California Public Utilities Commission

Internal Audit Unit Report on

Telecommunications Public Purpose Program - California High Cost Fund A

November 30, 2016

November 30, 2016

Finance and Administration Committee
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Final Report – California Public Utilities Commission Internal Audit Report on the Telecommunications Public Purpose Program – High Cost Fund A

Dear President Picker:

The Internal Audit Unit of the California Public Utilities Commission (CPUC) has completed its audit of the CPUC's management and oversight of the telecommunications public purpose program California High Cost Fund A as of the fiscal year end June 30, 2015.

The enclosed report is for your information and use. The findings and recommendations in our report are intended to assist management in improving the effectiveness and efficiency of management operations. Management concurred with most of our findings and provided comments that were helpful to the refinement of our analysis. Management's responses are attached in Appendix A.

We appreciated the assistance and cooperation of agency management in the conduct of this audit. If you have any questions regarding this report, please feel free to contact me at 415-703-1823 or CRD@cpuc.ca.gov.

Sincerely,

Carl Danner
Chief Internal Auditor, California Public Utilities Commission

Enclosure

cc: Commissioners
Ryan Dulin, Deputy Executive Director
Arocles Aguilar, General Counsel
Michael C. Amato, Acting Director, Communications Division
CHCF-A Administrative Committee Members

MEMBERS OF THE AUDIT TEAM

Carl Danner – Chief Internal Auditor
Benjamin Schein, CPA – Auditor in Charge
Juliane Banks - Auditor

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Executive Summary

The Internal Audit Unit (IA) performed an audit of the California Public Utilities Commission's (CPUC) management and oversight of the telecommunications public purpose program, California High Cost Fund A (CHCF-A).

Our audit sought to document an understanding of the CPUC's fiscal and managerial oversight of the funds collected from ratepayers for the stated purpose of the program. Given the size of the various public program funds, it is imperative that the public's monies be managed in a responsible manner. At any time, the CPUC should be able to demonstrate an understanding of how the funds are collected, how they are managed while under the agency's custodianship, and that distributions are made strictly in accordance with the rules set forth by the governing documents of the program.

Our summary finding is as follows: With the exception of the audit requirement of PU Code §274, the CHCF-A program is in compliance with all relevant legislation and Commission Decisions, and is being run in a fiscally responsible and transparent manner. We note that PU Code §274 requires a periodic financial and compliance audit of this program.

Within the context of a generally well-managed and controlled program, we did make a few findings to address a control weakness and some opportunities for operational improvements, as described below. We are requesting a corrective action plan regarding the control weakness (i.e. data and coding errors found with regard to program accounting and financial statements).

<u>Findings and Recommendations</u>

The principal findings are as follows, with recommendations indicated where appropriate:

<u>Compliance:</u>

1. The CPUC's operation of the CHCF-A program is in compliance with PU Code §§ 270, 271, 273, 275, and 275.6, and with all currently-applicable Commission Decisions and Resolutions referenced in Appendix C.
2. The CPUC is not in compliance with the audit requirement of §274.

    - <u>Recommendation</u>: To attain compliance with §274, IA recommends that management address the requirement for a financial and compliance audit promptly, and then again within each subsequent three year period.

<u>Management and Best Practices - Financial:</u>

1. Some data entry/coding errors were found in Fiscal Office records of program encumbrances and expenditures; for example, overhead costs charged to the program, while low relative to overall program funding, were found to contain a few erroneous items that staff corrected once these were identified. These billing codes are incorporated into requests to purchase services or supplies by budget control officers (BCOs) within the operating divisions, in this instance Communications Division. There does not appear to be a consistent process through which the

accuracy of such coding is checked or verified either within the Fiscal Office, or within the operating divisions. This concern is not specific to the CHCF-A program alone, but may relate to all CPUC expenditures whose accounts rely on the same coding procedure.

- Recommendation: To alleviate the risk of coding error and associated inaccuracies in program accounting and financial statements, we recommend that management institute an improved control such as a procedure for reviewing the accuracy of such entries once they are made. This should include clarification of the specific roles of the Fiscal Office and the operating divisions in providing this assurance.

  We request that management prepare a corrective action plan to address this control weakness, which also creates risks for other programs beyond CHCF-A.

2. The online system through which carrier payments are remitted to support this and other communications public purpose programs (Telecommunications User Fee Filing System, or TUFFS) is inflexible and requires multiple manual adjustments on an ongoing basis. Most of a Fiscal analyst's time is spent correcting simple input errors made by carriers.

   - Recommendation: While some potentially beneficial upgrades are occurring now, we recommend that the TUFFS program be further improved or replaced to increase its efficiency and accuracy, including the ability to provide improved reports for management on the current status of carrier surcharge payments, and identifying carriers that have ceased payments or substantially changed the amounts (variance report).

3. The agency could benefit from a better ability to monitor and detect potential underpayments of surcharge revenues owed to the Funds by carriers, for CHCF-A and for other programs that are similarly funded. One dimension concerns contact information for carriers, currently contained in the Utility Contact System (UCS). CPUC staff has a list of certificated carriers in California; however, enforcing carrier compliance to keep their contact information on UCS current is an ongoing issue that appears to have broader ramifications, such as for the efforts of the Consumer Affairs Branch to reach carriers to address consumer complaints.

   - Recommendation: Multiple agency operations would benefit from updated and current information in the UCS database for carriers authorized to offer service in California. We recommend that a process be instituted to regularly update and maintain this information, to the extent (i.e. proportion of carriers) that it appears potentially useful for the needs of Communications Division (CD) and the Consumer Affairs Branch (CAB).

4. Another aspect of obtaining accurate and complete payments into the program is assuring that carriers are making appropriate calculations of surcharge percentages as applied to the full magnitude of revenues they receive for providing California-intrastate jurisdictional services (i.e. their billing bases), a procedure that involves multiple variables and some options for methodologies carriers can employ. To date the agency has mostly relied on carriers' self-reporting of their monthly billing bases to calculate surcharge funds that are owed, albeit with apparent success. CD staff has also engaged a contractor (overseen by the Audit Branch) to audit the billing bases and surcharge remittances for a number of the mid-sized carriers.

- Recommendation: We recommend an additional step of contacting a larger set of carriers (beyond the group being audited) to ask them to disclose which accepted method they are using to define their intrastate billing bases, and to provide a set of calculations for a current month. This information can serve as one basis for any subsequent review or audit that might be appropriate, and the interactions with carriers might also generate some additional updated contact information.

