

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**Telecommunications Division  
Public Programs Branch**

**RESOLUTION T-16763  
May 27, 2004**

**R E S O L U T I O N**

**Resolution T-16763. All Competitive and Incumbent Local Exchange Carriers. Revision of the Time Allowed to File California Teleconnect Fund Claims, Changes in Claim Filing Requirements, Clarification of Program Rules, Incorporation of Program Rules into a Comprehensive Guide, Rules Related to the Application of Federal E-Rate Discounts to Carrier Claims and Elimination of Amended Claims.**

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**Summary**

This resolution adopts the following modifications for the California Teleconnect Fund (CTF):

- Shortens the time frame for telecommunications carriers to file reimbursement claims from the CTF from two years forty-five days to one year forty-five days from the end of the month for which the claim is made.
- Revises the format of the CTF claim worksheet to be consistent with program changes adopted by the Commission on May 8, 2003 in Resolution T-16742 and efforts by the Telecommunications Division (TD) to simplify claim filing.
- Orders carriers to discount services to CTF customers upon notification of customer eligibility and prior to submitting reimbursement claims.
- Creates a comprehensive guide for carriers submitting CTF claims
- Adopts rules which carriers may impose on E-rate<sup>1</sup> customers who wish to also receive California Teleconnect Fund discounts.
- Specifies when carrier claims will be eligible for interest and provides direction for carriers wishing to claim interest.
- Eliminates filing of amended claims except in specified circumstances.

**Background**

The CTF was established by Decision (D.) 96-10-066 on October 25, 1996. In this decision, the Commission reaffirmed its' commitment to universal service, and in

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<sup>1</sup> *The E-rate - or, more precisely, the Schools and Libraries Universal Service Support Mechanism - provides discounts to assist most schools and libraries in the United States to obtain affordable telecommunications and Internet access.*

accordance with state and federal directives, created the CTF to provide discounted rates for a family of telecommunications services for schools and libraries, government-owned health care providers and qualifying community based organizations.

### **Claim Filing Deadlines**

On July 12, 2001 in Resolution (Res.) T-16542 the Commission adopted time limits on filing CTF claims. Those time limits were two years from the filing due date. This limitation allowed carriers two years and forty-five days from the end of the month for which the claim is made to file claims for reimbursement from the CTF fund.

The lengthy period between the end of the period and the deadline for filing a claim for that period means that up until a few months ago the most recent claim from the two major carriers in California was two years old. This situation has now been remedied with the cooperation of the carriers involved. Lack of current claims data has hampered TD's efforts to provide accurate estimates for budgeting purposes. A few carriers are still two years behind in filing claims. This may be a problem for the carriers involved because the CTF appropriation authority requires that claims for periods in FY 01-02 and before to be paid prior to June 30, 2004.

### **CTF Applications and Claim Filing**

Res. T-16319 (September 2, 1999) adopted specific requirements for both the claim and for the accompanying data worksheet. A specific form for claim submission was adopted and a required supporting worksheet with specific data elements and formatting was adopted.

Res. T-16330 (October 7, 1999) adopted claim reporting requirements for periods in 1997.

Res. T-16381 (October 25, 2001) adopted interim rules for claim submissions and modified rules effective as of July 1999 claims. Additional data elements to account for stacking of E-rate and CTF discounts were added to the supporting worksheet. Carriers were required to account for customers' E-rate discounts on their claims for periods after July 1, 1999. Carriers were further required to include documentation for the E-rate portion of the supporting worksheets.

In Res. T-16742 (May 8, 2003), the Commission broadened the eligibility for CTF services and streamlined the application process. Provisions adopted included eliminating the carrier input to the customer application process and application maximums.

This resolution modifies and clarifies claim filing rules consistent with Res. T-16742 and efforts of TD to simplify the claim filing process.

### **Requirement of Carriers to Discount**

The CTF fund is predicated on customers receiving the CTF discount and then carriers turning around and claiming for reimbursement from the Commission. Claims have always been termed as “reimbursement” implying that the expense must be incurred prior to submitting claims on the fund. To allow carriers to withhold CTF discounts pending CTF payments would subject CTF customers to carrier delay or inability to file claims – circumstances beyond the control of CTF customers.

### **Carrier’s CTF Guide**

For the duration of the program the rules for carriers submitting reimbursement claims have been contained in the various resolutions and decisions establishing rules for CTF claims. The result is much confusion regarding what the rules are and which rules were effective. This resolution would create a Guide for Carriers Submitting CTF Reimbursement Claims – attached to this document – that will be continuously updated as circumstances change and the need arises.

### **Proposed Rules Regarding Application of E-rate to CTF Claims**

Delays in carrier notification of the application of E-rate discounts have resulted in long periods where E-rate is applicable but does not appear on carrier claims. The result of this is the problem of accounting for E-rate discounts occurring beyond the funding year. Notification of discounts late in the funding year results in anomalies in claim filing such as a claim of (\$400,000) from a carrier who normally submits claims for more than \$700,000. This resolution adopts rules which allow carriers to suspend CTF discounts to schools and/or libraries that do not provide timely notification to the carriers regarding which services are subject to E-rate discounts. This resolution also provides an opportunity for an E-rate eligible entity which has had their CTF discount suspended to appeal that suspension to TD .

### **Claim Interest**

Carriers wishing to claim interest have been required to include an interest amount on their claim form. Providing this information has been difficult because the calculation factors have been either unavailable or vague. This resolution adopts specific instructions for including interest and further specifies that interest will be applicable for a compliant claim if payment for the claim is not approved within 60 days of timely filing.

### **Elimination of Amended Claims Except in Specified Circumstances**

Prior claim resolutions have allowed carriers to file amended claims for previously unclaimed services up to three years past the date a claim is paid. This provision was

made prior to SB 669 (1999) and the incorporation of the CTF into the state budget process. Under this rule an amended claim could be filed long past the appropriation authority for that period. Similarly, TD's ability to reevaluate a claim for three years past the date a claim is paid is contrary to the limitations on the CTF's appropriation authority.

## **Discussion**

### **Appropriation Authority and Claim Filing Deadline Inconsistencies**

On July 12, 2001 in Res. T. 16542 the Commission adopted time limits for filing CTF claims. Those time limits were two years from the filing due date. The filing due date is forty-five days from the ending day of the period for which the claim is filed. For instance, a July 2003 claim is due forty-five days from July 31, 2003 or September 15, 2003.

The primary source of information for development of the CTF budget and the implementation and size of a CTF surcharge are CTF claims. Late filed claims, especially among the largest claimants to the fund, has left Commission staff in the position of having to use data that was only meant to provide maximum allowed claims. With no current information on the actual amount of filed claims, Commission staff was in the position in Fiscal Years (FYs) 01- 02 and 02-03 of overestimating the demands on the fund to ensure that the fund was adequate to meet the needs of the schools, libraries, health care institutions and community organizations who were being served by the fund.

The forecasts on incomplete information resulted in a CTF fund balance of \$214 million on July 1, 2003, in spite of having a zero surcharge since January 1, 2003. The large fund balance has attracted an undue amount of attention to the fund. This attention has negatively impacted the fund. The FY 2003-04 State of California Budget Act transferred \$150 million as a loan to the General Fund because of this surplus balance.

TD requires all information available to accurately predict future demands on the fund. Current claim data coupled with the required carrier claim forecasts is essential to developing budgets that reasonably predict future demands on the fund.

Furthermore, it is the objective of the Commission to ensure that all obligations are paid as they occur. Long delays in filing claims by carriers result in long delays in paying claims. With this extensive claim-filing period, the carriers have the option of filing one claim or twenty-five claims. TD does not have the resources to process a claims deluge of this nature. This further complicates the task of paying current CTF obligations on a timely basis.

TD therefore proposes that the time allowable to file claims for review and payment be shortened by one year to one year and forty-five days after the end of the period for

which the claim is made. Most carriers are up to date in the filing of their CTF claims. To allow time for the few carriers who are not currently up to date, TD proposes to make this provision effective as of June 1, 2004.

