

September 29, 2023

Rachel Peterson
Executive Director
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

CALIFORNIA HIGH-COST FUND-A PROGRAM ANNUAL REPORT FOR FISCAL YEAR 2022-23

This California High-Cost Fund-A (CHCF-A) Annual Report for Fiscal Year (FY) 2022-23 is submitted to the California Public Utilities Commission (Commission) by the California High-Cost Fund-A Administrative Committee (CHCF-A AC or Committee) in compliance with Public Utilities Code § 273(b). This report includes CHCF-A program's purpose, subsidy disbursements, surcharges, funding balance, related proceedings, and approved minutes of the CHCF-A AC for the four quarterly meetings held in FY 2022-23.

I. INTRODUCTION

To further the Commission's universal service commitment to the continued affordability and widespread availability of safe, reliable, high-quality communications services in rural areas of the state, the CHCF-A program was established in accordance with Public Utilities Code § 275.6. The CHCF-A program provides subsidies to small independent telephone corporations serving rural areas in California in amounts sufficient to meet the revenue requirements established by the Commission through rate-of-return regulation. The CHCF-A program is funded by an all-end-user surcharge billed and collected by telecommunications carriers.

The CHCF-A AC is the advisory board for the CHCF-A program pursuant to Public Utilities Code § 275. The purpose of the CHCF-A AC is to advise the Commission regarding the development, implementation, and administration of the CHCF-A program, which provides transfer payments to small independent telephone corporations for providing local exchange services in high-cost rural and small metropolitan areas in the state to create fair and equitable local rate structures, and to carry out the program pursuant to the Commission's direction, control, and approval. The Committee discussed the program budget, potential impacts of new requirements, and Committee charter issues related to Committee membership and other related issues.

II. CALIFORNIA HIGH-COST FUND-A DISBURSEMENT FOR CALENDAR YEAR 2023

Currently, ten small incumbent local exchange carriers (Small ILECs) receive support from the CHCF-A program. These ten Small ILECs are:

1. Calaveras Telephone Company,
2. Cal-Ore Telephone Company,
3. Ducor Telephone Company,

4. Foresthill Telephone Company,
5. Kerman Telephone Company,
6. Pinnacles Telephone Company,
7. The Ponderosa Telephone Company,
8. Sierra Telephone Company,
9. The Siskiyou Telephone Company, and
10. Volcano Telephone Company.

Table 1 below shows the detail of the CHCF-A support per Small ILEC for Calendar Year 2023.

Table 1: Adopted Calendar Year 2023 CHCF-A Support¹

Small ILEC	Number of Customers	Monthly Support Calendar Year 2023	Yearly Support Calendar Year 2023
Calaveras Telephone Company	3,542	\$255,042	\$3,060,503
Cal-Ore Telephone Company	1,746	\$122,505	\$1,470,059
Ducor Telephone Company	790	\$109,406	\$1,312,875
Foresthill Telephone Company *	1,749	\$244,504	\$2,934,044
Kerman Telephone Company *	3,040	\$304,377	\$3,652,519
Pinnacles Telephone Company	219	\$36,418	\$437,019
The Ponderosa Telephone Company *	7,907	\$303,882	\$3,646,580
Sierra Telephone Company	15,693	\$602,092	\$7,225,106 ²
The Siskiyou Telephone Company	3,983	\$520,821	\$6,249,850 ³
Volcano Telephone Company	9,419	\$242,645	\$2,911,734 ⁴
Total	48,088	\$2,741,691	\$32,900,288
* For the three Small ILECs with TY 2024 general rate cases (GRC), their CHCF-A supports will be determined in their respective GRC proceedings. The three Small ILECs should apply these amounts until the final decisions issued and the new CHCF-A supports are adopted.			

III. SURCHARGE FOR CHCF-A PROGRAM

Beginning April 1, 2023, the Commission transitioned the Public Purpose Program surcharges to the access line flat rate surcharge mechanism adopted in decision (D.) 22-10-021. This new surcharge mechanism will assess a flat rate surcharge of \$1.11 for each active access line that telephone

¹ Resolution T-17776, issued 1/12/2023, Table 4 at 22 and Ordering Paragraph (OP) 1 at 26.

² D.23-01-004, *Decision Approving Revenue Requirement, Rate Design and Selected Rates for The Sierra Telephone Co. for Test Year 2023*, issued 1/13/2023, OP 1 at 42-43.

³ D.23-03-012, *Decision Adopting All-Party Settlement Agreement Approving Revenue Requirement and Rate Design and Selected Rates for Siskiyou Telephone Company for Test Year 2023*, issued 3/22/2023, OP 2 at 20.

