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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**Communications Division
Program Management and Implementation Branch****RESOLUTION T-17127
December 20, 2007****R E S O L U T I O N****Resolution T-17127. Approval of the Deaf and Disabled
Telecommunications Program (DDTP) Fund Surcharge Rate of 0.20%
Effective January 1, 2008.**

Summary

This resolution adopts a DDTP Fund surcharge rate of 0.20% effective January 1, 2008. This revised surcharge rate shall remain in effect until further revised by the Commission. All certificated telecommunications carriers shall assess this DDTP Fund surcharge rate of 0.20% on their end-user's billings rendered on January 1, 2008 and thereafter.

Background

The Commission established the DDTP and expanded the program with the implementation of three legislative mandates. The three legislative mandates are:

- PU Code Section 2881(a) which authorizes the provision of TTYs to deaf or hard of hearing individuals;
- PU Code Section 2881(c) which authorizes the provision of other specialized telecommunications equipment to consumers with hearing, vision, mobility, speech, and cognitive disabilities; and
- PU Code Section 2881(b) which uses third-party intervention, also known as the California Relay Service, (CRS) to connect consumers who are deaf or hearing impaired with hearing parties.

In October 1999, Public Utilities Code (PU) Code § 270-281 were codified as a result of the enactment of Senate Bill 669. PU Code § 270(b) requires that the monies in DDTP Fund may only be disbursed pursuant to PU Code § 270-281 and upon appropriation in the annual Budget Act. Accordingly, the Commission sets an annual budget for the DDTP program costs. The Commission, in Resolution T-17047, dated August 28, 2006, approved a \$69.030 million DDTP FY 2007-08 expense budget and in Resolution T-

17105, dated August 28, 2007, approved a \$69.030 million DDTP FY 2008-09 expense budget.

DDTP program revenues are collected through the DDTP surcharge rate that appears on customer billings. The surcharge is periodically adjusted after a review of the fund balance. The current DDTP surcharge rate of 0.37% was approved by Commission Resolution T-17072 in March of 2007.

Discussion

For this Resolution, the Commission evaluated the current DDTP surcharge rate of 0.37% relative to the DDTP fund balance. Our analysis revealed that if the Commission maintains the current surcharge of 0.37%, the DDTP fund balance would accumulate a large surplus. For the present fiscal year, our calculations show the projected ending fund balance for Fiscal Year (FY) 2007-08 would provide a fund surplus in excess of \$54 million, which is nearly 3/4 of the DDTP FY 2007-08 budget. This figure is notably high considering that the Commission's general practice is to preserve a year-end balance equivalent to 1/6 (i.e., two months worth) of the each fiscal year's allocated budget. Additionally, at this rate, by June 30, 2009, the DDTP fund balance is forecasted to grow to over \$78 million, more than 110% of the DDTP FY 2008-09 budget.

To avert an over-collection of DDTP surcharges, but to maintain a fund balance at the close of FY 2008-09 that is equivalent to two months worth of the FY 2008-09 budget, we believe a reduction in the DDTP surcharge rate to 0.20% is appropriate. With the adjusted 0.20% surcharge rate, we estimate, as depicted in Appendix A, a projected ending fund balance of \$13,455,689 on June 30, 2009, which would provide just over 1/6 of the \$69,030,000 FY 2008-09 budget. Accordingly, all certificated telecommunications carriers shall assess a revised DDTP surcharge rate of 0.20% on their end-user's billings rendered for intrastate telecommunications services on January 1, 2008, and thereafter.

Advice Letter Filing and Surcharge Changes

In accordance with Resolution T-16901, dated December 2, 2004, AT&T (formerly SBC) should file an Advice Letter on or before December 28, 2007, modifying the DDTP surcharge rate from 0.37% to 0.20% to take effect on January 1, 2008, and thereafter, until further revised by the Commission. Further, since the tariffs of carriers other than AT&T, as of January 1, 2005, indicate that they concur with the Commission's Public Programs all-end-user surcharges and the reimbursement fees as filed by AT&T, such carriers are expected to update their billing systems to reflect the new surcharge.

To maximize administrative efficiency, AT&T is allowed to file simultaneously on or before December 28, 2007, the revised tariff schedules in compliance with resolutions

revising various public program surcharges effective on January 1, 2008, and thereafter in accordance with the provisions of General Order 96-B. 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 20, 2007, to all telecommunications carriers, the parties of record to Investigation (I.) 87-11-031, Rulemaking (R.) 00-05-001, R.03-03-014, for whom email was available, the Telecommunications Access for the Deaf and Disabled Administrative Committee (TADDAC) members, California Relay Service Advisory Committee (CRSAC) members, the Equipment Program Advisory Committee (EPAC) members, and the California Communication Access Foundation informing them that this draft resolution is available at the Commission's website, www.cpuc.ca.gov and is available for public comments.

