

# **California High-Cost Fund-B Administrative Committee (CHCF-B-AC)**

September 30, 2022

Rachel Peterson  
Executive Director  
California Public Utilities Commission  
505 Van Ness; 5<sup>th</sup> Floor  
San Francisco. CA 94102

## **CHCF-B ANNUAL REPORT- 2021-22**

This CHCF-B Annual Report for 2021-22 is submitted to the California Public Utilities Commission by the CHCF-B-AC in compliance with California Public Utilities Code Section 273(b).

### **INTRODUCTION**

The California High-Cost Fund-B (CHCF-B) provides subsidies to carriers of last resort (COLRs) for providing basic local telephone service to residential customers in high-cost areas that are currently served by AT&T California and Frontier Communications of California. The purpose of the subsidies is to keep basic telephone service affordable and to meet the Commission's universal service goal.

The CHCF-B-AC's purpose is to function as an advisory board to advise the Commission regarding the development, implementation, and administration of the California High Cost Fund-B (CHCF-B). The Committee discussed the program budget, potential impacts of new requirements to address wildfires and disasters, and Committee charter issues related to Committee membership and the frequency of Committee meetings.

In D.14-06-008, the Commission adopted methodologies and algorithms necessary to remap 1990 households from their 1990 Census Block Groups (CBGs) to CBGs based on the more recent 2010 census which resulted in changes to the level of B-fund support payments.

### **CHCF-B FUND BALANCE**

Due to high CHCF-B account balances and decreasing claims, the CHCF-B customer surcharge was reduced on March 24, 2011, from 0.45% to 0.30%. It was reduced again, effective February 1, 2014, in Resolution T-17417, to 0.00%. At the end of FY 2020-21 the Fund balance was \$34,717,000. At the end of FY 2021-22 the Fund balance was \$20,932,388. <sup>1</sup> The fund balance will increase when outstanding loans are repaid, as noted in the next section.

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<sup>1</sup> All fund balance amounts have been rounded to the nearest thousand.

## CHCF-B FUND LOANS

The outstanding loans total \$84.0 million. In FY 21-22 loans of \$7 million to Fund 0464, \$52 million to Fund 0493, and \$25 million to Fund 0483 were made. Repayment dates are yet to be finalized.

## CARRIER CLAIM PAYMENTS

Carrier claim payments (Local Assistance), the Fund's most significant variable expense, were \$9,592,000 in FY 2021-22 with a budget of \$20,777,000 million for FY 2022-23. State operations actual expenses were \$527,000 for FY 2021-22 with a budget of \$1,590,000 for FY 2022-23. Total program budgeted expenditures for FY 2022-2023 are \$22,368,000 million as summarized in the table below.

California High Cost Fund-B (\$ in thousands)								
Expense Items	FY 2019-20		FY 2020-21		FY 2021-22		FY 2022-23	FY 2023-24
	Appropriation, as adjusted, in Enacted Budget <sup>1</sup>	Actuals <sup>2</sup>	Appropriation, as adjusted, in Enacted Budget <sup>2</sup>	Actuals <sup>3</sup>	Appropriation, as adjusted, in Enacted Budget <sup>3</sup>	Forecasted (Actuals Annualized) <sup>4</sup>	Proposed <sup>3,5</sup>	Proposed
State Operations	\$ 1,535	\$ 347	\$ 1,518	\$ 299	\$ 1,622	\$ 527	\$ 1,590	\$ 1,590
Local Assistance	\$ 20,777	\$ 8,309	\$ 20,777	\$ 6,247	\$ 11,000	\$ 9,592	\$ 20,778	\$ 20,778
<b>TOTALS</b>	<b>\$ 22,312</b>	<b>\$ 8,656</b>	<b>\$ 22,295</b>	<b>\$ 6,546</b>	<b>\$ 12,622</b>	<b>\$ 10,119</b>	<b>\$ 22,368</b>	<b>\$ 22,368</b>
<b>Reference</b>								
1. <a href="https://www.ebudget.ca.gov/2020-21/pdf/Enacted/GovernorsBudget/8000/8660.pdf">https://www.ebudget.ca.gov/2020-21/pdf/Enacted/GovernorsBudget/8000/8660.pdf</a>								
2. <a href="https://www.ebudget.ca.gov/2021-22/pdf/Enacted/GovernorsBudget/8000/8660.pdf">https://www.ebudget.ca.gov/2021-22/pdf/Enacted/GovernorsBudget/8000/8660.pdf</a>								
3. <a href="https://www.ebudget.ca.gov/2022-23/pdf/GovernorsBudget/8000/8660.pdf">https://www.ebudget.ca.gov/2022-23/pdf/GovernorsBudget/8000/8660.pdf</a>								
4. State Operations determined by annualizing year-to-date March 2022 actual expenditures. Local Assistance projected by averaging year-to-date March 2022 actual claims, except for AT&T projected by averaging year-to-date Dec 2021 actual claims.								
5. Proposed Local Assistance appropriation for FY 22-23 in the Governor's budget is \$10,389 and reflects scheduled program sunset in Jan 2023. CD proposed budget for Local Assistance is double that amount and assumes program will be extended through at least FY 23-24.								

