

September 18, 2026

Leuwam Tesfai
Executive Director
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

California High-Cost Fund-A Program Annual Report Fiscal Years 2025-2026

This California High-Cost Fund-A (CHCF-A) Annual Report for Fiscal Years (FY) 2025-2026 is respectfully 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 (Pub. Util. Code) § 273(b). This report summarizes the CHCF-A program's purpose, subsidy disbursements, surcharges, funding balance, related Commission proceedings, and the approved minutes of the CHCF-A AC meetings held during FY 2025-2026.

I. INTRODUCTION

Pursuant to Pub. Util. Code § 275.6, the CHCF-A Program was established to further the Commission's universal service commitment by ensuring the affordability and widespread availability of safe, reliable, high-quality communications services in rural areas. The CHCF-A program provides subsidies to small independent telephone corporations serving rural areas in amounts that are 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 Pub. Util. Code § 275. Its purpose is to advise the Commission on the development, implementation, and administration of the CHCF-A program, which provides funding to small independent telephone corporations for local exchange services in high-cost rural and small metropolitan areas. This funding is designed to promote fair and equitable local rate structures and is implemented under the Commission's direction and oversight. The Committee also discussed the program budget, potential impacts of new regulatory requirements, and charter-related governance matters.

II. CALIFORNIA HIGH-COST FUND-A DISBURSEMENT FOR THE CALENDAR YEAR 2026

Currently, ten small incumbent local exchange carriers (Small ILECs) receive CHCF-A support:

1. Calaveras Telephone Company (Calaveras)
2. Cal-Ore Telephone Company (Cal-Ore)
3. Ducor Telephone Company (Ducor)
4. Foresthill Telephone Company (Foresthill)
5. Kerman Telephone Company (Kerman)
6. Pinnacles Telephone Company (Pinnacles)
7. The Ponderosa Telephone Company (Ponderosa)
8. Sierra Telephone Company (Sierra)
9. The Siskiyou Telephone Company (Siskiyou)
10. Volcano Telephone Company (Volcano)

Because CHCF-A support is adopted on a calendar-year rather than a fiscal-year basis, Table 1 presents the adopted CHCF-A support,¹ customer counts, monthly CHCF-A support per customer, and the currently authorized tariffed residential and business voice rates² for each Small ILEC for Calendar Year 2026.

Table 1: Adopted Calendar Year 2026 CHCF-A Support

Small ILEC	Number of Customers (Residential & Business)	Yearly Support Calendar Year 2026	Monthly Subsidy per Customer	Monthly Residential Voice Rate	Monthly Business Voice Rate
Calaveras	3,177	\$2,333,228	\$61.20	\$26.00	\$28.33
Cal-Ore	1,599	\$1,638,791	\$85.41	\$25.00	\$32.10
Ducor	560	\$1,664,481	\$247.69	\$26.50	\$39.26
Foresthill	1,447	\$1,475,631	\$84.98	\$26.75	\$37.80
Kerman	2,271	\$2,998,260	\$110.02	\$25.50	\$39.55
Pinnacles	191	\$314,756	\$137.33	\$26.50	\$37.85
Ponderosa	6,354	\$4,171,310	\$54.71	\$26.50	\$38.10
Sierra	12,474	\$5,589,835	\$37.34	\$26.50	\$43.25
Siskiyou	3,728	\$6,166,514	\$137.84	\$26.00	\$28.00

¹ Resolution T-17897, January 15, 2026, Table 5 at 15 and Ordering Paragraph (OP) 1 at 28.

² The Commission establishes tariffed residential and business voice rates for each Small ILEC through General Rate Case (GRC) proceedings. The rates shown are the currently authorized tariffed rates for Calendar Year 2026.

Small ILEC	Number of Customers (Residential & Business)	Yearly Support Calendar Year 2026	Monthly Subsidy per Customer	Monthly Residential Voice Rate	Monthly Business Voice Rate
Volcano	9,037	\$2,022,622	\$18.65	\$27.50	\$38.95
Total	40,838	\$28,375,427			

III. SURCHARGE FOR CHCF-A PROGRAM

Effective April 1, 2023, the Commission transitioned the Public Purpose Program surcharges to an access line flat rate surcharge mechanism adopted in decision (D.) 22-10-021. This new surcharge mechanism assesses a flat rate surcharge for each active access line that the telephone corporation serves in California.³ The surcharge is allocated across six public purpose programs at varying percentages, which are subject to change over time.

