

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION  
Telecommunications Branch

RESOLUTION T-15826  
December 20, 1995

R E S O L U T I O N

RESOLUTION T-15826. NINETEEN SMALL AND MID-SIZE LOCAL EXCHANGE TELEPHONE COMPANIES. ORDER REVISING INTRASTATE HIGH COST FUND DRAWS, BASIC EXCHANGE RATES, INTRALATA BILLING SURCHARGES/SURCREDITS, AND HIGH COST FUND SURCHARGE COLLECTED BY TELECOMMUNICATIONS CARRIERS.

BY ADVICE LETTER NO.	FILED BY	DATE FILED
328-T	ALLTEL-CP NATIONAL CORPORATION (CP National)	10/03/95
328A-T	ALLTEL-CP NATIONAL CORPORATION	12/04/95
209-T	ALLTEL-TUOLUMNE TELEPHONE COMPANY (Tuolumne)	10/03/95
209A-T	ALLTEL-TUOLUMNE TELEPHONE COMPANY	12/04/95
173	CALAVERAS TELEPHONE COMPANY (Calaveras)	10/16/95
192	CALIFORNIA-OREGON TELEPHONE CO. (Cal-Oregon)	10/13/95
1017	CONTEL OF CALIFORNIA, INC. (Contel)	9/29/95
195	DUCOR TELEPHONE COMPANY (Ducor)	10/13/95
244	EVANS TELEPHONE COMPANY (Evans)	10/13/95
164	FORESTHILL TELEPHONE COMPANY (Foresthill)	10/18/95
402	GTE WEST COAST INCORPORATED (GTE West Coast)	10/13/95
153	HAPPY VALLEY TELEPHONE COMPANY (Happy Valley)	10/13/95
141	HORNITOS TELEPHONE COMPANY (Hornitos)	10/13/95
141A	HORNITOS TELEPHONE COMPANY	12/08/95
222	KERMAN TELEPHONE COMPANY (Kerman)	10/13/95
112	PINNACLES TELEPHONE COMPANY (Pinnacles)	10/13/95
216	THE PONDEROSA TELEPHONE CO. (Ponderosa)	10/16/95
353	ROSEVILLE TELEPHONE COMPANY (Roseville)	10/03/95
353A	ROSEVILLE TELEPHONE COMPANY	11/28/95
185	SIERRA TELEPHONE CO., INC. (Sierra)	10/16/95
223	THE SISKIYOU TELEPHONE COMPANY (Siskiyou)	10/02/95
203	THE VOLCANO TELEPHONE COMPANY (Volcano)	10/13/95
60	WINTERHAVEN TELEPHONE COMPANY (Winterhaven)	10/13/95

SUMMARY

The California High Cost Fund (HCF) revenue requirement for 1996 developed in accordance with Decision (D.) 88-07-022, Appendix B, Sections B and D, and with D.94-09-065 is \$26,661,323. The limited protest by AT&T Communications of California, Inc. (AT&T) requesting a means test requirement also for carriers not requesting HCF draws, and setting the requested rate increases subject to refund is denied. We have recalculated the HCF net revenue requirement for some companies that miscalculated the 1996 net revenue requirement.

BACKGROUND

The HCF provides a source of supplemental revenue to small and mid-size (S&MS) Local Exchange Companies (LECs) whose basic exchange access line service (BEALS) rates would otherwise need to be increased to levels that would threaten universal service, as a result of toll and access rate changes and their effect on these LECs' settlements revenues. By D.88-07-022 dated July 8, 1988, the Commission adopted the intrastate HCF mechanism, stating in Ordering Paragraph 64:

The proposed modifications to the intrastate HCF mechanism adopted in D.85-06-115, as described in the foregoing opinion, are hereby adopted and shall be implemented in the manner described in Appendix B of this decision.

Page 2 of Appendix B of D.88-07-022 requires each local exchange company to file an advice letter incorporating the net settlements effect upon its company of regulatory changes ordered by the Commission and the Federal Communications Commission (FCC). Page 2 of Appendix B states:

These advice letter filings will include previously authorized annual filings for interLATA SPF-to-SLU (Subscriber Plant Factor-to-Subscriber Line Usage) shifts set forth in D.85-06-115 as well as all other regulatory changes of industry-wide effect such as changes in levels of interstate high cost funding, interstate NTS assignment, other FCC-ordered changes in separations and accounting methodology and Commission-ordered changes such as rate changes affecting access charges, intraLATA toll or EAS (Extended Area Service) settlements revenues, interLATA separations shifts and the effects of other Commissions' decisions which increase or decrease settlements revenues or cost assignments.