TD recommends that the Commission adopt the proposal of TD changing the carrier claim filing interval to one year and forty-five days after the end of the period for which the claim is made and making this rule effective on June 1, 2004.

### **Claim Format Revisions**

#### **Changes to the Claim Form**

The claim form is revised from its current indicator of only the month and year for which the claim is being submitted to include indications of whether the claim is 1) A claim for a specific month and year, or 2) A resubmittal of amounts disallowed from a payment for the initial claim filed for that month and year, or 3) A revision necessitated by a claim for a multi-month credit or debit extending into previous fiscal year(s).

It is further revised to allow the claiming carrier to claim interest by merely checking a box below the total amount claimed.

Other minor changes are made to reflect changes in payment procedure.

#### **Changes to Supporting Workpapers**

##### *Elimination of Application Maximums*

Res. T-16319 adopted specific requirements for both CTF claims and the accompanying data worksheet. These rules were subsequently modified by Res. T-16381 which established rules that have been effective for claims for all periods subsequent to July 1, 1999.

In Res. T-16742, the Commission broadened the eligibility for CTF services and streamlined the application process. The elimination of maximums and the service-specific application process necessitates changes in the worksheet format adopted in Res. T-16319 and modified by Res. T- 16381.

Claims for periods prior to July 1, 2003 have been limited to specific services as approved by the TD in its application process. One of the requirements of this process is that the claiming entity, i.e. the carrier, not claim more reimbursement than was authorized by TD. To ensure that this requirement was met, the worksheet that accompanied claims had mandatory columns for the application maximums. Also included in the worksheets was a column indicating whether or not the claim passed the application test, i.e. did not exceed the maximum set by the application approval and a column called CTF Basis, which provided a calculation of how much was being

claimed of the maximum allowed. Since there are now no application maximums, it is no longer necessary to include columns containing information about application maximums in claims for periods subsequent to June 30, 2003. These three columns are therefore eliminated for claims for periods subsequent to June 30, 2003. Specific information regarding the revised worksheet format is contained in Guide for Carriers Submitting CTF Reimbursement Claims, Section A attached to this resolution.

*Elimination of the Application Approval Date*

Also included in the worksheet was a column indicating the approval date for each customer application. This column is eliminated for claims for periods subsequent to June 30, 2003.

*Addition of Worksheets for Carriers use in Submitting Multi-month or Partial-month Claims*

Claims are to be made on a monthly basis. An exception to this rule is when a carrier has extended a lump sum credit to a customer, when a carrier is crediting the CTF for late application of E-rate discounts and when a service is installed or disconnected on a date other than the beginning of the month. Under these limited circumstances, a carrier may submit a multi-month or partial-month credit or debit in the month that the credit or debit was applied. This multi-month or partial-month credit or debit should be on a separate worksheet but should be included in the claim total for the applicable month.

Multi-month credits or debits, which extend over more than one fiscal year, shall be broken down by the fiscal year. A revised claim shall be filed for each fiscal year that the multi-month claim applies. For example, if in August, a carrier applied a credit to a customer for a period beginning in April of the same year, the carrier shall submit a separate claim for that credit that occurred in the prior fiscal year, i.e. April, May & June as a revision for June. The credit applicable to July and/or August may be included in the claim total submitted for August.

The new worksheet as described in the Guide Section A and shown in Section C-2 includes three additional columns for use by carriers submitting permissible multi-month or partial-month claims. These columns are the date the credit or debit starts, the date the credit or debit ends, and the total of the multi or partial-month credit or debit. The columns to the left of these final three columns should be populated identically to a monthly claim. Two of the final three columns designate the period to which the credit or debit is applicable and the last column is the result of the monthly amount multiplied by the days that the credit or debit was applied. If the claim is a credit claim, such as those provided to account for retroactive E-rate credit or a service disconnection – the negative value should be inserted in the final column and not in the first seventeen columns.

*Other Changes to the Worksheet Supporting the Claim*

- The worksheet format is also changed to require a single line heading rather than the multiple line heading now used by claiming carriers. This requirement is to eliminate the necessity of stripping all the extra lines out of the worksheet to allow review by TD personnel.
- Information regarding the month and year of the period claimed and the carrier submitting the claim shall be included in the worksheet file name and may be included in the worksheet page heading and the tab.
- The address field will reflect the billed address as in prior versions of the workpapers.
- The Application number is changed to require a numeric format. This is to ensure that TD personnel may manipulate these records during review.
- The columns are reordered to be consistent with actual practice.
- Surcharge/surcredit columns are specified for New Regulatory Framework (NRF) companies. Other tariffed surcharges/surcredits such as bill and keep surcharge should be inserted here.
- Tax columns are designated as optional depending on whether or not taxes are claimed for reimbursement.
- Additional columns for submission of multi-month or partial-month credits or debits are provided.
- Guidelines for carriers submitting monthly claims semi-annually are included.
- Guidelines for resubmitting for amounts disallowed from earlier payments are included.
- Specific mention is made that carriers should include only the columns and rows specified in the sample worksheets and the Guide.

TD proposes to eliminate columns in the claim supporting work papers for CTF Basis, Application Maximum and Application Approval Dates; to make columns for Surcharge/Surcredit applicable to only to carriers subject to Surcharge/Surcredits; to make 911, Federal Excise and Local Tax columns optional to those carriers claiming reimbursement for these fees and to include a worksheet allowing for accounting of multi or partial month credit or debits to the CTF for claims filed after June 30, 2004 and for claims for periods after June 30, 2003.

TD is permitted to request information regarding the service address of CTF customers when it is necessary to determine the accuracy of a CTF claim or the eligibility of a customer for CTF discounts.

TD recommends adoption of the revisions to the claim format and supporting work paper modifications as proposed by TD.

#### Carriers Required to Extend CTF Discounts Upon Providing Service to CTF-Eligible Customers

Since the CTF program was initiated in 1996 there has been a presumption that carriers would provide authorized discounts to CTF customers and claim reimbursement from the CTF as provided by Commission rules. One service provider has been denying discounts to its' only CTF customer, a financially strapped school district, for several years, because it has not received funding from the Commission. In the case of this provider, the Commission has been unable to provide funding for the period in question because the carrier has not submitted a valid claim for these funds in a timely manner.

The requirement that the discount be provided to customers upon the approval of their application is implicit – by the use of the word “reimbursement” -- in the rules adopted by the Commission for participation in the CTF. This paragraph seeks to make those rules explicit by requiring that customers receive the appropriate CTF discounts upon approval of their application and prior to filing claims for those same discounts with TD. Program rules further provide that the discount be retroactive to the date that the successful application is received by the Commission. This rule further requires retroactive credits be granted to CTF-eligible customers as provided by program rules. This rule, which has been part of the CTF program since its inception, applies to all claims for all periods since the program began in 1997.

The Commission will consider opening an Order to Institute an Investigation (OII) or Order to Show Cause (OSC) to deal with any carrier refusing to comply with this rule or other program rules.

#### *Clarification of effective date of CTF Discount*

The rules prior to Res. T-16742 clearly indicated that CTF discounts were effective as of the application date. Since each application was accompanied by a specific list of services it was clear what effective date was applicable to each service. Post Res. T-16742 procedures allow an existing or already eligible CTF customer to add services to their CTF discount by simply calling the carrier and ordering the services. Clarification is necessary to identify the effective date of a CTF discount for an already-existing service. Existing or already-eligible CTF customers must notify the carrier that they are CTF customers and are seeking additional CTF discounts concurrently with placing an

order for additional CTF services. New CTF customers, starting from June 1, 2004, will receive notification letters that will advise them they have thirty days to advise the carrier from the date of their eligibility notification letter which of their existing services are eligible for CTF discount. When the carrier is timely notified of the eligible services, the carrier will back credit these services to the new CTF customer's application date.

