

PUBLIC UTILITIES COMMISSION505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

November 9, 2011

To: Interconnected Voice over Internet Protocol (VoIP) service providers that are providing service in California.

Re: Implementation of legislation requiring interconnected VoIP service providers to contribute to universal service funds in California

The Governor recently signed Public Utilities Code Section 285 (Assembly Bill 841, Stats. 2011, Ch. 685), which mandates that the California Public Utilities Commission (CPUC or Commission) require "interconnected Voice over Internet Protocol (VoIP)" service providers to collect and remit surcharges in support of state universal service funds. The new law is effective as of October 9, 2011. This letter serves to notify affected providers of the new requirement.

Pursuant to the statute, "interconnected Voice over Internet Protocol (VoIP) service" has the same meaning as in Section 9.3 of Title 47 of the Code of Federal Regulations. (Pub. Util. Code § 285(a).)¹ Interconnected VoIP service providers are required to collect and remit surcharges assessed against their California intrastate revenues in support of the following public purpose programs:

- (1) California High-Cost Fund-A Administrative Committee Fund under section 275 of the Public Utilities Code.²
- (2) California High-Cost Fund-B Administrative Committee Fund under section 276.
- (3) Universal Lifeline Telephone Service Trust Administrative Committee Fund under section 277.
- (4) Deaf and Disabled Telecommunications Program Administrative Committee Fund under section 278.
- (5) California Teleconnect Fund Administrative Committee Fund under section 280.
- (6) California Advanced Services Fund under section 281.

(Pub. Util. Code § 285(c).)

¹ These requirements apply to all "interconnected" VoIP services, including both "fixed" and "nomadic" services.

² All statutory references are to the Public Utilities Code unless otherwise indicated.

The statute applies only to “surcharges imposed on end-use customers for interconnected VoIP service” provided to an end-use customer’s “place of primary use” that is located within California.

(Pub. Util. Code § 285(d).)

For purposes of determining what revenues are subject to a surcharge imposed by the statute, an interconnected VoIP service provider may use one of the following methodologies to identify intrastate revenues:

- The inverse of the interstate safe harbor percentage established by the Federal Communications Commission (FCC) for interconnected VoIP service for federal universal service contributions;
- A traffic study specific to the interconnected VoIP service provider that allocates revenues between federal and state jurisdictions; or
- Another means of accurately apportioning interconnected VoIP services between federal and state jurisdictions.

(Pub. Util. Code § 285(e)(1).)

The methodology chosen “shall be consistent with the revenue allocation methodology the provider uses to determine its federal universal services contribution obligations.”

(Pub. Util. Code § 285(e)(2).)

For the CPUC to implement this statute, interconnected VoIP service providers must register with the CPUC. Registration consists of filling out a form in order to obtain an identification (ID) number to be used when reporting and remitting CPUC public purpose program surcharges. A copy of the registration form is attached to this letter, and can also be found on the CPUC’s website at:

<http://www.cpuc.ca.gov/PUC/Telco/Information+for+providing+service/VOIP+Providers.htm>

Affected VoIP providers have 45 days to comply with the registration requirement. Once a provider is registered, the CPUC’s Communications Division staff will provide further instructions for the reporting and remitting of surcharges.

If you have any questions regarding these procedures, you may contact the Communications Division staff at telcofiling@cpuc.ca.gov.

Sincerely,



Paul Clanon
Executive Director