## SUPPORTED LINES

Total supported lines as of December 31, 2021, were 66,638 across 57 counties. The number of total supported lines continues to decrease as demand for landline subscriptions continues to decline from its peak in 2000. The recent trend is shown below:

	CHCF-B			
Supported Lines	Supported Lines	Supported Lines	Supported Lines	Supported Lines
31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21
107,110	94,719	83,016	74,897	66,638

The number of supported lines as of year-end 2021 has declined 38% since just 2017 and actual Local Assistance expenditures declined 10% compared to FY 2018-19. Currently, actual expenditures are about 50% of the enacted budget appropriation.

## ATTACHMENTS

Finally, this report includes the CHCF-B-AC-adopted minutes of the Administrative Committee meetings for:

- August 19, 2021 - Adopted
- December 9, 2021 – Adopted

- March 10, 2022 – Adopted
- May 19, 2022 - Adopted

Sincerely,

Patrick E. Hogle, P.E., Chairperson  
CHCF-B-Administrative Committee

cc: Michael Foreman, AT&T  
Charlie Born, Frontier Communications  
Commissioner Alice Busching Reynolds  
Commissioner John Reynolds  
Commissioner Darcie Houck  
Commissioner Clifford Rechtschaffen  
Commissioner Genevieve Shiroma  
Sindy Yun, Legal Division  
Lalaine Semana, Administrative Services Division  
Felix Robles, Communications Division

## Attachments

## **California High-Cost Fund-B Administrative Committee (CHCF-B AC) Meeting Minutes for *Thursday August 19, 2021 at 11 am***

### **Venues:**

As authorized by Governor Newsom's Executive Order, N-29-20, dated March 17, 2020, the meeting will be held via teleconferencing with members of the CHCF-B AC attending from separate remote locations. This altered format observes recent recommendations by local officials that certain precautions be taken, including social distancing, to address the threat of COVID-19.

### **Important Notice to the Public Regarding COVID-19:**

Based on guidance from the California Department of Public Health and the California Governor's Office, to minimize the spread of the COVID-19 virus, please note the following:

- There is no physical location of the meeting open to the public.
- The public is invited to call in and provide public comments during the meeting.

### **Telephone Conference Phone Bridge:**

Access: 415-655-0002

Participant/Access Code: 1460 70 7961

### **Attendees**

#### **Present – Committee Members**

- Patrick Hogle, CPUC – Public Advocates Office (Chairperson)
- Michael Foreman, AT&T
- Amy Warshauer, Frontier Communications (Alternate Committee Member)

### **Others**

#### **Present – Others**

- Felix Robles, CPUC – Communications Division
- Hannah Steiner, CPUC – Communications Division
- Danny Tse, CPUC – Communications Division
- Nancy Lee, CPUC – Communications Division
- Sindy Yun, CPUC – Legal Division
- Lalaine Semana, CPUC – Fiscal Office
- Ashnita Lal, CPUC – Fiscal Office

#### **On the phone**

- Justin Fong, CPUC – Commissioner Guzman Aceves' Office

### **Minutes:**

#### **1. Introductions – Patrick Hogle, Chairperson**

Attendees introduced themselves. A quorum was present, and the meeting commenced at 11:02 am.