The advice letter and supporting workpapers shall also set forth proposed revisions to the company's local exchange rate design to compensate for the net positive or negative settlements effect while maintaining the overall rate design within the 150% guidelines as most recently defined by Commission decision and further calculating any resultant increases or decreases in the company's HCF funding requirements.

In addition, the following sentence was added to the end of Section B of Appendix B by D.88-12-044 dated December 9, 1988, which addressed a Petition for Modification filed on November 1, 1988 by twelve small independent LECs:

For good cause, a company may propose in its advice filing that in lieu of increases or decreases to

its recurring intralATA exchange rates it instead be authorized to utilize a surcharge or surcredit to reflect the net revenue change. In addition, a company may choose to limit any surcredit to 50% of its total intralATA billing base even where that is insufficient to deplete an existing memorandum account.

Section D of Appendix B describes the "waterfall" provision of the HCF:

HCF funding shall continue at 100% of the Commission authorized funding requirement for the years 1988 and 1989. The HCF support level for those local exchange companies which have not initiated a general rate proceeding, either under General Order 96-A or by a general rate case application, by December 31, 1990, shall be reduced during the year 1991, so that such a company shall receive only 80% of the amount of funds that would otherwise be paid to it from the HCF during 1991. The HCF funding level for those companies not initiating rate proceedings by December 31, 1991, shall be further reduced to 50% of the funding requirement during the year 1992, and HCF funding for those companies which have not initiated rate proceedings by December 31, 1992, shall terminate entirely in 1993.

D.90-08-066 stated that the Commission would entertain petitions for modification of D.88-07-022 to suspend the waterfall provisions of the HCF. In D.90-12-080 the Commission considered and denied these petitions.

Appendix A of D.91-09-042 sets forth the HCF recovery guidelines:

Utilities shall be eligible for support from the fund limited to the amount[s] which are forecasted to result in earnings not to exceed authorized intrastate rates of return or to the current funding level amount for the year for which HCF is being requested, whichever amount is lower. The forecasted intrastate rate of return shall be developed using annualized earnings based on at least seven months of recorded financial data for the year in which the advice letter is filed. Funding levels from past years shall be subject to this limitation in each succeeding year. For purposes of determining amounts for which a utility may be eligible, utilities which do not have an authorized intrastate rate of return shall apply the highest intrastate rate of return authorized by the Commission for a local exchange company.

To recover a net positive revenue requirement, a LEC must file a "means test" with its advice letter. The provisions of the means test delineated in D.91-05-016 and as modified by D.91-09-042 are as follows:

For those companies requesting HCF support, the filing shall include, unless otherwise exempted herein, at least seven months of recorded data annualized for the year in which the advice letter is filed and adjusted for known Commission regulatory decisions regarding the utility's rate of return.

Decision 94-09-065 reinstated the funding of the HCF at 100% for 1995, 1996, and 1997. No LEC is eligible to receive its 1995 authorized HCF until it files an application for a General Rate Case (GRC), at which time it may begin drawing from the fund. With the exception of Roseville, which was ordered to file a GRC application by April 1, 1995, each S&MS LEC must file a GRC application by December 31, 1995. The LEC will be eligible for payment of 1/12 of its 1995 authorized funding for each month that has passed during 1995 at the time it files for its GRC, subject to the period of lag for fund collection. After it files its GRC application, the LEC will draw the remainder of its authorized 1995 HCF in equal portions for each remaining month of 1995, subject to the period of lag for fund collection.

LECs with higher than average loop costs receive varying amounts of money each year from the USF. The amount of USF funding received by each LEC varies annually because of the annual recalculation by the National Exchange Carrier Association (NECA) of each LEC's Net Interstate Expense Adjustment (NIEA). The annual recalculation of each LEC's NIEA is an event beyond the control of each LEC, and represents a regulatory change of industry-wide effect.

Decision 94-09-065 did not change the means test requirement established in D.91-09-042.

#### 1996 HCF ADVICE LETTER FILINGS

Appendix B of D.88-07-022 requires each LEC to file, by October 1 of each year, an advice letter that both proposes a rate design and requests HCF support, if needed, to offset the forecasted net increase or decrease in its settlement revenues. An extension of this year's October 1 filing deadline for HCF advice letters was requested by Mark Schreiber of Cooper, White & Cooper (Schreiber) on behalf of nine LECs, and by Jeffrey Beck of Beck & Ackerman (Beck) on behalf of eight LECs in order to provide adequate time after receipt of preliminary data from NECA to prepare their clients' HCF advice letters, and to accommodate the unusually heavy workload facing the small LECs associated with preparation of their general rate case filings this year. The requests for an extension were granted, and the filing deadline was extended, for calendar year 1995 only, to Monday, October 16, 1995.

