

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Telecommunications Division
Public Programs Branch**

**RESOLUTION T-16381
Date: May 18, 2000**

RESOLUTION

RESOLUTION T-16381. ALL TELECOMMUNICATIONS UTILITIES. TO ADOPT THE CLAIM REPORTING REQUIREMENTS FOR TELECOMMUNICATIONS CARRIERS SEEKING REIMBURSEMENT FROM THE CALIFORNIA TELECONNECT FUND PROGRAM FOR JANUARY 1998 THROUGH JUNE 1999 AND MODIFIED RULES FOR CLAIMS BEGINNING WITH JULY 1999 CLAIMS.

SUMMARY

This Resolution adopts the California Teleconnect Fund program's claim reporting requirements for telecommunications carriers seeking reimbursement for discounts given to qualified schools and libraries, government owned and operated hospitals and health clinics, and community-based organizations offering health care, job training, job placement, or educational instruction. The claim reporting requirements adopted herein apply to monthly claims from January 1998 through June 1999 and modified rules for claims beginning July 1999.

BACKGROUND

The California Teleconnect Fund (CTF) program was established by the Commission¹ to provide discounts on selected telecommunications services² to qualified schools and libraries (S&Ls), government owned and operated hospitals and health clinics (GHCs), and community-based organizations (CBOs) offering health care, job training, job placement, or educational instruction.

On December 19, 1996, and January 24, 1997, the Telecommunications Division (TD) held workshops to develop the types of CTF monthly information that carriers who serve qualified S&Ls, GHCs and CBOs must report.³ On June 27, 1997, TD submitted a workshop report (covering December 19, 1996 and January 24, 1997 workshop discussions) detailing its

¹ In Decision (D.) 96-10-066 dated October 25, 1996.

² These services include measured business service, switched 56, Integrated Services Digital Network (ISDN), T-1, and DS-3, or their functional equivalents.

³ These workshops were held in compliance with Ordering Paragraph No. 15 of D.96-10-066, as modified by D.96-11-050 and D.97-10-020.

recommended monthly reporting requirements for carriers seeking reimbursement from the CTF program.

On March 4, 1998, and April 14, 1999, TD again held workshops.⁴ After the workshops, TD prepared a Workshop Report (addressing March 4, 1998 and April 14, 1999 workshop discussions) which was made available on the Commission web site and which could be obtained from the Documents' Office. This report included TD staff's recommended updated claim form instructions.

In compliance with the Commission's directions,⁵ TD prepared Resolutions T-16319 and T-16330 which the Commission adopted on September 2, 1999, and October 7, 1999, respectively. In Resolution T-16319, the Commission set forth the reporting requirements for CTF claims beginning October 1999 and thereafter. In Resolution T-16330, the Commission set forth the reporting requirements for CTF claims covering February 1997 through December 1997. In both Resolutions, the Commission mentioned that it would issue further directions to instruct telecommunications carriers when and how to file their January 1998 through September 1999 CTF claims. Accordingly, this Resolution addresses the CTF claims process for the period January 1998 through June 1999 and beginning July 1999.

NOTICE/COMMENTS

On April 17, 2000, the draft of this resolution was mailed to all parties of record in R. 95-01-020 and I. 95-01-021 and to those telecommunications carriers that have filed CTF applications. A letter was mailed to all telecommunications carriers advising them of the availability of this draft resolution on the Commission web site: www.cpuc.ca.gov.

The Telecommunications Division received three sets of comments and no reply comments. The Oakland Unified School District supported the draft resolution. GTE California Incorporated suggested that the CTF claim form instructions be modified so that the applicable E-Rate discount is stated as a percentage instead of a dollar amount and that the CTF claim form instructions should provide that carriers only have to attach whatever data is required from the Funding Commitment Decision Letter (FCDL) or Billed Entity Applicant Reimbursement (BEAR) form one time-when submitting an initial claim associated with a particular application. Cooper, White & Cooper LLP (CWC) filed on behalf of six independent Local Exchange Companies⁶ commenting that the changes to existing CTF claim form instructions, to be effective

⁴ In Ordering Paragraph No. 2 of Resolution T-16118 dated February 4, 1998, the Commission directed the Telecommunications Division to again conduct a workshop to "address outstanding technical, administrative and other related implementation issues. The workshop shall also address whether and to what extent the CTF reporting requirements contained in staff's June 27, 1997 Workshop Report should be revised to reflect changes in the programs."

⁵ In Ordering Paragraph No. 3 of Resolution T-16118, the Commission further ordered TD staff to "prepare a resolution or resolutions for the Commission's consideration following the workshop, specifying implementation procedures for the approach adopted in this resolution and adopting final reporting requirements."

⁶ Calavaras Telephone Company, Cal-Ore Telephone Co., Ducor telephone Company, Foresthill Telephone Co., The Ponderosa Telephone Co. and Sierra Telephone Company, Inc.

for claims beginning July 1, 1999, be stated in the resolution. CWC stated that Sierra Telephone Company, Inc. (Sierra) has applied the E-Rate discount and then the CTF discount for the period January 1998 through June 1999; thus, “the Commission should permit carriers the discretion to file claims on the order in which they actually applied the various discounts during the time period.”⁷

DISCUSSION

CTF Claim Form and Instructions (January 1998 through June 1999 and modified rules for claims beginning July 1999)

In Resolution T-16330, we adopted a 1997 CTF claim form that can be filed only on a monthly basis; however, a carrier may file multiple monthly claims at one time provided a claim form is completed for each month. The reason for adopting monthly filings for 1997 was to prevent unnecessary delays in reimbursing carriers for CTF related services that they have been providing as early as February 1997. For example, if only one claim form is used to cover several months’ CTF claims, the inadequacy of supporting data for one month would delay the processing of the whole claim even if the supporting data covering the other months were adequate. Similarly, to prevent unnecessary delays in reimbursing carriers for CTF related services that they provided in year 1998 and parts of year 1999, it is appropriate to adopt a claim form that should be filed only on a monthly basis for January 1998 through June 1999 and beginning July 1999 CTF claims.