⁴ D.23-02-008, *Decision Approving Revenue Requirement, Rate Design and Selected Rates for Volcano Telephone Co. for Test Year 2023*, issued 2/3/2023, OP 1 at 43.

corporation services in California.⁵ The amount of \$0.08 per access line will be allocated to CHCF-A program. Table 2 below presents the current and historical surcharge rates for CHCF-A program.

Table 2: CHCF-A Surcharge Rate from 2010 through 2023⁶

Effective Date	CHCF-A Surcharge Amount/Rate
4/1/2023	\$0.08 per access line
2/2/2022	0.70%
12/1/2020	0.70%
1/1/2015	0.35%
10/1/2013	0.18%
7/1/2012	0.40%
12/1/2010	0.00%
5/1/2010	0.11%
1/1/2010	0.13%

IV. CHCF-A PROGRAM FISCAL YEAR BUDGET AND BALANCE

The CHCF-A program had a budget of \$44.5 million for FY 2022-23. As of the end of the fiscal year, the CHCF-A program had an appropriation balance of \$28.6 million. Refer to Table 3 below for the detail.

Table 3: CHCF-A Program Appropriation Balance

	ENY 17/18 ⁷	ENY 20/21	ENY 21/22	ENY 22/23	Total FY22/23
Budget Act Appropriation	\$4,984	\$6,351,710	\$13,447,687	\$44,527,000	\$64,331,380
Program Expenditures from July 1, 2022 to June 30, 2023		(\$618,843)	(\$249,692)	(\$34,883,578)	(\$35,752,114)
Outstanding Encumbrances	\$0	\$7,987	\$52,217	(\$59,406)	\$798
Appropriation Balance	\$4,984	\$5,740,853	\$13,250,212	\$9,584,017	<u>\$28,580,065</u>

V. GENERAL RATE CASE PROCEEDING

In accordance with the Rate Case Plan adopted in Appendix A to the Commission’s D.15-06-048 and Appendix C to D.20-08-011, the CHCF-A recipients or the ten Small ILECs are required to file general rate case (GRC) applications to adjust the requested CHCF-A supports. The Rate Case Plan sets forth a GRC application cycle for the Small ILECs, which allows for three GRC applications

⁵ D.22-10-021, *Decision Updating the Mechanism for Surcharges to Support Public Purpose Programs*, issued 10/24/2022, OP 7 at 76. This surcharge applies to all telephone corporations including wireline, wireless (prepaid and postpaid), and Voice Over Internet Protocol (VoIP).

⁶ [Surcharge Rates \(ca.gov\)](https://www.ca.gov)

⁷ ENY stands for Enactment year. ENY 17/18 was a re-appropriated appropriation that was still open in Fiscal Year 2022-23 with a reversion date of 6/30/2023.

(Group A)⁸ filed for Test Year 2023, three GRC applications (Group B)⁹ filed for Test Year 2024, and four GRC applications (Group C)¹⁰ filed for Test Year 2025.

1. Group A General Rate Case

Sierra Telephone Company (Sierra), The Siskiyou Telephone Company (Siskiyou), and Volcano Telephone Company (Volcano) filed their General Rate Case (GRC) applications in 2021 for Test Year 2023 to modify their intrastate revenue requirements and rate design. The final decisions for their GRC proceedings were issued in January, February, and March 2023, respectively. Table 1 above reflects the Commission adopted CHCF-A supports in their GRC final decisions.

2. Group B General Rate Case

Foresthill Telephone Company, Kerman Telephone Company, and The Ponderosa Telephone Company filed their GRC applications in 2022 for Test Year 2024 to modify their intrastate revenue requirements and rate design. The final decisions for all these three applications have not yet issued and are scheduled to be issued by the end of 2023.

3. Group C General Rate Case

Calaveras Telephone Company, Cal-Ore Telephone Company, Ducor Telephone Company, and Pinnacles Telephone Company¹¹ are scheduled to file their GRC applications in October or November 2023 for Test Year 2025 to modify their intrastate revenue requirements and rate design. The final decisions for all these applications are scheduled to be issued by the end of 2024.

VI. BROADBAND REVENUE IMPUTATION

To balance the CHCF-A's benefits in furthering safe, reliable, and high-quality communications services to rural areas with the statutory imperative of limiting the financial burden on California ratepayers who contribute to the CHCF-A program, the Commission issued D.21-04-005 adopting broadband imputation in the general rate cases of the Small ILECs.¹² All reasonable positive retail broadband-related revenues net of all reasonable broadband-related expenses of the Small ILEC and its Internet service provider (ISP) affiliate for the calendar year immediately preceding the filing of

⁸ Group A companies are Sierra Telephone Company, The Siskiyou Telephone Company, and Volcano Telephone Company.