The notification date will be available to the carriers on the CPUC website. A letter of this requirement will advise customers approved under the streamlined application process – estimated to be about 200 – who have not been advised of this limitation. Customers approved under the pre-July 1, 2003 process were limited to the services specifically enumerated in their applications. If a carrier failed to apply the discount to a service listed in an application, customers are subject to the billing dispute provisions of the carrier's tariff.

TD proposes to make the CTF program rule that carriers discount prior to claiming explicit rather than implicit and further requires that customers' services be discounted as soon as they are eligible for a discount.

TD recommends adoption of the rule requiring carriers to provide discounts to CTF customers upon eligibility as determined by TD and to provide CTF discounts prior to submitting claims for reimbursement from the fund.

#### Guide for Carriers Submitting CTF Reimbursement Claims

Rules for carriers submitting reimbursement claims are contained in D. 96-10-066, Res. T-16052, Res. T-16319, Res. T-16330, Res. T-16381, Res. T-16542, D. 02-10-60, Res. T-16742 and in two administrative letters issued by TD in 2003. To ensure that all rules are available to all carriers wishing to serve and serving CTF customers, and to ease entry of new carriers to serve CTF customers, TD proposes the creation of a Guide for Carriers Submitting CTF Reimbursement Claims (Guide) attached to this resolution in lieu of an appendix. TD proposes to continually update this document for ministerial changes, via the issuance of administrative letters, which will then be incorporated into the Guide. A current version of the Guide will be available and maintained on the CPUC website. Both claiming carriers and TD will use the Guide in preparing, reviewing and paying claims.

TD has made every attempt at this time to include all rules relevant to filing carriers. Some rules, adopted in prior CTF resolutions, may not be included in this guide. These rules are still effective. As omissions are pointed out to TD, additional rules previously adopted by the Commission will be included in addition to ministerial changes, using the vehicle of the administrative letter as described in the paragraph above.

TD recommends incorporating all program rules for carriers making reimbursement claims to the CTF into a Guide for Carriers Submitting CTF Reimbursement Claims.

## Carriers Authorized to Impose Certain Requirements Upon E-rate Customers

### *Requirement of Timely Carrier Notification*

The California Teleconnect Fund is designed to enhance the discounts available to schools and libraries that are beneficiaries of E-rate funding. E-rate is a federal program administered by the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) at the direction of the Federal Communications Commission. E-rate provides funding for connectivity, whether via telecommunications or the Internet. E-rate funding provides discounts ranging from 20% to 90% of the costs of eligible services. The level of funding for a specific school or library depends on the percentage of subsidized or free school lunches and the urban/rural status of the population served.

While CTF predates E-rate, CTF was redesigned to accommodate E-rate funding for telecommunications and provide additional discounts to E-rate eligible CTF customers. In Res. T-16052, the Commission authorized carriers to apply CTF as a discount to the remainder of the recurring service expense that the school or library is liable for after E-rate, thus providing a 50% discount on that remaining service. For some schools and libraries the two discounts combined may equal a 95% discount off the monthly rates for the services provided that are eligible for discounts.

Even though CTF has been designed to work with E-rate there is no direct relationship between the services funded by E-rate to the services funded by CTF. For carriers to file claims that include the E-rate discount, schools and libraries must indicate to the carrier to which services to apply the E-rate discount. Carriers have had great difficulty obtaining this required information in a timely way from some schools and libraries. The difficulty is so great that the E-rate discount virtually disappears from claims for the first six months of the E-rate funding year and in some cases is not properly applied at all during the funding year. These delays in notification along with E-rate funding commitments received late or past the end of the funding year, cause carriers to file CTF claims that must later be reversed. The ancillary problem caused is that there is temporarily a much greater demand on the CTF fund than is appropriate given customers' actual funding needs.

TD proposes authorizing carriers to impose requirements on their CTF customers that facilitate the preparation of accurate claims. To provide this incentive, essential to minimize superfluous bookkeeping both on the part of the Commission and on the part of carriers, and to avoid payments from the fund that are later reversed, TD proposes the following provisions:

1. Schools and libraries which have received E-rate funding letters must provide input regarding the application of E-rate discounts to carriers within seventy-five days of filing their Receipt of Service Confirmation Forms (Form 486) with the Schools and Libraries Division (SLD) of USAC.

2. Carriers who have not received the required information from E-rate eligible CTF customers within seventy-five days are permitted to suspend the CTF discount from a customer's bill for the remainder of the E-rate funding year. If such suspension occurs, CTF customers are permitted to appeal the suspension to TD. An appeal must be in writing to the TD Director with a copy provided to the CTF carrier. The CTF customers must file appeal based upon unusual and rare circumstances and must include the reasons why the customer did not notify the carrier within the required timeframe and why the suspension of CTF discounts should be lifted.
3. TD is authorized to reinstate the suspended CTF discount retroactively to the date of suspension if the CTF customers have demonstrated that unusual and rare circumstances prevented the provision of timely carrier information.
4. Nothing in this rule shall prevent a CTF customer from providing the required information to the customer's CTF service provider immediately upon being notified of approval of the relevant E-rate application by the SLD.

TD recommends adoption of the rule regarding the provision of information about the application of E-rate discounts as proposed.

#### *E-rate Funding Mechanism*

E-rate customers have the option of being funded directly from the SLD via reimbursement for services that have already been paid (Billed Entity Applicant Reimbursement – BEAR) or having their service provider invoice the SLD for discounts provided to the E-rate customer. To ensure that carriers have accurate information regarding the application of E-rate discount for purposes of applying the CTF discount, and to eliminate customer opportunities to collect a greater discount than the program has provided for, the carrier reimbursement funding mechanism has been approved for use by CTF customers. However, certain carriers continue to use the BEAR funding mechanism for their CTF customers. In order to make the rule requiring a specific E-rate funding mechanism of CTF customers explicit, TD recommends adoption of the following CTF rule: Carriers who are currently using the BEAR funding process for the E-rate customers will be allowed to do so until July 1, 2006. On or before July 1, 2006, TD will assess the feasibility of allowing the BEAR funding process to continue beyond the July 1, 2006 date.

#### Interest calculation and applicability

Carriers, wishing to claim interest, are required to indicate so on their claim. This will be accomplished by checking the "Interest Claimed" box on the claim. Interest shall be calculated using the three-month commercial paper rate issued by financial institutions (available at the Federal Reserve Board website,

[www.federalreserve.gov/releases/cp/](http://www.federalreserve.gov/releases/cp/)). Carriers will be eligible for interest if a compliant claim is filed within forty-five days of the end of the month being claimed and if the claim is not approved for payment within sixty days of filing. This period is designated as such to allow TD adequate time to review claims given claim filing deadlines and the Commission's payment cycles. The carrier payment process requires submission to the Information Management and Services Division by the nineteenth of each month. Presuming that most carriers file immediately prior to or on the fifteenth of each month, a thirty-day review period means that TD has only one or two days to review incoming claims to meet the next carrier payment cycle on the nineteenth. TD recommends adoption of extending the CTF claim review period to 60 days to allow TD a reasonable time to review claims and submit requests for payment.

Clarification is made for circumstances where a claim is incompletely or incorrectly filed. When TD is unable to review a claim due to carrier omissions in filing, TD will request additional information. The period where interest applies will then be tolled until the carrier responds accurately to TD's request.

### **Elimination of Provisions for Filing Amended Carrier Claims**

Res. T-16319, T-16330 and T-16381 recognized that inaccuracies may occur in computing CTF claims by either the Carrier or TD and therefore adopted a three-year window for amended CTF claims or CTF reviews after the date the claim is paid. Consistent with the limitation on appropriation authority and limitations on TD's ability to review and pay claims, TD is proposing elimination of the provision for Amended Claims. Allowing carriers to submit additional claims on the funds for three years after the date a claim is actually paid means that a carrier could claim for a specific month and year six years after the claim period has ended and at least three years after TD's appropriation authority to pay claims for the month and year has expired. In addition, TD would be required to continually over budget – and over collect in surcharges – to ensure that there were funds available to pay these long-past obligations. TD proposes that the carriers take whatever time is necessary in the one year and forty-five days they are given to file claims and ensure that the claims filed are accurate.