Nineteen S&MS LECs filed their advice letters and supplements as required by Appendix B of D.88-07-022 on various dates in September, October, November and December of 1995, setting forth their 1996 net settlements effects, requests for 1996 HCF support and/or revisions to their intralATA billing surcharge/surcredits or recurring rates. LECs are required to increase their BEALS rates to a level equivalent to 150% of Pacific Bell's (Pacific) in order to be eligible to draw from the HCF.

Nineteen LECs filed advice letters: one LEC (Kerman) requested to decrease its intralATA billing surcredit; four LECs<sup>1</sup> requested to increase their BEALS rates; one LEC (Foresthill) requested placing its negative HCF requirement in its memorandum account; and three LECs<sup>2</sup> requested to draw funds from the HCF. Citizens did not request support from the HCF because this matter was addressed in its GRC Application 93-12-005, D.95-11-024.

Hornitos requested to eliminate the 66.45% surcredit ordered in the IRD decision, and to increase its BEALS rates up to the same level as Pacific's rates.

Decision 94-09-065 ordered the HCF to be funded by an all end-user surcharge, and set the rate for 1995 at 0.5%. While we stated last year that in future years this surcharge would be calculated by Pacific and submitted by an advice letter, in fact some key inputs to this calculation (surcharge billing base and authorized HCF draws) are not readily available to Pacific. Thus in future years, as occurred this year, CACD will calculate the HCF surcharge for the coming year in cooperation with the administrator of the HCF (currently Pacific).

#### NOTICE/PROTESTS

Public notice of the LECs' HCF advice letters and supplements appeared in the Commission's Daily Calendar throughout October and December, 1995. The Commission Advisory and Compliance Division (CACD) received a protest from AT&T regarding these advice letter filings.

AT&T filed a limited protest of 15 of the LECs' HCF filings regarding two areas.<sup>3</sup> First, AT&T requests that the Commission reject all HCF filings that did not include a means test. Second, AT&T requests that all rate increases authorized pursuant to the 1996 HCF filings be subject to refund since the filings do not include a means test. Responses to AT&T's protest were received

1 Calaveras, GTE West Coast, Happy Valley, and Hornitos.

2 The three LECs that requested to draw from HCF are: Contel, Roseville, and Winterhaven.

3 AT&T did not include CP National, Tuolumne, GTE West Coast, and Roseville in its limited protest.

from Beck on behalf of five LECs, and from Schreiber on behalf of nine LECs.

DISCUSSION

The first point of AT&T's limited protest is a request that the Commission reject the HCF advice letters that did not provide a current year means test. The HCF rules established in D.91-09-042 require a means test based on at least seven months of recorded financial data for the year in which the advice letter is filed. Schreiber and Beck respond that a means test is not required of LECs that are not requesting draws from the HCF. Schreiber also points out that Winterhaven did submit a means test along with its HCF advice letter. AT&T later withdrew its protest of Contel's advice letter when it got the opportunity to inspect Contel's workpapers for its advice letter. Roseville, the remaining company requesting HCF funding this year, did submit a means test, and was never included in AT&T's protest.

We agree with Schreiber and Beck's reading of the means test requirements in D.91-09-042, and find that all three companies that were required to submit a means test to justify their request for 1996 HCF funding have done so. We therefore deny this portion of AT&T's protest.

The second point of AT&T's limited protest is a request that the Commission make the rate increases requested by Calaveras, GTE West Coast, Happy Valley, and Hornitos subject to refund because these companies did not submit a means test with their HCF advice letters. Here again, Schreiber and Beck respond that a means test is not required of LECs that are not requesting draws from the HCF. We agree again with Schreiber and Beck's reading of the means test requirement in D.91-09-042, and deny AT&T's protest on this point also.

In the normal course of reviewing the advice letters, the CACD requested and received verification in the form of letters or other statements from NECA and from the LECs involved regarding USF payments and other items in the LECs' filings. CACD has verified the various numbers in these filings, and found that the figures submitted in the advice letters correctly represent the HCF revenue requirements of the LECs, except for those submitted by Foresthill and Ponderosa. Each of these companies used as its starting point for the 1996 HCF requirement calculation a number different from that calculated by CACD as the company's 1995 HCF revenue requirement. We have adjusted these companies' net settlements effects for the correct numbers. After these adjustments the amounts of these LECs' 1996 HCF revenue requirements are:

Foresthill	(188,737)
Ponderosa	1,566,035

Since neither of these LECs requested 1996 HCF funding, these adjustments do not affect the HCF's total 1996 funding requirement. Nonetheless, these amounts should be considered the starting points for these companies' 1997 HCF filings.