#### **2. Announcements**

New CPUC website, information about the CHCF-B AC can now be found at:

<https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/california-high-cost-fund-b/california-high-cost-fund-b-administrative-committee---chcf-b-ac>

### **3. Public Comments – None**

### **4. Review and Approval of the May 13, 2021 Meeting Minutes**

Michael Foreman requested that we strike out the last sentence in Item #6. Michael Foreman made a motion to approve and adopt the meeting minutes with the above-mentioned revision. Patrick Hogle seconded the motion. The committee voted unanimously to approve the May 13, 2021 minutes. Nancy Lee will post the adopted minutes on the CHCF-B AC webpage.

### **5. Liaison Staff Reports**

#### **a. Fiscal Report -**

Lalaine Semana presented the fiscal report ending June 30, 2021, for Fiscal Year 2020-2021. On June 2021, the Department of Forestry repaid CHCF-B the \$7.4M that they borrowed on 3/6/2018 for their Safety Energy Infrastructure and Excavation Fund.

The Department of Finance (DOF) is working on transferring funds from the General Fund to repay CHCF-B for the following two loans: 1. On 6/26/2015, \$10M was loaned to the Railroad Accident Prevention Immediate Response (RRAPIR) Fund. On 8/23/2016, an additional \$10M was loaned to the RRAPIR Fund. The \$60M General Fund loan that was processed in 9/30/2020 will also be repaid back to CHCF-B by the end of this month. Per the Budget Act 2021, the following Programs has been identified to receive loans from CHCF-B:

- CHCF-A – \$7M
- Deaf and Disabled Telecommunications Program – \$25M
- California Teleconnect Fund Program – \$52M

The budgets for Fiscal Year 2021-2022 were not presented as the numbers had just been recently uploaded into the Fiscal's accounting system.

The \$20M loan repayment plus the \$3.8M in interest is expected to be processed by DOF within the next few weeks. Patrick Hogle asked Lalaine does this mean once the \$20M and \$60M loans are repaid back to the CHCF-B Fund within the next month or so, we will have sufficient CHCF-B funds for this new set of three loans totally \$84M? Lalaine stated that is correct. Michael Foreman asked if we know what the repayment dates will be for these new set of three loans? Lalaine stated the estimated repayment dates are undetermined at this time. The Fiscal Office is currently coordinating this with DOF, perhaps we will have more information in our next AC meeting.

#### **b. Legal Division Report**

Sindy Yun stated nothing to report.

#### **c. Communications Division Report**

Felix Robles commented that CD met with the Budget Office to confirm the availability of CHCF-B funds contingent on the repayment of the outstanding loans to cover these new set of proposed loans to the three Programs in CD.

## **6. COVID-19 Issues; updates from AT&T and Frontier**

### **a. Update on the FCC's Emergency Broadband Benefit (EBB) Program**

Amy Warshauer stated Frontier's EBB Program is called Frontier Essentials. It starts at \$19.99/month which covers the router and installation fee. There are various tiers available for customers to opt for higher speeds. Eligible EBB customers may qualify for \$0.00 internet services. Michael Foreman stated he has nothing new to report on their EBB Program. In regard to their COVID-19 protocol, AT&T is in compliance with their local guidance. Due to the spike in COVID-19 cases as a result of the Delta variant, face masks are once again required.

### **b. Data on Uncollectables**

Patrick Hogleund stated in our last AC meeting we did raise the issue on uncollectible trends, but maybe it's something we don't need to discuss here if there are concerns about releasing such information publicly before financials. Amy Warshauer stated for COVID-19 purposes, the CPUC did put in place a moratorium on disconnecting customers who reached out to Frontier to express they are unable to pay their bill due to financial difficulties because of COVID-19. Frontier has been in compliance with the moratorium, it may be extended in the near future. But for right now, they only have about ten customers that have reached out to Frontier regarding their inability to pay their bill due to COVID-19. Justin Fong asked if AT&T have the number of EBB Program customer participations and numbers of customers reaching out in terms of disconnections as well, was wondering if AT&T's numbers are just as low as Frontier's numbers. Michael Foreman stated he does not have those numbers.