In Resolution T-16330, we also adopted instructions on how to complete a 1997 CTF claim form which detailed deadlines for filing of claims; interest payments; submittal of supporting workpapers; prescribed format by the Telecommunications Division for submitted data files; and definition of line items in the claim form. These details are also appropriate for CTF claims covering January 1998 through September 1999: in addition, information relating to E-Rate discounts for claims beginning July 1999 should be noted, (see discussion below on E-Rate Discounts). Thus, we adopt a CTF claim form and instructions for January 1998 through June 1999 with the CTF discount first with an exception for Sierra and for the CTF claims beginning July 1999 with the E-Rate discount first. (See Appendices A and B of this Resolution.)

Calculation of Interest for CTF Claims (January 1998 through September 1999)

In Resolution T-16319 (for CTF claims beginning October 1999 and thereafter) and in Resolution T-16330 (for 1997 CTF claims), an interest calculation process consistent with Commission orders⁸ was established for payments made in arrears to carriers participating in the

⁷ CWC comments on draft Resolution T-16381, page 1.

⁸ In D.98-01-023 dated January 7, 1998, the Commission directed that carriers receive interest on payments owed to them and that interest be calculated using the seven-day compound yield on taxable money market funds published in The Wall Street Journal each Thursday. The Commission also directed that the payments of interest end once the CTF begins regular disbursements and all payment in arrears have been made to carriers.

In D.98-09-039 dated September 3, 1998, the Commission anticipated that the Administrative Committee which oversees the California High Cost Fund A (CHCF-A), California High Cost Fund B (CHCF-B) and California Teleconnect Fund programs will need, on average, 30-days to complete a review of carrier’s CHCF-B claims and

CTF program. We note that there were delays in the selection of a financial institution that would receive surcharge revenues by telecommunications carriers and that would disburse payments to carriers for CTF related services. Although the financial institution chosen was recently selected and approved by the Commission in September 1999, the establishment of the trust account for the CTF program was finalized only in November 1999.

Consistent with the interest calculation process adopted in Resolutions T-16319 and T-16330, for January 1998 through September 1999 CTF claims, carriers will receive reimbursement for principal plus interest. Calculation of interest should start two calendar months plus 15 days after the close of the month the carrier applied the discount to customer bills; calculation of interest should end on the day the reimbursement payment is sent to the carrier, provided the carrier files its claim on a timely basis. To illustrate, on June 15, 2000, a carrier files its January 1998 CTF claim showing that it had approved a total of \$200 in discounts for the month to a qualified entity and that the carrier had credited the entity an amount of \$200 in February 1998. After the Administrative Committee approves the claim, a reimbursement payment is sent to the carrier on July 17, 2000. Interest based on \$200 (plus any applicable taxes)⁹ credited in February 1998 should be calculated from May 16, 1998 to July 17, 2000. The total reimbursement to be sent to the carrier would represent principal of \$200 (plus any applicable taxes) plus the interest payments as discussed above. Consistent with D.98-01-023, the interest will be calculated using the seven-day compound yield on taxable money market funds published in The Wall Street Journal each Thursday. Carriers submitting their January 1998 through September 1999 CTF claims should calculate the applicable interest payments up to the day they file their claims. The Telecommunications Division will review the carrier's calculations and will calculate the necessary additional interest payments up to the day payment is sent to the carrier. All calculations will be submitted to the Administrative Committee for approval.

To facilitate the calculation of interest payments, the Telecommunications Division will set up an Excel worksheet that can be used by carriers in filing their January 1998 through September 1999 CTF claims. This Excel worksheet will be available in the Commission web site (www.cpuc.ca.gov) and will be identified as 1998/1999 CTF Interest Calculation Worksheet. The Excel worksheet will be available for use before July 2000. For any information regarding the Excel worksheet, contact the Public Programs Branch of the Telecommunications Division. The interest amount calculated by the carrier should be shown on Line E, (Adjustments) of the CTF claim form. (See Appendix B to this Resolution.)

Filing of CTF Claims (January 1998 through September 1999)

to notify the carrier of the amount it is authorized to draw from the CHCF-B surcharge revenues. The decision considers this 30-day period to be a calendar month.

The Administrative Law Judge's Ruling dated April 28, 1998 in R.95-01-020 and I.95-01-021 established claim reporting requirements for CHCF-B and provides that claims by carriers shall be filed within one calendar month plus 15 days after the close of the month for which a claim is made, (i.e., approximately 45 days after the close of the month for which a claim is submitted).

⁹ Taxes include 911 tax, federal excise tax, city and local taxes, and the CPUC reimbursement fee. In addition, applicable bill and keep surcharge(s)/surcredit(s) may be included in the tax category line. (See Claim Form Instructions, Appendix A to this Resolution.)

The Commission recognized in D.98-01-023 that carriers should receive interest on payments made in arrears for CTF related services. However, the Commission also recognized in Resolution T-16330 the reasonableness of setting deadlines for filing CTF claims to protect the CTF program from unnecessary prolonged payment of interest which may prevent other qualified entities from participating in the CTF program. Consistent with the process adopted in Resolution T-16330, it is reasonable to require carriers to file their CTF claims for January 1998 through September 1999 (1) no later than July 14, 2000, for the following monthly claims: January, February, March, April, May and June 1998; (2) no later than September 14, 2000, for the following monthly claims: July, August, September, October, November and December 1998; (3) no later than October 15, 2000, for the following monthly claims: January, February, March, April, May, June 1999; and (4) no later than November 15, 2000, for the following monthly claims: July, August and September 1999.