Since the rates of Calaveras, GTE West Coast, Happy Valley, and Hornitos are below 150% of Pacific's comparable rates, they must increase their rates before they are eligible to draw from the HCF. Each of these LECs requested to recover part of its calculated 1996 HCF revenue requirement from increases to its basic exchange rates, and did not request any draw from the HCF for 1996.

Hornitos and Foresthill were ordered in D.94-09-065 to eliminate their memorandum accounts by use of a surcredit over two years. As a result, Hornitos replaced its 50% surcredit established in the 1994 HCF resolution with a 66.45% surcredit, and was authorized in the 1995 HCF resolution to add the remainder of its net settlements effects,<sup>4</sup> in the amount of \$51,229, to its memorandum account. In estimating Hornitos's ongoing revenue requirement in the IRD decision, we included a one-time refund to clear the portion of Hornitos's memorandum account balance that was built up over several prior years. To remove the effect of this one-time payback to ratepayers of the memo account balance, Hornitos has requested eliminating its surcredit and increasing its basic exchange rates up to the level of Pacific's rates in order to recover most of Hornitos's ongoing revenue requirement. We have examined Hornitos's workpapers and find its request reasonable.

Foresthill requests permission to add \$188,737 to its memorandum account. This is because Foresthill's HCF worksheet again, as in the past two years, shows a negative HCF revenue requirement, indicating that its present rates, when combined with the settlements effects of recent Commission- and FCC-ordered regulatory events, apparently yield it more revenue than is required to earn its last-authorized rate of return. We say "apparently" because the relatively broad-brush representation of each LEC's financial condition afforded by the HCF proceeding cannot present us with as clear a picture as will emerge when Foresthill files its IRD-ordered GRC. If we had Foresthill's GRC application in hand now, we could possibly temper our decision on its HCF request with more detailed information as to the direction in which its rates will need to be changed in the near future. Foresthill's HCF advice letter offers no explanation of why it should be allowed to go on overcollecting its revenue requirement and put off returning this overcollection until a later date. Lacking both the more detailed information from its GRC application and a justification of any kind, we will deny Foresthill's request of permission to place its 1996 HCF revenue requirement in its existing memorandum account. We instead order Foresthill to file a supplemental advice letter to increase its current surcredit to incorporate its 1996 HCF revenue requirement

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<sup>4</sup> The remainder was a negative revenue requirement, which means that settlement effects net of USF funding changes had resulted in a lower revenue requirement to be recovered from rates.

of -\$188,737, and to fully refund its memo account balance to its ratepayers by December 31, 1996.

Kerman is authorized to reduce its surcredit to 1.42%. Calaveras, GTE West Coast, Happy Valley, and Hornitos are authorized to increase rates as requested. We authorize each LEC to draw the amount listed in Appendix A to this resolution under the column entitled "Approved 1996 CHCF Draw" when it has met the requirement established in D.94-09-065 of filing a GRC. The method of drawing from the fund is outlined in the background section of this resolution.

The 1996 HCF total draw is down about 44% from the 1995 draw. The estimated billing base for the HCF surcharge has increased from \$10.4 billion to \$12.3 billion, as noted in Resolution No. T-15799 establishing the 1996 Universal Lifeline Telephone Service (ULTS) surcharge rate. The combination of these two factors allows us to reduce the HCF surcharge for 1996 from 0.50% to 0.27%. This rate is estimated to generate sufficient revenue for the fund to provide a small reserve to cover unanticipated downward swings in the monthly surcharge revenue collected by the fund, and to allow the fund to reimburse Pacific for its costs of administering the fund, which we will address in a separate resolution responding to Pacific's advice letters No. 17759 and No. 17763. We order herein all certificated telecommunications providers in California to file advice letters to reduce their HCF surcharges from the current 0.50% rate to 0.27% effective 1/1/1996.

In D.94-09-065 we adopted one common billing base to be used to compute the amounts of three separate surcharges: the ULTS surcharge, the Deaf Equipment Acquisition Fund (D.E.A.F.) surcharge, and the HCF surcharge. While the three surcharges are assessed on the same billing base, there have been until now two separate surcharge transmittal forms used to transmit the three surcharge payments to the appropriate fund administrators: one form for both the ULTS and D.E.A.F. surcharges, and a separate form for the HCF surcharge. We see no reason to burden with unnecessary paperwork both the carriers who pay into these surcharge funds and the Commission staff who must process and file the forms. In the interest of administrative simplicity and economy, we order all carriers subject to these three surcharges to begin using a new single form to compute, report and transmit all three of these surcharges. A copy of the new form, entitled "Combined California PUC Telephone Surcharge Transmittal", and the instructions for filling out the form, are attached as Appendix B to this resolution.