  We request that management prepare a corrective action plan to address this control weakness, which also creates risks for other programs beyond CHCF-A.

Management and Best Practices –Transparency:

Our recommendations in this area are minor in scope and overall effect on the program, and will be provided to CD in a Management Letter.

We submitted an initial draft copy of this report to the Communications and Administrative Services divisional management on May 3, 2016. Based on their comments, we instituted some further testing and resubmitted a revised draft report for their further comments on July 27, 2016. Management's responses to our findings and recommendations (along with our further comments) are located in Appendix A. We benefitted also from informal comments provided by agency management, while retaining our own independent responsibility for the contents of this report.

Beyond the corrective action plan requested for the data/coding errors, we also ask that management provide a summary of actions taken in response to this audit by February 1, 2017.

The issues in this report are based on fieldwork performed during late 2015 and the first half of 2016. We took opportunities to discuss our findings and recommendations with the related divisions, units, and management throughout our fieldwork, and are pleased to credit their full cooperation with our effort. A listing of documents supplied to IA is included in Appendix B.

This report is intended for the information and use of the Commission and is not intended for use by anyone other than the specified parties. However, this limitation is not intended to restrict the distribution of this report as a matter of public record.

Background

The California High Cost Fund A (CHCF-A) program provides subsidies to keep basic telephone service affordable in certain rural and high-cost areas of the state. For fiscal year 2016-17, the total budget for the program is $43.485 million. Based on an organizational risk analysis performed by Internal Audit (IA), with the assistance of CPUC management and staff, an audit of the CPUC's public purpose programs (both in energy and telecommunications) was recommended to review the fiduciary and managerial oversight of funds that jointly comprise over $1 billion annually. This is the first of those audits, which was approved during 2015 by the Commission's Finance and Administrative Committee. The audit team was led by Benjamin Schein, CPA, along with staff member Juliane Banks.

The Commission has a requirement under Public Utilities Code §274 to audit some of these programs every three years. In addition, there were a number of risk factors we believed warranted attention regarding this program:

- Carriers pay surcharges to support the program based on their "billing base," which is the total annual revenues they receive from providing California jurisdictional services. Potential concerns involved knowledge of how many carriers are operating in California, what their current contact information is, the precise calculations or methods by which they were determining and reporting their billing base, and the possibility that some carriers might not be remitting surcharges they properly owe.
- Whether fund balances are being tracked and reconciled on a regular (e.g. monthly) basis.

Historically, the Commission originally authorized the creation of a "High Cost Fund to assure that no ratepayers of any exchange carrier will face basic local rates more than 100% higher than the rates charged by Pacific [Bell] in comparable neighboring areas."[1] In 1987, the California Legislature required the Commission "to develop, implement, and maintain a suitable program to establish a fair and equitable local rate structure aided by transfer of payments to small independent telephone companies serving rural and small metropolitan areas."[2] The high cost fund program was created by Decision (D.) 88-07-022 and is codified in Public Utilities (PU) Code §270. This Decision created the High Cost Fund (HCF) to provide rate subsidies to carriers in difficult-to-serve areas. The program required carriers to charge their "high cost" rural customers no more than 150% of the comparable urban rate for basic service (Ordering Paragraph (OP) 73). The lost revenue resulting from costs over the 150% limit (currently capped at $20.25 per month for basic flat-rate service, pending the open Rulemaking)[3] would be claimed from the HCF as codified in PU Code §275.6 up to the carrier's authorized rate of return.

The program was further modified by D. 91-05-016 and 91-09-042 limiting a carrier's funding to amounts consistent to produce a rate of return that does not exceed what is authorized by the Commission.

The program was renamed the California High Cost Fund A (CHCF-A) in D. 96-10-066. This Decision also created the California High Cost Fund B (CHCF-B) program. Consolidations and mergers were authorized by the Commission in D. 08-10-010 and D. 13-05-028. There are currently thirteen carriers eligible for CHCF-A support. They are as follows:

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[1] Decision (D.) 85-06-115
[2] Assembly Bill 1466, Chapter 755 (1987)
[3] Rulemaking (R.) 11-11-007

- Calaveras Telephone Company
- Cal-Ore Telephone Company
- Ducor Telephone Company
- Foresthill Telephone Company
- Happy Valley Telephone Company *
- Hornitos Telephone Company *
- Kerman Telephone Company
- Pinnacles Telephone Company
- The Ponderosa Telephone Company
- Sierra Telephone Company
- Siskiyou Telephone Company
- Volcano Telephone Company
- Winterhaven Telephone Company *

* - These companies are not currently receiving CHCF-A subsidy.[4]

The program was originally administered by Pacific Bell using pooled subsidies to fund the necessary revenues for participating carriers. The Commission took over management of the CHCF-A program in 1997.[5] The IRS granted CHCF-A tax exempt status on February 28, 1997.[6]

PU Code §270(b) states that funds in the CHCF-A fund may only be expended pursuant to PU Code §§270-281 (for purposes related only to the stated goals of the program) and upon appropriation in the annual state Budget Act. PU Codes §§270-281 were codified in October 1999 as a result of the enactment of Senate Bill (SB) 669 (Stats. 1999, Chapter 677). Since the 2001-2002 budget year, the CHCF-A fund expenditures have been authorized in California's Annual Budget Act.

The CHCF-A program was set to expire on January 1, 2015. However, on September 22, 2014 Governor Brown signed into law SB 1364, extending both the CHCF-A and CHCF-B programs until January 1, 2019. The bill was codified in PU Code §275.6(g).

Objective

Through our audit we sought to determine if the CPUC has complied with applicable requirements set forth in statute and in Commission Decisions and Resolutions, and established clear and documented fiduciary and managerial controls with regard to its administration of the California High Cost Fund A telecommunications public purpose program. We also sought to identify control weaknesses and inefficient operations, policies, procedures, systems, and practices.

[4] Resolution T-17505
[5] Resolution T-16092
[6] D. 98-01-023 Finding of Facts (FoF) 12

Scope

The scope of our audit was the CHCF-A program for the fiscal year end June 30, 2015 (the most current and complete set of fiscal records available at the time of fieldwork). Our testing included reviewing procedures and practices in both the Fiscal Office and the Communications Division.

Standards

We tested the CHCF-A program for compliance with applicable sections of the PU Code, and Commission Decisions and Resolutions. Additionally, we reviewed the program's processes and controls to determine if they are effective and efficient and operational risks have appropriate mitigation.