The monthly flat rate was \$0.90 per access line in FY 2025-2026 and will increase to \$1.05 effective September 1, 2026. Among the six Public Purpose Programs, \$0.03 (3.02%) of the \$0.90 per access line in FY 2025-2026 was allocated to the CHCF-A program, and \$0.05 (5.39%) of the \$1.05 per access line will be allocated to the CHCF-A program effective September 1, 2026. Table 2 below presents the CHCF-A surcharge per access line beginning in 2023.

Table 2: CHCF-A Monthly Surcharge Amount per Access Line, 2023–2026 ⁴

Effective Date	Flat Rate Surcharge Amount per Access Line	Percentage of Total Flat Rate Surcharge Allocated to CHCF- A Program per Access Line	CHCF-A Surcharge Amount per Access Line
9/1/2026	\$1.05	5.39%	\$0.05
8/1/2025	\$0.90	3.02%	\$0.03
5/1/2025	\$0.90	6.60%	\$0.06
1/1/2025	\$1.11	7.09%	\$0.08
9/1/2024	\$1.11	10.23%	\$0.11
4/1/2023	\$1.11	7.54%	\$0.08

³ D.22-10-021, *Decision Updating the Mechanism for Surcharges to Support Public Purpose Programs*, issued October 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).

⁴ <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/telecommunications-surcharges-and-user-fees/surcharge-rates>

IV. CHCF-A PROGRAM FISCAL YEAR BUDGET AND BALANCE

The CHCF-A program received budget appropriation of approximately \$49.5 million for FY 2025-2026. As of June 30, 2026, the program had an appropriation balance of approximately \$52 million.

Table 3 presents the program's appropriation balances by Enactment Year (ENY), which refers to the year in which the Legislature enacted the budget appropriation. Because appropriations remain available for expenditure until fully spent or reverted, balances from prior enactment years (2023–2024, 2024–2025) continue to be available and are shown alongside the current fiscal year's appropriation. This presentation provides a complete accounting of available program funding.

Table 3: CHCF-A Program Appropriation Balance

	ENY 23-24	ENY 24-25	ENY 25-26	Total
Budget Appropriation	\$15,674,475	\$11,818,752	\$49,500,000	\$76,993,227
Program Expenditures (July 1, 2025 - June 30, 2026)	(\$579,600)	(\$217,401)	(\$29,469,342)	(\$30,266,344)
Outstanding Encumbrances	\$13,997	\$5,948,249	(\$622,824)	\$5,339,422
Appropriation balance as of June 30, 2026	\$15,108,872	\$17,549,599	\$19,407,833	\$52,066,305

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 ten Small ILECs receiving CHCF-A support are required to file general rate case (GRC) applications to adjust their requested funding levels. The Test Years 2023, 2024, and 2025 GRC cycle for the ten Small ILECs concluded with the issuance of the final Commission decision on August 14, 2025.

Under the Rate Case Plan, three GRC applications (Group A)⁵ are scheduled to be filed for Test Year 2028, three applications (Group B)⁶ for Test Year 2029, and four applications (Group C)⁷ for Test Year 2030. Accordingly, the three Group A companies, Sierra, Siskiyou, and Volcano

⁵ Group A companies are Sierra Telephone Company, The Siskiyou Telephone Company, and Volcano Telephone Company.

⁶ Group B companies are Foresthill Telephone Company, Kerman Telephone Company, and The Ponderosa Telephone Company.

⁷ Group C companies are Calaveras Telephone Company, Cal-Ore Telephone Company, Ducor Telephone Company, and Pinnacles Telephone Company.

were originally required to file their GRC applications by October 1, 2026. However, all three companies requested and received extensions. Sierra and Volcano will file their GRC applications by December 1, 2026, while Siskiyou will file its GRC application, with the three Group B companies, for Test Year 2029 by October 1, 2027.

VI. BROADBAND AFFORDABILITY FOR LOW-INCOME CUSTOMERS

The CHCF-A program provides subsidies to support the Small ILECs' investment in regulated telecommunications infrastructure, which is used to provide regulated voice services and access to advanced communications services, including broadband.⁸ As CHCF-A subsidies support the deployment and maintenance of broadband-capable infrastructure, broadband affordability helps maximize the public benefits of the infrastructure supported by CHCF-A subsidies.