## **7. Review and Approval of FY 2020-2021 Annual Report**

Patrick Hogleund stated now that we have the final numbers in our financial report, we can firm up the numbers in the draft annual report. In addition, Michael Foreman still needs to update some of the numbers for those outstanding loans. Michael Foreman was curious about the \$14M in interest that was identified, it seems like it's a very large amount of interest for the \$59M that was borrowed. What is the rate of interest that generated that amount? Felix clarified that the \$14M of interest is not just from the \$59M loan, but from all the historic loans as well.

Felix Robles asked for clarifications regarding the total borrowings on the annual report. After some discussions between Felix and Patrick, Patrick made the revision to the annual report during the meeting. Patrick Hogleund noted the approved May 13, 2021 minutes will be added to the end of the report on the attachment section.

Michael Foreman motioned to approve the proposed FY 2020-2021 Annual Report. Amy Warshauer seconded the motion. The committee voted unanimously to approve the FY 2020-2021 Annual Report.

## **8. Other Administrative Matters:**

### **a. Alternate member nominations update**

Patrick Hogleund stated we recently located Amy Warshauer's appointment letter that was approved in 2019 so she is the official alternate member for Frontier.

b. Recruitment/nominations for fourth and fifth primary member

Brenda Clark's (AT&T) letters of alternate member nomination has been sent to the Executive Director for approval and appointment, we are waiting to hear back. Two CBO seats are currently vacant, and the committee does not have any nominations. Michael Foreman stated he will bring it up again for internal discussion with AT&T for any recommendations of potential candidates.

Patrick Hoglund asked if anyone in CD received any interest from anyone for these COB seats, Felix Robles stated CD has not.

**9. New agenda items for next meeting**

Standard agenda items

**10. Date and time for next meeting:**

The next meeting will be held on Thursday, December 9, 2021 at 11:00 am via WebEx.

**11. Adjournment:**

The meeting was adjourned at 11:40 am.

## **California High-Cost Fund-B Administrative Committee (CHCF-B AC) Meeting Minutes for *Thursday, December 9, 2021, at 11 am***

### **Venues:**

Important Notice to the Public Regarding COVID-19:

Based on guidance from the California Department of Public Health and the California Governor's Office. To minimize the spread of the COVID-19 virus, please note the following:

- There is no physical location of the meeting open to the public.
- The public is invited to call in and provide public comments during the meeting.

Telephone Conference Phone Bridge:

Access: 415-655-0002

Participant/Access Code: 2480 068 4768

### **Attendees**

Present – Committee Members

- Patrick Hoglund, CPUC – Public Advocates Office (Chairperson)
- Michael Foreman, AT&T
- Charlie Born, Frontier Communications

### **Others**

Present – Others

- Felix Robles, CPUC – Communications Division
- Risa Hernandez, CPUC – Communications Division
- Danny Tse, CPUC – Communications Division
- Nancy Lee, CPUC – Communications Division
- Lucia Magaña, CPUC – Communications Division
- Sindy Yun, CPUC – Legal Division
- Lalaine Semana, CPUC – Fiscal Office
- Bixia Ye, CPUC - Public Advocates Office

### **Minutes:**

#### **1. Introductions – Patrick Hoglund, Chairperson**

Attendees introduced themselves. A quorum was present, and the meeting commenced at 11:02 am.

#### **2. Announcements – None**

#### **3. Public Comments – None**

#### **4. Review and Approval of the August 19, 2021, Meeting Minutes**

Michael Foreman requested revisions to item #4 and asked for edits to the first sentence and the removal of the second sentence; for item #6a, the request was to edit the second and third sentences. Foreman made a motion to adopt the meeting minutes with the above-mentioned revisions and Charlie Born seconded the motion. The committee voted unanimously to approve the August 19, 2021 minutes as amended. The adopted minutes will be posted on the CHCF-B AC webpage as amended.