In the seven years history of the CTF, amended claims have been filed because carriers were unfamiliar with the correct method of pricing services prior to discount, and with the process of calculating CTF discounts correctly. Carriers were also unable to gather all records of customers who had been provided discounts. These problems were within the control of the carriers and should be resolved at this point in the program's development. Requiring carriers to file only once puts the burden of carrier problems on the carriers and not on Commission staff which has been required to wade through duplicate and more submissions over many months to adequately compensate a few carriers who have had difficulties filing adequate and accurate claims. It further lifts the burden of long waits for payments from carriers who file claims correctly.

The Commission wants all CTF customer discounts to be reimbursed by the CTF. Accordingly, TD is authorized to consider the filing of amended claims on an individual case basis where carriers experience unusual and rare circumstances which lead to the filing of inaccurate or inadequate claims. TD is also authorized to consider amended claims where circumstances occur that are beyond the control of the carrier, such as legal, legislative and regulatory changes. Also exempted from the one-time filing only rule are compensation changes required by Commission-ordered financial audits.

TD further proposes to limit TD's ability to amend claim payments consistent with the requirements of the appropriation limits for the claim period in question. This limitation would not apply to special circumstances such as audits or litigation. To ensure that all carriers contemplating filing amended claims have an opportunity to do so, TD proposes eliminating amended claims effective on June 1, 2004. This effective date is made in consideration of the upcoming limitation on Appropriation authority on reimbursements for periods prior to June 30, 2002.

TD recommends elimination of provisions in the CTF rules for Amended Claims effective June 1, 2004.

## **Comments**

In compliance with PU Code 311 (g), in the past, the Commission has served a hard copy of prior resolutions regarding CTF to all telecommunications carriers and the parties of record in R. 95-10-020/I95-01-021. To be consistent with the Commission's commitment to utilize the Internet for distributing Commission orders and information, the TD has informed telecommunications carriers serving CTF customers, members of the California Teleconnect Fund Advisory Committee, CTF school and library applicants and the parties of record in R. 95-01-020/I95-01-021 on the availability of the draft resolution, as well as the conformed resolution, when adopted by the Commission on the Commission web-site, [www.cpuc.ca.gov](http://www.cpuc.ca.gov). This notice of availability was mailed on February 11, 2004.

TD hosted a working session with representatives of eleven carriers on February 19, 2004. Changes have been made to the claim form, the supporting workpapers and to the Guide as a result of this session.

TD also recorded a webcast for school and library customers on March 5, 2004, highlighting the proposed changes in the rules that affect school and library customers.

Five parties filed comments and a number of other parties communicated their concerns to TD verbally. Written comments are summarized below by party and by issue in Appendix A attached to this document.

Schools and libraries were given an extension of time to file and this resolution was held from March 13 to April 22, 2004 to ensure that these parties had ample opportunity to comment. Informal comments were submitted directly to TD which called for the following changes in the resolution

1. Support for a designated schedule for providing feedback to carriers regarding application of E-rate to CTF service
2. Elimination of any consequence for customers not adhering to the schedule
3. Extension of time for complying with program rules prohibiting use of the BEAR form of E-rate funding.

This resolution reflects the comments by the parties with regard to the following areas

- Time limit given to CTF customers to advise carriers of the application of their E-rate grant was changed from sixty days to seventy-five days.
- Changes to the CTF Claim form and worksheet format,
- Extension of time to comply with program rules regarding E-rate funding methods was changed from May 1, 2004 to May 1, 2005 at the request of the carriers and to July 1, 2005 at the request of the schools and libraries.
- Provisions for extenuating circumstances when carriers need to file amended claims.

Proposals of commenting parties not responded to in this resolution are denied.

## **Findings**

1. In October 1999, Public Utilities Code (PU) Code sections 270-281 were codified as a result of the enactment of Senate Bill 669.
2. Time limits for filing California Teleconnect Fund (CTF) claims were adopted in Res. T-16542 of two years and forty-five days from the period claimed for reimbursement.
3. PU Code section 270(b) requires that the monies in the CTF may only be disbursed pursuant to sections 270-281 and upon appropriation in the annual Budget Act.
4. A two year and forty-five day claim filing interval is inconsistent with the objective of budgeting correctly and paying CTF obligations as they occur.
5. A one year and forty-five day claim filing interval will support Commission objectives of budgeting accurately and paying CTF obligations as they are incurred.

6. Changing the claim filing interval to one year and forty-five days is consistent with CTF program objectives of timely claim payments and accurate budgeting.
7. Limitations created by the expiration of the Commission's authority to pay claims for FY 01-02 and before will be resolved by requiring carriers to file all amended claims by June 1, 2004.
8. On May 8, 2003, the Commission adopted Resolution (Res.) T-16742 changing the discount and services available to Community Based Organizations (CBOs) and Government Owned Health Care institutions. The Commission further changed the eligibility requirements for CBOs and streamlining the application process for all CTF customers.
9. Existing claim and worksheet specifications are inconsistent with Res. T-16742 and objectives of the Commission to simplify claim filing.
10. The worksheet attached to this resolution is consistent with the objectives of Res. T-16742 and should be adopted for use in preparing all claims filed after June 30, 2004 and for claim periods after June 30, 2003. Claims filed prior to July 1, 2004 are exempt from this requirement.
11. The requirement that carriers provide discounts upon approval to eligible CTF customers prior to filing claims on behalf of that customer has been implicit, is now explicit and applies to all claims.
12. Carriers must provide CTF discounts to eligible customers consistent with the approval date of either the CTF service or customer eligibility. Customers have an obligation to ensure that all discounts are applied properly within the limitations imposed by CTF rules and the carrier's tariff.
13. Rules for carriers submitting reimbursement claims have been contained in a number of different documents leading to confusion regarding what the rules are.
14. The creation of a Guide for Carriers Submitting CTF Reimbursement Claims to be continuously updated by the Telecommunications Division (TD) for ministerial changes will reduce confusion about CTF claim rules and encourage accuracy and consistency with claim rules.
15. Carriers require timely advice on the application of E-rate discounts and control over the E-rate reimbursement process.
16. Information regarding the application of E-rate discounts within seventy-five days of the E-rate customer's acceptance of E-rate funding (filing of 486, Service

Confirmation) would significantly resolve issues of carrier's not receiving this information in a timely way.

17. Allowing carriers to suspend CTF discounts for the duration of the E-rate funding year, to customers not providing information regarding the application of E-rate within seventy five days after filing their Form 486, Service Confirmation, will encourage customers to provide this information in a timely way.
18. CTF customers are allowed to file written appeals to TD regarding the CTF discount suspension. A copy should be provided to the CTF carrier.
19. The CTF customers should only file appeal based upon unusual and rare circumstances and should include the reasons why the customer did not notify the carrier within the required timeframe and why the suspension of CTF discounts should be lifted.
20. TD is authorized to reinstate the suspended CTF discount retroactively to the date of suspension if the CTF customers have demonstrated that unusual and rare circumstances prevented the provision of timely carrier information
21. Making the requirement that E-rate customers utilize the carrier funding method of reimbursement will add clarity to CTF rules for both carriers and CTF customers.
22. Carriers who are currently using the BEAR funding process for the E-rate customers will be allowed to do so until July 1, 2006.
23. On or before July 1, 2006, TD will assess the feasibility of allowing the BEAR funding process to continue beyond the July 1, 2006 date.
24. Carriers have been unable to claim interest because the rules were vague and not based on specific guidelines.
25. The adoption of a simple and specific mechanism for claiming interest will allow carriers to claim interest on timely filed and compliant claims which have not been reviewed or payment requested by TD within sixty days of the date filed.
26. Claim filing provisions allowing for amended claims up to three years past the date a claim is paid are inconsistent with the CTF's appropriation authority, adequate forecasting and TD's ability to review and pay claims.
27. Eliminating the provision for amended claims after June 1, 2004 will eliminate inconsistencies in appropriations, budgeting and limited staffing.