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

No comments were received for this resolution.

Findings

1. In October 1999, Public Utilities Code (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 disbursed pursuant to PU Code § 270-281 and upon appropriation in the annual Budget Act.
3. The Commission, in Resolution T-17047, dated August 28, 2006, approved a \$69.030 million DDTP FY 2007-08 expense budget and in Resolution T-17105, dated August 28, 2007, approved a \$69.030 million DDTP FY 2008-09 expense budget.
4. The current DDTP surcharge rate of 0.37% was approved by Commission Resolution T-17072 in March of 2007.
5. The current balance of DDTP monies requires the Commission to decrease the surcharge rate for the DDTP fund from 0.37% to 0.20% effective January 1, 2008, and thereafter, until further revised by the Commission. The revised surcharge rate will enable the DDTP fund to register an ending fund balance, given anticipated expenses, equivalent to approximately two months of forecasted program expenses as of June 30, 2009.

6. All certificated telecommunications carriers should assess the revised DDTP surcharge of 0.20% on their end-user's billings rendered for intrastate telecommunications services on January 1, 2008, and thereafter, until further revised by the Commission.
7. In accordance with Resolution T-16901, dated December 2, 2004, AT&T should file an Advice Letter on or before December 28, 2007, modifying the DDTP surcharge rate from 0.37% to 0.20% to take effect on January 1, 2008, and thereafter, until further revised by the Commission. The advice letter should be filed in accordance with the provisions of General Order 96-B.
8. Since the tariffs of carriers other than AT&T, as of January 1, 2005, indicate that they concur with the Commission's Public Programs all-end-user surcharges and the Reimbursement Fee as filed by AT&T, such carriers would need to update their billing systems to reflect the new surcharge.
9. Copies of the notice letter advising parties of the availability of this draft resolution for public comments and the conformed resolution, when posted by the Commission on the Commission's web site, were e-mailed to all telecommunications carriers, the parties of record to Investigation (I.) 87-11-031, Rulemaking (R.) 00-05-001, R.03-03-014, for whom email was available, the Telecommunications Access for the Deaf and Disabled Administrative Committee (TADDAC) members, California Relay Service Advisory Committee (CRSAC) members, the Equipment Program Advisory Committee (EPAC) members, and the California Communications Access Foundation on November 20, 2007.
10. No comments were received for this resolution.

THEREFORE, IT IS ORDERED that:

1. The Deaf and Disabled Telecommunications Program (DDTP) fund surcharge rate will be reset to 0.20% and will be on effective January 1, 2008, and thereafter, until further revised by the Commission, is adopted.
2. In accordance with Resolution T-16901, dated December 2, 2004, AT&T shall file an Advice Letter on or before December 28, 2007, modifying the DDTP surcharge rate from 0.37% to 0.20% to take effect on January 1, 2008, and thereafter, until further revised by the Commission. The advice letter should be filed in accordance with the provisions of General Order 96-B.

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3. All certificated telecommunications carriers shall update their billing systems and assess the revised DDTP fund surcharge of 0.20% on their end-user's billings rendered for intrastate telecommunications billings on January 1, 2008, and thereafter, until further revised by the Commission.

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This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 20, 2007. The following Commissioners approved it:

/s/ PAUL CLANON

PAUL CLANON
Executive Director

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

APPENDIX A

DEAF AND DISABLED TELECOMMUNICATIONS PROGRAM ADMINISTRATIVE COMMITTEE FUND			
FORECASTED RESULTS OF OPERATIONS FOR FY 2007-08 and FY 2008-09			
		FY 2007-08 Res T-17047 (Expense Budget)	FY 2008-09 Res T-17105 (Expense Budget)
	Actual FY 2006-07¹		
A	TELECOMMUNICATIONS REVENUE SUBJECT TO SURCHARGES ²		
	\$21,791,772,242		
a	Billing base beginning July 1, 2007	\$23,416,629,000	
b	Billing base beginning July 1, 2008		\$24,425,238,000
B	SURCHARGE RATES		
a	Effective January 1, 2006	0.27%	0.27%
b	Effective August 1, 2006	0.05%	0.05%
c	Effective April 1, 2007	0.37%	0.37%
d	Effective January 1, 2008	0.20%	0.20%
1	BEGINNING FUND BALANCE	\$27,098,278	\$32,658,204
2	REVENUES	\$33,995,561	\$48,850,476
a	Investment Income	\$2,918,868	\$977,010
b	Total Revenues	\$36,914,429	\$49,827,486
3	PROGRAM EXPENSES	\$30,396,644	\$69,030,000
4	FUND BALANCE (Ln 1 + Ln 2b - Ln 3)	\$33,616,063	\$13,455,689
1	Source: Analysis of Change in Fund Balance for the Fiscal Year Ended 06/30/07.		
2	Billing base was based on trending for the period July 1, 2003 through June 30, 2007.		