

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Resolution M-4727
Management Services Division
Date: August 3, 1983

R E S O L U T I O N

PUBLIC UTILITIES COMMISSION
FEES FOR TELEPHONE AND TELEGRAPH
CORPORATIONS ARE SET

Chapter 323, Statutes of 1983 amends the Public Utilities Code to authorize funding of the Public Utilities Commission from fees imposed upon each regulated utility, common carrier and related business. The Public Utilities Commission Utilities Reimbursement Account was separately established in the General Fund for deposit of such fees collected from electrical corporations, gas and heat corporations, telephone and telegraph corporations, and water and sewer system corporations.

Public Utilities Code Sections 431 and 432 require the Commission to annually establish fees, subject to Department of Finance approval, to cover regulatory costs associated with each class of public utility. The fee is set at a level which will produce revenue in an amount equal to the authorized Commission budget for that class for the same year, including adjustments appropriated by the Legislature and an appropriate reserve, less the amount to be paid from special funds, reimbursements, federal funds, other revenues, and unencumbered funds from the preceding year. Every public utility belonging to more than one class shall be subject to the fee for each class of which it is a member.

Setting Fees for 1983-84

Pursuant to Section 432(c)(3), the Commission shall allocate among telephone and telegraph corporations the amount of the Commission's budget to be financed by the fee, based on the ratio that each corporation's gross intrastate revenues bears to the total gross intrastate revenues for the class. "Gross intrastate revenues" means those revenues from a public utility subject to the jurisdiction of the Commission and accounted for according to the uniform system of accounts maintained by the Commission. The amount of gross intrastate revenues of a public utility subject to the jurisdiction of the Commission shall be the gross intrastate operating revenues set forth in the annual report of the public utility to the Commission (Section 435(c)).

The Commission's budget for fiscal year 1983-84 for regulating telephone and telegraph corporations is \$4,450,000. The total of fees to be paid by telephone and telegraph corporations, including a 10% reserve, is \$4,895,000. Staff recommends that the fee should be .07 of 1% of revenue subject to the fee (intrastate customer billings excluding nonregulated activities and direct sales and their associated provisions) based on 1982 revenue. The derivation of the fee is shown at Attachment A. Effective January 1, 1984, the new intrastate operations of American Telephone and Telegraph Corporation (AT&T) resulting from the divestiture of AT&T shall be subject to the Public Utilities Commission Reimbursement Fee for telephone and telegraph corporations.

Toll carriers seeking certification from this Commission to provide intrastate services are not identified in Attachment A. Upon receipt of certification, revenue for these carriers from customer billings related to intrastate services shall be subject to the Public Utilities Commission Reimbursement Fee for telephone and telegraph corporations.

Payment of Fees by Telephone and Telegraph Services

Pursuant to Section 433, telephone and telegraph corporations having annual gross intrastate revenues of \$750,000 or less (Attachment B) shall make payment of the fee to the Commission on an annual basis on or before January 15. Every other telephone and telegraph corporation (Attachment C) shall make payment of the fee on a quarterly basis between the first and fifteenth days of October, January, April and July. Persons or corporations subject to Section 431 shall pay the fee after collection from their customers or subscribers (Section 404(c)).

Rate Increase

The Commission shall authorize each public utility subject to the fee to annually adjust its rates and charges for intrastate services so as to collect from its customers and subscribers an amount equal to the fee required by Section 431 together with the cost of collecting the fee prior to making payment to the Commission (Section 404). Each telephone and telegraph corporation will require a rate increase to recover the cost of the fee. The staff proposes that a surcharge of .07 of 1% (0.0007) be applied to all intrastate customer billings, excluding nonregulated activities and direct sales and their associated provisions, rendered after October 1, 1983. This proposal may require some utilities to prorate their bills for one month, but this is unavoidable.

Effective January 1, 1984, American Telephone and Telegraph Corporation (AT&T) shall apply the .07 of 1% surcharge to all intrastate customer billings after transfer of the divested items.

New intrastate toll carriers shall apply the .07 of 1% surcharge to all customer billings for intrastate services upon receipt of certification.

To simplify the administration of the surcharge, Commission staff will provide a sample uniform tariff sheet (Attachment D) to each utility which is to be filed within 15 days of the effective date of this resolution in accordance with General Order 96-A. The staff also believes that telephone and telegraph corporations should give notice to their customers of the Public Utilities Commission Reimbursement Fee. Attachment E is the proposed notice.

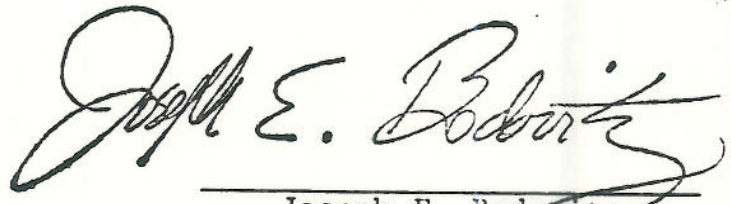
THEREFORE:

1. Telephone and telegraph corporations having annual gross intrastate revenues exceeding \$750,000 shall pay a fee of .07 of 1% (.0007) of revenue subject to the fee (intrastate customer billings excluding nonregulated activities and direct sales and their associated provisions), for the preceding quarter to the Commission between the first and fifteenth days of October, January, April and July. Telephone and telegraph corporations with annual gross intrastate revenues of \$750,000 or less shall pay a fee of .07 of 1% (.0007) of revenue subject to the fee on an annual basis on or before January 15.
2. The staff is directed to mail quarterly fee statements to every telephone and telegraph corporation having gross intrastate revenues exceeding \$750,000 on the fifteenth day of September, December, March and June. Staff is directed to mail annual fee statements to every other telephone and telegraph corporation on December 15.
3. A tariff sheet establishing the surcharge shall be filed by each utility within fifteen (15) days of the effective date of this resolution in accordance with General Order 96-A.
4. Telephone and Telegraph corporations shall give a one-time notice to their customers by bill insert of the Public Utilities Commission Reimbursement Fee no later than October 1, 1983. The notice should be substantially similar to that set forth in Attachment E.