## 5. Liaison Staff Reports

### a. Fiscal Report - Lalaine Semana –

Lalaine Semana presented the quarterly financial report as of September 30, 2021, stating the budget appropriation for Fiscal Year 2021-2022 is \$48 million, program expenditure from July 2021 to September 2021 being \$4 million, the outstanding incumbrance obligated money being \$30,000 and the total appropriation balance is \$44 million.

Semana also reported the fund has a total revenue collected of \$923,000 and the total cash available as of September 30, 2021 is \$52 million. All prior loans have been paid and all new loans to be provided to other funds have been transferred. Semana confirmed \$109 million is the total resources available in this fund long term, which includes three loans with a total of \$84 million and the cash balance of \$25 million as of December 9, 2021.

Michael Foreman inquired on the process followed for loaning to other funds and the need for the loans. Semana stated that the Department of Finance (DOF) monitors CPUC's funds and can identify the Public Purpose Program (PPPs) funds in need of infusion; then, the loan is transfer to the fund in need of infusion. The purpose is to help the other PPPs. The following PPPs were identified and received loans from CHCF-B:

- CHCF-A – \$7M
- Deaf and Disabled Telecommunications Program – \$25M
- California Teleconnect Fund Program – \$52M

Semana will follow up with DOF on the estimated repayment dates for the above three loans and will report back to us. Foreman stated we don't want to get into a situation where we will have to reinstate the CHCF-B surcharges if the loans are not repaid timely and we run out of CHCF-B Funds. Semana stated the CPUC Budget Office monitors the CHCF-B Fund monthly and will reach out to DOF for the repayment of these loans if and when the CHCF-B Fund is in jeopardy. Robles stated at this point we do not see CHCF-B remittance fees being reinstated.

Patrick Hogle inquired on whether the new surcharge resolution being issued would increase the surcharges resulting in reducing the financial stresses going forward. Felix Robles stated that the pending resolution for the Deaf and Disabled Telecommunications Program (DDTP) is projected to increase the remittance rate and alleviate some of the pressure.

### b. Legal Division Report – Sindy Yun

Sindy Yun did not have anything to report. No legislation, no open proceedings.

### c. Communications Division Report – Felix Robles

Felix Robles had nothing to report.

## 6. COVID-19 Issues; updates from AT&T and Frontier

Charlie Born stated Frontier continues to require protection for customers as issued by the Commission and is ongoing. The low-income broadband programs are doing well: over

20,000 Chrome books were bought by Frontier and distributed to high school students at no cost in low-income areas.

Born added the company declared to allow staff having the capability to work from home to continue doing so with no end date; however, those staff needing to work at the office will continue to do so as well.

Michael Foreman had no additional statements to the information provided at the last committee meeting.

## **7. Other administrative matters – Patrick Høglund**

**a.** Update/status of Brenda Clark (AT&T) alternate member nomination to the Executive Director for approval and appointment.

Patrick Høglund announced that Brenda Clark's appointment was confirmed by the Executive Director's Office on October 12, 2021. However, Michael Foreman reported Brenda Clark retired shortly after her appointment and inquired about the procedure to follow since Clark did not submit a resignation letter.

**b.** Recruitment/nominations for fourth and fifth primary member (two CBO seats available)

Sindy Yun stated that the procedure to follow when a member leaves the Committee is to provide a 30-day notice to the chair of the Committee, which will be waived due to the retirement. Then, requested CD staff to remove Clark's name from the website and the roster. Nancy Lee confirmed staff will remove the name from the webpage and update the roster. Foreman will start looking for an alternative committee member for AT&T. Two vacancies remain from CBOs, and everyone should continue their efforts to find, locate, and encourage candidates.

**c. Annual Report**

Patrick Høglund stated the report was filed on time and inquired whether it had been posted on the Committee's website. Nancy Lee confirmed the annual report has been posted on the website.

## **8. New agenda items for next meeting**

- a. The bill introduced to extend the sunset of the CHCF B fund.
- b. The benefits of the fund to stabilize prices that might increase specially in the areas affected by the wildfires.

