

September 22, 2026

Leuwam Tesfai
Executive Director
California Public Utilities Commission
505 Van Ness, 5th Floor
San Francisco, CA 94102

CALIFORNIA HIGH-COST FUND-B PROGRAM ANNUAL REPORT FOR FISCAL YEAR 2025-2026

This California High-Cost Fund-B (CHCF-B) Annual Report for Fiscal Year (FY) 2025-26 is submitted to the California Public Utilities Commission (Commission) by the CHCF-B Administrative Committee (CHCF-B AC) in compliance with California Public Utilities Code Section 273(b).

INTRODUCTION

The CHCF-B provides subsidies to carriers of last resort (COLRs) for providing basic local telephone service to residential customers in high-cost areas that are currently served by AT&T California and Frontier Communications of California. The purpose of the subsidies is to keep basic telephone service affordable and to meet the Commission's universal service goal. The Commission adopted provisions to implement updated methodologies to calculate cost support amounts in decision (D.) 14-06-008 and determined that high-cost areas of California are those in which the cost to provide residential basic telephone service is \$36 or more per telephone line.

The CHCF-B AC's purpose is to function as an advisory board to advise the Commission regarding the development, implementation, and administration of the CHCF-B program pursuant to the Public Utilities Code Section 276. The Committee discussed the program budget and Committee charter issues related to Committee membership and the frequency of Committee meetings.

CHCF-B FUND BALANCE

Due to the CHCF-B program appropriation balance continuing to be sufficient to meet carriers' claims, the CHCF-B program surcharge rate has been maintained at 0.00% since 2014. The total budget appropriation for fiscal year 2025-26 was \$45,215,015 million. The CHCF-B cash balance as of June 30, 2026, was \$84,215,322 million.

CHCF-B FUND LOANS

The fund did not provide loans to any other public purpose program for the fiscal year 2025-2026.

CARRIER CLAIM PAYMENTS

For Fiscal Year 2025–26, carrier claim payments totaled \$4,939,747, which includes \$560,387.16 for Support and \$4,379,349.35 for Local Assistance. As of June 30, 2026, the total remaining program appropriation for FY 2025–26 is \$40,290,186. These figures are summarized in the table below.

California High Cost Fund-B (\$ in thousands)								
	FY 2023-24		FY 2024-25		FY 2025-26		FY 2026-27	FY 2027-28
Expense Items	Appropriation in Enacted Budget ¹	Actuals ²	Appropriation in Enacted Budget ²	Actuals ³	Appropriation in Enacted Budget ³	Forecasted (Actuals Annualized) ⁴	Proposed ³	Proposed
State Operations	\$ 1,652	\$ 511	\$ 1,674	\$ 576	\$ 1,675	\$ 497	\$ 1,676	\$ 1,676
Local Assistance	\$ 12,000	\$ 6,759	\$ 20,777	\$ 5,506	\$ 20,777	\$ 4,442	\$ 20,777	\$ 20,777
TOTALS	\$ 13,652	\$ 7,270	\$ 22,451	\$ 6,082	\$ 22,452	\$ 4,939	\$ 22,453	\$ 22,453
Reference								
1. https://ebudget.ca.gov/2024-25/pdf/Enacted/GovernorsBudget/8000/8660RWA.pdf								
2. https://ebudget.ca.gov/2025-26/pdf/Enacted/GovernorsBudget/8000/8660RWA.pdf								
3. https://ebudget.ca.gov/2026-27/pdf/GovernorsBudget/8000/8660RWA.pdf								
4. State Operations determined by annualizing year-to-date March 2026 actual expenditures. Local Assistance determined by approved CHCF-B funding amounts for 2025 and 2026.								

SUPPORTED LINES

Total supported lines as of December 31, 2025, were 30,780 in California. The number of total supported lines continues to decrease as demand for landline subscriptions continues to decline from its peak in 2000. The number of supported lines as of December 2025 has declined 54% compared to the number in 2021. The recent trend is shown in the table below:

Supported Lines	Supported Lines	Supported Lines	Supported Lines	Supported Lines
31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25
66,638	57,271	48,057	38,887	30,780

ATTACHMENTS

Finally, this report includes the CHCF-B Administrative Committee approved meeting minutes held:

September 4, 2025

December 10, 2025

February 26, 2026

May 19, 2026

Sincerely,



Jenny M. Smith

Chairperson CHCF-B-Administrative Committee
Frontier, A Verizon Company

Cc:

John Reynolds, President

Darcie Houck, Commissioner

Karen Douglas, Commissioner

Matthew Baker, Commissioner

Christine Herada, Commissioner

Bixia Ye, CHCF-B Administrative Committee/Public Advocates Office

Sindy Yun, CPUC Legal Division

Lalaine Semana, CPUC Administrative Division

Sandy Lam, CPUC Communications Division

Dorris Chow, CPUC Communications Division

Saraf Tarannum, CPUC Communications Division