As mentioned earlier, telecommunications carriers should file their January 1998 through September 1999 CTF claims only on a monthly basis; however, carriers may file multiple monthly claims (accompanied by supporting data files in the prescribed format/documents) at one time. Thus, a carrier may file on July 14, 2000, a claim form for each of the following months: January, February, March, April, May and June 1998. In this example, the carrier would receive interest up to the day the payment is sent to the carrier. In this example, however, if the carrier files its monthly claims for the first six months of 1998 after July 14, 2000, interest payment will be calculated only up to August 15, 2000. Similarly, if the due dates of September 15, 2000, October 15, 2000, and November 15, 2000, are not met, interest will be calculated only up to October 15, 2000, November 15, 2000, and December 15, 2000, respectively.

For monthly claims for the period January 1998 through September 1999, a CTF claim submitted with an appropriate completed monthly CTF form but without an accompanying (a) supporting data file (CD or disk) in the format prescribed by the Telecommunications Division, and (b) supporting documents relating to E-Rate discounts, if applicable, (see discussion below), will not be considered as a CTF claim filing with the Public Programs Branch

Amended CTF Claims by Carriers/Amended CTF reviews by the Administrative Committee (January 1998 through September 1999)

In both Resolutions T-16319 and T-16330, we recognized that inaccuracies may occur in computing CTF claims by either the carrier or the Administrative Committee; thus, we adopted a three-year window for amended CTF claims or CTF reviews. Consistent with Resolutions T-16319 and T-16330, carriers will be allowed a three-year window to file an amendment to their January 1998 through September 1999 CTF claims and to receive interest payments (if applicable) if submitted data support that recovery of additional discounts are due to the carrier. The three-year window begins the following month after the payment is sent to the carrier and ends at the end of the 36th month following the month for which payment is made. To illustrate, the payment is sent to the carrier on July 17, 2000. The three-year window begins in August 2000 and ends on the last day of July 2003. If the Administrative Committee approves the amended CTF claim, a carrier may recover additional discounts plus interest on that additional discount. Interest calculation begins on the first business day following the day the Public Programs Branch receives the amended CTF claim from the carrier and ends on the day the additional payment is sent to the carrier.

In the same manner, we will adopt a three-year window for the Administrative Committee to amend its review and approval of CTF claims from January 1998 through September 1999. The three-year window for the Administrative Committee begins the following month after the payment is sent to the carrier and ends on the last day of the 36th month following payment. If the Administrative Committee's further review reveals that the carrier has recovered more discounts than it is allowed, the Administrative Committee will send a letter to the carrier detailing the results of its further review. The letter, signed by the Director of the Telecommunications Division, will state any applicable discounts that should be returned to the CTF program and interest owed by the carrier on that applicable amount of discount. Interest calculation begins the first business day following the mailing date of the letter advising the carrier of the amount owed to the CTF program.

Bundled Offerings by Carriers (January 1998 through September 1999)

In Resolution T-16319, we adopted a simplified approach on bundled offerings for claims beginning October 1999 and thereafter wherein the basis of the CTF discount should be either the bundled offering (either contract or by the tariff) or the unbundled tariff rate, whichever is lower.¹⁰ For January 1998 through September 1999 CTF claims, we are adopting the same policy to prevent any further delays and to proceed with the implementation of CTF claims.

E-Rate Discount (January 1998 through September 1999)

As part of its universal service, the Federal Communications Commission (FCC) created a discount program for schools and libraries on May 7, 1997, (FCC 97-157). Under this federal

¹⁰ In D.96-10-066, the Commission defined that only access line type services can be provided at a discount to qualified schools and libraries, government-owned and operated hospitals and health clinics, and community-based organizations.

discount program known as the E-Rate program, schools and libraries can request discounts for intrastate telecommunications services. In Resolution T-16118, the Commission realigned the federal and state discounts for intrastate services wherein California schools and libraries could be eligible for (1) both E-Rate and CTF discounts, and (2) a fifty percent (50%) discount from the CTF program after taking into account the discount obtained from the E-Rate program. In other words, the E-Rate discount should be applied first before the CTF discount. In Resolution T-16319, we confirmed that the policy adopted in Resolution T-16118 would apply for October 1999 CTF claims and also for all CTF claims thereafter.¹¹

The E-Rate program was established subsequent to the creation of the CTF program. The first E-Rate program funding period began on January 1, 1998, and goes through June 30, 1999; the second E-Rate program funding period began July 1, 1999, and goes through June 30, 2000. For CTF claims for the months of January 1998 through June 1999, the CTF discount shall apply before the E-Rate discount (see discussion below) with an exception for Sierra but the E-Rate discount shall apply before the CTF discount beginning with CTF claims for the month of July 1999.