28. Allowing amended claims in extenuating circumstances and where legal or regulatory requirements have changed will ensure that carriers are compensated for all discounts provided to CTF customers.
29. Limiting the ability of TD to review claims will be consistent with appropriation authority, budgeting and staffing constraints except of special circumstances such as litigation or audits.
30. A letter advising of the availability of the draft resolution and the conformed resolution, when adopted, on the Commission website, [www.cpuc.ca.gov](http://www.cpuc.ca.gov), was mailed to carriers serving CTF customers, the CTF-AC, CTF applicants and the parties of record in R. 95-01-020/I.95-01-021 on February 11, 2004 and is available for comments consistent with PU Code Section 311(g).
31. TD incorporated comments, where applicable, into this resolution.
32. TD's recommendations as set forth above in this resolution are reasonable and should be adopted.

**THEREFORE, IT IS ORDERED that:**

1. The California Teleconnect Fund (CTF) claim filing interval is shortened from two years and forty-five days from the period being claimed to one year and forty-five days from the period being claimed.
2. The one year and forty-five day claim filing interval is effective on June 1, 2004.
3. The revised Claim form and worksheet modifications, as set forth in the Guide for Carriers Submitting CTF Reimbursement Claims Sections A through C attached to this resolution, are adopted.
4. Carriers shall provide discounts to CTF customers upon Commission approval of customer eligibility using the rules set forth in this resolution and in the Guide for Carriers Submitting CTF Reimbursement Claims Section A attached to this resolution.
5. A Guide for Carriers Submitting CTF Reimbursement Claims, created by this resolution to be continuously updated for ministerial changes by the Telecommunications Division (TD), is adopted.
6. Carriers will be notified of updates to the Guide for Carriers Submitting CTF Reimbursement Claims through the issuance of CTF Administrative Letters signed by the TD Director.

7. Carriers are authorized to suspend CTF discounts to E-rate customers not providing information regarding the application of E-rate to carriers within seventy-five days of filing the Receipt of Service Confirmation (Form 486) with the School and Libraries Division of the SLD.
8. CTF customers are allowed to file written appeal to the TD regarding the CTF discount suspension. A copy shall be provided to the CTF carrier.
9. The CTF customers shall only file appeal based upon unusual and rare circumstances and shall include the reasons why the customer did not notify the carrier within the required timeframe and why the suspension of CTF discounts shall be lifted.
10. TD is authorized to reinstate the suspended CTF discount retroactively to the date of suspension if the CTF customers have demonstrated that unusual and rare circumstances prevented the provision of timely carrier information.
11. Carriers who are currently using the BEAR funding process for the E-rate customers shall be allowed to do so until July 1, 2006.
12. On or before July 1, 2006, the TD shall assess the feasibility of allowing the BEAR funding process to continue beyond the July 1, 2006 date.
13. TD has 60 days to review compliant claims before interest is applicable to claimed amounts. Interest is payable on compliant claims as requested by carriers and are timely filed within 45 days of the end of the period for which the claim is made.
14. Provision for filing amended claims by carriers in previous CTF claim resolutions is eliminated as of June 1, 2004. TD's ability to revise claim payments is limited to be consistent with the state appropriation authority and for special circumstances such as legal, legislative and regulatory changes and the requirements of Commission ordered audits.
15. TD is authorized to consider accepting amended claims from carriers which have experienced extreme and unusual circumstances which have prevented them from filing adequate claims.
16. Carriers are required to use the worksheet format adopted in this resolution for all claims submitted after June 30, 2004 and for claims for periods after June 30, 2003. All remaining provisions of this resolution are effective on June 1, 2004.

This resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on May 27, 2004. The following Commissioners approved it:

/s/ WILLIAM AHERN

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WILLIAM AHERN  
Executive Director

MICHAEL R. PEEVEY  
President  
CARL W. WOOD  
LORETTA M. LYNCH  
GEOFFREY F. BROWN  
SUSAN P. KENNEDY  
Commissioners

Appendix A – Synopsis of Comments to Res. T-16763

Issue	SBC	Verizon	Frontier	17 small LeCs	AT&T	
<b>Worksheet Revision/Service Address</b>	Billing Address not service address		Should be able to use either address. Opposes mandated service address.			
<b>Effective Date of CTF Discounts</b>	What is the date?					
<b>Guide</b>	Wants clarification on updating procedure.	Inconsistencies. Cites 30 day rule. Wants letters to be added to top of columns on worksheet.	No changes to guide without public comment			
<b>Time Limits for CTF/Rate customers</b>	Should not be at carriers discretion	Should not implement.		Should clarify 486 form.		
<b>E-rate funding mechanism</b>			Customers should have option of using BEAR.	Carriers should have discretion.		
<b>Interest on claims</b>	Wants more specificity. Wants interest on disallowed items. 75 day window is too long.	Wants on-time filing to be extended to 75 days.			Wants interest to be applicable upon filing or wants 60 days to timely file.	
<b>Amended Claims</b>	Limit to one year and no more than six per year except when TD changes claim requirements	Keep amended claims, at least for periods where amended claims were permissible		Carriers should be able to submit retroactive or revised claims for any reason. Carriers should be able to file for e-rate trueups more than 1 year and 45 days after the period.	Opposes elimination of amendments. Carriers should be able to amend up to two years after claim is due.	

Issue	SBC	Verizon	Frontier	17 small Lec	AT&T	
<b>Resolution Implementation Dates</b>	Wants all dates to be the same					
<b>Separate Claims for separate fiscal years</b>	Opposes					
<b>Daily Rate calculation</b>	Wants 10% variance specified					
<b>Self effectuating date for claim approval</b>		Verizon Proposal			Wants 60 days.	
<b>Workshop</b>					Wants Workshop	
Discounting Flexibility					Cannot bill. Wants to send check.	

	SBC Reply	Verizon Reply	Frontier Reply	17 Small LECs Reply	AT&T Reply	Cox Reply
<b>Worksheet Revision/Service Address</b>		Supports use of billing address.				
<b>Effective Date of CTF Discounts</b>		Supports 30 day rule. Agrees with SBC on questions.				
<b>Guide</b>		Wants notice and comment.			Wants workshops before updating.	
<b>Time Limits for CTF/erate customers</b>				Cxrs should not be required to discontinue CTF service.		

	SBC Reply	Verizon Reply	Frontier Reply	17 Small LECs Reply	AT&T Reply	Cox Reply
<b>E-rate funding mechanism</b>	Supports Resolution. Carrier Invoicing Method should be required. One year transition period for carriers to comply.		One year transition.			Wants flexibility if acquires a customer using BEAR method.
<b>Interest on claims</b>					Should be clarified. Wants interest on resubmitted claims.	
<b>Amended Claims</b>		Repeats original comment.	Should be allowed in period allowed to file claims. Should be allowed for erate modifications. Should be allowed when caused by legislative or regulatory changes.			Opposes elimination. Cites reasons that are addressed in the new claim filing format.
<b>Resolution Implementation Dates</b>					Uniform date on July 1, 2004	
<b>Separate Claims for separate fiscal years</b>		Separate FY requirement would increase paperwork.	Supports SBC			
<b>Self effectuating date for claim approval</b>	Supports AT&T proposal.				Wants approval in 60 days.	Supports because does not believe TD can review pending 01-02 claims.
<b>Workshop</b>		Wants Workshop			Calls for workshop to work out competing concerns.	Wants Workshop
<b>Late notification of e-rate</b>						Wants rules on customers paying back CTF.

**Guide for Carriers Submitting CTF Reimbursement Claims**

**Section A**

**California Teleconnect Fund Program (CTF)**

**Claim Form and Supporting Worksheet Instructions for all Claims filed after  
June 30, 2004**

**(8 Pages)**

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The attached form is to be used by participating telecommunications carriers when requesting reimbursement for discounts already provided to qualified entities under the CTF program. Qualified entities are entities that have been qualified by the Telecommunications Division (TD) to receive CTF discounts consistent with the criteria established in Decision 96-10-066 and Res. T-16742.