5. The Executive Director shall mail a copy of this resolution to the telephone and telegraph corporations listed in Attachment A.
6. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular conference on August 3, 1983. The following Commissioners approved it:

LEONARD M. GRIMES, JR.
President
VICTOR CALVO
PRISCILLA C. GREW
DONALD VIAL
WILLIAM T. BAGLEY
Commissioners



Joseph E. Bodevitz
Executive Director

ATTACHMENT A

Utility Reimbursement Fees - Telephone and Telegraph Corporations

<u>Company</u>	<u>Gross Intrastate Operating Revenue* \$000</u>
CP National	\$ 7,763
Calaveras Telephone Company	1,062
California-Oregon Telephone Co.	274
Capay Valley Telephone System, Inc.	273
Citizens Utilities Company of California	25,867 (1981)
Continental Telephone Company of California	122,625
Dorris Telephone Company	889
Ducor Telephone Company	478
Evans Telephone Company	1,823
Foresthill Telephone Company	815
General Telephone Company of California	1,354,617
Happy Valley Telephone Company	1,660
Hornitos Telephone Company	265
Kerman Telephone Company	2,381
Livingston Telephone Company	2,209
Mariposa County Telephone Co., Inc.	2,748
Pinacles Telephone	89
Roseville Telephone Company	28,676
Sierra Telephone Co., Inc.	4,344
Southern Pacific Communications Company	11,500
The Pacific Telephone & Telegraph Company	5,383,798
The Ponderosa Telephone Co.	4,153
The Siskiyou Telephone Company	3,307
The Volcano Telephone Company	3,692
The Western Union Telegraph Co.	11,200
Tuolumne Telephone Co.	2,965
West Coast Telephone Company of California	<u>4,142</u>
	\$6,981,615

$$\frac{\$4,853,000}{\$6,981,615,000} = 0.07\%$$

*Information obtained from 1982 Annual Report filed with the California Public Utilities Commission unless otherwise noted. (Directory advertising and sales revenue has been excluded. Gross intrastate revenues for Southern Pacific Communications Company and The Western Union Telegraph Co. are estimated as the information is not available at this time.

ATTACHMENT C

Telephone and Telegraph Corporations
With a 1982 Annual Gross Intrastate
Revenue Less Than \$750,000

Company

California-Oregon Telephone Co.

Capay Valley Telephone System, Inc.

Ducor Telephone Company

Hornitos Telephone Company

Pinnacles Telephone

ATTACHMENT B

Telephone and Telegraph Corporations
With a 1982 Annual Gross Intrastate
Revenue Greater Than \$750,000

Company

CP National Corp.	Mariposa County Telephone Co. Inc.
Calaveras Telephone Company	Roseville Telephone Company
Citizens Utilities Company of California	Sierra Pacific Co., Inc.
Continental Telephone Company of California	Southern Pacific Communications Company
Dorris Telephone Company	The Pacific Telephone and Telegraph Company
Evans Telephone Company	The Ponderosa Telephone Co.
Foresthill Telephone Company	The Siskiyou Telephone Company
General Telephone Company of California	The Volcano Telephone Company
Happy Valley Telephone Company	The Western Union Telegraph Co.
Kerman Telephone Company	Tuolumne Telephone Company
Livingston Telephone Company	West Coast Telephone Company of California

ATTACHMENT D

Cancelling _____ Cal. P.U.C. Sheet No. _____
_____ Cal. P.U.C. Sheet No. _____

Schedule No. _____

SURCHARGE TO FUND
PUBLIC UTILITIES COMMISSION
REIMBURSEMENT FEE

APPLICABILITY

This surcharge is for the purpose of funding the Public Utilities Commission and applies to the aggregate amount of customer billings associated with intrastate billings which appear on customers' bills.

TERRITORY

Within the exchange areas of all exchanges as these areas are defined on maps filed as part of the tariff schedules.

RATES

SURCHARGE*

A 0.07% surcharge shall be applied to all intrastate customer billings excluding yellow page directory revenues and direct sales and its associated provisions as they appear on the customer's bill. The surcharge will be applied to the customer's bill for intrastate services for all such services that appear on that particular bill.

*In 1983 the Legislature established the Public Utilities Commission Reimbursement Fee to be paid by utilities to fund their regulation by the Commission (Public Utilities (PU) Code Section 401-443). The surcharge to recover the cost of that fee is ordered by the Commission under authority granted by PU Code Section 433.

(To be inserted by utility) Issued by (To be inserted by Cal. PUC)

Date Filed _____

Advice Letter No. _____

Effective _____

Resolution No. _____

_____ Name

Resolution No. _____

_____ Title

ATTACHMENT E

This notice is inserted in your bill by order of the California Public Utilities Commission

N O T I C E

In Public Utilities Code Sections 401-444, enacted in 1983, the Legislature directed the Public Utilities Commission (Commission) to set, and all telephone and telegraph corporations to pay, a fee to fund the Commission's regulation of utilities. By resolution M-4727, dated August 3, 1983, the Commission set a fee of 0.07% of gross intrastate revenues and directed all telephone and telegraph corporations to assess to their customers a surcharge of 0.07%. Therefore, bills for service received or to be received on and after October 1, 1983, will include the 0.07% surcharge required by law.