Based on Telecommunications Division's (TD) discussions with carriers as well as other TD inquiries, for the first E-Rate program funding period, (January 1998 through June 30, 1999), the carriers other than Sierra do not have detailed information on the telecommunications services that were applied for by schools and libraries from the Schools and Libraries Division (SLD) of the Universal Service Administrative Corporation (USAC) of the FCC. However, according to the carriers, the carriers received the following from the SLD if an E-Rate application was filed by a current school or library customer: (1) a Receipt Acknowledgement Letter (RAL-E) sent electronically, informing the carrier that a current school or library customer has applied for E-Rate discount with the SLD; (2) a Funding Commitment Decision Letter (FCDL) stating the discount percentage approved by the SLD and the amount of total discount associated with the E-Rate discount percentage; (3) a Form 486 Notification Letter indicating the effective date of the E-Rate discount; (4) a letter, regarding the Approval of Billed Entity Applicant Reimbursement (BEAR) Form, informing the carrier that the BEAR form filed by applicant school or library complied with the FCC rules and that a forthcoming check should be remitted to the applicant by the carrier; and (5) a check, with a statement, that should be remitted by the carrier to the applicant within 10 days of receipt. According to carriers, all the above-mentioned information from the SLD contained no details on the telecommunications services associated with the E-Rate discount. Sierra obtained this detailed service level information directly from the schools and libraries in its service area when these schools and libraries developed their requests for E-Rate discounts.

¹¹ In Resolution T-16118, the Commission states: "...eligible schools and libraries can participate in the federal E-Rate program, the CTF program, or receive cumulative discounts from both programs. If the school or library participates in both programs, it will receive cumulative discounts on the services specified in D.96-10-066. Cumulative discounts will be established in the following sequence. First, a pre-discount price is determined according to the procedures established by the FCC. Second, a discount on all telecommunications services will be applied according to the FCC's discount matrix. Finally, the 50 percent CTF discount rate will be applied to the post E-Rate discounted price for the services identified in D.96-10-066. Carriers will be reimbursed by CTF for the difference between the post federal discount price and the CTF rate."

For the second E-Rate funding period (covering July 1999 through June 2000), carriers receive from the SLD the following: (1) RAL-E, (2) FCDL, and (3) Form 486 Notification Letter. After receiving the above information from the SLD, carriers contact the schools and libraries to inquire which telecommunications services qualify for E-Rate discount. Hence, carriers became aware of the services associated with E-Rate discounts and were able to consider the E-Rate discount before applying the CTF discount

CTF Claim Reporting Requirements Summary (January 1998 through June 1999 and Modified Rules for Claims beginning July 1999)

Based on the above discussion, we are adopting in this Resolution the following guidelines for telecommunications carriers in filing their CTF claims for January 1998 through June 1999 and modified rules for claims beginning July 1999:

- Claim form and instructions to be used by telecommunications carriers in filing claims for reimbursement on CTF related services rendered to qualified entities described in D.96-10-066 (see Appendices A and B);
- Filing of claims by telecommunications carriers on or before July 14, 2000, for the following 1998 CTF monthly claims: January, February, March, April, May and June; on or before September 15, 2000, for the following 1998 monthly claims: July, August, September, October, November and December; on or before October 15, 2000, for the following 1999 CTF monthly claims: January, February, March, April, May, June: and on or before November 15, 2000, for the 1999 CTF monthly claims July, August and September;
- Process for calculation of interest on payments in arrears made to telecommunications carriers consistent with D.98-01-23 (interest shall be calculated using the seven-day compound yield on taxable money market funds published in The Wall Street Journal each Thursday);
- Treatment of bundled offerings. When a carrier's bundled offering includes access line type and usage services and/or other services, the basis for the CTF discount should be the lower of the bundled rate (either by contract or by tariff) or the unbundled tariff rate for access line type services; and
- Application of the CTF discount before the E-Rate discount for CTF claims for January 1998 through June 1999 with an exception for Sierra. For CTF claims beginning July 1999, the E-Rate discount shall apply before the CTF discount.

Changes to Existing Rules for Claims Beginning July 1999

- Each Spreadsheet for a CTF claim shall contain a maximum of 25,000 rows. If a company submits several worksheets in a workbook, each worksheet shall include a subtotal for each 25,000 rows of records.
- Use only Microsoft Excel spreadsheet.
- Changed location of the fields on the spreadsheets to correspond with the calculation of CTF claim amount.
- Clarified the rejection of a monthly claim by the administrative committee.

Notice of Availability of Conformed Resolution

Consistent with the Commission's commitment to utilize the CPUC Internet for distributing Commission orders and information, the Executive Director shall serve a Notice of Availability (see Appendix D to this resolution) to all telecommunications carriers. This notice informs parties that a copy of the conformed resolution will be available at the Commission's web site: www.cpuc.ca.gov.

COMMENTS

The draft resolution of the Telecommunications Division in this matter was mailed on April 17, 2000, in accordance with PU Code Section 311(g), to the parties of record in R. 95-01-020 and I. 95-01-021 and to those telecommunications carriers that have filed CTF applications. A letter was mailed to all telecommunications carriers advising them of the availability of this draft resolution in the Commission web site: www.cpuc.ca.gov. Comments were submitted on this draft resolution by the Oakland Unified School District on April 24, 2000, GTE California on May 4, 2000, and Cooper, White & Cooper LLP on May 3, 2000. No reply comments were received. We have reviewed the comments and modified the resolution to address the comments.

FINDINGS

1. In compliance with Decision (D.) 96-10-066 dated October 25, 1996, the Telecommunications Division (TD) convened a workshop to develop the types of California Teleconnect Fund (CTF) monthly reporting that should be submitted by telecommunications carriers. After the workshop, TD submitted a June 27, 1997, report that contained the staff's recommended CTF claim reporting requirements. The parties agreed to the staff's recommended claim reporting requirements.
2. In compliance with Resolution T-16118 dated February 4, 1998, TD conducted two workshops to determine whether the CTF reporting requirements contained in staff's June 27, 1997, report needed revisions. TD prepared a subsequent report, which contained the staff's updated CTF claim reporting requirements. The parties agreed to the staff's recommended claim reporting requirements.