Methodology and Testing

We began by conducting interviews of program management, including the staff analyst in charge of administering the program. We also interviewed Fiscal Office representatives to obtain an understanding of the financial side of the program management. We performed a risk analysis of the compliance requirements of the Fund based on the governing documents of the Fund as a means to focus our testing procedures. We submitted a document request list (DRL) to program management addressing a broad range of operational topics and program documentation. We reviewed the interview results and compared them to the documents provided by the divisions. A list of all the documents provided is included in Appendix B. A bibliography is included in Appendix C. Multiple team members sat in on each interview, and the results were compiled through preparing written notes that were reviewed by all of the IA participants.

The audit program encompassed a three tiered approach. We performed an analysis of compliance requirements for the Fund based on the underlying legal requirements (Legislation and Commission Decisions and Resolutions). We performed a risk analysis of the requirements from these governing documents (a list can be found in Appendix C) and conducted testing to determine if the Commission is meeting the Fund's requirements.

To address the financial aspect of the audit, we reviewed all aspects of cash flows in and out of the Fund. IA reviewed the policies and practices of the Fiscal Office, including overhead cost allocations and expense recording methods. We also reviewed the Fund's overall budgeting process to test forecasting requirements of §275.6 c (7). We reviewed all aspects of revenue collection, including billing base calculations, surcharge percentage allocation, and the surcharge remittance system. We reviewed all manners in which money leaves the Fund. This includes administrative costs such as salaries and benefits, as well as overhead costs both internal and external to the agency. We reviewed contract allocation costs, and monthly carrier claims against the Fund.

We also performed an operational assessment of the internal controls of the Fund with an eye towards making recommendations as needed to improve transparency, as well as effective and efficient management:

- We reviewed documentation of the program management process (if available) to determine if policies, practices, and controls are documented;
- We reviewed the claims review process from submission of requests for reimbursement to the review and recording process to payment by Fiscal and recording in the CPUCs accounting records;
- We reviewed invoices from third party contracts and determined if payments are being made in accordance with the contract rules and state contracting rules.

Findings and Recommendations

<u>Compliance:</u>

As noted, the IA unit's compliance review encompassed governing legislation and applicable Commission Decisions and Resolutions. For the most part, we assessed risks related to the program to be low. Governing statutes include language governing the Administrative Committee (AC) and general guidance stating that the Fund should be governed in a manner that benefits the residents of the state of California. Medium risk compliance requirements included the order to expend funds in a manner consistent with the mission of the Fund, ensuring rate effects of rural customers not exceeding a set percentage of the price of urban customers, and administrative requirements such as the AC submitting an annual budget to the Communications Division (CD).

The highest compliance risks in our judgment included the audit requirement of §274, the revenue collection requirement of §275b, and the mandate to administer the Fund in such a manner to minimize any negative impacts on the residents of California (§275.6 c (7)). Under §274, the Commission is obligated to conduct a financial and compliance audit of program-related costs and activities at least once every three years, starting on July 1, 2002. We did not find evidence of prior financial and compliance audits for this program.

Our substantive testing focused on the medium to high risk compliance requirements as described in the Appendix C Bibliography.

<u>Findings:</u>

- The CPUC's operation of the CHCF-A program is in compliance with PU Code §§270, 271, 273, 275, and 275.6, and with all currently-applicable Commission Decisions and Resolutions referenced in Appendix C.
- The CPUC is not in compliance with the audit requirement of PU Code §274.

<u>Recommendations:</u>

- To attain §274 compliance, IA recommends that management address the requirement for a financial and compliance audit promptly, and then again within each subsequent three year period.

Management and Best Practices - Financial:

Fiscal Office Operations:

IA undertook to obtain an understanding of how Fiscal Office operations were conducted, their impact on the operations of CHCF-A, and relevant controls.

Recording of costs is done primarily through the use of three billing codes:

- Project Cost Account (PCA) – used for both revenue and expenses, they are subject to an annual reorganization, and are used to define source, or who is paying for something.
- Index Codes – designated by Division, they are interchangeable with staff unit numbers, and are used to address for whom the cost is being expended.
- Object Codes – standardized for the state of California, they designate what is being purchased. A statewide list can be found on the Department of Finance's website.[7]

Expenditures are authorized through purchase orders (goods) or contracts (services). Goods are purchased using ESSRs (Equipment, Supplies and Services Requests), and services through CRFs (Contract Request Forms). Both require all three codes which are provided by the requestor, and are typically reviewed at the Division level by a supervisor and a BCO. Fiscal considers accuracy of the coding to be the responsibility of the division supervisor and BCO.

The CPUC uses the state CalSTARs accounting system, a DOS-based system. Data entry in Fiscal is done by staff, with supervisor review. If a supervisor performs the data entry, it is reviewed by a manager. Fiscal Office staff has procedures documents which govern how internal procedures are performed. In addition, staff has access to CalSTARs procedure manuals available online.[8]

Findings:

- Some data entry/coding errors were found in Fiscal Office records of program encumbrances and expenditures; for example, overhead costs charged to the program, while low relative to overall program funding, were found to contain a few erroneous items that staff corrected once these were identified. These billing codes are incorporated into requests to purchase services or supplies by budget control officers (BCOs) within the operating divisions, in this instance Communications Division. There does not appear to be a consistent process through which the accuracy of such coding is checked or verified either within the Fiscal Office, or within the operating divisions. This concern is not specific to the CHCF-A program alone, but may relate to all CPUC expenditures whose accounts rely on the same coding procedure.

Recommendations:

- To alleviate the risk of coding error and associated inaccuracies in program accounting and financial statements, we recommend that management institute an improved control such as a procedure for reviewing the accuracy of such entries once they are made. This should include clarification of the specific roles of the Fiscal Office and the operating divisions in providing this assurance.

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7 http://www.dof.ca.gov/accounting/uniform_codes_manual/object_of_expenditure/documents/10object.pdf
8 http://www.dof.ca.gov/accounting/calstars/faq/cpm.php

We request that management prepare a corrective action plan to address this control weakness, which also creates risks for other programs beyond CHCF-A.

Budgeting:

CD staff maintains a calculation spreadsheet that tracks reported billing base, revenues and expenses for the CHCF-A Fund. Fiscal staff does monthly bank reconciliations. However, the Bank of America account where carriers remit surcharges is made up of all the Funds. The CPUC does not have separate accounts for each Fund.