**Disclaimer.** Every attempt has been made to ensure that this guide is a complete compendium of relevant CTF rules. Where a rule has been adopted by the Commission in the past or in the future and has not been included in this Guide, TD will update the Guide accordingly. Omission from this guide does not make any validly adopted program rule inapplicable to claiming carriers.

**Provision of Discount.** Carriers are required to provide the appropriate discounts on CTF customer's bills upon notification of approval or upon commencement of service for an existing CTF customer. Approved CTF customers are listed on the CPUC's website. Carriers are limited to submitting claims for reimbursement for discounts already provided to CTF customers. The submission of claims when no discounts have been is a violation of California Public Utilities Commission rules and may be subject to sanctions and/or fines.

**Carrier Eligibility.** Any carrier, who is licensed to provide local telephone service in the State of California and has filed a CTF tariff, is eligible to provide discounted service to CTF customers.

**Customer Eligibility.** Approved CTF customers are listed on the CPUC website: <http://www.cpuc.ca.gov/static/industry/telco/public+programs/index.htm>. Included in the listing is the application number and date of eligibility notification. Customers retain their eligibility once approved by TD unless they are found to be no longer qualified for CTF or are found to be in violation of CTF program rules.

**One Time Monthly Filing Only.** The attached CTF claim form should be timely filed, accompanied by a supporting worksheet in the designated format and other required documents, for each month claimed, with the Public Programs Branch of the Telecommunications Division. The Public Programs Branch will review and approve the CTF claim and supporting data file.

All amounts to be claimed for that month should appear on a single monthly claim. Specific instructions regarding characterization and organization of the reimbursements on behalf of different customers will be in the supporting worksheet instructions.

Amended claims are not allowed after June 1, 2004 except in special circumstances with specific approval of the Director of the Telecommunications Division. Replacement claims to account for mistakes made or omissions from an earlier filing for the same month will not be allowed. Carriers may respond to mistakes after the claim is reviewed and paid through the disallowance process for that claim. Claims are subject to audit and carriers will be liable for misrepresentation of claimed amounts.

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**Subtotals.** Carriers are required to group records associated with a single customer together. Customer applications have been consolidated into a single number for each customer which should be inserted in the supporting workpapers in the first column. The consolidated CTF application number is located on the CPUC website at <http://www.cpuc.ca.gov/static/industry/telco/public+programs/index.htm>. The amount claimed for each customer should be subtotaled on the supporting workpaper for the monthly claim.

**Application of CTF Discounts.** CTF discounts are applicable as of the date the customer's application has been received by TD. This may involve credits to the customer's account because of the period between the application date and the date the customer is notified of CTF eligibility. New CTF customers will be notified that there is a thirty-day period from the date of the notification letter to advise their telecommunications provider(s) of CTF eligibility and identify services to which the CTF discount should be applied for applicability of CTF credits back to the application date. The date of CTF eligibility notification will appear on the CPUC website in the record of CTF eligible customers. Services which would ordinarily be subject to discount and have not been discounted because of a failure to notify the carrier within the thirty day notification window may be discounted at the discretion of the carrier.

In the case of new service for existing CTF customers, CTF discounts are applicable on the date the carrier takes the order for new service from an existing CTF customer who notifies the carrier of the applicability of CTF when the order is placed. If no such notification occurs when the order is placed, the discount is applicable on the date notification is made.

**Application of E-rate Discount.** Carriers are required to apply any E-rate discount the customer is entitled to prior to applying the CTF discount to reach the proper claimed amount.

The CTF discount is half of either 1) the monthly rate for the service being claimed for reimbursement or 2) the monthly rate less the e-rate discount, whichever is less.

Carriers are authorized to require customers to provide information about the application of their E-rate discounts as follows:

1. Schools and libraries which have received E-rate funding letters must provide input regarding the application of E-rate discounts to carriers within seventy-five days of filing their Receipt of Service Confirmation Forms (Form 486) with the Schools and Libraries Division (SLD) of USAC.
2. Carriers who have not received the required information from E-rate eligible CTF customers within seventy-five days are permitted at their own discretion to suspend the CTF discount from the customer's bill for the remainder of the E-rate funding year.
3. CTF customers are allowed to file written appeal to the TD regarding the CTF discount suspension. A copy shall be provided to the CTF carrier.
4. The CTF customers shall only file appeal based upon unusual and rare circumstances and shall include the reasons why the customer did not notify the carrier within the required timeframe and why the suspension of CTF discounts shall be lifted.
5. TD is authorized to reinstate the suspended CTF discount to the date of suspension if the CTF customers have demonstrated that unusual and rare circumstances prevented the provision of timely carrier information.
6. Carriers who are currently using the BEAR funding process for the E-rate customers shall be allowed to do so until July 1, 2006.

**Requirement of Specific E-rate Funding Method.** On or before July 1, 2006, TD shall assess the feasibility of allowing the BEAR funding process to continue beyond the July 1, 2006 date

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**E-Rate Credits to the CTF.** Carriers are required to discount a service according to the e-rate that a customer has been approved for and then apply the 50% CTF discount to the remainder. E-rate funding applies July 1 through June 30. Customers and carriers frequently do not receive notification of E-rate funding until well after July 1. In the months when no E-rate is applicable because no funding notification has been received, customers should receive a 50% discount off the regular monthly rate for eligible services. When notification is received, the customer would normally be credited for the difference between the discount that was applied (CTF only) and the discount that is applicable with the approval of E-rate (E-rate and CTF). This customer credit should appear on that month's claim as a credit to the fund. There is no metric to express this amount in the context of the CTF supporting workpapers. Carriers should identify the service identically to the way the service is identified as called for on the multi-partial worksheet. In the final column the credit to the fund should appear along with the date that the E-rate grant appeared on the customer's monthly bill. TD will look at what was claimed for the period in question and compare it to what should have been claimed with the E-rate and determine if the credit is correct.

**Semi-Annual Filing.** When a carrier's total CTF claims for a six month period are less than \$2500, the carrier may file semi-annually. If the amount of the discounts is identical for all six months of the semi-annual period, the carrier may file one claim sheet for the entire period with one supporting worksheet indicating in the file name that the worksheet is for each month of January through June or July through December. If the amount of discount reimbursement varies from month to month, the carrier must file claim sheets and supporting worksheets for each month claimed. Semi-annual reporting must be on a January-June, July-December basis. Semi-annual claims are due forty-five days after the end of the period for which the claim is made.

**Interest on Semi-Annual Claims** is discussed below.

**Revisions.** With one exception, revisions are not necessary nor are permitted. Retroactive claims ("debits") for the purpose of recouping lump sum credits when an existing customer is newly approved for CTF shall appear in the multi-month spreadsheet, which is provided in Section C. Credits to the fund for the purpose of accounting for late notification of E-Rate eligibility shall also appear on the multi-month credit worksheet. Both the credit and debit amounts from the multi-month worksheet shall be included in the total for the month claimed.

**Lump Sum Credit Revision Exception.** A limited revision is permitted when a carrier is claiming a lump sum credit for months that are in a different fiscal year than the month claimed, such as when a multi month credit is claimed in July 2003. This would require a separate claim dated June 2003 for any credits or debits that are applicable to June 2003 and any months prior to that up to June 2002. In this limited circumstance a revised claim may be filed to be credited or debited on the last month of the fiscal year previous (i.e. June) to the month being claimed. The revision must be filed for only the additional funds due the carrier or the credit to the CTF that the claim represents.

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**Interest Payment.** Interest payments for compliant CTF claims will be calculated using the three-month commercial paper rate issued by financial institutions (available at the Federal Reserve Board website, [www.federalreserve.gov/releases/cp/](http://www.federalreserve.gov/releases/cp/)). Calculation of interest starts 60 days after the date the claim is timely filed. Calculation of interest ends fifteen days after the reimbursement payment is approved by TD, provided the carrier files its monthly claim in a complete form with supporting documents on a timely basis.

