 1, 2023, we set the surcharge rate at \$1.11. We decreased to the \$.90 rate to draw down then-existing high fund balances. The \$1.05 rate we adopt in this resolution addresses our projected PPP needs and is a reasonable adjustment that maintains each PPP program's stability while limiting the customer impact to fifteen cents per access line per month.

This analysis is based on the FY 2025-2026 Enacted Budget, rather than the proposed FY 2026-2027 Governor's Proposed Budget. CD shall monitor how the FY 2026-2027 budget, once approved, impacts our PPP funding and, if necessary, propose further adjustments to ensure the stability of each PPP fund.

Finally, as explained in this resolution, there is a growing demand for CASF projects. Thus, the Commission needs to collect the maximum revenue allowed by Pub. Util. Code § 281(d) until its surcharge authority sunsets on December 31, 2032.

### **COMMENTS ON REVISED DRAFT RESOLUTION**

Pursuant to Pub. Util. Code § 311(g), a Notice of Availability of a revised draft resolution was emailed on May 29, 2026, informing all telephone corporations of the availability of the revised draft resolution, and of the opportunity to comment, at the Commission's website at <http://www.cpuc.ca.gov/>. The Commission received no comments on the revised draft resolution.

## **FINDINGS**

1. The Commission is responsible for the administration of the six state-mandated Public Purpose Programs (PPPs) that support universal service in California.
2. Pub. Util. Code § 275.6 requires the Commission to implement the California High-Cost Fund-A (CHCF-A) program for universal service support to reduce rate disparity in rural areas.
3. Pub. Util. Code § 276.5 requires that the Commission implement and maintain the California High-Cost Fund-B (CHCF-B) program for universal telephone service support to reduce rate disparity in high-cost areas.
4. The California LifeLine Program, also known as Universal LifeLine Telephone Service Trust Administrative Committee Fund, was implemented by the Commission in 1984, pursuant to Pub. Util. Code §§ 277 and 871, and provides discounted residential wireless, wireline, and bundled Voice over Internet Protocol with broadband services to qualified low-income households.
5. The Commission established California Connect, also known as the Deaf and Disabled Telecommunications Program (DDTP), to provide specialized equipment to consumers with hearing, vision, mobility, speech, and/or cognitive disabilities through Decisions issued in the 1980s.
6. The Legislature codified the DDTP program through passage of several statutory provisions contained in Pub. Util. Code § 2881.
7. Pub. Util. Code § 2881(g), as amended by Stats. 2025, Ch. 19, Sec. 1. (SB 142), authorizes the Commission to collect surcharge revenue for DDTP until December 31, 2034.
8. The CTF program is governed by Pub. Util. Code §§ 280 and 884 to promote universal service by providing discounted rates for a host of telecommunications services for schools, libraries, community colleges, government-owned health care providers, and qualifying community-based organizations.
9. Pub. Util. Code § 281 requires the Commission to develop, implement, and administer the CASF program to encourage the deployment of high-quality advanced communications services to all Californians, which will promote the economic and social benefits of advanced information and communications technologies.
10. The current \$0.90 surcharge is projected to produce insufficient funds to support the six PPPs and maintain at least a 25% reserve for the PPPs through FY 2026-2027.

11. Increasing the surcharge rate to \$1.05 is projected to produce sufficient funds for each PPP to end FY 2026-2027 with reserves of at least 25%.
12. The surcharge allocation percentages should be modified, effective September 1, 2026, to the following: CHCF-A, 5.39%; CHCF-B, 0.00%; LifeLine, 64.52%; DDTP, 8.59%; CTF, 0.00%; and CASF, 21.50%.
13. On April 30, 2026, the Commission received one public comment from CTIA – The Wireless Association on the initial draft resolution.
14. The Commission received no public comments on the revised draft resolution.

**THEREFORE, IT IS ORDERED THAT:**

1. The Public Purpose Programs surcharge rate shall be \$1.05 per access line, effective September 1, 2026, until the Commission adopts a new rate.
2. AT&T California (U-1001-C) shall file an advice letter on or before July 16, 2026, modifying the Public Purpose Programs surcharge rate from \$0.90 per access line to \$1.05 per access line, effective September 1, 2026, until the Commission adopts a new rate.
3. All telephone corporations shall revise the Public Purpose Programs surcharge rate assessed on end users subject to surcharge, pursuant to Decision 22-10-021, from \$0.90 per access line to \$1.05 per access line, effective September 1, 2026, until the Commission adopts a new rate.
4. The surcharge revenue shall be allocated amongst the six Public Purpose Programs according to the following percentages, effective September 1, 2026, until further revised by Communications Division via an Administrative Letter or by Commission order.