Fiscal reconciles our checking account, General Ledger Account 1110, but every other week Fiscal remits funds to the State Controller Office (SCO) into the respective Funds. This transfers funds out of the Bank of America account and into the Centralized Treasury System (CTS). Then the cash is classified under GL 1140 (Cash in State Treasury). Fiscal performs a reconciliation between SCO/CTS each month. Fiscal does not track if pay warrants (for claim payments) to the carriers are cashed. However, the warrants expire after one year, and unclaimed amounts are returned to the Fund.

Based on the Fund Reconciliation Packet for 2016/17 Governor's Budget (Past Year Portion) dated September 15, 2015 submitted to the DoF, there is only about a 3% variance between total revenues and total expenses for the 2014-15 fiscal year. The reserve at the end of the fiscal year is $21,503,161.57 represents about seven months of actual expenses for the year.

Based on a review of the DoF follow-up engagement into the CPUC's budgetary practices (dated August 2014), there were no outstanding audit recommendations related to CHCF-A (Fund 0464).

Findings:

- The fund balance is reconciled monthly and the results demonstrate staff's effectiveness in maintaining adequate Fund balance controls.

Recommendations:

- None.

Program Funding Sources:

PU Code §275(b) provides funding authority for the surcharge used to support the program. Additional support for the surcharge collection mandate includes:

> "It is reasonable to fund the CHCF by a surcharge on all end-users as adopted by this decision."[9]

> "It is reasonable to exempt from the surcharge coin-sent paid calling, one-way radio paging, ULTS billing, and services provided under existing contracts."[10]

> "Effective January 1, 1995, all certified telecommunications utilities shall collect a surcharge of 0.5% on revenues from the expanded billing base described in this decision to fund the CHCF. Pacific [Bell] shall continue the administration of the CHCF. CACD [Commission Advisory and

[9] D. 94-09-065 Conclusion of Law (COL) 205
[10] Ibid, COL 231

> Compliance Division] shall work with Pacific [Bell] to establish administrative guidelines for implementation by January 1, 1995."[11]
>
> "All End User Surcharge (AEUS): A funding mechanism used to collect money for Commission-mandated programs. The AEUS is applicable to all telecommunications carriers, with the exception of one-way paging companies. The surcharge is a percentage of the customers' total expenditures on telecommunication services. The surcharge is visible on customers' bills as a line item charge."[12]
>
> "Regardless of how the user fees and PPP [Public Purpose Program] surcharges are collected, the carrier is ultimately responsible for paying these amounts to the Commission."[13]
>
> "Carriers shall report and remit their California LifeLine surcharge revenues based on intrastate end-user billings less estimated uncollectible amounts. Carriers shall true-up their estimated California LifeLine surcharge uncollectible amounts with their actual uncollectible amounts."[14]

Surcharges are assessed on intrastate billing base at a percentage defined by the Commission in Resolutions. For CHCF-A, the current surcharge rate is 0.35% as of January 1, 2015.[15] Staff prepares a "Surcharge Resolution Table" to compute projected revenue and expenses for the program to determine if changes to the surcharge rate are needed.

The basis for the surcharge collection is the monthly intrastate billing base of the carriers. There are a number of accepted methods for computing intrastate billing base for CPUC purposes.

> "The July 11, 2012 instructions from the Communications Division expressly state that reasonable methodologies include (a) the inverse of the FCC safe harbor percentage and (b) traffic studies."[16]
>
> "Reasonable methodologies for calculating intrastate revenue include: inverse of FCC safe harbor percentages, traffic studies, books and records, FCC Inverse, and the methods permitted by the BOE [Board of Equalization]."[17]

Audit Evidence on Management of Surcharge Remittances

Carriers remit surcharges to the Fund through the Telecommunications User Fee Filing System (TUFFS).[18] The system tracks about one thousand carriers in California, of which about six hundred are actively providing services.[19] This program started operating in May 2010, where previously carriers filed a surcharge remittance form electronically and made payments manually. This online system allows carrier to report their intrastate billing base each month (some *de minimis* carriers remit annually) and pay the resulting surcharges based on percentages defined by Commission Resolutions. Surcharges are

[11] Ibid, OP 71
[12] D. 96-10-066, Appendix B, 1A
[13] D. 14-01-037, COL 12
[14] General Order 153, Section 11.3.1
[15] Resolution T-17453
[16] D. 14-01-037 Finding of Fact (FOF) 9
[17] Ibid, COL 11
[18] http://delaps1.cpuc.ca.gov/cpuc_notices/TUFFS_res.htm
[19] Commission's Zero Based Budget Report – January 2015 (page 168)

due 40 days after month end, and are sent to a Bank of America account. TUFFS allows for interaction with the bank account, and can report variances between what is remitted and what the carrier reports as the surcharge amount in the TUFFS system. The system is able to produce variance reports by both amount and by aging date. In addition, the program can produce monthly reports on total surcharge remittances by Fund, including reported and actual (which the program can download from the Bank of America account).

IA conducted a review of the TUFFS system as part of our audit. In addition to interviewing responsible staff, we observed a demonstration of the program. This included examples of data entry, variance reports, demonstrations of error reconciliations (including communications with carriers), and a review of procedure manuals. Documentation provided also included monthly reports of surcharge collections by Fund, and a current list of carriers.

Carriers remit surcharges based on their "U-Number", defined by their Certificate of Public Convenience and Necessity (CPCN). A given carrier may have multiple U-numbers dependent on the services provided. For example, AT&T (Local Service) would report surcharges separately from AT&T (Long Distance). The new Mobile Telephone Service (MTS) designation has created a new set of carrier designations, requiring carriers to report the surcharges from these mobile services separately as part of a new system that went online January 1, 2016. Costs allocated to the Funds to pay for the new parallel process are discussed below.

Currently, the Communications Division (CD) does not maintain documentation concerning methods used by carriers to compute their monthly intrastate billing base revenue. Staff was able to provide an AT&T traffic study from fiscal year fourth quarter 2014, and a Verizon traffic study from 2012.

Staff reported numerous concerns about TUFFS during the audit which mirrored concerns documented in the Zero Based Budget Report (January 2015). TUFFS relies on carrier data entry, and a simple error such as inputting the wrong month or year results in misapplied payments, e.g. the wrong month may be over-credited, while the correct month is under-reported. The errors do not net out, and both entries must be manually corrected. When needed, the carrier must submit a request for adjustments (usually based on their own data entry errors), and staff must document support for material adjustments. Staff is also unable to track credits for carrier over-payments, and must rely on carriers to track credits and apply them accurately.