⁹ Group B companies are Foresthill Telephone Company, Kerman Telephone Company, and The Ponderosa Telephone Company.

¹⁰ Group C companies are Calaveras Telephone Company, Cal-Ore Telephone Company, Ducor Telephone Company, and Pinnacles Telephone Company.

¹¹ On June 20, 2023, the Small ILECs jointly filed motion to request authority to initiate a pilot program that authorizes companies with less than 500 access lines to bring GRCs via a Tier 3 advice letter and noted that Pinnacles is the only company that qualifies to participate in this proposed pilot program. No ruling regarding this motion had issued yet.

¹² D.21-04-005, *Decision Adopting Broadband Imputation in the General Rate Cases of the Small Independent Local Exchange Carriers*, issued 4/21/2021.

the GRC application shall be imputed in the determination of rate design and CHCF-A support.¹³ Since the Small ILECs have included all reasonable investments in broadband-capable facilities in their rate base, the Commission determined that it reasonably follows that all revenues, including broadband revenues, that derive from those investments should be recognized in establishing the rate components that determine the CHCF-A support.

The Small ILECs filed a rehearing application of D.21-04-005 and alleged that the decision was unlawful because it: (1) violated Public Utilities Code § 275.6 (2) constituted an unconstitutional taking; (3) exceeded the Commission’s jurisdictional authority; (4) was pre-empted by federal law; and (5) impermissibly departed from Commission precedent and amounted to retroactive ratemaking. In D.21-08-042, the Commission denied the Small ILECs’ application for rehearing and held that the broadband imputation was tailored to the ISP affiliates’ net positive retail broadband-related revenues derived from broadband-capable facilities funded by the CHCF-A.¹⁴

On September 22, 2021, the Small ILECs filed a petition for writ of review with the California Court of Appeal, Fifth District, Case No. F083339, to annul D.21-04-005 and D.21-08-042. The Court of Appeal granted review, held oral argument, and ultimately upheld the Commission’s decisions. On December 20, 2022, the Court of Appeal issued its opinion denying the Small ILECs’ request for a writ and determined that broadband imputation was authorized by Public Utilities Code § 275.6 and was not pre-empted by federal law. On January 4, 2023, the Small ILECs filed a petition for review of the Court of Appeal’s opinion in the California Supreme Court, Case No. S278799, which was summarily denied on April 26, 2023.¹⁵

VII. COST OF CAPITAL PROCEEDING

In accordance with the Rate Case Plan adopted in Appendix A to the Commission’s D.15-06-048, and as authorized by Ordering Paragraph (OP) 4 of D.16-12-035 and the Assigned Commissioner’s Scoping Rulings and Memoranda issued in proceedings A.21-11-005, A.21-11-006, and A.21-11-007, on September 1, 2022, the CHCF-A recipients or the ten Small ILECs jointly filed an application for a determination of the ten Small ILECs’ cost of capital for ratemaking purposes. The final decisions for all these three applications have not yet issued and are scheduled to be issued by the end of 2023.

VIII. CHCF-A AC MEETING MINUTES

Our meetings were well attended by CHCF-A AC members, who are the representatives of the Small ILECs, a community based organization, and the Public Advocates Office at the California Public Utilities Commission (Cal Advocates),¹⁶ as well as the California Public Utilities Commission (Commission) staff. Please refer to attachments for the four quarterly CHCF-A AC meeting minutes.

- August 15, 2022
- November 17, 2022
- February 16, 2023

¹³ D.21-04-005, OP 1 at 23-24.

¹⁴ D.21-08-042, *Order Denying Rehearing of Decision 21-04-005*, issued August 23, 2021.

¹⁵ The docket log for this case can be found here: [California Courts - Appellate Court Case Information](#)

¹⁶ Charter of the California High-Cost Fund-A Administrative Committee, Section 3.1 Members.