During the review and approval of the Small ILECs' GRCs for Test Years 2023, 2024, and 2025, four of the 10 Small ILECs entered into settlement agreements with the Commission's Public Advocates Office. All these settlement agreements include a low-income broadband offering to help ensure affordable broadband service.⁹

For the decisions approving the remaining six Small ILECs' GRCs, the Commission did not require the Small ILECs' Internet Service Provider affiliates to offer a low-income broadband plan. However, the Commission deferred consideration of the issue to a future proceeding to ensure uniform low-income program policies applicable to all Small ILECs because the Commission recognized that broadband affordability for low-income customers is essential to ensuring access to broadband infrastructure funded by the CHCF-A program.¹⁰ As of the date of

⁸ Pub. Util. Code § 275.6.(b)(2): "Rate base" means the value of a telephone corporation's plant and equipment that is reasonably necessary to provide regulated voice services and access to advanced services, and upon which the telephone corporation is entitled to a fair opportunity to earn a reasonable rate of return.

⁹ 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*, March 16, 2023, at 7.

D.23-11-095, *Decision Adopting All-Party Settlement Agreement Approving Revenue Requirement and Rate Design and Selected Rates for The Ponderosa Telephone Company for Test Year 2024*, November 30, 2023, at 7-8.

D.24-12-011, *Decision Adopting All-Party Settlement Agreement Approving Revenue Requirement and Rate Design for The Cal-Ore Telephone Company for Test Year 2025*, December 5, 2024, at 8-9.

D.24-12-041, *Decision Adopting All-Party Settlement Agreement Approving Revenue Requirement, Rate Design and Selected Rates for Calaveras Telephone Company for Test Year 2025*, December 19, 2024, at 20.

¹⁰ D.24-01-030, *Decision Approving Revenue Requirement, Rate Design and Selected Rates for The Kerman Telephone Company for Test Year 2024*, January 25, 2024, at 34.

this report, the Commission has not opened a new CHCF-A proceeding to address broadband affordability issues.

In August 2025, the Commission adopted a three-year, voluntary, industry-wide Home Broadband Pilot (Pilot) Program that allows eligible households to apply the California Universal Telephone Service Program subsidy to any Commission-approved internet plan meeting the minimum service standards.¹¹ The Pilot Program authorizes a monthly subsidy of \$20.00 for standalone fixed broadband and \$30.00 for a bundled fixed broadband and voice service.¹² The minimum service standards are 100 Megabits per second (Mbps) download and 20 Mbps upload speeds, with a monthly data allowance of 1,280 gigabytes.¹³ The Pilot Program began on January 26, 2026.¹⁴

All ten Small ILECs have received Commission approval to participate in the Pilot Program. As of June 30, 2026, a total of 48 customers have enrolled in the Pilot Program.¹⁵ Because broadband deployment costs are generally higher in the rural areas served by the Small ILECs, the Pilot Program subsidy (\$20-\$30 per month) may not fully address broadband affordability for all eligible households. The Pilot Program represents an important step toward improving broadband affordability for eligible households. As the Pilot Program is implemented, the Commission will have additional information to evaluate its effectiveness and to inform any future consideration of broadband affordability issues.

D.24-01-031, *Decision Approving Revenue Requirement, Rate Design and Selected Rates for Foresthill Telephone Co. for Test Year 2024*, January 25, 2024, at 33-34.

D.25-08-010, *Decision Approving Revenue Requirement, Rate Design and Selected Rates for Ducor Telephone Company for Test Year 2025*, August 14, 2025, at 45.

¹¹ D.25-08-050, *Decision Approving Home Broadband Pilot*, August 28, 2025.

¹² D.25-08-050, OP 3 at 53.

¹³ D.25-08-050, at 24.

¹⁴ Resolution T-17903, February 26, 2026, at 3 and Findings and Conclusions #6 at 7.