Late payments or errors can also result in interest charges applied on the carrier. The TUFFS program computes interest on overdue payments if applicable.[20]

Another problem reported by staff was the lack of complete and up-to-date contact information for carriers. Carriers are required to disclose contact information in the agency's Utility Contact System (UCS) when they apply for a CPCN. Problems occur when carriers go out of business, move locations, hire/fire staff, and/or merge with other carriers without updating the UCS system as they are required to do. Staff has a spreadsheet list of carrier contacts at any given time, but there is little ability to enforce Commission rules for carriers to keep contact information current. This leads to problems for Fiscal staff trying to contact carriers as a result of data entry errors.[21] It also means that the TUFFS

[20] Interest is computed at an annual rate of 10% per D. 98-01-023 COL 14, and General Order (GO) 153, Section 11.4.1

[21] As part of the agency's risk assessment process, it was also noted that the ability of our Consumer Affairs Branch (CAB) to assist customers with issues related to carriers is dependent on their ability to reach the carrier in question.

system does not have an accurate "universe" of carriers required to report surcharges. Without a current list of carriers with a CPCN, the system does not know when a carrier fails to remit surcharges.

There is also a risk that a phone company operating in California could simply ignore an obligation to pay surcharges, causing higher assessments on carriers that do comply. Surcharges pay for fixed (and usually increasing) obligations for which the Funds were created. A shortfall large enough to impair funding would require the Commission to approve larger surcharge percentages on remaining carriers to meet the Fund's obligations. The only possible system control on this is a variance report between the TUFFS system and the bank, although this would only work if the carrier acknowledged its obligation to pay (i.e. remitted a transmittal form to TUFFS disclosing its intrastate billing base), but did not send in the money. If the carrier did not sign on to TUFFS, the system would not catch it. The limited capabilities of the existing TUFFS for tracking and analyzing payments appear to pose some control weaknesses that could be addressed.[22]

Some improvements to the TUFFS system are scheduled to go online on April 1, 2016. The new system will in theory be able to track if a carrier does not report their intrastate billing base.

In addition, the CPUC has hired consultants (Crowe Horwath) to conduct audits of carrier surcharge remittances. Costs for the programs are divided among the Funds and are discussed below. As of the end of our fieldwork, a dozen surcharge audits on individual carriers had identified some that had failed to remit the minimum user fee amount ($100) and a carrier that underreported its billing base by over $5 million -- resulting in underreporting of surcharges in excess of $165,000.

<u>Revenue</u>

The Fund Reconciliation Packet for 2016/17 Governor's Budget (Past Year Portion) dated September 15, 2015 submitted to the Department of Finance lists two sources of revenues for CHCF-A; Investment Income – Surplus Money ($37,605.40) and Other Regulatory Fees ($34,096,228.09). The interest income on the account is computed by the state and allocated to the Fund. The surcharge revenue reported in the Governor's Budget agreed to the monthly TUFFS system reports to within 0.34%.

<u>Findings:</u>

- The online system through which carrier payments are remitted to support this and other communications public purpose programs (Telecommunications User Fee Filing System, or TUFFS) is inflexible and requires multiple manual adjustments on an ongoing basis. Most of a Fiscal analyst's time is spent correcting simple input errors made by carriers.
- The agency could benefit from a better ability to monitor and detect potential underpayments of surcharge revenues owed to the Funds by carriers, for CHCF-A and for other programs that are similarly funded. One dimension concerns contact information for carriers. CPUC staff has a list of certificated carriers in California; however, enforcing carrier compliance to keep their contact information current is an ongoing issue that appears to have broader ramifications, such as for the efforts of the Consumer Affairs Branch to reach carriers to address consumer complaints.
- Another aspect of obtaining accurate and complete payments into the program is assuring that carriers are making appropriate calculations of surcharge percentages as applied to the

[22] In addition, if the carrier is not listed in the system (does not have a registered CPCN), and is operating in California without authority, TUFFS would not be able to flag it – although this problem seems beyond the scope of a payment system to address.

full magnitude of revenues they receive for providing California-intrastate jurisdictional services (i.e. their billing bases), a procedure that involves multiple variables and some options for methodologies carriers can employ. To date the agency has mostly relied on carriers' self-reporting of their monthly billing bases to calculate surcharge funds that are owed, albeit with apparent success. CD staff has also engaged a contractor (overseen by the Audit Branch) to audit the billing bases and surcharge remittances for a number of the mid-sized carriers.

Recommendations:

- We recommend an additional step of contacting a larger set of carriers (beyond the group being audited) to ask them to disclose which accepted method they are using to define their intrastate billing bases, and to provide a set of calculations for a current month. This information can serve as one basis for any subsequent review or audit that might be appropriate, and the interactions with carriers might also generate some additional updated contact information.

  We request that management prepare a corrective action plan to address this control weakness, which also creates risks for other programs beyond CHCF-A.

- While some potentially beneficial upgrades are occurring now, we recommend that the TUFFS program be further improved or replaced to increase its efficiency and accuracy, including the ability to provide improved reports for management on the current status of carrier surcharge payments, and identifying carriers that have ceased payments or substantially changed the amounts (variance report).
- Multiple agency operations would benefit from database of updated contact information for carriers authorized to offer service in California. We recommend that a process be instituted to maintain this information, to the extent (i.e. proportion of carriers) that it appears potentially useful for the needs of Communications Division (CD) and the Consumer Affairs Branch (CAB).

Program Expenditures:

Expenditures from the CHCF-A Fund are mandated by its budget, proposed each year by the AC and approved by Commission vote. The categories of allowable expenditures for budget year 2014-15 are detailed below:[23]

[23] Resolution T-17400, Appendix A

CALIFORNIA HIGH COST FUND-A ADMINISTRATIVE COMMITTEE FUND
PROGRAM BUDGET

	Program Expenses	July 2013 to June 2014 Adopted per Res. T-17373 [1]	July 2014 to June 2015 Proposed
	a	b	c
	Expenses		
	Program Costs		
1	Carrier Payments[2]	$ 42,704,268	$ 37,837,692
2	Audits[3]	$ 300,000	$ 744,600
3	Program Claim Automation[4]	$ 8,500	$ 42,019
4	**Administrative Committee Costs**[5]	$ 3,700	$ 2,272
	PUC Staff and Admin Costs		
5	Inter-Agency Fee[6]	$ 396,000	$ 290,000
6	CPUC Staff and Administrative Costs[7]	$ 390,300	$ 395,186
7	8660 Public Utilities Commission (State Operations)	$ 43,802,768	$ 39,311,769
8	0840 State Controller (State Operations)[8]	$ 0	$ 8,000
9	8880 Financial Information System For California (State Operations)[9]	$ 228,000	$ 228,000
10	**Total Program Expenses**	$ 44,030,768	$ 39,547,769