3. On September 2, 1999, the Commission adopted Resolution T-16319 that set forth the reporting requirements for CTF claims beginning the month of October 1999 and thereafter.
4. On October 7, 1999, the Commission adopted Resolution T-16330 that set forth the reporting requirement for 1997 CTF claims.
5. For CTF claims covering January 1998 through September 1999, telecommunications carriers should file their claims only on a monthly basis to avoid unnecessary delays in receiving reimbursement from the CTF program. The types of information contained in the 1997 CTF form adopted in Resolution T-16330 are also appropriate for CTF claims for the period January 1998 through September 1999. The details set forth in the claims instructions adopted in Resolution T-16330 are also appropriate for CTF claims covering January 1998 through September 1999. In addition, the CTF claim instructions should include application of E-Rate discounts beginning with the CTF claim month July 1999 including revised claims beginning with the claim month July 1999. CTF claims are due to be filed on or before July 14, 2000, for the following 1998 monthly claims: January, February, March, April, May and June; on or before September 15, 2000, for the following 1998 monthly claims: July, August, September, October, November and December; on or before October 15, 2000, for the following 1999 monthly claims: January, February, March, April, May, June, and on or before November 15, 2000, for the following 1999 monthly claims: July, August and September.
6. The CTF claim form and instructions for the period January 1998 through June 1999 and the CTF monthly claim form modified beginning July, 1999 are attached to this resolution as Appendices A and B, respectively, and should be adopted.
7. Consistent with the provisions of Decisions 98-01-023 and 98-09-039 and Administrative Law Judge (ALJ) Ruling dated April 28, 1998 in Rulemaking (R.) 95-01-020 and Investigation (I.) 95-01-021, calculation of interest for CTF claims covering January 1998 through September 1999 should start two calendar months plus 15 days after the close of the month the qualified entity is credited with the discount. Calculation of interest should end on the day the reimbursement payment is sent to the carrier, provided the carrier files its CTF claims and supporting documentation on a timely basis.
8. To protect the CTF program from unnecessary prolonged interest payments, carriers should file their CTF claims from January 1998 through September 1999 consistent with the due dates stated in Finding No. 5. A carrier that files a CTF claim after July 14, 2000, for any of the months for the period including and ending June 1998 should receive interest payments only up to August 15, 2000. A carrier that files a CTF claim after September 15, 2000, for any of the months for the period ending December 1998 should receive interest payments only up to October 15, 2000. A carrier that files a CTF claim after October 15, 2000, for any of the months for the period including and ending June 1999 should receive interest payments only up to November 15, 2000. A carrier that files a CTF claim after November 15, 2000, for any of the months for the period ending September 1999, should receive interest payments only up to December 15, 2000.

9. A timely submittal of an appropriate completed CTF form, for any of the months for the period January 1998 through September 1999, without an accompanying supporting data file in the prescribed format (CD or disk) by the TD is not considered a CTF filing with the Public Programs Branch. For the CTF claim period beginning July 1999, the carriers must also submit (1) Data from Schools and Libraries Division's (SLD) Funding Commitment Decision Letter (FCDL), (2) letter regarding the approval of the applicant's (school or library) Billed Entity Applicant Reimbursement (BEAR) Form, or (3) supporting documents provided by schools and libraries for the CTF monthly claim period beginning July 1999.
10. It is reasonable to allow carriers a three-year window to file an amended CTF claim for any of the months covering January 1998 through September 1999. The three-year window period begins the following month after the payment is sent to the carrier and ends on the last day of the 36th month following the month of payment.
11. It is reasonable to allow a three-year window for the Administrative Committee to amend its review and approval of a CTF claim for any of the months covering January 1998 through September 1999. The three-year window for the Administrative Committee begins the following month after the payment is sent to the carrier and ends on the last day of the 36th month following the month of payment.
12. To avoid further delays in the implementation of the CTF claims process for the period January 1998 through September 1999, the Commission should adopt a simplified approach to bundled offerings. The basis of the CTF discount for bundled offerings should be the lower of the bundled offering (either by contract or by tariff) or the unbundled tariff rate for the access type line services.
13. For the CTF monthly claim period beginning July 1999 and each claim month thereafter, the carrier must use the information received from SLD in applying the E-Rate discount by matching the name of the CTF approved applicant with the name on the (1) FCDL, (2) letter re approval of the school's or library's BEAR form, or (3) statement/check sent by the SLD; and by using the approved E-Rate discount percentage received from the SLD.
14. In this Resolution, we are adopting the CTF reporting requirements for the period January 1998 through June 1999 and modified rules for claims beginning July 1999: claim form and instructions, filing requirements for claims, process for calculation of interest on payments, filing requirements for amended CTF claims by carriers and amended approved amount by the Administrative Committee, treatment of bundled offerings, and application of E-Rate discount.

THEREFORE, IT IS ORDERED that:

1. The California Teleconnect Fund (CTF) claim form and instructions attached to this resolution as Appendices A and B, respectively, are adopted. All telecommunications carriers seeking reimbursement from the CTF program shall use the attached claim form and instructions for discounts given to qualified entities from January 1998 through June 1999, and the period beginning July 1999. The completed CTF claim form is considered a public document.
2. The CTF claim form for the period January 1998 through June 1999 and the period beginning July 1999 shall be accompanied by supporting workpapers indicated in the claim form instructions attached to this resolution as Appendix A. The submitted supporting workpapers shall be in the format prescribed in the claim instructions. For the period beginning July 1999, the telecommunications carrier shall also submit with its completed CTF claim form (1) data from the Funding Commitment Decision Letter (2) letter re approval of the Billed Entity Applicant Reimbursement Form received from the Schools and Libraries Division (SLD) of the Universal Service Administrative Corporation of the Federal Communications Commission; or (3) supporting documents provided by schools and libraries for the CTF monthly claim period beginning July 1999.
3. The CTF monthly claims are due to be filed by telecommunications carriers on or before July 14, 2000, for claims covering the following months: January, February, March, April, May and June 1998. A telecommunications carrier that files a CTF claim after July 14, 2000, for any of the above mentioned months, will receive interest payments only up to August 15, 2000.
4. The CTF monthly claims are due to be filed by telecommunications carriers on or before September 15, 2000, for claims covering the following months: July, August, September, October, November and December 1998. A telecommunications carrier that files a CTF claim after September 15, 2000, for any of the above mentioned months, will receive interest payments only up to October 15, 2000.
5. The CTF monthly claims are due to be filed by telecommunications carriers on or before October 15, 2000, for claims covering the following months: January, February, March, April, May, and June 1999. A telecommunications carrier that files a CTF claim after October 15, 2000, for any of the above mentioned months, will receive interest payments only up to November 15, 2000.
6. The CTF monthly claims are due to be filed by the telecommunications carriers before November 15, 2000 for claims covering the following months: July, August and September 1999. A telecommunications carrier that files a CTF claim after December 15, 2000, for any of the above mentioned months, will receive interest payments only up to December 15, 2000.
7. For the period January 1998 through September 1999, telecommunications carriers that file CTF claims shall receive reimbursement for principal plus interest consistent with Decision

98-01-023. The calculation of interest shall start two calendar months plus 15 days after the close of the month that the qualified entity began receiving credit for discounts related to CTF service. The last day for calculation of interest shall be the date the reimbursement is mailed to the carrier, provided that the telecommunication carrier files on a timely basis.

8. The Telecommunications Division shall prepare a resolution for the Commission's consideration for any amendments or revisions to the claim form or claim form instructions adopted in Resolution T-16381.
9. The Executive Director of the Commission shall serve the Notice of Availability contained in Appendix C of this resolution to all telecommunications carriers. A copy of the conformed resolution shall be served to parties of record in R.95-01-020 and I.95-01-021 and to telecommunications carriers that have filed CTF applications.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on May 18, 2000. The following Commissioners approved it:

 /s/ WESLEY M. FRANKLIN
WESLEY M. FRANKLIN
Executive Director

LORETTA M. LYNCH
President
HENRY M. DUQUE
JOSIAH L. NEEPER
RICHARD A. BILAS
CARL W. WOOD
Commissioners

APPENDIX A

California Teleconnect Fund Program (CTF)

**Claim Form Instructions for CTF Claim Period January 1998 through June 1999 and
Modified Rules for Claims beginning July 1999
(5 Pages)**

**STATE OF CALIFORNIA
PUBLIC UTILITIES COMMISSION
CALIFORNIA TELECONNECT FUND (CTF) PROGRAM**

**Claim Form Instructions for CTF Claim Period January 1998 through June 1999 and
Modified Rules for Claims beginning July 1999**

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Period Covered by this CTF Form. For the period January 1998 through June 1999 the CTF discount shall be applied before the E-Rate discount except for Sierra and for the period beginning July 1999 the E-Rate discount shall be applied before the CTF discount. The attached form is to be used by participating telecommunications carriers when requesting reimbursement for discounts given to qualified entities under the CTF program. Qualified entities are entities that have been qualified by the Telecommunications Division to receive CTF discounts consistent with the criteria established in Decision 96-10-066.

Monthly Filing Only. The attached CTF claim form should be filed, only on a monthly basis, with the Public Programs Branch of the Telecommunications Division. The Public Programs Branch will review the CTF claim and supporting data file and will make the necessary recommendations to the Administrative Committee, who will approve or will disapprove the CTF claim.

Interest Payment. Consistent with Commission Decision 98-01-023 dated January 7, 1998, interest payments for CTF claims covering the period January 1998 through June 1999 and the period beginning July 1999 will be calculated using the seven-day compound yield on taxable money market funds published in The Wall Street Journal each Thursday. Calculation of interest starts two calendar months plus 15 days after the close of the month the qualified entity is credited with the discount by the telecommunications carrier. Calculation of interest ends on the day the reimbursement payment is sent to the carrier, provided the carrier files its monthly claim in a complete form with supporting documents and on a timely basis. The carrier should calculate the interest payments up to the day of filing with the Public Programs Branch who will review the carrier's calculations and who will compute any remaining applicable interest payments up to the day the payments are sent to the carrier. The results of all calculations will be submitted to the Administrative Committee for approval. The Public Programs Branch of the Telecommunications Division will prepare an Excel worksheet entitled 1998/1999 CTF Interest Calculation that can be used by carriers in calculating the interest payments. The Excel worksheet will be available on the Commission web site (www.cpuc.ca.gov) before July 2000.

File CTF Claims with the Public Programs Branch. Each appropriate completed CTF monthly claim should be filed with the Public Programs Branch, accompanied by (a) an electronic data file (CD or disk) in the format prescribed by the Telecommunications Division (see page 5 of claim form instructions), and (b) the supporting documents relating to E-Rate discount for the period beginning July 1999. Carriers must attach the data required from the FCDL or Bear form once in each E-Rate funding year for each CTF application number. Carriers may elect to file the data mentioned above on a monthly basis.