- May 18, 2023

Bixia Ye, Chair
California High-Cost Fund-A AC

cc: Alice Busching Reynolds, President
Genevieve Shiroma, Commissioner
Darcie Houck, Commissioner
John Reynolds, Commissioner
Karen Douglas, Commissioner
Eric Votaw, CHCF-A AC
Stephen Kalish, CHCF-A AC
Sindy Yun, Legal Division
Lalaine Semana, Administrative Services Division
Dorris Chow, Communications Division

ATTACHMENT A: CHCF-A AC MEETING MINUTES FOR AUGUST 18, 2022

California High-Cost Fund-A Administrative Committee Meeting Minutes *for Thursday, August 18, 2022, at 1:00 pm*

Venues:

California Public Utilities Commission
505 Van Ness Ave., Room 3204
San Francisco, CA 94102

Telephone Conference Phone Bridge:

Access: 415-655-0002
Participant/Access Code: 2491 028 3954

Attendees:

Present – Committee Members

- Patrick Hogle (CPUC, Public Advocates Office) (Chairperson)
- Stephen Kalish, Alternate Committee Member (Community Based Organization)

Present – Others

- Felix Robles (CPUC, Communications Division)
- Nancy Lee (CPUC, Communications Division)
- Hannah Steiner (CPUC, Communications Division) (via Webex)
- Danny Tse (CPUC, Communications Division) (via Webex)
- Sindy Yun (CPUC, Legal Division) (via Webex)
- Lalaine Semana (CPUC, Fiscal Office) (via Webex)
- Bixia Ye (CPUC, Public Advocates Office) (via Webex)
- Sarah Banola (RBR Law) (via Webex)

Minutes:

1. Introductions – Patrick Hogle, Chairperson

This is our second in-person meeting since the pandemic started in March 2020. Attendees introduced themselves. Patrick Hogle observed that a quorum was present, meeting commenced at 10:02 am.

2. Announcements

Sindy Yun informed us that the state amended the Bagley Keene Statute, Govt. Code section 11133 related to the requirements for holding public meetings. As a result, all CHCF-A AC meetings will be held through teleconferencing going forward. This will be effective through July 1, 2023.

3. Public Comments

Stephen Kalish stated he attended the Sierra GRC ratemaking hearing remotely in July as a member of the public, however, a substantial portion of the hearing was held in confidential sessions. Mr. Kalish felt that the confidential portion of the hearing should be lightly redacted and made available to the public.

4. Review and Approval of the May 25, 2022, Meeting Minutes

Felix Robles alerted us to a typo in the draft minutes. Nancy Lee will correct the typo before posting it on the CPUC CHCF-A webpage. Stephen Kalish made a motion to approve the minutes. Patrick Hoglund seconded the motion. The committee voted unanimously to approve the May 25, 2022 minutes. The adopted minutes will be posted on the CHCF-A AC webpage.

5. Liaison Staff Reports:

a. Fiscal Report

Lalaine Semana presented the quarterly financial report: as of June 30, 2022, the budget appropriation balance for Fiscal Year 2021-2022 is \$69.1 million; total revenue is \$27.4 million. The total cash available at SCO as of June 30, 2022 is \$19.4 million; total cash available as of today is \$19.1 million.

b. Legal Report

Sindy Yun reported that SB 857 to extend the CHCF-A Program for another five years to January 2028 is expected to pass soon. The current program sunset date is January 2023.

There are three General Rate Cases (GRCs) in process before the Commission. The CHCF-A Rulemaking proceeding is still open, but there are currently no active issues.

c. Communications Division

Felix Robles reported that we are still in deliberation on the surcharge transition rulemaking, anticipating a Proposed Decision (PD) soon.

Mr. Robles stated with the CHCF-A Fund balance of \$19.1 million previously cited by Lalaine, we have about a five plus months of surplus. In anticipation of the surcharge transition, CD sees no concerns at this time regarding the CHCF-A Fund balance.

Mr. Robles mentioned for the upcoming TY 2024 General Rate Case applications that Ponderosa's application is expected to be submitted on October 1, 2022. Foresthill and Kerman will submit their applications on November 1, 2022. Foresthill and Kerman will then petition to do a consolidated proceeding.

Sindy Yun stated the Small ILECs will file a consolidated Cost of Capital application in September 2022. Stephen Kalish asked for clarification regarding the Cost of Capital proceeding. Mr. Robles stated the consolidated proceeding determines the reasonable rate of return for the 10 Small ILECs that draw from the A Fund. The authorized rates of return are then used to calculate the companies' revenue requirement. Sindy further clarified that in a consolidated Cost of Capital proceeding, the Commission will adopt a different rate of return for each of the 10 Small ILECs.

6. Update on the current GRC Hearings

Felix Robles stated Sierra's evidentiary hearing was rescheduled to July 27th- August 3rd, it was completed on August 1st. Opening briefs will be due on September 6th; Reply briefs due on September 30th; PD is expected in the 4th quarter of this year.

Volcano's evidentiary hearing was scheduled from August 8th – 12th, it was completed on August 10th. Opening briefs will be due on September 12th; Reply briefs due on October 10th; PD is expected in the 4th quarter of this year.