Notes
1 Resolution T-17373, was adopted on August 23, 2012, in the amount of $43,802,768. Lines 8 and 9 has been added to show the appropriations in the Department of Financial Fund Condition Statement.
2 Carrier Payments for FY2014-15 are based on projections submitted by the small ILECs in May 2013.
3 Audit estimate provided by Utility Audit, Finance and Compliance Branch of Water and Audits Division.
4 Based on Administrative Services estimate for program claims automation system development costs.
5 Pursuant to D.02-04-059, per diem and other costs are authorized for committee member attendance in the CHCF-A AC meeting. It is assumed that there will be four meetings of the CHCF-A AC during FY 2014-15.
6 Based on estimate of pro-rata costs allocated to state service agencies, e.g. DGS, Department of Finance, etc.
7 Based on personnel staff allocation estimates and program priorities for the six public purpose programs, but only includes CHCF-A portion.
8 Estimate of cost for services rendered by State Controller's Office.
9 Estimate for FI$CAL system development: an integrated system for budgeting, accounting, procurement, cash management, financial management, financial reporting, and additional features.

As stated, the support payments participating carriers receive were determined in their respective small incumbent local exchange carrier (ILEC) rate case Commission Resolutions. Costs that carriers could claim as part of their rate case include those associated with "all reasonable investments necessary to provide for the delivery of high-quality communications services, including the deployment of broadband-capable facilities in their rate base."[24]

The Fund Reconciliation Packet for 2016/17 Governor's Budget (Past Year Portion) dated September 15, 2015 submitted to the Department of Finance lists two Statewide Assessment accounts (Fi$Cal Assessments FY 2014-15, and SCO MyCAlPAYS FY 2014-15) and two Expenditure categories (State Operations – Support, and Local Assistance). For 2014-15, Fi$Cal assessed $41,000.00, and SCO-MyCalPAYS assessed $65.05 to CHCF-A.

In addition, the carriers are authorized to recover funds from the CHCF-A program to cover the mandated benefit costs (i.e. rate discounts) of providing CA LifeLine service to their eligible customers.[25]

24 Senate Bill 379, Chapter 729 (2012), codifying PU Code §275.6
25 D. 10-11-033, OP 21

Audit Evidence on Expenditures

Salaries and Benefits

For State Operations, CHCF-A expended $1,244,210.23. Costs included both direct salaries/benefits ($246,912.17) and overhead allocations ($997,298.06).

Salary costs include:

- $174,772.61 – Salary
- $ 72,139.56 – Benefits

- **$246,912.17 – Total**

A review of the salary allocations identified appropriately assigned staff who either work directly on CHCF-A, or provide ancillary services on a part-time basis to the program (such as Legal and Audit staff).

Benefits including retirement, health, SDI, etc. comprise 41.28% of salary, which is consistent with the 41.32% figure provided by Fiscal used for budgetary purposes for 2014-15.

Overhead Costs

The Fiscal office records three types of overhead charges.

- The first (highlighted blue on internal spreadsheets) applies equally to everyone.
- The second (highlighted yellow) includes support for the Executive Director and Commission outreach, and excludes allocating costs to the Office of Ratepayer Advocates (ORA).
- The third (highlighted orange) applies only to the Administrative Law Judges, Legal, and the Commissioners.
    - Unlike the other charges, this cost uses hours recorded in the Employee Tracking System (ETS), and does not use Personnel Years (PYs), as costs are mostly related to Energy.

Fiscal allocates costs using PCA codes and applies them across the three types of overhead costs.

Overhead allocations for 2014/15 for CHCF-A comprise the following items:

- $346,742.00 – Overhead (Pro Rata State of California)
- $200,125.42 – Pine Mountain Line Extension Grant Project
- $153,050.50 – Strategic Planning
- $142,742.52 – Overhead (CPUC)
- $ 91,614.57 – External Services (Auditing)
- $ 37,415.57 – External Services (Information Technology)
- $ 13,590.35 – Overhead (Communications Division Director)
- $ 6,447.81 – External Services (Legal)
- $ 2,218.95 – VCG Surcharge Fee
- $ 1,726.14 – Administrative Committee Per Diem, Travel Costs
- $ 1,489.97 – Miscellaneous Office Supplies
- $ 134.26 – Overhead (Consumer Services & Information Division Director)

- **$997.298.06 – Total**

Here we briefly describe each item, including some errors that were corrected by Fiscal Office staff when identified. Appropriate costs included:

- The Pro Rata Overhead costs for the state of California are billed to the program on a quarterly basis ($86,685.50) and are identified on the Department of Finance website.[26]

- The amount assessed for the Pine Mountain Line Extension was ordered by the Commission to be paid out of the CHCF-A Fund.[27] The amount charged in 2014-15 was supported by invoices maintained by CD staff.

- The CPUC Overhead charge allocates fixed charges for the Commission among the revenue-generating units (including CHCF-A, Fund 0464). Fiscal provided a computation spreadsheet showing fixed costs (Administrative Services, Rent, etc.) allocated to these units based on their percentage of PYs (Personnel Years). Fiscal also provided a list of Commission-wide overhead charges that the Fund overhead percentages were applied to, which agreed to the overhead allocation allowing for the different allocation factors used. The agency established an overhead allocation system in response to a 2013 Department of Finance (DoF) audit of the CPUC's budgeting process.

- Auditing costs relate to contracts 14PS5003 and 14PS5004 with Crowe Horwath LLP, for activities mentioned above. Costs for the contract were allocated among the telecommunications public programs for audits of public program surcharges and user fees. Contract amounts were for $1,131,240.00 and $1,333,505.00 with CHCF-A assessed 10.62% of the total cost. The results of the audits completed to date are discussed above. A discussion of contract testing is found below.

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26 http://www.dof.ca.gov/Accounting/Statewide_Cost_Allocation/Pro_Rata_Library/ under "General Government".
27 Resolution T-17380, OP 1

- Information Technology costs relate to contracts with BlueCrane Inc. RFO 0314-001 and 0314-002 allocated $7,305.00 each to CHCF-A for project management services. RFO 0414-004 for entity portal oversight services added an additional $19,559.87.