## **9. Date and time for next meeting:**

The next meeting will be held on Thursday, March 10, 2022, at 11:00 am via WebEx.

## **10. Adjournment:**

The meeting was adjourned at 11:45 am.

## **California High-Cost Fund-B Administrative Committee (CHCF-B AC)**

### **Meeting Minutes for *Thursday, March 10, 2022, at 11 am***

#### **Venues:**

Important Notice to the Public Regarding COVID-19:

Based on guidance from the California Department of Public Health and the California Governor's Office, in order to minimize the spread of the COVID-19 virus, please note the following:

- There is no physical location of the meeting open to the public.
- The public is invited to call in and provide public comments during the meeting.

Telephone Conference Phone Bridge:

Access: 415-655-0002

Participant/Access Code: 2486 636 7694

#### **Attendees**

Present – Committee Members

- Patrick Hogle, CPUC – Public Advocates Office (Chairperson)
- Michael Foreman, AT&T
- Charlie Born, Frontier Communications

#### **Others**

Present – Others

- Felix Robles, CPUC – Communications Division
- Danny Tse, CPUC – Communications Division
- Nancy Lee, CPUC – Communications Division
- Lucia Magaña, CPUC – Communications Division
- Sindy Yun, CPUC – Legal Division
- Lalaine Semana, CPUC – Fiscal Office
- Amy Warshauer, AT&T

#### **Minutes:**

##### **1. Introductions – Patrick Hogle, Chairperson**

Attendees introduced themselves. A quorum was present, and the meeting commenced at 11:04 am.

##### **2. Announcements –**

Patrick Hogle mentioned that CPUC staff might return to the office in some capacity next month, but nothing has been confirmed yet.

Charlie Born announced Amy Warshauer will be leaving Frontier, and they will look for another alternate AC member for Frontier. Ms. Warshauer will submit a letter of resignation/withdrawal letter to the committee.

##### **3. Public Comments – None**

#### **4. Review and Approval of the December 9, 2021, Meeting Minutes**

The meeting minutes remained unchanged. Michael Foreman made a motion to approve and adopt the meeting minutes. Charlie Born seconded the motion. The committee voted unanimously to approve the December 9, 2021 minutes. Nancy Lee will post the adopted minutes on the CHCF-B AC webpage.

#### **5. Liaison Staff Reports a. Fiscal Report - Lalaine Semana –**

Lalaine Semana presented the quarterly financial report as of January 31, 2022, stating the budget appropriation for Fiscal Year 2021-2022 is \$48 million and the total appropriation balance is \$40 million. Semana also reported the B Fund has a total revenue collected of \$960,000 and the total cash available as of January 31, 2022 is \$23 million. The previous three loans remain outstanding at \$84 million. Semana reached out to DOF for the estimated repayment dates on the three loans but has not yet received an update. She will keep us posted.

Felix Robles stated historically the renewal of the A&B Funds have been on a four-year cycle, but this time it is proposed for a five-year cycle. Mr. Robles asked if anyone knows why the extension cycle was changed? Mr. Born stated the author of the bill proposed it for five years, but he does not know the reason behind it. It was discussed with the consultant for the committee, and they agreed to continue with the five-year proposal since no one opposed it and it was already in draft. There were also discussions as to why they need to continue to extend the program every 4-5 years. They wondered if there were any other ways they could continue with the program on an ongoing basis and not have to extend it every 4-5 years. The committee explained that from a legislative standpoint, the renewal process is set up as a protection for the program in case it needs to be modified or eliminated.

#### **b. Legal Division Report – Sindy Yun**

Sindy Yun reported that there will be a hearing on 3/14/2022 for Legislation SB 857 to extend the CHCF-B Program for another five years to January 2028. The current program sunset date is January 2023. Charlie Born will be at the hearing to testify to the committee in support of the bill.

Patrick Hogle reminded the AC members to submit their annual Form 700.

#### **c. Communications Division Report – Felix Robles**

Felix Robles had no new update to report.

#### **6. COVID-19 Issues; updates from AT&T and Frontier**

Charlie Born stated Frontier continues to participate in the low-income broadband programs. Frontier is moving towards a company-wide hybrid model in returning some of their staff back to the office, with a reduction of office space.