¹⁵ Enrollment by participating Small ILEC: Kerman: 28 customers; Ducor: 15 customers; and Foresthill: 5 customers. https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/communications-division/documents/lifeline/customer-count/2026/2026_maximussubscribercountsasof_07202026.xls

VII. COST OF CAPITAL PROCEEDING

In 2024, the Commission adopted the cost of capital values for each of the ten Small ILECs were shown in Table 4 below.¹⁶ The adopted cost of capital applies to Test Years 2023, 2024, and 2025 and remains in effect until and unless the Commission adopts a new cost of capital value.¹⁷

Table 4: Small ILECs' Cost of Capital

Small ILECs	Cost of Equity	Cost of Debt	Common Equity Ratio	Debt Ratio	Cost of Capital
Calaveras Telephone Company	9.77%	2.840%	55%	45%	6.65%
Cal-Ore Telephone Company	9.77%	3.98%	55%	45%	7.16%
Ducor Telephone Company	9.77%	3.98%	55%	45%	7.16%
Foresthill Telephone Company	9.77%	2.74%	55%	45%	6.61%
Kerman Telephone Company	9.77%	3.00%	55%	45%	6.72%
Pinnacles Telephone Company	9.77%	3.98%	55%	45%	7.16%
The Ponderosa Telephone Company	9.77%	2.93%	55%	45%	6.69%
Sierra Telephone Company	9.77%	3.83%	55%	45%	7.10%
The Siskiyou Telephone Company	9.77%	3.98%	55%	45%	7.16%
Volcano Telephone Company	9.77%	5.22%	55%	45%	7.72%

VIII. CHCF-A AC MEETING MINUTES

The CHCF-A AC met quarterly during FY 2025-2026. The meetings were attended by Committee members representing the Small ILECs, a community-based organization, the Public Advocates Office at the California Public Utilities Commission,¹⁸ and Commission staff. The attachments to this report include the approved meeting minutes for the CHCF-A AC meetings held on:

- September 10, 2025
- December 16, 2025
- February 25, 2026
- May 20, 2026

¹⁶ D.24-09-021, *Decision Determining the Cost of Capital for Ratemaking Purposes for California's Independent Small Telephone Companies*, September 12, 2024. Table 1 at 3 and OP 1 at 34.

¹⁷ D.24-09-021, OP 2 at 34-35.

¹⁸ Charter of the California High-Cost Fund-A Administrative Committee, Section 3.1 Members.

Respectfully submitted,

yebixia

Bixia Ye
Chair, CHCF-A Administrative Committee

Public Utilities Regulatory Analyst V
Public Advocates Office

cc: John Reynolds, President
Darcie Houck, Commissioner
Karen Douglas, Commissioner
Matthew Baker, Commissioner
Christine Harada, Commissioner
Eric Votaw, CHCF-A Administrative Committee
Stephen Kalish, CHCF-A Administrative Committee
Sindy Yun, Legal Division
Lalaine Semana, Administrative Services Division
Risa Hernandez, Communications Division
Dorris Chow, Communications Division
Sandy Lam, Communications Division
Hannah Steiner, Communications Division
Saraf Tarannum, Communications Division

ATTACHMENT A: CHCF-A AC MEETING MINUTES FOR SEPTEMBER 10, 2025

California High-Cost Fund-A Administrative Committee Meeting Minutes for Wednesday, September 10, 2025, 10:30 AM

Attendees:

Committee Members

- Bixia Ye, Cal Advocates Office (Chair)
- Eric Votaw, Small LEC Representative (Vice Chair)
- Stephen Kalish, Community Based Organization
- Jason Tikijian, Small LEC Representation (Alternate)
- Chrystian Villareal, Cal Advocates Office (Alternate)

CPUC Staff

- Hannah Steiner, Communications Division
- Sandy Lam, Communications Division
- Dorris Chow, Communications Division
- Saraf Tarannum, Communications Division
- Faith de Leon, Communications Division
- Diego Cerna, Communications Division
- Sindy Yun, Legal Division
- Lalaine Semana, Fiscal Office
- Heather Iwamuro, External Affairs

Public:

- QC Vu – BRB Law LLP

Agenda:

1. Introduction

Introductions were made.

2. Announcements

None.

3. Public Comments

None.

4. Review and Approve Meeting Minutes

a. May 29, 2025

Changes were made to the May 29, 2025 meeting minutes. A note was added to correct an error for item #5 (Budget Proposal for Fiscal Year 2026-2027), changing the recorded 2-1 vote to the accurate result of 2-0. The committee elected to note and correct this error in both the May 29, 2025 meeting minutes and in today's meeting minutes.