| Percentage of Flat Rate Surcharge Allocated to Each Public Purpose Program |                       |                         |                     |                    |                     |
|----------------------------------------------------------------------------|-----------------------|-------------------------|---------------------|--------------------|---------------------|
| Fund 0464<br>(CHCF-A)                                                      | Fund 0470<br>(CHCF-B) | Fund 0471<br>(LifeLine) | Fund 0483<br>(DDTP) | Fund 0493<br>(CTF) | Fund 3141<br>(CASF) |
| 5.39%                                                                      | 0.00%                 | 64.52%                  | 8.59%               | 0.00%              | 21.50%              |

This resolution is effective today.

The foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on July 2, 2026; the following Commissioners voting favorably thereon:

/s/LEUWAM TESFAI

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Leuwam Tesfai  
Executive Director

JOHN REYNOLDS

President

DARCIE L. HOUCK

KAREN DOUGLAS

MATTHEW BAKER

Commissioners

Commissioner Chirstine Harada being absent did not participate in the vote of this item.

Dated July 2, 2026, at San Francisco, California

## Appendix A

For all projections referenced in this resolution, the Commission used the following methods and assumptions.

### 1. Forecasting Surcharge Revenue

Table 6 below shows how the Commission projects surcharge revenue.

Table 6

| Fiscal Year 2026-2027 - With \$0.90 Surcharge Rate |                               |                                                |                                               |
|----------------------------------------------------|-------------------------------|------------------------------------------------|-----------------------------------------------|
| Surcharge Rate<br>[A]                              | Number of Access Lines<br>[B] | Projected Surcharge Revenue - Per Month<br>[C] | Projected Surcharge Revenue - Per Year<br>[D] |
| \$ 0.90                                            | 53,601,227                    | \$ 48,241,104                                  | \$ 578,893,252                                |

To project surcharge revenues for FY 2026-2027, the Commission assumes that the Number of Access Lines will be equal to the average number of access lines from the last completed FY 2024-2025, which is 53,601,227 (column B). The same average number of access lines is used to project surcharge revenues for all future FYs.

To estimate the Projected Monthly Surcharge Revenue (column C), the Surcharge Rate (column A) is multiplied by the Number of Access Lines (column B):

$$[A] \times [B] = [C]$$

To estimate the Projected Annual Surcharge Revenue (column D), the Surcharge Rate (column A) is multiplied by the Number of Access Lines (column B) and by 12 months:

$$[A] \times [B] \times 12 \text{ months} = [D]$$

The Commission uses allocation percentages to divide the total surcharge revenue amongst the six PPPs.

To project how much surcharge revenue each PPP would receive per month, the Surcharge Rate is multiplied by the Number of Access Lines and by the PPP's Allocation Percentage.

*Example:*

The current allocation percentage for CHCF-A is 3.02%. If the surcharge rate remains at \$0.90, the CHCF-A fund would receive \$1,456,881.35 in surcharge revenue per month:

$$\$0.90 \times 53,601,227 \times 3.02\% = \$1,456,881.35$$

For projections for FY 2026-2027 and beyond, the Commission will adjust the allocation percentages annually, with changes to be effective every July 1. CD may also adjust the allocations during the FY in addition to the annual allocation change, if needed.

## 2. Forecasting Ending Fund Balances

Table 7 below shows an example of how the Commission forecasts the ending fund balances.