ALJ Miles issued a ruling on July 28th for Siskiyou's evidentiary hearing to be rescheduled to October 10th – 14th. Opening briefs due on November 7th; Reply briefs due on December 7th; PD is expected by the end of this year or early next year.

7. Annual Report

Patrick Hoglund stated that the FY 2021-2022 Annual Report was sent out on August 17, 2022 for the committee's review and noted the approved May 25, 2022 minutes will be added to the end of the report on the attachment section.

Stephen Kalish commented that he would like to see the historical and current numbers of access lines broken down by residential and business customers on the annual report. Patrick Hoglund will try his best to obtain those numbers to be added to the annual report.

Mr. Kalish motioned to approve the proposed FY 2021-2022 Annual Report as amended. Mr. Hoglund seconded the motion. The committee voted unanimously to approve the FY 2021-2022 Annual Report as amended. Mr. Hoglund will submit the approved Annual Report to our Executive Director's Office on or prior to the October 1st deadline.

8. CHCF-A (R.11-11-007) Rulemaking Issues – Questions, Comments

Stephen Kalish stated that the proceeding decision has been appealed to the Court of Appeals and there has been a request for expedited hearing.

9. New agenda items for next meeting

- a. Update on GRC Proceedings
- b. Update on Annual Report
- c. Update from Small LECS on Impact of Wildfires (Siskiyou and Sierra)
- d. Update on Annual Advice Letters and Resolutions
- e. Standard agenda items

10. Date and time for next meeting

The next meeting will be held via Webex on Thursday November 17, 2022 at 1:00 pm.

11. Adjournment

The meeting was adjourned at 10:42 am.

ATTACHMENT B: CHCF-A AC MEETING MINUTES FOR NOVEMBER 17, 2022

California High-Cost Fund-A Administrative Committee Meeting Minutes for Thursday, November 17, 2022, at 1:00 pm

Venues:

The state amended the Bagley Keene Statute, Govt. Code section 11133 related to the requirements for holding public meetings. As a result, all CHCF-A AC meetings will be held through teleconferencing going forward. This will be effective through July 1, 2023.

- There is no physical location of the meeting open to the public.
- The public is invited to call in and provide public comments during the meeting.

Telephone Conference Phone Bridge:

Phone Bridge: 415-655-0002

Participant/Access Code: 2494 548 4028

Attendees:

Present – Committee Members

- David Clark (Sebastian and LEC representative) (Vice Chairperson)
- Bixia Ye (CPUC, Public Advocates Office)
- Stephen Kalish, Alternate Committee Member (Community Based Organization)

Present – Others

- Felix Robles (CPUC, Communications Division)
- Dorris Chow (CPUC, Communications Division)
- Hannah Steiner (CPUC, Communications Division)
- Danny Tse (CPUC, Communications Division)
- Nancy Lee (CPUC, Communications Division)
- Sindy Yun (CPUC, Legal Division)
- Tayyeb Malik (CPUC, Fiscal Office)
- Benny Corona (CPUC Public Advocates Office)
- Patrick Rosvall (BRB Law)

Minutes:

1. Introductions – David Clark, Vice Chairperson

Attendees introduced themselves. David Clark observed that a quorum was present, meeting commenced at 1:03 pm.

2. Announcements

Nancy Lee reported that Patrick Hoglund, our Primary AC Member from Public Advocates, has resigned from this committee. The CPUC Executive Director approved Bixia Ye's appointment to be Public Advocates' primary representative for the CHCF-A AC.

3. Public Comments – none

4. Review and Approval of the August 18, 2022, Meeting Minutes

Stephen Kalish pointed out a couple of typos and a grammatical error that were on the minutes and corrections were made. Stephen Kalish made a motion to approve and adopt the revised minutes. David Clark seconded the motion. The committee voted unanimously to approve the August 18, 2022 minutes as amended. The revised adopted minutes will be posted on the CHCF-A AC webpage.

5. Liaison Staff Reports:

a. Fiscal Report

Tayyeb Malik presented the quarterly financial report. As of July 1, 2022, the budget appropriation balance for Fiscal Year 2022-2023 is \$45.2 million; the total revenue is \$651. There were some issues with the State Controller's Office (SCO) that prevented Fiscal to close their books for the period ending October 31, 2022.