Stephen Kalish moved to adopt the May 29, 2025 meeting minutes as amended. Eric Votaw seconded. The committee voted unanimously to approve the May 29, 2025 minutes as amended. The minutes will be posted on the CHCF-A AC webpage.

5. Review and Approve Annual Report

Bixia Ye explained that this year's Annual report will include Fiscal Year (FY) 2023-2024 and 2024-2025, since an Annual Report was not submitted for FY 2023-2024.

Stephen Kalish suggested a small amendment to the Annual Report and moved to approve Annual Report as amended. Eric Votaw seconded. The committee voted unanimously to approve the Annual Report as amended.

6. Liaison Staff Reports

a. Fiscal Report – Lalaine Semana

Lalaine Semana presented the Fiscal Report for the CHCF-A Fund as of June 30, 2025.

b. Communications Division – Hannah Steiner

Hannah Steiner noted the decision for the Ducor GRC was adopted in August, which is the last GRC from this cycle. Resolution updating Ponderosa's CHCF-A support from 2019 was also adopted in August.

Surcharge allocations for the Public Purpose Programs were changed on August 1 to reflect the FY 25-26 appropriation. The surcharge flat rate remains at \$0.90 per access line, which is based on what is currently adopted for the FY 25-26 budget.

7. Update from Small LECS

a. Follow-up on Sierra's broadband deployment data

QC VU stated that Sierra has some preliminary answers for CD and wanted to know the best way to convey that information. Dorris Chow responded that Sierra could send the information to Dorris Chow, Hannah Steiner, and Bixia Ye. QC Vu will confirm with Patrick and Sierra that the information requested is regarding passings, which are not confidential information.

b. Update on the Supreme Court's ruling regarding the FCC's Universal Service Fund program

QC Vu noted that the Supreme court upheld the Universal Service Funding as constitutional, allowing the program to proceed. A link to the ruling was provided:

https://www.supremecourt.gov/opinions/24pdf/24-354_0861.pdf

8. New agenda items for next meeting:

a. Standard agenda items

Bixia Ye requested an update or follow up on Sierra's broadband deployment data. There is a gap between what they proposed for Test Year 2023 compared to the amount of fiber locations as of June 2024 – only 405 locations have fiber. Eric Votaw will work with Sierra for an explanation of the discrepancy for the next meeting.

9. Proposed date and time for next meeting: Wednesday December 10, 2025 at 1:30 PM

The committee members suggest scheduling the next AC meeting for Thursday, December 11, 2025 at 10:00 AM. CD will circulate a calendar invite for the suggested date and time.

Meeting adjourned at 11:21 AM.

ATTACHMENT B: CHCF-A AC MEETING MINUTES FOR DECEMBER 16, 2025

California High-Cost Fund A Administrative Committee Meeting Minutes for Tuesday, December 16, 2025, 10:00 AM

Attendees:

Committee Members

- Bixia Ye, Cal Advocates Office (Chair) (Attended remotely)
- Eric Votaw, Small LEC Representative (Vice Chair) (Attended remotely)
- Stephen Kalish, Community Based Organization
- Jason Tikijian, Small LEC Representation (Alternate) (Attended remotely)
- Chrystian Villareal, Cal Advocates Office (Alternate) (Attended remotely)

CPUC Staff

- Hannah Steiner, Communications Division
- Sandy Lam, Communications Division
- Saraf Tarannum, Communications Division
- Faith de Leon, Communications Division
- Diego Cerna, Communications Division
- Sindy Yun, Legal Division
- Lalaine Semana, Fiscal Office

Public:

- QC VU – BRB Law LLP
- Michael Montgomery – Sierra Telephone Company

Agenda:

Meeting called to order at 10:01 AM.

1. Introduction
Introductions were made.
2. Announcements
None.
3. Public Comments
None.
4. Review and Approve Meeting Minutes
 - a. September 10, 2025

Stephen Kalish moved to adopt the September 10, 2025 meeting minutes as amended. Eric Votaw seconded. The committee voted unanimously to approve the September 10, 2025 minutes as amended. The minutes will be posted on the CHCF-A AC webpage.