Table 7

| Projected Fund Balances<br>With \$0.90 Surcharge Rate |                                                  |                       |                       |                         |                     |                    |                     |                  |
|-------------------------------------------------------|--------------------------------------------------|-----------------------|-----------------------|-------------------------|---------------------|--------------------|---------------------|------------------|
|                                                       |                                                  | CHCF-A<br>(Fund 0464) | CHCF-B<br>(Fund 0470) | LifeLine<br>(Fund 0471) | DDTP<br>(Fund 0483) | CTF<br>(Fund 0493) | CASF<br>(Fund 3141) | Total            |
| <b>FY 2025-2026</b>                                   |                                                  |                       |                       |                         |                     |                    |                     |                  |
| [A]                                                   | Beginning Balance                                | \$ 59,035,000         | \$ 85,818,000         | \$ 419,680,000          | \$ 86,856,000       | \$ 213,509,000     | \$ 398,600,000      | \$ 1,263,498,000 |
| [B]                                                   | Projected Expenditures                           | \$ 49,562,000         | \$ 22,535,000         | \$ 529,480,000          | \$ 72,349,000       | \$ 108,591,000     | \$ 149,698,000      | \$ 932,215,000   |
| [C]                                                   | Projected Revenues<br>(Surcharge) <sup>1</sup>   | \$ 19,209,608         | \$ -                  | \$ 348,508,210          | \$ 23,348,694       | \$ 42,051,771      | \$ 145,774,969      | \$ 578,893,252   |
| [D]                                                   | Projected Ending Balance<br>(Fund Balance)       | \$ 28,682,608         | \$ 63,283,000         | \$ 238,708,210          | \$ 37,855,694       | \$ 146,969,771     | \$ 394,676,969      | \$ 910,176,252   |
| [E]                                                   | Projected Fund Reserve<br>Percentage (at FY-end) | 57.87%                | 280.82%               | 45.08%                  | 52.32%              | 135.34%            | 263.65%             |                  |
| <b>FY 2026-2027</b>                                   |                                                  |                       |                       |                         |                     |                    |                     |                  |
| [A]                                                   | Projected Beginning<br>Balance                   | \$ 28,682,608         | \$ 63,283,000         | \$ 238,708,210          | \$ 37,855,694       | \$ 146,969,771     | \$ 394,676,969      | \$ 910,176,252   |
| [B]                                                   | Projected Expenditures                           | \$ 49,562,000         | \$ 22,535,000         | \$ 529,480,000          | \$ 72,349,000       | \$ 108,591,000     | \$ 149,698,000      | \$ 932,215,000   |
| [C]                                                   | Projected Revenues<br>(Surcharge) <sup>1</sup>   | \$ 28,597,327         | \$ -                  | \$ 373,559,815          | \$ 45,790,456       | \$ -               | \$ 130,945,654      | \$ 578,893,252   |
| [D]                                                   | Projected Ending Balance<br>(Fund Balance)       | \$ 7,717,934          | \$ 40,748,000         | \$ 82,788,025           | \$ 11,297,151       | \$ 38,378,771      | \$ 375,924,622      | \$ 556,854,503   |
| [E]                                                   | Projected Fund Reserve<br>Percentage (at FY-end) | 15.57%                | 180.82%               | 15.64%                  | 15.61%              | 35.34%             | 251.12%             |                  |

<sup>1</sup> FY 2025-2026 Surcharge Revenue Projection uses the following allocations, effective August 1, 2026: CHCF-A, 3.02%; CHCF-B, 0.00%; LifeLine, 61.09%; DDTP, 4.40%; CTF, 6.61%; and CASF, 24.88%

<sup>2</sup> FY 2026-2027 Surcharge Revenue Projection uses the following allocations: CHCF-A, 4.94%; CHCF-B, 0.00%; LifeLine, 64.53%; DDTP, 7.91%; CTF, 0.0%; and CASF, 22.62%

For each year, the Projected Ending Fund Balance (line D) is equal to the Beginning Balance (line A) minus the Projected Expenditures (line B) and adding the Projected Surcharge Revenue (line C):

$$[A] - [B] + [C] = [D]$$

This calculation relies on the following assumptions and definitions:

- For FY 2025-2026, the Beginning Balance (line A) is the actual cash balance in each PPP fund on July 1, 2025.<sup>25</sup>

<sup>25</sup> The fund balance data was collected on September 22, 2025.

- For FY 2026-2027, the Projected Beginning Balance (line A) is the Projected Ending Balance (line D) of the prior FY.
- For each FY, the Projected Expenditures (line B) are assumed to be equal to the appropriations adopted in the FY 2025-2026 state budget.<sup>26</sup> This ensures that there are sufficient funds for each PPP to spend the maximum allowed.
- The Projected Revenues (line C) are the projected surcharge revenues for each PPP. Refer to the Forecasting Surcharge Revenue section above on how to calculate the total surcharge revenues for each PPP.

Thus, the Ending Balance (or Fund Balance) (line D) reflects how much money remains in each fund at the end of the FY after accounting for all projected expenditures and revenues.

### 3. Calculating the Projected Fund Reserve Percentage

The Projected Fund Reserve Percentage (line E) is the Projected Fund Balance (line D) as a percentage of Projected Expenditures (line B) for the year:

$$[D] / [B] = [E]$$

*Example:*

In Table 7 above, the FY 2026-2027 fund reserve for CHCF-A is calculated as follows:

$$\$7,717,934 / \$49,562,000 = 15.57\%$$

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<sup>26</sup> See FY 2025-2026 Enacted State Budget at <https://ebudget.ca.gov/2025-26/pdf/Enacted/GovernorsBudget/8000/8660.pdf>