- Division Director Overhead charges ($13,590.35 for CD and $134.26 for CSID) are systematically allocated by CALSTARS (the state accounting system) on a variable distribution method based on CD labor charges. The allocation changes each month as labor costs change. This allocation method is difficult-to track and was discontinued in fiscal year 2015-16 in favor of a fixed distribution similar to the PY allocation method described above in response to the DoF audit findings.

- The VCG Surcharge Fee is a legal processing fee paid to the Victims Compensation and Government Claim Board. Peerless Telephone Company had over-reported its intrastate billing base and hired the body to obtain a refund of overpaid surcharges. The company was provided a refund, and its legal fees were also required to be paid and were allocated among the affected Funds.

- The costs related to the CHCF-A AC are authorized by the group Charter. Members are entitled to a $200 per diem for attending meetings, along with actual travel costs. Requests for reimbursement are handled in the normal staff Travel Expense Claim (TEC) process.

- “Office Supplies” actually represents costs related to a California Environmental Quality Act (CEQA) review related to a Rural Telephone Infrastructure grant authorized for review by the Commission under contract number 08PW5758 with Panorama Environmental Inc.[28] The Channel Islands Telephone project was ultimately rejected by the Commission.

Erroneous charges included:

- An additional $3,245.70 in Information Technology costs was paid to the Meta Vista Consulting Group. A review of Fiscal records revealed that the Meta Vista charge was assessed against CHCF-A in error. It was discovered that there was a one-digit typographical data entry error in the PO number listed. Fiscal was informed of the error during audit testing, and confirmation of the adjustment to the fund balance has been completed.

- The “Legal, External Services” costs was a CPUC overhead expenditure incorrectly assessed against CHCF-A. Legal fees were originally coded with PCA 96050, which applies expenditures to all cost centers. It was reversed in the subsequent year, and applied to PCA 96069, which applies costs to 50% natural gas and 50% electrical.

- The Strategic Planning cost was mislabeled in 2014-15 and reclassified in the following year. In an email to Fiscal on November 5, 2015, the CHCF-A supervisor noted the misclassification in the Q16 report. The costs were allocated to CHCF-A to support IT expenditures to create a parallel surcharge reporting process for mobile telephone companies (MTS). The program allocated 8.59% of the total cost of the project to CHCF-A based on the percentage of total Fund budgets. The amount charged to CHCF-A agrees to 8.59% of the Fiscal reports of total charges assessed for IT work related to the MTS project.

[28] Resolution T-17151

Local Assistance

The support funds paid to participating carriers are recorded as Local Assistance. The program recorded $33,933,886.46 in claim payments. This amount agrees to the payments authorized in Resolution T-17427 (calendar year 2014) and T-17461 (calendar year 2015). The only variance from the two support Resolutions was a payment to Ducor Telephone Company in May 2015 as a result of authorized changes to its rate case calculation as documented in D. 11-05-032 and Resolution T-17132.

The CHCF-A program does not have "claims" in the sense that carriers send in a form each month. The application for reimbursement is done through the General Rate Case (GRC) process, and calculations are documented through official Advice Letters. Staff reviews the proposed revenue requirements, and makes adjustments as they deem necessary. The final proposed calculations are reviewed in a proceeding, and carriers have the option of a petition to modify or request for a rehearing if they disagree with the final revenue requirement calculations adopted by the Commission. Thus, these amounts are correct and supported.

Third Party Contracts:

The CHCF-A Fund does not currently pay for any third party contracts specific to CHCF-A except as noted above. During 2014-15, there were a number of contracts that allocated costs among the funds, typically by their respective size, for auditing (Crowe Horwath), IT work (BlueCrane, Meta Vista), and one other project. The Crowe Horwath audit work was managed by the Division of Water and Audits. The BlueCrane and Meta Vista contracts were managed by our IT department. The Pine Mountain Line Extension Grant Project was approved in a Commission Resolution.

The audit team reviewed Fiscal reports on the contracts and sampled invoices for each of the contracts and determined that the CPUC maintained adequate controls over payments made to these third party contracts. We tested the Crowe Horwath invoices and agreed the 10.62% allocated cost to the charges assessed against CHCF-A. Charges for the MTS project were agreed to contracts, invoices, and internal labor charges tracked by Fiscal. IT costs were agreed to contracts and invoices to BlueCrane.

Findings:

- None.

Recommendations:

- None.

Management and Best Practices – Transparency:

In addition to the information presented in the Background section above, we noted that CD maintains a library of important Commission actions and relevant legislation on a webpage.[29]

CD management provided a description of duties performed by staff, management, the Administrative Committee (AC), and other stakeholders including Legal and senior management. All the descriptions appear reasonable, and demonstrate an understanding of segregation of duties and management oversight. A detailed description of the staff activities to support the efficient operation of the CHCF-A fund is included in the Zero Based Budget Report dated January 2015 (pages 134-136)

The CHCF-A AC has an adopted charter describing its duties and responsibilities, and includes three members – a representative of the small local exchange carriers (the ones eligible for CHCF-A subsidy), a consumer advocate, and a representative of the Office of Ratepayer Advocates (ORA). Their role is to advise the Commission on CHCF-A matters and to propose a budget for approval. The AC also produces an annual report that includes a fund balance, number of lines served by the CHCF-A eligible carriers, a budget versus annual comparison, and meeting minutes.

The only eligible recipients for program expenditures are the thirteen phone companies eligible to receive payments from CHCF-A, of which ten are doing so. There are no vendors or third party contracts authorized to receive CHCF-A subsidy at this time (other than overhead allocation costs described above). All other costs are either staff salaries or overhead allocations.

As mentioned above, the CHCF-A Administrative Committee (CHCF-A AC) meets quarterly to provide feedback as needed and propose an annual budget for Commission vote. The meetings are open to the public and are noticed on the Commission Daily Calendar.

The program has an open proceeding in Rulemaking R. 11-11-007[30] to address CHCF-A issues including adopting rules and regulations to meet the state's goals of providing affordable, high quality, safe and reliable universal service. Phase 1 of R. 11-11-007 implementing rules and regulations was addressed in D. 14-12-084. D. 15-06-048 adopted a new rate case plan for the program.

In addition to the aforementioned CHCF-A AC, the program maintains a webpage on the CPUC's public website.[31] Information available include fact sheets, eligible carriers, links to the open proceeding, the CHCF-A AC page (which includes links to budget Resolutions), and the identity of current CHCF-A AC members.

CD staff maintains an "As-Is" document that describes in table and flow-chart form the steps needed to conduct a review of Advice Letters in the GRC process. During the audit process, staff was only able to provide workpapers / supporting calculations for one previous GRC (Ducor 2009).