Carriers must file compliant claims on time to be eligible for interest. Claims are timely filed when received by the Commission within forty-five days of the end of the period being claimed. To claim interest, the carrier should check the box on the claim form indicating that interest is claimed. If the claim is eligible for interest the Public Programs Branch will compute applicable interest payments fifteen days past the day the payment approval letters are sent to the carrier and include them with the payment. The additional fifteen days is to account for the period necessary for CPUC IMSD and State Controller's processing of checks. No claim that is approved for payment by TD within sixty days of filing will be eligible for interest.

**Tolling of Claim Review Period.** When TD is unable to review a claim due to carrier omissions in filing, TD will request additional information. The period where interest applies will then be tolled until the carrier responds accurately to TD's request.

**Interest on Semi-Annual Claims.** Months contained in a semi-annual compliant filing are considered timely filed if filed by August 15 for claims for the first half of the calendar year and by February 15 for the second half of the calendar year. Interest will apply to timely filed compliant claims if not paid within sixty days from the date of filing as provided above. Computation of interest for semi-annual claims will be made on the same basis as monthly claims.

**File CTF Claims with the Public Programs Branch.** Each appropriate completed CTF monthly claim should be mailed to or filed with the Public Programs Branch, accompanied by (a) an electronic data file (CD or disk) in the format prescribed by this Resolution (see page 7 of claim form instructions), and (b) the supporting documents relating to E-Rate discount for the appropriate E-Rate funding year. Carriers must attach the data required from the FCDL (Form 486 Data Sheet) 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.

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**Deadlines for Filing CTF Claims.** The completed CTF monthly claim form with supporting worksheet are to be received by 4 PM on the forty-fifth day following the end of the period being claimed to be considered timely filed. Claims will be accepted for review up to 4 PM one year and forty-five days past the end of the period being claimed. Claims received more than one year and forty-five days from the ending date of the period being claimed will not be accepted for review and will not be paid. This provision is effective as of July 1, 2004.

**Filing Address.** The address for filing of claims is as follows:

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

**Filing consists of 1) Completed CTF Claim Form; 2) Electronic Data File and 3) E-Rate documentation, if appropriate.** 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 files (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, but without an appropriate completed CTF claim form, the CTF filing is not considered filed with the Public Programs Branch.

**Claim Payment.** After the claim is approved by the Public Programs Branch, 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 State of California form 204, payee data record, on file with the Commission. Payment will be made by the California State Controller by check mailed to the address on the Payee Data Record. When the Public Programs Branch rejects a monthly CTF claim: (1) a copy of the claim form 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 Branch Manager will accompany the CTF claim form explaining the reason(s) for the rejection.

**Disallowances.** When the Public Programs Branch has reviewed the claim and finds errors or unsupported claims on some of the records, a check will be made out to the claiming carrier for the amount of the claim less the value of the records in error. An explanation of the payment will accompany the payment accompanied by detail regarding the reasons and the records that were rejected.

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**Disallowance Resubmittals.** To obtain payments on the rejected, non compliant or unsupported claim amounts, carriers have thirty days from the date of the payment letter to resubmit corrected records for review. These records, considered disallowance resubmittals of an already paid claim, are to be submitted accompanied by a claim form, marked "Disallowance Resubmittal", the Public Programs letter rejecting the records and a digital data file supporting the claim in the same format as specified in Section C. A cover letter and other supporting information may be included with an explanation regarding the validity of the records being resubmitted.

**Public Records.** 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 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." 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, DS-3 and up to OC 192 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 A-1) plus any applicable taxes, etc., (Item A-2).

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- 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. The discounts for qualifying hospitals and health clinics effective June 8, 2003 shall be entitled to 50% for measured business service, switched 56, Integrated Services Digital Network (ISDN), T-1 service, DS-3 and up to OC 192 or their functional equivalents.
1. 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.
  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).
  3. Claim for GHCs refers to the total discounts (Item B-1) plus any applicable taxes, etc., (Item B-2).
- 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. . .”
- C. CBO’s (continued)  
Eligibility for CBOs was expanded by Res. T-16742 to include those CBOs which provide community technology programs. The discount for qualified CBOs effective June 8, 2003 shall be 50% for measured business service, switched 56, Integrated Services Digital Network (ISDN), T-1 service, DS-3 and up to OC 192 or their functional equivalents.

Total Discounts refer to the sum of the discounts for all CTF subsidized services provided to qualified community-based organizations.

1. 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)
3. Claim for CBOs refers to the total discounts (Item C-1) plus any applicable taxes, etc., (Item C-3).

**Payment Process.** The telecommunications carrier should complete all the necessary information necessary for the receipt of a check. Wire transfers of funds are not available. The telecommunications carrier’s signatory should be a management employee responsible for completing the entries in the CTF claim form and for the preparation of the submitted supporting data file.

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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.

**Claim Form Supporting Workpaper Instructions for CTF Claims Filed after July 1, 2004 and for claim months after June 30, 2003.** The file name should contain the carrier's name, its CPUC identification number, and the month applicable to the data file. This information may also be included on the worksheet tab and the worksheet page header. It shall not be inserted on the data sheet. The first row – and the first row only -- of the data file shall be used for column headings. The second row and each row thereafter shall be a record. Carriers with more than one worksheet shall include the range of application numbers in the worksheet file name or and indication that the file is for multi-partial months. A file name example, using Pinnacles Telephone Company as an example, is "1013'01-04, 0001-0050" and "1013'01-04'Multi-Partial'0001-0050". It is not necessary to include the application number range for claims containing one worksheet for a single month or for a multi-partial month.

Each record shall represent a telephone service containing the following information:

- CTF application number (Numeric)
- the name of the qualified entity as it appears on the CTF application (Alpha)
- billing address of the customer who received CTF discount (Alpha, Numeric)
- the billing or account number (Alpha, Numeric)
- working telephone number of the service being claimed
- 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 sheet attached to USAC, SLD Letter re notification of receipt of Form 486).
- CTF discount after E-rate (currency, 2 decimal places)<sup>2</sup>
- Applicable surcharge/surcredits (currency, 2 decimal places)<sup>3</sup> or bill and keep surcharges
- CTF Discount Including surcharge/surcredits (currency, 2 decimal places)<sup>2</sup>
- CPUC user fee (currency, 2 decimal places)
- 911 Tax on the total CTF discounts (currency, 2 decimal places)<sup>4</sup>
- Federal Excise Tax on the total CTF discounts (currency, 2 decimal places)<sup>3</sup>

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<sup>2</sup> For partial month services, the CTF discount should be based on the partial month billing amount

<sup>3</sup> Required columns for carriers subject to surcharges/surcredits. Carriers not subject to surcharges/surcredits should omit these columns.

<sup>4</sup> Columns for 911 Tax, Federal Excise Tax and local and city taxes may be omitted if no claim is made.

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

**Claim Form Instructions for CTF Claims Filed after June 30, 2004 and for Claims for Periods after June 30, 2003.**

(Page 9 of 9)

**Record Information Requirements (cont.)**

- local and city taxes on the total CTF discounts (currency, 2 decimal places)<sup>3</sup>
- total CTF claim (currency, 2 decimal places)
- Multi or Partial-Month Credit or Debit (or installation) From Date (date format: mm/dd/yyyy)<sup>4</sup>
- Multi or Partial-Month Credit or Debit (or disconnect) to Date (date format: mm/dd/yyyy)<sup>4</sup>
- Total Multi-Month Credit or Debit (currency, 2 decimal places)<sup>4</sup>

**Data Limited to Guide Specifications.** Claiming carriers shall provide only the data that is specified above.

**Monthly Partial Calculations.** To allow for differences in the number of days in the various months, the daily rate will be calculated using the following formula: monthly rate x twelve divided by 365 + 1. Because multiple month credits or debits may include months of varying lengths to which varying rates may apply; TD personnel will not require these figures to be exactly as they would calculate out under this formula.