The total cash available at SCO is \$18.9 million as of November 14, 2022.

b. Legal Report

Sindy Yun reported that SB 857 was passed to extend the CHCF-A Program for another five years to January 2028.

c. Communications Division

Dorris Chow stated Decision 22-10-021 was adopted on October 20, 2022. Decision 22-10-021 adopted a new surcharge mechanism to fund California's Universal Service Public Purpose Programs (PPPs). Effective April 1, 2023, all wireline, wireless, and VoIP carriers must assess surcharges using the new mechanism, which is based on the number of active access lines that a telephone corporation operates in California. The interim flat rate PPP surcharge is \$1.11 per assess line.

Patrick Rosvall asked what the New Access Line PPP surcharge weighted average fund distribution is for CHCF-A. Hannah Steiner stated it is 7.54% of the total surcharge amount as outlined in the Weighted Average Program Fund Allocation Table in Decision 22-10-021.

6. Update on the current GRC Hearings

Dorris Chow stated Communications Division (CD) is anticipating a Proposed Decision (PD) to be issued by the Administrative Law Judge (ALJ) for Sierra, Siskiyou, and Volcano's Test Year (TY) 2023 General Rate Case (GRC) soon.

Dorris Chow also mentioned CD has received applications from Ponderosa, Foresthill, and Kerman for the upcoming TY 2024 GRCs.

7. Update on Annual Advice Letters and CHCF-A Support Resolutions

Hannah Steiner reported that the total CHCF-A annual support request for calendar year 2023 that CD received from the 13 Small ILECs is \$34.9M. Last year's adopted annual support amount was \$34.6M.

Sierra, Siskiyou, and Volcano, the three companies that have on-going GRCs, specified that their request is an interim amount until their GRC is adopted.

Patrick Rosvall acknowledged that there were no protests made by Public Advocates.

8. Annual Report

Bixia Ye stated Patrick Hogle submitted the FY 2021-2022 Annual Report to the Executive Director, and it has been approved and published on the CHCF-A AC webpage.

9. Update from the Small LECs on Impact of Wildfires

Patrick Rosvall stated both Sierra and Siskiyou were able to restore service very quickly due to wildfires. Unfortunately, certain homes were burned down. Sierra will reinstall loops that are necessary to reach those locations.

Siskiyou did lose some facility sites due to the massive McKinney Fire that started in late July. Siskiyou was able to restore power for those locations within approximately nine days once Siskiyou was able to gain access to those areas.

David Clark, representing Foresthill, stated the biggest fire in California this year was the Mosquito Fire. Approximately 40 customers lost power and the fire came within 800 yards from Foresthill's central office. Three wireless towers were damaged, and one tower is operable now. David Clark was very thankful that the firefighters did an excellent job in keeping the fire out of the populated areas.

10. CHCF-A (R.11-11-007) Rulemaking Issues – Questions, Comments

Stephen Kalish asked if there was an update on the rulemaking issues appeal. Patrick Rosvall stated the imputation issue is before the Court of Appeals, and oral argument will take place on December 15, 2022.

11. New agenda items for next meeting

- a. Update on GRC Proceedings
- b. AC Membership – New members and Election of Chair and Vice Chair
- c. Update from Small LECs on Impact of Wildfires
- d. Update on Annual Resolution
- e. Standard agenda items

12. Date and time for next meeting

The next meeting will be held via Webex on Thursday February 16, 2023 at 1:00 pm.

13. Adjournment

The meeting was adjourned at 1:40 pm.

ATTACHMENT C: CHCF-A AC MEETING MINUTES FOR FEBRUARY 16, 2023

California High-Cost Fund-A Administrative Committee Draft Meeting Minutes for Thursday, February 16, 2023, at 1:00 pm

Venues:

The state amended the Bagley Keene Statute, Govt. Code section 11133 related to the requirements for holding public meetings. As a result, all CHCF-A AC meetings will be held through teleconferencing going forward. This will be effective through July 1, 2023.

- There is no physical location of the meeting open to the public.
- The public is invited to call in and provide public comments during the meeting.

Telephone Conference Phone Bridge:

Phone Bridge: 415-655-0002

Participant/Access Code: 2495 781 4114

Attendees:

Present – Committee Members

- Bixia Ye, CPUC - Public Advocates Office
- Stephen Kalish, Alternate Committee Member - Community Based Organization
- Eric Votaw - Ducor Telephone Company

Present – Others

- Danny Tse, CPUC - Communications Division
- Nancy Lee, CPUC - Communications Division
- Cindy Yun CPUC - Communications Division
- Lalaine Semana, CPUC - Fiscal Office
- Tayyeb Malik, CPUC - Fiscal Office
- Benny Corona, CPUC - Public Advocates Office
- Patrick Rosvall - BRB Law

Minutes:

1. Introductions

After a short discussion, there was a roll call to vote for the Chair of the Administrative Committee (AC). Bixia Ye was the only primary member of the AC at the time of the meeting and was open to take on the position of Chair. Stephen Kalish, Eric Votaw, and Bexia voted during the roll call and Bexia was elected as Chair. In addition, Eric Votaw was elected as Vice Chair in a roll call.