Michael Foreman mentioned AT&T is gradually having some of their staff return back to the office on a limited basis (1-2 days per week).

## **7. Other administrative matters – Patrick Høglund**

- a. The bill introduced to extend the sunset of the CHCF B fund. (See Item 5b above)  
Charlie Born stated his testimony on 3/14/2022 for SB 857 will address the benefits of continuing the CHCF-B program. The cost has gone up because of the increased frequency of pole inspections in the areas that were affected by the wildfires, and also with critical infrastructure requirements of the 72 hours battery power back up. The B Fund is another way to help offset some of those high cost to help subsidize B Fund carriers to provide affordable basic telephone services to residential customers in high-cost areas. They have not heard of any opposition to the Bill yet; all committee members are in support to continue with this program.
- b. The benefits of the fund to stabilize prices that might increase especially in the areas affected by the wildfires.

## **8. New agenda items for next meeting**

- a. Review upcoming annual budget proposal
- b. Annual Election of Chair and Vice Chair
- c. Update on the Surcharge proceeding
- d. Alternate member nominations update
- e. Standard agenda items

## **9. Date and time for next meeting:**

The next meeting will be held on Thursday, May 19, 2022, at 11:00 am

## **10. Adjournment:**

The meeting was adjourned at 11:35 am.

**California High-Cost Fund-B Administrative Committee (CHCF-B AC)**  
**Meeting Minutes for *Thursday, May 19, 2022, at 11 am***

**Venues:**

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

Telephone Conference Phone Bridge:

Access: 415-655-0002

Participant/Access Code: 2482 369 5627

**Attendees**

Present – Committee Members

- Patrick Hoglund, CPUC – Public Advocates Office (Chairperson)
- Charlie Born, Frontier Communications
- Michael Foreman, AT&T (Vice Chair) (via Webex)

**Others**

Present – Others

- Felix Robles, CPUC – Communications Division
- Hannah Steiner, CPUC – Communications Division
- Nancy Lee, CPUC – Communications Division
- Danny Tse, CPUC – Communications Division (via Webex)
- Lucia Magaña, CPUC – Communications Division (via Webex)
- Sindy Yun, CPUC – Legal Division (via Webex)
- Lalaine Semana, CPUC – Fiscal Office (via Webex)

**Minutes:**

**1. Introductions – Patrick Hoglund, Chairperson**

This is our first in-person meeting since the pandemic started in March 2020. Attendees introduced themselves. A quorum was present, and the meeting commenced at 11:01 am.

**2. Announcements – None**

**3. Public Comments – None**

**4. Review and Approval of the March 10, 2022, Meeting Minutes**

The meeting minutes remained unchanged. Michael Foreman made a motion to approve and adopt the meeting minutes. Charlie Born seconded the motion. The committee voted unanimously to approve the March 10, 2022 minutes. Nancy Lee will post the adopted minutes on the CHCF-B AC webpage.

**5. Liaison Staff Reports:**

**a. Fiscal Report –**

Lalaine Semana presented the quarterly financial report as of April 30, 2022, stating the budget appropriation for Fiscal Year 2021-2022 is \$48 million and the total appropriation balance is \$37.7 million.

Ms. Semana also reported the B Fund has a total revenue collected of \$979,625 and the total cash available as of April 30, 2022 is \$20.9 million.

The previous three loans remain outstanding at \$84 million. No estimated repayment dates on the three loans at this time, Ms. Semana will keep us posted.

**b. Legal Division Report –**

- i. Sindy Yun reported that there will be another hearing next week for Legislation SB 857 to extend the CHCF-B Program for another five years to January 2028. The current program sunset date is January 2023. Charlie Born stated the bill will go to the Senate floor next week, then it will move to the Assembly Committee.
- ii. Ms. Yun gave an overview on the Teleconferencing Rules for Advisory Committee Meetings. There are two teleconference options for conducting advisory committee meetings pursuant to the Bagley-Keene Opening Meeting Act in Government Code § 11230 *et seq.*

Link to the Bagley-Keene Act here:

[https://leginfo.legislature.ca.gov/faces/codes\\_displayText.xhtml?lawCode=GOV&division=3.&title=2.&part=1.&chapter=1.&article=9](https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=3.&title=2.&part=1.&chapter=1.&article=9).