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<sup>3</sup> Required columns for carriers subject to surcharges/surcredits. Carriers not subject to surcharges/surcredits should omit these columns.

<sup>4</sup> For use only in instances where CTF discounts or credits for more or less than a single month are being claimed. These columns should never designate periods in more than one fiscal year.

Guide for Carriers Submitting CTF Reimbursement Claims

**Section B**

**California Teleconnect Fund Program (CTF)**

**CTF Claim Form**

Claim Form Instructions for CTF Claim Periods Beginning July 2003

**(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)**

Initial Claim for this period

Resubmittal of amounts disallowed on \_\_\_\_\_ (date of payment letter)

Revised claim to account for multi-month credit included in \_\_\_\_\_ claim

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. Interest Claimed**

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 \_\_\_\_\_ Approval Date \_\_\_\_\_

Amount Approved if Different from Claimed Amount \_\_\_\_\_ Amount Disallowed \_\_\_\_\_

## **Guide for Carriers Submitting CTF Reimbursement Claims**

### **Section C**

#### **CTF Supporting Worksheet Sample**

Application Number	Applicant Name	Billed Address	Billed Telephone Number or Account Number	Working Telephone Number	Billing Code or Service Description	Qty	Unit Price	E Rate Discount	CTF Discount After E-Rate	Exchange Billing Keep Surcredit or Surcharge	Toll Billing Keep Surcredit or Surcharge	Access Billing Keep Surcredit or Surcharge	CTF Discount including Billing Surcredit or Surcharge (Rule 33)	CPUC User Fee	911 Tax	Fed Excise Tax	Local Tax	Monthly Claim
6000	Gryffindor School District	264 N. Westwood, Hogwarts, CA	2027851403	2027851403	1MB	2	16.3	0.76	\$3.91	-\$0.05			\$3.86	\$0.00				\$3.86
6000	Gryffindor School District	266 N. Westwood, Hogwarts, CA	2027851403	2027851405	1ML	1	15.4	0.76	\$1.85	-\$0.02			\$1.82	\$0.00				\$1.83
6000	Gryffindor School District	1500 N. Downwood, Ottery St. C	2027851403	2027851406	BC	1	1.76	0.76	\$0.21	\$0.00			\$0.21	\$0.00				\$0.21
6000	Gryffindor School District	1501 N. Downwood, Ottery St. C	2027851403	2027851407	AABFTZ	1	8.71	0.76	\$1.05	-\$0.01			\$1.03	\$0.00				\$1.03
6000	Gryffindor School District	1502 N. Downwood, Ottery St. C	2027851403	2027851408	XYZ	1	0.88	0.76	\$0.11	\$0.00			\$0.10	\$0.00				\$0.10
<b>Total 6000</b>																		<b>\$7.03</b>
6799	Hufflepuff School	187 Oakmold Rd., Puddlestone, C	9253764671	9253764671	1MB	4	10.3	0	\$20.68	-\$0.27			\$20.41	\$0.02				\$20.43
<b>Total 6799</b>																		<b>\$20.43</b>
6003	Slytherin Union High Scho	1012 Primrose Ln, Slytherin, CA	2342718855	2342718855	TMEXXS	1	170	0	\$85.00	-\$1.11			\$83.89	\$0.09				\$83.98
<b>Total 6003</b>																		<b>\$83.98</b>
6004	Ravenclaw Elementary	641 Sheldwitch St., Hogwartville	6666065668	6666065668	1MB	2	8.75	0	\$8.75	-\$0.11			\$8.64	\$0.01				\$8.64
6004	Ravenclaw Elementary	641 Sheldwitch St., Hogwartville	6666152650	6666152650	AABFTZ	3	4.95	0	\$7.43	-\$0.10			\$7.33	\$0.01				\$7.34
6004	Ravenclaw Elementary	641 Sheldwitch St., Hogwartville	6666152650	6666152651	AZF	4	1	0	\$2.00	-\$0.03			\$1.97	\$0.00				\$1.98
6004	Ravenclaw Elementary	641 Sheldwitch St., Hogwartville	6666152650	6666152652	RXRZZ	3	0.5	0	\$0.75	-\$0.01			\$0.74	\$0.00				\$0.74
<b>Total 6004</b>																		<b>\$18.70</b>
<b>Worksheet Total</b>																		<b>\$130.14</b>
Most schools and libraries are exempt from 911, Federal Excise Tax and Local Taxes.																		
Exchange, Toll and Access Surcredit columns need not be included by non NRF Companies																		
Companies which have other tariffed surcharges such as bill and keep, should substitute the captions in the Exchange, Access or Toll columns and use these to claim these surcharge/surcredits																		

Application Number	Applicant Name	Billed Address	Billed Telephone Number or Account Number	Working Telephone Number	Billing Code or Service Description	Qty	Unit Price	E Rate Discount	CTF Discount After E-Rate	Exchange Billing Keep Surcredit or Surcharge	Toll Billing Keep Surcredit or Surcharge	Access Billing Keep Surcredit or Surcharge	CTF Discount including Billing Surcredit or Surcharge	CPUC User Fee	911 Tax	Fed Excise Tax	Local Tax	Monthly Amount	Credit or Debit From Date (or installation date)	Credit or Debit to Date (or disconnect date)	Total Multiple or Partial Month Credit or Debit Claim
6000	Gryfindor School District	1501 N. Downwood, Ottery St. C	2027851407	2027851407	AABFTZ	1	8.71	0.76	\$1.05	-\$0.01			\$1.03	\$0.00				\$1.03	10/1/02	10/5/02	-0.14
6000	Gryfindor School District	1502 N. Downwood, Ottery St. C	2027851408	2027851408	XYZ	1	0.88	0.76	\$0.11	\$0.00			\$0.10	\$0.00				\$0.10	8/5/02	10/31/02	0.30
6799	Hufflepuff School	187 Oakmold Rd., Puddlestone, C	9253764671	9253764671	1MB	4	10.3	0	\$20.68	-\$0.27			\$20.41	\$0.02				\$20.43	7/1/02	10/31/02	81.95
6003	Slytherin Union High Scho	1012 Primrose Ln, Slytherin, CA	2342718855	2342718855	TMEXXS	1	170	0	\$85.00	-\$1.11			\$83.89	\$0.09				\$83.98	7/1/02	10/31/02	336.84
6004	Ravenclaw Elementary	641 Sheldwitch St., Hogwartville	6666065668	6666065668	1MB	2	8.75	0	\$8.75	-\$0.11			\$8.64	\$0.01				\$8.64	7/1/02	10/31/02	34.67
6004	Ravenclaw Elementary	641 Sheldwitch St., Hogwartville	6666152650	6666152650	AABFTZ	3	4.95	0	\$7.43	-\$0.10			\$7.33	\$0.01				\$7.34	7/1/02	10/31/02	29.42
6004	Ravenclaw Elementary	641 Sheldwitch St., Hogwartville	6666152650	6666152651	AZF	4	1	0	\$2.00	-\$0.03			\$1.97	\$0.00				\$1.98	7/1/02	10/31/02	7.93
6004	Ravenclaw Elementary	641 Sheldwitch St., Hogwartville	6666152650	6666152652	RXRZZ	3	0.5	0	\$0.75	-\$0.01			\$0.74	\$0.00				\$0.74	7/1/02	10/31/02	2.97
<b>Worksheet Total</b>																					<b>493.95</b>
This spreadsheet is to be used only when a credit or debit of more or less than one month has appeared on a customer bill and the carrier is claiming credit or reimbursement.																					
Data in Multi-month supporting worksheets should not be comingled with data on single month spreadsheets.																					
Multiple month claims may not include more than one fiscal year. If a retroactive debit or credit spans two or more fiscal years, the credit or debit must be broken down to the various fiscal years applicable and filed as a revision for June of the appropriate fiscal year.																					
It is not necessary to add subtotals for records associated with each CTF application number on the multi-partial worksheet.																					