

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION
Telecommunications BranchRESOLUTION NO. T-12086
May 25, 1988R E S O L U T I O N

ALL LOCAL EXCHANGE TELEPHONE CORPORATIONS AND AT&T COMMUNICATIONS OF CALIFORNIA (U-5002-C). ORDER DIRECTING AN EXTENSION OF TIME PERIOD FOR CONTINUATION OF MEMORANDUM ACCOUNTS AUTHORIZED BY RESOLUTION T-12071 (FEBRUARY 24, 1988) TO ACCEPT COSTS INCURRED UNDER PUBLIC UTILITIES CODE SECTION 2881 AND NOT PAID BY THE D.E.A.F. TRUST.

SUMMARY

All local exchange companies and AT&T of California are instructed to continue the memoranda accounts they have established at the direction of the Executive Director as authorized by Resolution T-12071 (February 24, 1988). The Deaf Equipment Acquisition Fund (D.E.A.F.) Trust will continue reimbursing the companies for all costs incurred for their deaf and disabled telecommunications service programs to the extent of the available surcharge revenues collected. Any unpaid portion should be debited to the memorandum account of the respective company, until September 1, 1988, after which no further deficit spending by the trust is authorized. The Executive Director is ordered to advise all telephone corporations that impending legislation to amend Section 2881 of the Public Utilities Code will require them to implement billing changes and to file Advice Letters effective September 1, 1988, to collect a surcharge of up to 0.5% on each subscriber's intrastate telephone service, other than one-way radiopaging service.

BACKGROUND

The Commission has ordered an investigation, I.87-11-031, seeking alternative funding sources for the deaf and disabled telecommunications service programs provided by the local exchange companies and AT&T of California as directed by this Commission under Section 2881 of the Public Utilities Code.

The 1988 D.E.A.F. Trust estimated budget to meet program demands is \$32 million, while the available surcharge revenues provided by Section 2881.(d) (a maximum of 10 cents per month per subscriber line) amount to less than \$19 million.

The Commission is currently seeking a legislative change in Public Utilities code Section 2881 to permit spending more than 10 cents per month per subscriber line, and anticipates that this legislation will be signed by the Governor before the end of the month.

The proposed legislation will require all telephone corporations to collect up to one half of one per cent (0.5%) of each subscribers intrastate telephone service, other than one-way radio paging service, both within a service area and between service areas.

Since the proposed surcharge to fund the D.E.A.F. Trust will be applied to customers of telephone corporations not presently collecting the surcharge from their subscriber - e.g. Interexchange carriers and resellers, cellular radiotelephone carriers and resellers, radio telephone utilities (with the exception of one-way paging service), we estimate that significant time may be required for these companies (as well as the telephone corporations collecting the present flat rate surcharge to implement the percentage use surcharge collection and to file advice letters in a timely fashion to make the surcharge effective.

To this end we propose to extend the deficit spending period that we authorized the D.E.A.F. Trust by Resolution T-12071, from June 1, 1988, to September 1, 1988. These additional 90 days should provide time for the proposed emergency funding legislation to take effect and to allow the Commission to direct all telephone corporations to file advice letters implementing the new rate recovery mechanism.

The Executive Director will advise all telephone corporations to plan for implementing the rate recovery mechanism, and will take all necessary actions to ensure compliance with any legislative changes to Section 2881.(d), on or before September 1, 1988.

Should no legislative changes to the rate recovery mechanism occur by September 1, 1988, the companies will be instructed by the Commission to curtail the programs as necessary so that the Trust will be able to pay all expenses incurred for the programs along with amortizing the balance in the memoranda accounts within the period prescribed by the Commission.

IT IS ORDERED THAT:

1) All local exchange telephone companies and AT&T of California may (authorized by Resolution T-12071, February 24, 1988) continue their memorandum accounts for costs not reimbursed by the D.E.A.F. Trust for deaf and disabled telecommunications service programs. The companies are allowed to accumulate the unfunded balance of their costs in the memorandum accounts until September 1, 1988.

2) After September 1, 1988, unless further extended by this Commission, the companies will be instructed by the Commission to curtail the handicapped service programs to a level consistent with the available surcharge revenues along with the amortization of the unfunded balance in the memorandum accounts over a period prescribed by the Commission.

3) The Executive Director is instructed to advise all telephone corporations that impending legislation to amend Section 2881 of the Public Utilities Code may require them to implement a billing mechanism to collect a surcharge of 0.5% on all subscriber's intrastate telephone service other than one-way radiopaging service. All billing charges and advice letters necessary to collect this surcharge should be completed before September 1, 1988.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on May 25, 1988. The following Commissioners approved it:

STANLEY W. HULETT
President
DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners



Executive Director