Minutes of CHCF-B Administrative Committee (AC) Meeting
April 23, 2014 @ 10:30 am

ADOPTED

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

Attendees

Primary Members
Robert Lehman, Chairman
Michael Foreman, AT&T
Margo Ormiston, Verizon; (alternate for Charlie Born)

Liaisons
Richard Maniscalco, CPUC – Communications Division
Benson Jung, CPUC - Fiscal Office

Others
Felix Robles, CPUC - Communications Division

The meeting was called to order at 10:37 am by Robert Lehman (RL)

1. Introductions
All attendees introduced themselves; Margo Ormiston attended as alternate for Charlie Born, who was travelling out of the country.

2. Announcements – Bob Lehman asked Michael Foreman if carriers could issue a surcharge credit on customers' phone bills if the B Fund sun-setted on January 1, 2015 with a sizable balance remaining in the program fund. Mike answered that there had been a sur-credit issued in the past on customers' bills but it didn't involve a refund of program surcharges. Richard also said that a surcharge credit might not reach all the subscribers that had originally paid past surcharges as some of those subscribers might no longer subscribe to telephone service and would not receive the credit.

3. Public Comments – None

4. Review and Approval of Minutes
The draft minutes from the December 11, 2013 meeting were reviewed by all attendees. Commenting on an item from the December 11, 2013 meeting, Richard said that he had sent the draft <u>November 26, 2012</u> meeting minutes to the members by email for their review and approval and said that all members had approved them. Robert Lehman

motioned to approve the minutes from the December 11, 2013 meeting and Michael Foreman seconded the motion. The minutes from the December 11, 2013 meeting were approved.

5. Liaison Staff Reports

a. Fiscal Report

Benson Jung (BJ) attended for Michelle Morales (MM) who could not attend as she was in training. A copy of Fiscal's Statement of Operations for the B Fund from the 1st, 2nd and 3rd quarters for fiscal year 2013-14 was distributed to all present. There were several items on the report that raised questions from the attendees. The first was that the delinquent fees and the surcharge revenue amounts from the 3rd quarter of FY 2013-14 were much higher than usual. During a discussion on this matter, Mike Foreman mentioned that it could be from the TracFone proceeding in which the Commission ordered TracFone to remit unpaid surcharges and fees. Felix said that was most probably the explanation for those increases. Felix then said he would go and get information regarding the TracFone payment to the Commission. Felix returned and had information that TracFone had made a $10.6 million payment to the B Fund which included $4.3 million in delinquent fees. Bob Lehman had a question as to why the surcharge revenue was only $4.1 million for the 1st quarter of FY 2013-14. Benson said that he would ask Michelle Morales for an explanation. Another question arose about the $514,099 Commission Ordered Payment from 3rd quarter of FY 2013-14. Richard informed the attendees that this was for intervener fees paid to TURN and another party in the B Fund Proceeding. Bob Lehman said that intervener fees should come out of the revolving fund and not the program funds. The members asked Benson to ask Michelle to check into this issue as well. Before Benson left the meeting he was also asked to find out what would happen to the considerable balance in the B Fund if it is allowed to expire on January 1, 2015.

b. Legal report –

No legal report as Sindy Yun (SY) was not in attendance.

c. Communications Division report on FY 2014-15 Budget and Surcharge Reduction Resolutions

Felix gave the group an update on SB 1364, which would extend both the A and B funds until January 1, 2019. Felix said that the bill is moving along in the senate and that it had passed a 9-0 vote before the Senate Utility committee. Bob asked if the bill would have to go before the assembly next. Mike Foreman answered that he thought it would have to go before the assembly members as well.

6. Other Administration Matters

None.

7. New agenda items for next meeting

Questions for Michelle Morales of Fiscal: (1) Why was the surcharge revenue only $4.1 million for the 1st quarter of FY 2013-14? (2) Why are intervener fees put under the "Commission Ordered" payment category in the B Fund's Statement of Operations? Shouldn't they come out of the revolving fund and not the program fund? (3) What would happen to the funds that remained in the B Fund account if the B Fund was to be phased out?

8. Date and Time for future meeting:

Robert Lehman asked the members if August 27, 2014 would be a good date for the next meeting. All present said it was okay.

The next meeting will be held on Wednesday, August 27, 2014 from 10:30 am to 12:00 pm.

Robert Lehman motioned to adjourn the meeting. Michael Foreman seconded the motion.

The meeting was adjourned at 11:17 pm.

Minutes were submitted by Richard Maniscalco