Option 1 is in Govt Code Section 11123; the following are the key

requirements:

1. Each remote location must be identified/listed in the meeting notice.
2. Each remote location must be identified/listed in the meeting agenda.
3. Each remote location must post the meeting agenda.
4. Each remote location must be accessible to the public (\*\*\*) this would prevent committee members from calling-in from a car).
5. At least one member of the committee must be physically present at the main meeting location.

Option 2 is in Govt Code section 11123.5; the following are the key requirements:

1. Identify who will be calling -in/attending remotely at least 24 hours before the meeting by posting a notice on the Web – 24 hour notice rule.
2. A quorum of the members must be physically present at the main location.
3. Each remote location does not need to be disclosed in the meeting notice, does not need to be publicly accessible and does not need to post agenda.

**c. Communications Division Report –**

Felix Robles reported that Communications Division (CD) is working towards a decision in the surcharge transition rulemaking. The Administrative Law Judge issued a ruling on March 30, 2022 defining what an access line is. CD received nine sets of Comments on April 29, 2022 and seven sets of Reply Comments on May 16, 2022.

Mr. Robles stated it is very important that we have a clear definition of what an access line is because if a transition is made from the current regime of assessing surcharges based on Intrastate revenue to a per access line charge, we must ensure that it's equitable and we capture all lines that should be reporting are being reported.

**6. Other administrative matters –**

**a. FY 2023-24 Budget Proposal (Due June 1)**

Nancy Lee presented the budget spreadsheet and explained the projections and proposed appropriation for FY 2023-24. Nancy recommended that the CHCF-B local assistance and state operations appropriations for FY 2023-24 remain the same as for FY 2022-23. The proposed appropriation is higher than projected expenditures.

Charlie Born and Michael Foreman abstained, they are not permitted to vote because they represent companies that are receiving funds from CHCF-B. Patrick Hoglund voted to approve the proposed budget of \$22.368 million for FY 2023-24.

**b. Annual Election of Chair and Vice Chair**

For the CHCF-B AC Chairperson, Michael Foreman nominated Patrick Hoglund and Charlie Born seconded the motion. Patrick Hoglund accepted the nomination. The committee voted unanimously to approve the nomination of Patrick Hoglund for the Chair. For the Vice Chair, Charlie Born nominated Michael Foreman and Patrick Hoglund seconded the motion. Michael Foreman accepted the nomination. The committee voted unanimously to approve the nomination of Michael Foreman for Vice Chair.

**c. Alternate AC Member Nominations Update**

Patrick Hoglund stated for Public Advocates Office they have a number of new staff that management is currently considering who they are going to appoint as an alternate.

Michael Foreman stated he is still working on getting an alternate for AT&T. They had a potential candidate but that fell through. Mr. Foreman has another candidate in mind, and he is hopeful that the candidate will agree to be the alternate for AT&T. Mr. Foreman will keep us posted.

Charlie Born stated he doesn't have anyone to be Frontier's alternate at the moment.

**d. Recruitment/Nominations for Fourth and Fifth Primary Member**

Two Community Based Organization (CBO) seats are currently vacant, and the committee does not have any nominations. Sindy Yun suggested that it would be beneficial if we have someone from the tribal community to be on our committee. CD will reach out to our Public Advisor's Office for assistance in recruiting for the two vacant CBO seats.

**7. New agenda items for next meeting**

- a. Update on the Surcharge proceeding
- b. Annual Report
- c. Update on Legislation SB 857
- d. Recruitment/nominations for fourth and fifth primary member
- e. Standard agenda items

**8. Date and time for next meeting:**

The next meeting will be held on Monday, August 15, 2022, at 10:30 am. Tentative meeting location will be in the Sacramento CPUC Office.

**9. Adjournment:**

The meeting was adjourned at 11:57 am.