

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Telecommunications Division
Public Programs Branch

RESOLUTION T-16089
November 5, 1997

R E S O L U T I O N

RESOLUTION T-16089. PACIFIC BELL (U-1001-C). REQUEST FOR APPROVAL OF AN ADMINISTRATIVE BUDGET FOR CALIFORNIA HIGH COST FUND ALSO KNOWN AS CALIFORNIA HIGH COST FUND A FOR 1997.

BY ADVICE LETTER NO. 18507 FILED ON OCTOBER 1, 1996

SUMMARY

In compliance with Decision (D.) 94-09-065, on October 1, 1996, Pacific Bell (Pacific) filed Advice Letter No. (AL) 18507 requesting a budget of \$74,360 for administering the California High Cost Fund (CHCF) known as the California High Cost Fund A (CHCF-A) since the issuance of D.96-10-066 for the period January 1, 1997 through April 30, 1997. On October 1, 1997, Pacific filed AL Supplement No. 18507A revising the budget from \$74,360 to \$115,500. The revised budget extends the cover period to calendar year 1997.

No protests to AL 18507 or AL 18507A have been received.

This resolution approves an administrative budget of \$115,500 for the CHCF/CHCF-A during 1997 to be paid out of the CHCF/CHCF-A.

BACKGROUND

D.86-06-115 created in principle the CHCF as a means of maintaining basic exchange service rates at a reasonable level for the customers of small local exchange telephone companies that concurred in state-wide average toll, private line, and access rates. In 1987, Public Utilities (P.U.) Code § 739.3 was enacted. This section directed the Commission to develop and maintain a program to establish a fair local rate structure aided by transfer payments to small independent telephone companies serving rural and small metropolitan areas.

D.88-07-022 modified some of the CHCF's principles adopted in D.86-06-115 to be consistent with P.U. Code § 739.3. D.88-07-022 also established a funding mechanism and ordered implementation of the CHCF. D.88-07-022 further designated Pacific as the administrator for the CHCF, and directed Pacific not to separately account for any incremental administrative costs incurred in administering the CHCF, but rather to treat such

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costs as additional expenses of administering the access charge pool. (At Appendix B.)

D.94-09-065 changed the funding source for the CHCF from an increment in the access charge pool adopted in D.88-07-022 to an all-end-user surcharge. The referenced decision also ordered Pacific to continue administering the CHCF. To compensate Pacific for its duties of administering the CHCF, D.94-09-065 directed Pacific to develop an annual budget for the costs of its administration of the CHCF and submit an advice letter by October 1 of each year requesting approval of the budget for the following calendar year. (O.P. 71.) Pacific may recover the budgeted amounts approved by the Commission from the CHCF. (Id.)

D.96-10-066 renamed the CHCF to CHCF-A and ordered the Commission to take over the administration of the CHCF-A within 6 months (by April 25, 1997). (At O.P. 11 as amended by D.97-01-020.)

In compliance with D.94-09-065, on October 1, 1996, Pacific filed AL 18507 requesting approval of a budget of \$74,360. The budget was for the period January 1, 1997 through April 30, 1997.

On April 18, 1997, staff requested a six-month time extension to complete the steps required to assume the administration of the CHCF-A. Staff's request was granted on May 2, 1997. On September 10, 1997, staff requested an additional time extension to July 1, 1998 to implement D.96-10-066 with respect to the administration of the CHCF-A. Staff's second request was granted on September 16, 1997.

On October 1, 1997, Pacific filed AL 18507A amending the proposed administrative budget from \$74,360 to \$115,500. The revised budget extends the cover period from the period of January 1, 1997 through April 30, 1997 to calendar year 1997. Pacific justifies the increase as the results of delay of the transfer of administrative responsibilities from Pacific to the Commission staff and additional legal services to assist staff in the establishment of a new administrative committee.

NOTICE/PROTESTS

Pacific states that copies of AL 18507 and AL 18507A were mailed to competing and adjacent utilities and/or other utilities, and interested parties, as requested. Notice of AL 18507 and AL 18507A were published in the Commission Daily Calendar of October 4, 1996, and October 3, 1997, respectively. No protests to the aforementioned advice letters have been received.

DISCUSSION

Staff of the Telecommunications Division (TD) has examined the proposed budget in AL 18507 as supplemented for the

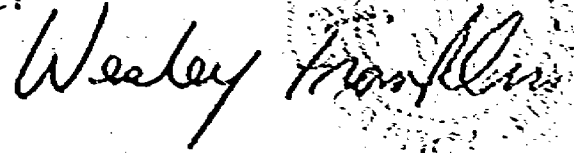
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THEREFORE, IT IS ORDERED that:

1. The cost components and the total budget amount of \$115,500 proposed in AL 18507 as supplemented for administering the California High Cost Fund A (CHCF-A) for 1997 is approved.
2. The administrative costs for the CHCF-A are to be paid out of the CHCF-A.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on November 5, 1997. The following Commissioners approved it:



WESLEY M. FRANKLIN
Executive Director

P. GREGORY CONLON
President
JESSIE J. KNIGHT, Jr.
HENRY M. DUQUE
JOSIAH L. NEEPER
RICHARD A. BILAS
Commissioners