**STATE OF CALIFORNIA
PUBLIC UTILITIES COMMISSION
CALIFORNIA TELECONNECT FUND (CTF) PROGRAM**

**Claim Form Instructions for CTF Claim Period January 1998 through June 1999 and
Modified Rules for Claims beginning July 1999**

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Deadlines for Filing CTF Claims. The completed CTF monthly claim form should be received by the Public Programs Branch at the address below no later than 5 PM on **July 14, 2000**, for claims covering the months of January, February, March, April, May and June 1998; no later than 5PM on **September 15, 2000**, for claims covering the months of July, August, September, October, November and December 1998; no later than 5PM on **October 15, 2000**, for claims covering the months of January, February, March, April, May, and June 1999; and no later than 5PM on **November 15, 2000**, for claims covering the months of July, August and September 1999. Any CTF claims (for the period January 1998 through September 1999) received after their specific due dates of July 14, 2000; September 15, 2000; October 15, 2000; and November 15, 2000, will receive interest payments only up to August 15, 2000; October 15, 2000; November 15,2000; and December 15, 2000, respectively.

California Public Utilities Commission
Public Programs Branch, Telecommunications Division
Attn: CTF Program
505 Van Ness Avenue, Third Floor
San Francisco, CA 94102

File a Completed CTF Claim Form with an Electronic Data File. When a telecommunications carrier submits: (1) an appropriate completed CTF claim form with the Public Programs Branch on a timely basis (as described above) but without the accompanying electronic data file (CD or disk) in the format prescribed by the Telecommunications Division or (2) an electronic data file (CD or disk) in the format prescribed by the Telecommunications Division on a timely basis and, if applicable, the supporting documents relating to E-Rate discount beginning with the CTF claim month of July 1999, but without an appropriate completed CTF claim form, no CTF filing is considered as filed with the Public Programs Branch.

After the claim is approved by the Administrative Committee, a copy of the carrier's CTF claim form, (with the section for CPUC use completed), will be mailed to the attention of the signatory of the CTF claim form at the address indicated on the form. Payment will be made by the Trustee Bank in the manner indicated by the carrier on the CTF claim form. When the Administrative Committee rejects a monthly CTF claim: (1) a copy of the claim marked as "Rejected" will be mailed to the signatory of the CTF claim form at the address indicated on the form, and (2) a letter signed by the Director of the Telecommunications Division will accompany the CTF claim form explaining the reason(s) for the rejection.

**PUBLIC UTILITIES COMMISSION
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A telecommunications carrier's completed CTF claim form will be considered a public document; the supporting data files submitted by a carrier will not be considered as public documents.

Definitions:

- A. Schools and Libraries (S&Ls): In Decision 96-10-066, the Commission established that qualifying schools are "public or nonprofit schools providing elementary or secondary education, i.e., grades K-12, and which do not have endowments of more than \$50 million." While qualifying libraries are "only those libraries which are eligible for participation in state-based plans for funds under Title III of the Library Services and Construction Act (20 USC Sections 335c et seq.)." The discount rates for schools and libraries are set at 50% for measured business service, switched 56, Integrated Services Digital Network (ISDN), T-1 service, and DS-3 or their functional equivalents.
1. Total Discounts refer to the sum of the discounts for all CTF subsidized services provided to qualified schools and/or libraries.
 2. Taxes refer to the following taxes on the total CTF discount: 911 tax, federal excise tax and local and city taxes. User fee refers to the Commission's Reimbursement Fee as applied in compliance with PU Code 402 and 431. Include in this line category, applicable bill and keep surcharge(s)/surcredit(s) applicable to CTF discount.
 3. Claim for S&L refers to the total discounts (Item 1) plus any applicable taxes, etc., (Item 2).
- B. Government Owned and Operated Hospitals and Health Clinics (GHCs): In Decision 96-10-066, the Commission established that qualifying GHCs are "municipal and county government owned and operated hospitals and health clinics. These qualifying hospitals and health clinics shall be entitled to a 20% discount off of the tariffed rates for switched 56, ISDN, T-1 and DS-3 services or their functional equivalents."
4. Total Discounts refer to the sum of the discounts for all CTF subsidized services provided to qualified government owned and operated hospitals and health clinics.
 5. Taxes refer to the following taxes on the total CTF discount: 911 tax, federal excise tax and local and city taxes. User fee refers to the Commission's Reimbursement Fee as applied in compliance with PU Code 402 and 431. Include in this line category, applicable bill and keep surcharge(s)/surcredit(s).

**STATE OF CALIFORNIA
PUBLIC UTILITIES COMMISSION
CALIFORNIA TELECONNECT FUND (CTF) PROGRAM**

**Claim Form Instructions for CTF Claim Period January 1998 through June 1999 and
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6. Claim for GHCs refers to the total discounts (Item 4) plus any applicable taxes, etc., (Item 5).
- C. Community-Based Organizations (CBOs): In Decision 96-10-066, the Commission established the requirements to qualify as a CBO: “a CBO must provide proof at the time of application that it is a tax exempt organization”, as described in Section 501 (c) (3) or 501 (d) of the Internal Revenue Code, Title 26 of the United States Code; “This CBO must also certify that it offers health care, job training, job placement, or educational instruction...The discounted services that shall be made available to qualifying CBOs shall consist of switched 56, ISDN and T-1 services or their functional equivalents.” The discount for qualified CBOs shall be 25% off the tariff rate for switched 56, ISDN and T-1 services or their functional equivalents. The CBO shall be limited to a total of: two switched 56 lines or their functional equivalents; or two ISDN lines or their functional equivalents; or one 56 switched line or its functional equivalent and one ISDN line or its functional equivalent; or one T-1 line or its functional equivalent.
7. Total Discounts refer to the sum of the discounts for all CTF subsidized services provided to qualified community-based organizations.
8. Taxes refer to the following taxes on the total CTF discount: 911 tax, federal excise tax and local and city taxes. User fee refers to the Commission’s Reimbursement Fee as applied in compliance with PU Code 402 and 431. Include in this line category, applicable bill and keep surcharge(s)/surcredit(s).
9. Claim for CBOs refers to the total discounts (Item 7) plus any applicable taxes, etc., (Item 8).