In Resolution T-15558 (June 8, 1994) we waived the notice requirements of General Order 96-A, Section III, G.1., the requirement to furnish competing utilities either public or private with copies of related tariff sheets. We did so because it did not appear to be in the public's interest for each utility to send and receive over one hundred notices advising them of a regulation change they already know about. Since that time nothing has happened to change our opinion, so we will again waive this notice requirement, for tariff changes that comply with the CHCF surcharge rate change portion of this resolution.



FINDINGS OF FACT

1. Ordering Paragraph 64 of D.88-07-022 adopted and directed the implementation of the intrastate HCF described in Appendix B of that decision.
2. Full funding of the HCF for 1995, 1996, and 1997 was ordered by D.94-09-065, replacing the waterfall provisions delineated in Section D of D.88-07-022. LECs are eligible to begin drawing from the fund at the time they file a GRC application.
3. The means test provisions in D.91-05-016 as modified by D.91-09-042 are now in effect.
4. The advice letter filings by the LECs listed in Appendix A of this Resolution are compliance filings required by Appendix B of D.88-07-022.
5. D.94-09-065 ordered the HCF to be funded by an all end-user surcharge, and set the surcharge rate for 1995 at 0.5%.
6. A protest to 15 LECs' HCF advice letter filings was received from AT&T.
7. Each LEC that requested 1996 HCF funding filed a means test based on 1995 earnings with its 1996 HCF advice letter. For this reason we deny AT&T's limited protest requiring a means test for carriers not requesting HCF draws, and setting the requested rate increases subject to refund.
8. We have verified the 1996 HCF revenue requirement numbers submitted by the LECs and find them to be correct, except for the 1995 HCF revenue requirement starting points used by Foresthill and Ponderosa.
9. Citizens did not request support from the HCF because this matter was addressed in its GRC Application 93-12-005.
10. Because of decreased requests for HCF funding for 1996 and a projected increase to \$12.3 billion in the surcharge billing base, the HCF surcharge can be reduced to 0.27% for 1996 billings.
11. The rates, charges and conditions authorized in this Resolution are just and reasonable.
12. It is neither in the public's interest nor in the telecommunications utilities' interest to require all utilities to notice all other utilities of a Commission order of which they are all aware.
13. It is reasonable to require all telecommunications companies subject to the HCF surcharge, the ULTS surcharge, and the D.E.A.F. surcharge, to use a single form to compute, report, and transmit all three of these surcharges.

**THEREFORE, IT IS ORDERED that:**

1. We approve Alltel-CP National Corporation's advice letter No. 328-T as supplemented, Alltel-Tuolumne Telephone Company's advice letter No. 209-T as supplemented, Calaveras Telephone Company's advice letter No. 173, California-Oregon Telephone Company's advice letter No. 192, Contel of California, Inc.'s advice letter No. 1017, Ducor Telephone Company's advice letter No. 195, Evans Telephone Company's advice letter No. 244, Foresthill Telephone Company's advice letter No. 164 as adjusted by this resolution, GTE West Coast Incorporated's advice letter No. 402, Happy Valley Telephone Company's advice letter No. 153, Hornitos Telephone Company's advice letter No. 141 as supplemented, Kerman Telephone Company's advice letter No. 222, Pinnacles Telephone Company's advice letter No. 112, The Ponderosa Telephone Company's advice letter No. 216 as adjusted by this resolution, Roseville Telephone Company's advice letter No. 353 as supplemented, Sierra Telephone Company, Inc.'s advice letter No. 185, The Siskiyou Telephone Company's advice letter No. 223, The Volcano Telephone Company's advice letter 203, and Winterhaven Telephone Company's advice letter No. 60.
2. Each LEC may begin drawing from the California High Cost Fund (HCF) the "Approved 1996 CHCF Draw" listed in Appendix A, when it has filed the General Rate Case application required by D.94-09-065. At that time it may draw 1/12 of the approved draw for every month of 1996 that has passed, with the remainder to be drawn in equal portions each month until the year ends, subject to the lag period for fund collection, as described in the Background section of this resolution.
3. Foresthill shall file a supplemental advice letter to increase its current surcredit to incorporate its 1996 HCF revenue requirement of -\$188,737, and to fully refund its memo account balance to its ratepayers by December 31, 1996.
4. Kerman shall reduce its surcredit to 1.42%.
5. Calaveras, GTE West Coast, Happy Valley, and Hornitos shall put into effect the rate changes requested in their respective HCF advice letters.
6. All Local Exchange Companies, Interexchange Carriers, Cellular carriers and other certificated companies that are subject to the collection of HCF surcharges, shall collect a 0.27% surcharge on service rates of all intrastate end user services, except for those that have been specifically excluded, to fund the HCF program.
7. The surcharge rate shall be effective for all billings processed on or after January 1, 1996 and continue until changed by the Commission.
8. All telecommunications utilities subject to the HCF surcharge shall file revised tariff schedules in accordance with the provisions of G.O. 96-A on or before December 29, 1995 which shall be effective on January 1, 1996.

