

DRAFT

Item No. xx
Agenda ID # 9027

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Carrier Oversight and Programs Branch**

**RESOLUTION T-17248
December 17, 2009**

R E S O L U T I O N

**Resolution T-17248 Approval of the Revision of the California
Advanced Services Fund Surcharge Rate from 0.25% to 0.00% Effective
January 1, 2010**

Summary

This resolution adopts a revised surcharge rate 0.00% for the California Advanced Services Fund (CASF) effective January 1, 2010 and thereafter, until further revised by the Commission. All certificated telecommunication carriers shall revise the CASF surcharge rate from 0.25% to 0.00% on their end-user's charges rendered for intrastate telecommunications services on January 1, 2010 and thereafter.

Background

On December 20, 2007, the Commission approved Decision (D.) 07-12-054 which established the two-year CASF program to provide matching funds of up to 40% of the total project costs for the deployment of broadband infrastructure in unserved and underserved areas in California. As provided for in this decision, the total grant money authorized and allocated for broadband infrastructure projects is \$100 million and is funded by a 0.25% surcharge on end-users' telecommunications intrastate bills, effective January 1, 2008. On February 12, 2008, Senate Bill 1193 (Chapter 393, Stats. of 2008) was enacted establishing the CASF as a new public purpose program and amending Sections 270 and 281 to incorporate additional language on the CASF. Section 281 (b) (3) limits the CASF surcharge revenue collection to \$100 million.

Discussion

The Commission has assigned its Communication Division (CD) to monitor the CASF revenue to ensure that the surcharge revenue is limited to \$100 million. As of August 31, 2009, total surcharge revenue collected for the CASF amounted to \$88.28 million. Based on the record of remittances since the 0.25% surcharge was implemented, monthly revenue averaged \$4.3 million with low revenue collections recorded at approximately \$3.2 million. Based on this trend, CD conservatively projects that the CASF program will be able to collect the \$100 million surcharge revenue by December 2009. Accordingly, the CASF surcharge rate should be reduced to 0.00% effective January 2010.

All certificated telecommunications carriers shall revise CASF Fund surcharge rate from 0.25% to 0.00% on their end-user's charges rendered for intrastate telecommunications services on January 1, 2010, and thereafter, until further revised by the Commission.

CD should evaluate surcharge revenue collection during the first quarter of 2010 to determine if a true-up adjustment is necessary.

Advice Letter Filing

Consistent with Resolution T-16901, dated December 2, 2004, AT&T require AT&T (formerly SBC) shall file an Advice Letter on or before December 28, 2009, modifying the CASF surcharge from 0.25% to 0.00% to take effect on January 1, 2010 and thereafter, until further revised by the Commission. AT&T is not required to inform competing carriers of tariff changes which comply with this resolution.

Comments

In compliance with PU Code § 311 (g), a notice letter was e-mailed on November 13, 2009 to all certificated telecommunications carriers, and the parties on the service list of R.06-06-028 informing these parties 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. This letter also informed parties that the final conformed Resolution adopted by the Commission will be posted and will be available at this same website.

Findings

1. In Decision (D.) 07-12-054, the Commission established the two-year CASF program to provide matching funds of up to 40% of the total project costs for the deployment of broadband infrastructure in unserved and underserved areas in California.

2. D.07-12-054 authorized and allocated \$100 million for broadband infrastructure projects and is funded by a 0.25% surcharge on end-users' telecommunications intrastate bills, effective January 1, 2008.
3. In February 2008, Public Utilities (PU) Code Sections 270 and 281 were amended as a result of the enactment of Senate Bill 1193, establishing the CASF as a new public purpose program.
4. Section 281 (b) (3) of the PU Code limits the CASF surcharge revenue collection to \$100 million.
5. The Communication Division (CD) is tasked to monitor the CASF revenue to ensure that the surcharge revenue is limited to \$100 million.
6. As of August 31, 2009, total surcharge revenue collected for the CASF amounted to \$88.2 million. It is conservatively projected that CASF will be able to collect the \$100 million surcharge revenue by December 2009.
7. The CASF surcharge rate should be reduced to 0.00% effective January 1, 2010.
8. All certificated telecommunications carriers should apply the CASF surcharge rate of 0.00% on their end-user's bills rendered for intrastate telecommunications services on January 1, 2010, and thereafter, until further revised by the Commission.
9. CD should evaluate the surcharge revenue collection during the first quarter of 2010 to determine if a true-up adjustment is necessary.
10. In accordance with Resolution T-16901, dated December 2, 2004, AT&T should file an Advice Letter on or before December 28, 2009, modifying the CASF surcharge rate from 0.25% to 0.00% to take effect on January 1, 2010, and thereafter, until further revised by the Commission.
11. Copies of the notice letter advising parties of the availability of this draft resolution and the conformed resolution, when adopted by the Commission, on the Commission's web site were e-mailed on November 13, 2009 to all certificated telecommunications carriers, and the parties on the service list of R.06-06-028.

THEREFORE, IT IS ORDERED that:

1. The California Advanced Services Fund (CASF) surcharge rate reduction to 0.00%, effective January 1, 2010, until further revised by the Commission, is adopted.
2. All certificated telecommunications carriers shall revise the CASF Fund surcharge rate from 0.25% to 0.00% on their end-user's charges rendered for intrastate

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telecommunications services on January 1, 2010, and thereafter, until further revised by the Commission.

3. AT&T shall file an Advice Letter on or before December 28, 2009, modifying the surcharge rate for the CASF from 0.25% to 0.00%, effective January 1, 2010 and thereafter, until further revised by the Commission.

This Resolution is effective today.

I hereby certify that the Public Utilities Commission at its regular meeting on December 17, 2009 adopted this Resolution. The following Commissioners approved it:

PAUL CLANON
Executive Director