The telecommunications carrier should indicate the method of payment (check or automated clearinghouse transfer) and complete all the necessary information applicable to the method of payment chosen. Wire transfers of funds are not available.

The telecommunications carrier’s signatory should be an employee responsible for completing the entries in the CTF claim form and for the preparation of the submitted supporting data file.

**STATE OF CALIFORNIA
PUBLIC UTILITIES COMMISSION
CALIFORNIA TELECONNECT FUND (CTF) PROGRAM**

**Claim Form Instructions for CTF Claim Period January 1998 through June 1999 and Modified Rules for
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Prescribed Data File Format for Supporting Workpapers

The data file shall be stored on a 3-1/2 inch high-density diskette or CD using Microsoft Excel worksheets. Each spreadsheet shall contain a maximum of 25,000 rows. If a company submits several worksheets in a workbook, each worksheet shall include a subtotal for the 25,000 rows of records.

The beginning of the file should contain the carrier's name, its CPUC identification number, and the month applicable to the data file. The first row of the data file shall be used for field names. Each row thereafter shall be a record. Each record shall represent a telephone service containing the following information:

- CTF application number (Alpha, Numeric)
- the billing or account number (Alpha, Numeric)
- the name of the qualified entity as it appears on the CTF application
- address of the qualified entity as it appears in the CTF application
- billing code or service description (Alpha, Numeric)
- quantity for each type of discounted service (Alpha, Numeric)
- unit price (currency, 2 decimal places)
- Applicable E-Rate Discount (percentage, 2 decimal places) (attach data from FCDL, SDL Letter re approval of applicant's BEAR form or supporting documents provided by schools/libraries for the period beginning July 1999. Data is required from the FCDL or Bear form once in each E-Rate funding year for each CTF application number. Carriers may elect to file this data on a monthly basis)
- basis for CTF discount (currency, 2 decimal places)*
- total CTF discount amount (currency, 2 decimal places)
- Application amount
- applicable bill and keep surcharge/surcredit (currency, 2 decimal places)
- CPUC user fee (currency, 2 decimal places)
- 911 Tax on the total CTF discounts (currency, 2 decimal places)
- Federal Excise Tax on the total CTF discounts (currency, 2 decimal places)
- local and city taxes on the total CTF discounts (currency, 2 decimal places)
- total CTF claim (currency, 2 decimal places)

* For partial month services, the CTF discount should be based on the partial month billing amount. In instances where CTF discounts for more than a month are credited to a customer's monthly bill, the CTF claim should include an explanation to indicate the number of months (and also indicate for which months) and days used in calculating the total CTF discount credited to the customer's monthly bill.

APPENDIX B

California Teleconnect Fund Program (CTF)

CTF Claim Form

**For the period January 1998 through June 1999 and modified rules for claims beginning
July 1999
(1 Page)**

CALIFORNIA TELECONNECT FUND (CTF) CLAIM FORM

(To be completed by the filing carrier)

(Use one form for each U#)

For the Month(s) of _____ (Year)

Company Name _____ CPUC U- _____

The following amounts are submitted for reimbursement. These amounts are supported by an accompanying data file (CD or disk) in the format prescribed by the Telecommunications Division.

A. Schools and Libraries (S&Ls)

- 1. Total Discounts _____
- 2. Taxes/User fee _____
- 3. Claim for S&Ls (Ln 1 + Ln 2) _____

B. Government Owned & Operated Hospitals & Health Clinics (GHCs)

- 4. Total Discounts _____
- 5. Taxes/User Fee _____
- 6. Claim for GHCs (Ln 4 + Ln 5) _____

C. Community-Based Organizations (CBOs)

- 7. Total Discounts _____
- 8. Taxes/User Fee _____
- 9. Claim for CBOs (Ln 7 + Ln 8) _____

D. Total Claims for the Month (Ln 3 + Ln 6 + Ln 9)

E. Adjustments (Attach Interest Calculation) _____

F. Net Claim (Ln D + Ln E) _____

Preferred Method of Payment: (Check One Method Only)

Check / ___ / Automated Clearing House Transfer (ACH) / ___ /

For Check: Payee's Name _____

Mailing Address _____

For ACH Transfer: Account Name _____

Account No. _____ Name of Bank _____

Branch Address of Bank _____ ABA No _____

I hereby certify that this form and the accompanying data file have been examined by me and to the best of my knowledge and belief they are true and complete. Carrier's signatory should be able to answer questions on claim calculations.

Signature _____ Date _____

Printed Name _____ Title _____

E-Mail Address _____ Telephone No. (____) _____

Mailing Address _____

For CPUC use only:

Telecom Staff Reviewer _____ Committee Approval Date _____

Discount Amount Recommended to Committee _____ Committee Approved Amount _____

See attached / ___ / Check Mailing Date _____

APPENDIX C

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

NOTICE OF AVAILABILITY
OF RESOLUTION T-16381

This is to notify you that Resolution T-16381 is available at the Commission web site:

www.cpuc.ca.gov

On May 18, 2000, the Commission adopted Resolution T-16381 to establish the California Teleconnect Fund Program's claims process from January 1998 through September 1999 for telecommunications carriers seeking reimbursement for discounts given to schools and libraries, government owned and operated hospitals and clinics and community-based organizations offering health care, job training, job placement and educational instruction.

If internet access is not available to you, a hard copy of this Resolution may be obtained by contacting the Commission's Telecommunications Division at (415) 703-3051 or at the following address:

Telecommunications Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102