December 20, 1995

9. The surcharge shall be identified on the subscriber's bill as "California High Cost Fund Surcharge."

10. All telecommunications companies are granted an exemption from the noticing requirement of General Order 96-A, Section III, G.1 for this filing only.

11. All telecommunications companies subject to the HCF surcharge, the Universal Lifeline Telephone Service surcharge, and the Deaf Equipment Acquisition Fund surcharge, are ordered to use the "Combined California PUC Telephone Surcharge Transmittal" form attached in Appendix B to compute, report, and transmit all three of these surcharges, beginning January 1, 1996.

12. The CACD staff is directed to mail a copy of this resolution to all telephone utilities subject to the HCF surcharge.

The effective date of this Resolution is today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 20, 1995. The following Commissioners approved it:

  
WESLEY M. FRANKLIN  
Executive Director

DANIEL Wm. FESSLER  
President  
P. GREGORY CONLON  
JESSIE J. KNIGHT, Jr.  
HENRY M. DUQUE  
JOSIAH L. NEEPER  
Commissioners

## Appendix A

	Local Exchange Company	Advice Letter No.	Reported Gross CHCF Rev. Reqmt.	Adjusted <sup>a</sup> Gross CHCF Rev. Reqmt.	Contrib. From Local Rates	Net 1996 CHCF Rev. Reqmt.	Approved 1996 CHCF Draw	Adopted Co-specific Surcharge
1	Alltel-CP National	328-T & supp.	\$ 1,763,684	\$ 1,763,684	-	\$ 1,763,684	-	none
2	Alltel-Tuolumne	209-T & supp.	422,323	422,323	-	422,323	-	none
3	Calaveras	173	217,463	217,463	216,691	772	-	none
4	Cal-Oregon	192	29,043	29,043	-	29,043	-	none
5	Contel	1017	39,417,671	39,417,671	-	39,417,671	22,881,080	none
6	Ducor	195	81,956	81,956	-	81,956	-	none
7	Evans	244	246,891	246,891	-	246,891	-	none
8	Foresthill	164	(188,205)	(188,737)	-	(188,737)	-	none
9	GTE West Coast	402	715,778	715,778	715,737	41	-	none
10	Happy Valley	153	603,716	603,716	100,252	503,464	-	none
11	Hornitos	141 & supp.	241,491	241,491	139,030	102,461	-	none
12	Kerman	222	(36,076)	(36,076)	-	(36,076)	-	-1.42%
13	Pinnacles	112	134,975	134,975	-	134,975	-	none
14	Ponderosa	216	1,573,103	1,566,035	-	1,566,035	-	none
15	Roseville	353 & supp.	3,683,243	3,683,243	-	3,683,243	3,683,243	none
16	Sierra	185	1,212,051	1,212,051	-	1,212,051	-	none
17	Siskiyou	223	607,231	607,231	-	607,231	-	none
18	Volcano	203	335,119	335,119	-	335,119	-	none
19	Winterhaven	60	408,065	408,065	-	408,065	97,000	none
Totals			\$ 51,469,522	\$ 51,461,922	\$ 1,171,710	\$ 50,290,212	\$ 26,661,323	

<sup>a</sup> as adjusted by CACD

## APPENDIX B

December 1995

**TO:** All Service Suppliers Subject to the Universal Lifeline Telephone Service surcharge, the California High Cost Fund surcharge, and the California Relay Service and Communications Device Fund surcharge.

**SUBJECT:** Combined California PUC Telephone Surcharge Transmittal

Attached is a copy of the Combined California PUC Telephone Surcharge Transmittal. This form has been revised to effect the changes made in the programs by California Public Utilities Commission Decision (D.)94-09-065. Since the changes in the billing base subject to these surcharges have been significant, these changes are described below.

#### Uniform billing Base

D.94-09-065 adopts the billing base proposed by the Commission's Division of Ratepayer Advocates (DRA) with the addition of Category III Services. Category III Services are deregulated or unregulated communications services. "Under DRA's proposal, the billing base would include all intrastate end-user telecommunications services provided by certificated telecommunications companies, with a few exceptions."<sup>1</sup> "DRA also proposes that . . . if a Category III service is bundled with a Category I or Category II service, the surcharge would apply to billings for the entire bundled service."