Patrick Rosvall questioned about how a committee alternate can become the primary member, and Cindy Yun explained what the AC Charter described on such membership changes. Mr. Rosvall said that Mr. Votaw will be submitting a letter of interest in becoming a primary member of the AC.

2. Announcements

Nancy Lee reported that Patrick Hoglund, our Primary AC Member from Public Advocates, has resigned from this committee. The CPUC Executive Director approved Bixia Ye's appointment to be Public Advocates' primary representative for the CHCF-A AC.

3. Public Comments – none

4. Review and Approval of the November 17, 2022, Meeting Minutes

Stephen Kalish pointed out the minutes should be submitted to members of the AC within a few weeks after the previous meeting. Eric Votaw stated that he was not at the previous AC meeting, while Bixia Ye did not requested any changes on the November 17, 2022 CHCF-A AC meeting minutes.

There was a role call to approve the November 17, 2022 meeting minutes, with Stephen and Bixia voting for the approval.

5. Liaison Staff Reports:

a. Fiscal Report

Lalaine Semana presented the quarterly financial report. As of February 13, 2023, there was a total cash balance of \$17.7 million. The program expenditure between July 1, 2022 to December 31, 2022 was \$15.7 million.

Mr. Rosvall questioned about a trailer bill and asked Lalaine whether it was included in the quarterly financial report. Lalaine stated that it was included.

b. Legal Report

Sindy Yun has no legal issue to report.

c. Communications Division

Danny Tse reported on the ongoing progress of the General Rate Case (GRC) processings. Also noted was that effective April 1, 2023, all wireline, wireless, and VoIP carriers must assess surcharges using the new mechanism, which is based on the number of active access lines that a telephone corporation operates in California. The interim flat rate PPP surcharge is \$1.11 per assess line.

Patrick Rosvall asked about the Siskiyou GRC proposed decision, to which Danny was not able to provide any additional information. Mr. Kalish inquired about the Public Participation Hearing (PPH) for Sierra Telephone Company and Danny Tse was not able to provide any information as he was not present at the PPH. Mr. Rosvall added that he noted there were 3 to 4 people present at the PPH based on the summary he read.

Nancy Lee offered a summary of the annual Resolution T-17776 for CHCF-A support for calendar year 2023. The annual resolution was adopted on January 12, 2023, for \$33.8 million. Due to the GRC proceeding for Sierra Telephone Company, Volcano Telephone Company, and Siskiyou Telephone Company, the final support total will be adjust when all three GRC is adopted.

6. Update on the current GRC Hearings

Dorris Chow stated Communications Division (CD) is anticipating a Proposed Decision (PD) to be issued by the Administrative Law Judge (ALJ) for Sierra, Siskiyou, and Volcano's Test Year (TY) 2023 General Rate Case (GRC) soon.

Dorris Chow also mentioned CD has received applications from Ponderosa, Foresthill, and Kerman for the upcoming TY 2024 GRCs.

7. Update on Annual Advice Letters and CHCF-A Support Resolutions

Hannah Steiner reported that the total CHCF-A annual support request for calendar year 2023 that CD received from the 13 Small ILECs is \$34.9M. Last year's adopted annual support amount was \$34.6M.

Sierra, Siskiyou, and Volcano, the three companies that have on-going GRCs, specified that their request is an interim amount until their GRC is adopted.

Patrick Rosvall acknowledged that there were no protests made by Public Advocates.

8. Update from the Small LECs on Impact of Wildfires

Patrick Rosvall stated impacts from wildfires were minimal.

9. New agenda items for next meeting

- a. Summaries on GRC Proceedings
- b. CHCF-A budget proposal
- c. Standard agenda items

10. Date and time for next meeting

The next meeting will be held via Webex on Thursday, May 18, 2023 at 1:00 pm.

11. Adjournment

The meeting was adjourned at 1:40 pm.

ATTACHMENT D: CHCF-A AC MEETING MINUTES FOR MAY 18, 2023

California High-Cost Fund-A Administrative Committee Draft Meeting Minutes for *Thursday, May 18, 2023, at 1:00 pm*

Venues:

The state amended the Bagley Keene Statute, Govt. Code section 11133 related to the requirements for holding public meetings. As a result, all CHCF-A AC meetings will be held through teleconferencing going forward. This will be effective through July 1, 2023.