5. Liaison Staff Reports:

a. Fiscal Report – Lalaine Semana

Lalaine Semana presented the Fiscal Report for the CHCF-A Fund as of October 31, 2025.

b. Legal Report – Sindy Yun

Sindy Yun provided a brief refresher on the teleconferencing requirements for committee meetings. The statute for committee members to attend meetings remotely under the Bagley Keene Act has been extended to January 1, 2030.

c. Communications Division – Hannah Steiner

Hannah Steiner mentioned that CHCF-A Annual Resolution mailed on December 10, 2025, and opening comments are due on December 30, 2025.

Stephen Kalish asked if there is any effect on the CHCF-A fund if the bill for AT&T landline requirements is not passed by the legislature. CD explained that the bill was related to the Carrier of Last Resort (COLR) proceeding and there will be no impact on CHCF-A funds.

Bixia Ye asked if there is any update on a new rulemaking for Small LECs. CD informed there is no update at this time.

Stephen Kalish asked if the FY 26-27 budget approval recommended by the committee was accepted. CD informed the committee that the budget remains confidential until approved and the Governor's proposed budget will be released on January 10, 2026.

6. Update from Small LECS

a. Follow-up on Sierra's broadband deployment data

Michael Montgomery, operating manager of Sierra Telephone Company, presented Sierra's broadband deployment data.

7. New agenda items for next meeting:

a. Standard agenda items

8. Proposed date and time for next meeting: Wednesday, February 18, 2026 at 10:00 AM

The committee members suggest scheduling the next AC meeting for Wednesday, February 25, 2026 at 10:00 AM. CD will circulate a calendar invite for the suggested date and time.

Meeting adjourned at 10:53 AM.

ATTACHMENT C: CHCF-A AC MEETING MINUTES FOR FEBRUARY 25, 2026

California High-Cost Fund-A Administrative Committee Meeting Minutes for Wednesday, February 25, 2026, 10:00 AM

Attendees:

Committee Members

- Bixia Ye, Cal Advocates Office (Chair) (Attended remotely)
- Eric Votaw, Small LEC Representative (Vice Chair) (Attended remotely)
- Stephen Kalish, Community Based Organization (Attended remotely)
- Chrystian Villareal, Cal Advocates Office (Alternate) (Attended remotely)

CPUC Staff

- Hannah Steiner, Communications Division
- Sandy Lam, Communications Division
- Saraf Tarannum, Communications Division
- Faith de Leon, Communications Division
- Cindy Yun, Legal Division
- Lalaine Semana, Fiscal Office

Public:

- QC VU – BRB Law LLP

Agenda:

Meeting called to order at 10:01 AM.

1. Introduction

2. Announcements

None.

3. Public Comments

Stephen Kalish made a public comment that the meeting minutes after 2022 were not on the CHCF-A Administrative Committee website and would like to see an update. CD informed them the website will be updated by the next AC meeting and would inform the committee about the update.

4. Review and Approve Meeting Minutes

a. December 16, 2025

Eric Votaw moved to adopt the December 16, 2025 meeting minutes. Stephen Kalish seconded. The committee voted unanimously to approve the December 16, 2025 minutes. The minutes will be posted on the CHCF-A AC webpage.

5. Governor's Proposed FY 2026-2027 Budget – Hannah Steiner

Hannah Steiner presented the Governor's Proposed Budget for Fiscal Year 2026-2027 and explained the appropriation is the maximum amount that the program is authorized to spend. The CHCF-A expenditures will be determined by GRCs and annual resolution. The committee's budget recommendation is advisory, not binding on the Commission. Budget change proposals are only made public when approved.

6. Liaison Staff Reports:

a. Fiscal Report – Lalaine Semana

Lalaine Semana presented the Fiscal Report for the CHCF-A Fund as of January 31, 2026.

b. Communications Division – Sandy Lam

Sandy Lam reported that the CHCF-A Annual Resolution (T-17897), which adopts \$28 million in CHCF-A Support for the Small LECs for Calendar Year 2026, was passed on January 15, 2026. Additionally, Ducor's Application for Rehearing of their GRC decision was denied in D.26-02-028. Lastly, CD reported that a joint application for transfer of control was filed by Sierra Telephone Company and V Squared Holdings, Inc. (parent company of Ducor) – A.26-02-008. The joint Application is to transfer control of Sierra Telephone Company to Varcomm-Sierratel Inc., parent company will be Varcomm Holdings Inc.