The Commission has adopted the billing base and ordered that the three surcharges be applied to it. D.94-09-065 states: "DRA's proposed billing base, as amended to include Category III Service, is adopted as the billing base for ULTS and the DEAF Trust. In addition, we will apply the surcharge to fund CHCF to this billing base."

#### Specific billing Base exclusions

D. 94-09-065 provides that the following specific services are excluded from these surcharges:

- Lifeline Services
- One-way Radio Paging Services
- Customer specific contracts existing prior to the effective date of D.94-09-065, (September 15, 1994)
- Coin sent paid telephone calls(Coin in box)/debit card calls
- Directory advertising services (Decision D.95-02-050)
- Usage charges for COPT telephones.

Since the surcharges apply only to end user services, services provided by one certificated company to another are not subject to surcharge.

<sup>1</sup>All quotations refer to California Public Utilities Commission Decision D.94-09-065 unless otherwise indicated.

## Exempt Companies or organizations

There are no exemptions for specific types of companies. All certificated carriers are subject to surcharges. If a specific service has been specifically excluded from surcharge, the exclusion does not transfer to other services that are not exempted from surcharge but are related or unrelated to excluded service. In some cases the amount subject to surcharge and the surcharges collected for the applicable period may equal zero. That does not exempt the Company from reporting and other administrative requirements of the programs.

## Reporting and Remittance Cycle

Reports should be prepared on an as billed basis. For example, for services billed in the month of January, it is assumed that the receivable is collected in February and the remittance of surcharges is due by March 10. Reports must be submitted on a monthly basis, with some limited exceptions, and amounts due must be remitted to the specific trust accounts. Reports must be submitted even if the amount due is zero.

If the amount due for the ULTS Surcharge is usually less than \$100 per month, you may be able to elect semi-annual payments. You must request permission for the change from the Chief, Telecommunications Branch. No request will be considered unless all payments and reports are current at the time of the request. Companies approved for semi-annual payments must revert to monthly payments if the amount due to the ULTS trust exceeds \$100 per month for three consecutive months. Reports and payments are due, under this plan, by July 10 for the period January to June and January 10 for the period July to December of each year.

All reports must be signed by a responsible member of Company management or by a designated agent. If an agent is retained to complete the form and remit surcharges, it is your responsibility to assure that remittances are properly identified on documents provided to the Commission or to the respective Trusts. If you are submitting a transmittal for several companies under a common management, the specific details of each of the companies must be provided in the transmittal. Reports and remittances not properly identified will be considered delinquent and be subject to the revocation process ordered in D.93-05-010.

## Report Forms

The attached Combined California PUC Telephone Surcharge Transmittal form format must be followed. If you wish to automate the form, all lines must be included on the form. There must be a certification statement and an identification block with the same items as on the attached form. There must also be a "Trust Office Use Only" block on the form.

If you have any problem completing the form or if you have any questions concerning the billing base, please contact the ULTS Program Coordinator at 415-703-1633.

## Verification

All surcharge reports are subject to audit verification by the Commission staff or other auditor authorized by the Commission. Decision D.93-05-010 gives the Commission staff authority to process a resolution revoking a Certificate of Public Convenience and Necessity of carriers 90 days or more in arrears on remitting reports and surcharges.

## GLOSSARY

**CHCF -- California High Cost Fund**

**DEAF Trust -- California Relay Service and Communications Device Fund.**

**Lifeline Services -- Services provided to low income ratepayers that are subsidized by the Universal Lifeline Telephone Service Program.**

**ULTS -- Universal Lifeline Telephone Service**

**COMBINED CALIFORNIA PUC  
TELEPHONE SURCHARGE TRANSMITTAL**

MONTH ENDED OR PERIOD COVERED \_\_\_\_\_

- |  |          |
|--|----------|
| 1. Total Intrastate Revenue for the Month          | \$ _____ |
| 2. Less: Uncollectibles (if applicable)            | _____    |
| 3. Net Revenues (Ln1 - Ln2)                        | _____    |
| 4. Exclusions:                                     |          |
| a. ULTS Services Billed (LECs only)                | _____    |
| b. Charges to other certificated companies         | _____    |
| c. Public phone coin in box /debit card messages   | _____    |
| d. Contracts effective before 9/15/94              | _____    |
| e. Usage charges to COPTs                          | _____    |
| f. Directory Advertising                           | _____    |
| g. One way radio paging                            | _____    |
| h. Total Exclusions (Sum 4a to 4g)                 | _____    |
| 5. Net amount subject to surcharges (Ln 3 - Ln 4h) | _____    |

6. a. Total ULTS Surcharge Due and Payable (Ln 5 x 3.2%) \_\_\_\_\_  
 Check or wire transfer number \_\_\_\_\_  
 SEND CHECK TO: BANK OF AMERICA NT&SA, A/C#10-10-022-5218960 ULTS, P. O. BOX 37000, UNIT 6753,  
 SAN FRANCISCO CA. 94137-0001.

