

California High-Cost Fund-A Administrative Committee
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 denied review on April 26, 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 Mr. 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.