Stephen Kalish asked if there would be an impact of COLR proceeding on the small LECs. Hannah Steiner explained there will be no impact on CHCF-A funds for COLR proceeding since the Small LECs' COLR obligation is established by statute.

7. Update from Small LECS

Bixia Ye asked if the small LECs are going to participate in the Lifeline Broadband Pilot Program. Eric Votaw confirmed Ducor's participation in the pilot program. QC VU stated that all ten Small ILECs have filed advice letters to participate in the pilot program, and Ducor, Sierra, and Calaveras have received approval to date.

8. New agenda items for next meeting:

a. Standard agenda items

9. Proposed date and time for next meeting: Wednesday May 20, 2026 at 10:00 AM

Meeting adjourned at 10:34 AM.

ATTACHMENT D: CHCF-A AC MEETING MINUTES FOR MAY 20, 2026

California High-Cost Fund-A Administrative Committee Meeting Minutes for Wednesday, May 20, 2026, 10:00 AM

Attendees:

Committee Members

- Bixia Ye, Cal Advocates Office (Chair)
- Eric Votaw, Ducor Telephone Company (Vice Chair)
- Stephen Kalish, Community Based Organization (Alternate)
- Jason Tikijian, Small LEC Representation (Alternate)
- Chrystian Villareal, Cal Advocates Office (Alternate)

CPUC Staff

- Sandy Lam, Communications Division
- Dorris Chow, Communications Division
- Saraf Tarannum, Communications Division
- Sky Staes, Communications Division
- Faith DeLeon, Communications Division
- Cindy Yun, Legal Division
- Lalaine Semana, Fiscal Office

Public:

- Q C Vu, BRB Law LLP

Agenda:

1. Introduction

The meeting was called to order at 10:01 AM. All the participants introduced themselves.

2. Announcements

No announcements.

3. Public Comments

No public comments.

4. Review and Approve Meeting Minutes

Stephen Kalish motioned to approve the minutes from February 25th meeting as amended. Eric Votaw seconded the motion. Meeting minutes were approved.

5. FY 2027-2028 Budget – Sandy Lam

Sandy Lam presented the Proposed Budget for the fiscal year 2027-2028. Stephen mentioned that they recommended reducing the appropriation to \$40 million dollars last year and proposed the same amount this year. Bixia had no opinion regarding this proposal and recommended sticking to the budget as proposed. Since there was no number the committee agreed on, there was no budget recommendation approved by the committee.

6. Annual Report: Bixia will submit a draft by the next meeting.

7. Liaison Staff Reports

a. Fiscal Report – Lalaine Semana

Lalaine Semana presented the Fiscal Report for the CHCF-A Fund as of April 30, 2026.

b. Communications Division – Sandy Lam

CHCF-A website has been updated with all current meeting minutes and annual reports.

Bixia asked questions regarding the resolution to postpone GRC. Dorris clarified the resolution was withdrawn and GRCs will be filed in October this year.

Stephen asked about legal reports. Cindy clarified there were no legal updates, and she would ask staff to add as an agenda beforehand if there would be any legal updates.

In addition, Cindy Yun noted that the CPUC submitted comments on FCC's Direct Final Rule in May 2026, recommending that the FCC retain 47 C.F.R. § 43.21(d) and § 43.21(f) in their current form.

8. Update from Small ILECs

QC Vu informed that all small ILECs received approval to participate in Lifeline pilot program. 2 or 3 carriers (Ducor, Kerman, and maybe Foresthill) have begun enrolling customers and the others going through validation and testing and receiving marketing materials. The process for enrollment has been a long journey which adds delays. Small ILECs expressed concerns that the TPA process is time-consuming and appears to prioritize larger companies, such as Comcast, over smaller providers. They hope Communications Division can help address this issue. Cindy Yun offered that the Small ILECs may contact her if they encounter any issues related to the LifeLine Pilot program.

9. New agenda items for next meeting

In addition to the standard agenda items, review and approval of annual report for FY 2026 should be included in the agenda for the next meeting.

10. Proposed date and time for next meeting: Tuesday, August 18, 2026 at 10 AM

Meeting adjourned at 10:44 AM.