6. b. Total California Relay Service and Communications Device Fund Surcharge  
 Due and Payable (Ln 5 x 0.36%) \_\_\_\_\_  
 Check or wire transfer number \_\_\_\_\_  
 SEND CHECK TO: BANK OF AMERICA NT&SA, A/C#10-10-022-5219780 DEAF, P.O. BOX 37000, UNIT 6753,  
 SAN FRANCISCO CA. 94137-0001.

6. c. Total California High Cost Fund Surcharge  
 Due and Payable (Ln 5 x 0.27%) \_\_\_\_\_  
 Check or wire transfer number \_\_\_\_\_  
 SEND CHECK TO: BANK OF CALIFORNIA A/C #001-031867, P.O. BOX 45056, SAN FRANCISCO CA. 94145-0056,  
 WIRE TRANSFER: ABA #121000015, A/C #001-031867.

I hereby certify that this return, including accompanying schedules and statements, has been examined by me and to the best of my knowledge and belief is a true, correct and complete return.

Signature \_\_\_\_\_ Date \_\_\_\_\_ Telephone No. \_\_\_\_\_

Typed Name \_\_\_\_\_

Title \_\_\_\_\_ Company \_\_\_\_\_ CPUC# \_\_\_\_\_

rev 1/96

INSTRUCTIONS AND ADDITIONAL ADDRESSES ON THE BACK OF THIS FORM

**TRUST OFFICE USE ONLY**

INPUT DATE \_\_\_\_\_

STATEMENT DATE \_\_\_\_\_

BY: \_\_\_\_\_



## HOW TO USE THIS FORM

This form should be used to file and remit the following surcharges:

The Universal Lifeline Telephone Service Surcharge

The California Relay Service and Communications Device Fund Surcharge.

The California High Cost Fund Surcharge

Retain original of this form as a master. Make copies of both sides of this form as necessary for remittance and reporting.

1. Fill in lines 1 through 5 of this form.
2. Complete line 6 by multiplying the amount on line 5 by the appropriate percentage for the respective Surcharge.
3. Draft an individual check or wire transfer funds in each of the amounts on lines 6a, 6b and 6c. Indicate the check number or wire transfer number on the related line.
4. Make as many copies of the filled in form as are necessary in order to remit the surcharges. The addresses to which remittances and copies of this form are to be sent are listed below.

## CALIFORNIA PUBLIC UTILITIES COMMISSION

### MAIL COPY OF FORM TO:

California Public Utilities Commission  
Commission Advisory and Compliance Division  
Attn: Chief Telecommunications Branch  
505 Van Ness Avenue  
San Francisco, CA 94102  
(415) 703-1633  
(415) 703-1965 (FAX)

Note: It is only necessary to send one copy of your Monthly Transmittal to the above address.

## UNIVERSAL LIFELINE TELEPHONE SERVICE TRUST

### MAIL CHECK AND FORM TO:

Bank of America, NT & SA  
A/C #10-10-022-5218860 ULTS  
P.O. Box 37000, Unit 6753  
San Francisco, CA 94137-0001

### MAIL COPY OF FORM TO:

ADMINISTRATIVE COMMITTEE  
ULTS Trust  
1970 Broadway  
Suite 650  
Oakland, CA 94612

## CALIFORNIA RELAY SERVICE AND COMMUNICATIONS DEVICE FUND

### MAIL CHECK AND FORM TO:

Bank of America, NT & SA  
A/C #10-10-022-5219780 DEAF  
P.O. Box 37000, Unit 6753  
San Francisco, CA 94137-0001

### MAIL COPY OF FORM TO:

California Relay Service and Communications Device Fund  
Attn: Barbara A. Romano  
1939 Harrison St., Suite 520  
Oakland, CA 94612  
(510) 874-1410  
(510) 287-2931 FAX

## CALIFORNIA HIGH COST FUND

### MAIL CHECK AND FORM TO:

The Bank of California  
A/C #001-031867  
Box 45056  
San Francisco, CA 94145-0056  
Wire transfers: ABA No. 121000015

### MAIL COPY OF FORM TO:

California High Cost Fund  
Jean M. Boettger  
140 New Montgomery Street, Room 2016  
San Francisco, CA 94105  
Phone: 415-542-1949  
Fax: 415-546-9640