- There is no physical location of the meeting open to the public.
- The public is invited to call in and provide public comments during the meeting.

Telephone Conference Phone Bridge:

Phone Bridge: 415-655-0002

Participant/Access Code: 2488 485 0602

Attendees:

Present – Committee Members

- Bixia Ye, CPUC - Public Advocates Office
- Eric Votaw - Ducor Telephone Company
- Stephen Kalish, Alternate Committee Member - Community Based Organization

Present – Others

- Danny Tse, CPUC - Communications Division
- Nancy Lee, CPUC - Communications Division
- Sindy Yun CPUC - Communications Division
- Lalaine Semana, CPUC - Fiscal Office
- Tayyeb Malik, CPUC - Fiscal Office
- Sarah Banola - BRB Law LLP

Minutes:

1. Introductions

2. Announcements

There were no announcements.

3. Public Comments

Mr. Kalish requested that meeting minutes note that on December 20, 2022, the California Court of Appeal issued a published opinion denying the petition for review regarding the broadband imputation, which was modified and partially published on January 18, 2023. The California Supreme Court deny review on April 27, 2023.

4. Review and Approval of the February 16, 2023, Meeting Minutes

Mr. Stephen Kalish pointed out the minutes should be submitted to members of the AC within a few weeks after the previous meeting. Furthermore, Mr. Kalish questioned the accuracy of Item No. 10, regarding CHCF-A (R.11-11-007) Rulemaking Issues. Ms. Sarah Banola of the BRB Law LLP noted the important dates when the State of California Court of Appeal rejected the ILEC challenge to the CPUC's broadband imputation. In addition, Ms. Bonala confirmed the date on which the ILECs sought rehearing and the date a modification Order was filed that modified the statements of the opinion based on rehearing and the Court partially published its opinion.

Mr. Kalish moved to approve the amended February 16, 2023 meeting minute and Mr. Eric Votaw approved the motion. The amended February 16, 2023, was approved unanimously by roll call by the CHCF-A AC members.

5. Liaison Staff Reports:

a. Fiscal Report

Lalaine Semana presented the quarterly financial report. As of March 31, 2023, the total budget appropriation for fiscal year 2022-23 was \$45.2 million, program expenditure from July 2022 to March 2023 was \$24 million, with an appropriation balance of \$21.1 million. Revenue from regulatory fees was \$23.9 million. The CHCF-A Fund balance as of March 31, 2023 was \$18.1 million and a cash balance of \$21.78 million.

b. Legal Report

Sindy Yun reported that a new Senate Bill, SB754, introduced on February 17, 2023, that requires the Commission to exclude broadband revenue from being imputed into revenue required of small LECs.

c. Communications Division

Danny reported on the adoption of the new surcharge mechanism, which assesses surcharges based on the number of access lines instead of monthly intrastate revenue, and the implementation of the new surcharge reporting system.

6. Update on the FY2024-25 Budget Proposal

In addition, Danny submitted Fiscal Year (FY) 2024-25 CHCF-A Budget Proposal and explained the proposed budget is being kept at the same level as FY 2023-24. Ms. Yun explained that a proposed CHCF-A budget is to be adopted by June 1st of year. Mr. Votaw questioned whether the impact of changing from assessing surcharges from intrastate revenue to access line to collect surcharges was considered.

Pursuant to the Charter, the Committee was required to make a recommendation on staff's proposed 2024-2025 proposed CHCF-A budget for the Commission's consideration. Ms. Yun stated that Mr. Votaw was disqualified from participation in the Committee's deliberation and vote due to a conflict of interest. Mr. Kalish and Ms. Ye discussed proposed budget recommendation of \$43M, and felt it was excessive, as actual expenses have been flat at around \$35M, and the imputed broadband revenues will reduce A-Fund support to the ILECs by about \$5M. Mr. Kalish moved that the Committee recommend a 2024-2025 budget of \$40M, which Ms. Ye seconded, and the motion passed with two affirmative votes (Mr. Votaw not voting).

7. Updates from small LECs on Flooding

Mr. Votaw spoke of the many floods he encountered during the past winter.

8. Other administrative matters

Ms. Nancy Lee asked about the Annual Report that was to be drafted and presented to the Committee at the next Committee Meeting. Ms. Ye volunteered to prepare the upcoming Annual Report.

9. Date and time for next meeting

The next meeting will be held via Webex on Thursday, August 31, 2023 at 1:00 pm.

10. Adjournment

The meeting was adjourned at 1:55 pm.