IA had a few process improvement suggestions that we provided to CD in a Management Letter, dated November 9, 2016.

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29 ftp://ftp.cpuc.ca.gov/Telco/Important%20Decisions/

30 http://delaps1.cpuc.ca.gov/CPUCProceedingLookup/f?p=401:56:2872878215922::NO:RP,57,RIR:P5_PROCEEDING_SELECT:R1111007

31 http://www.cpuc.ca.gov/General.aspx?id=991

Appendix A – Management Responses

State of California

M e m o r a n d u m

Date: October 14, 2016

To: Carl Danner, Chief
Internal Audit Unit

From: Michelle Morales, Fiscal Office
Eric Van Wambeke, Communications Division

Subject Telecommunications Public Purpose Program
California High Cost Fund A

The Communications and Administrative Service Divisions have reviewed the findings and recommendations from the Telecommunications Public Purpose Program High-Cost Fund-A Audit. We have provided our responses below.

Recommendation: To attain compliance with §274, IA recommends that management address the requirement for a financial and compliance audit promptly, and then again within each subsequent three year

> Response: The Communications Division will pursue a plan on auditing the program to satisfy the financial and compliance components of the requirement when resources and funding are available.

Recommendation:
To alleviate the risk of coding error and associated inaccuracies in program accounting and financial statements, we recommend that management institute an improved control such as a procedure for reviewing the accuracy of entries once made. This should include clarification of roles of the Fiscal Office and operating divisions in providing assurance.

> Response: The extent of these errors and the impact were noted as minor and few. The Fiscal Office has a current preventative control in place whereby the Accounts Payable Supervisor reviews each accounting entry. As a further corrective control, the Fiscal Office will work with the Communications Division Budget Control Officer and appropriate program staff to make improvements upon the monthly CALSTARS reports review process.

Recommendation:
While some potentially beneficial upgrades are occurring now, we recommend that the TUFFS program be further improved or replaced to increase its efficiency and accuracy, including the ability to provide improved reports for management on the current status of carrier surcharge payments and identifying carriers that have ceased payments or substantially change the amounts.

> Response: In January 2016, the TUFFs system underwent significant modifications which improved its carrier reporting and remittance modules, and vastly increased the reporting capabilities to include modifiable, downloadable reports. In implementing the TUFFS upgrade, the Communications and Administrative Services Divisions coordinated to improve business processes to more readily identify non-compliant carriers and carrier reporting and remittance errors.

Recommendation:
Multiple agency operations would benefit from database of updated contact information for carriers authorized to offer service in California. We recommend that a process be instituted to maintain this information, to the extent (i.e. proportion of carriers) that it appears potentially useful for the needs of Communications Division (CD) and the Consumer Affairs Branch (CAB).

> Response: UCS maintains all utility contact information for the Commission. This application is not specific to communications carriers or to the A-fund. There are specific processes and forms for the updating of information in UCS that are initiated by the carrier, A-fund staff are not authorized to make changes to UCS and carrier contact information. In the event a problem with a carrier's contact information is identified by A-fund program staff, carriers are directed to the licensing group and/or the appropriate forms to remedy the inaccuracies. In addition, there exists a reminder which goes out annually from the licensing group notifying telecommunications carriers to update their information, if necessary.

Recommendation:
We recommend an additional step of contacting a larger set of carriers (beyond the group being audited) to ask them to disclose which accepted method they are using to define their intrastate billing bases, and to provide a set of calculations for a current month. This information can serve as one basis for any subsequent review or audit that might be appropriate, and the interactions with carriers might also generate some additional updated contact information.

> Response: The CD has through data request, requested the allocations methodology and jurisdictional assignments from a sample group of carriers in 2016. In addition, the audit division has performed a review of about 50 companies to request their allocation methodology. However, it should be noted that, the review of carrier traffic studies for the assignment of intrastate revenues is not a task appropriately conducted by the A-fund as carriers are not permitted to use differing studies for each public program.

The Internal Audit (IA) unit appreciates the comments provided by management above. IA would like to add the following observations:

The impact of the coding errors on the CHCF-A program was minor, however as noted in the report these errors are part of a system that covers all financial transactions in the CPUC. While the additional control noted by management may assist in assuring the accuracy of CD-related financial statements, we are concerned that a broader risk may exist with the operations of this system across other agency operations.

We acknowledge the improvements made in the TUFFS system subsequent to the audit testing period, and will consider their potential impact when evaluating possible future audits of programs or the TUFFS system itself.

The report recognizes that the UCS system is not specific to the CHCF-A program. We also note that the procedures referenced in the response (to obtain and update carrier contact information) did exist during the audit period.

IA concurs with the action taken by CD staff to obtain a sample of revenue allocation methodologies from carriers. The report also acknowledged the carrier audits that are being conducted.

Appendix B – Documents Reviewed

TUFFS

- User Guide
- Carrier Contact List
- Example - Variance Report

CHCF-A Administrative Committee

- Charter
- Minutes
- 2014/15 Annual Report

Invoices / Invoice Tracking / Contract Request Forms

- Crowe Horwath
- BlueCrane
- M Corp
- Infiniti Consulting
- Meta Vista Consulting
- Pine Mountain
- Panorama (RMT, Inc.)

Fiscal Reports

- Fund 0464 Breakdown
- Program 30 Expenditures (Overhead Costs)
- MTS Expenditures and Encumbrances
- AP Procedure Documents
- Fiscal Flow Chart
- PCA, Object, Index Code Lists
- Communications Division PCA Code “Cheat Sheet”

Commission’s Zero Based Budget Report – January 2015

Appendix C – Bibliography

Legislation

- Assembly Bill 1466, Chapter 755 (1987)
- Senate Bill 669, Chapter 677 (1999)
- Senate Bill 379, Chapter 729 (2012)
- Senate Bill 1364, Chapter 520 (2014)

Public Utilities Code Sections

- 270
- 271
- 273
- 274
- 275
- 275.6

Decisions:

- D. 85-06-115
- D. 88-07-022
- D. 91-05-016
- D. 91-09-042
- D. 94-09-065
- D. 96-10-066
- D. 98-01-023
- D. 98-06-065
- D. 08-10-010
- D. 10-11-033
- D. 11-05-032
- D. 13-05-028

Resolutions:

- T-16092
- T-17151
- T-17312
- T-17380
- T-17398
- T-17400
- T-17427
- T-17447
- T-17461