

FINAL

Minutes of CHCF-B Administrative Committee (AC) December 11, 2007

California Public Utilities Commission
505 Van Ness Avenue, Golden Gate Room
San Francisco, CA 94102

Attendees:

Primary Members

Greg Gierczak, SureWest
Mike Foreman, AT&T
Peggy Hunt, Tri-County Sentry Newspaper
Robert Lehman, DRA

Alternate Member:

Charles Born, Frontier

Liaisons:

Donna Wong, –Communications Division
Helen Mickiewicz, Legal
Helen Storrs, Fiscal

Others:

Angel Ahsam, CPUC
Chari Worster, CPUC
Karo Serle, CPUC
Larry Hirsch, CPUC
Mike Amato, CPUC
Norman Low, CPUC

The meeting was called to order at 10:37am by Robert Lehman. On the phone, at the Los Angeles PUC Visiting Commissioners' office, was member Peggy Hunt.

The following handouts were distributed: (a) appropriation balance for fund 470; (b) draft minutes of the September 13, 2007 meeting; (c) CHCF-B Fund Analysis, (d) CHCF-B Reporting Requirements History.

1. Introductions

All attendees introduced themselves.

2. Public Comments

None

3. Review and Approval of Minutes of the Previous September 13, 2007 meeting

The draft minutes were approved as presented with the following modifications:

- In item #3, discussion about audits, replace ‘the AC oversees *what comes in*’ with’the AC oversees *the fund process*’
- In item 4b, last paragraph, last sentence, add ‘FY07-08’ to specify the budget year.
- In item 4c, under *Carrier claims process and reporting requirements*, 2nd paragraph, first sentence, add “before the AC charter was adopted”...

At the previous AC meeting, Greg Gierczak indicated he would check with his staff on the changes (carrier reporting requirements) required by CD previously. As a follow up item, Greg provided a handout, “*CHCF-B Reporting Requirements History*”, prepared by SureWest staff, which explains how the COLR requirements have changed over the years. Companies were submitting data in different formats. A requirements document was issued by CD.

4. Liaison Staff Reports

Fiscal Report

- Flora Tagnipes, not present at the meeting, provided a handout of the Appropriation Balance for Fund 470, as of November 2007.
- Helen Storrs explained that the SMIF (referencing the Fiscal handout) is interest income on the State Treasurer’s cash deposits. Interest rate for the period was 5%.

Other Administrative Matters –

- Mike Foreman had a question about the Fiscal handout, specifically the Fiscal Year 05-06 appropriation balance and the proposed Commission decision on the CASF fund as part of the B Fund budget authority. He assumes there are no material claims for FY05-06. Helen Storrs/Fiscal advised against drawing any conclusions.
- Robert Lehman wanted to know if a new purpose is added to the B-Fund, starting in 2008, would it have to go into the FY09 budget? Fiscal responded by saying that it would have to go into FY08-09 budget. She further added that this broadband issue has been discussed and that the Commission will have to send a letter to Finance (DOF) to amend the budget.
- Larry Hirsch prepared a table of the B-Fund balance (handout titled *CHCF-B Fund Analysis*). The table shows a significant decrease in surcharge remittances beginning 1/1/08. Several members had concerns. DRA wanted to know what assumptions were used for the “claims disbursed”, and which CBGs were included in the base. AT&T asked if there was a process in place to monitor the funds since the current proposed decision proposes splitting in half the 0.5% surcharge,
- Larry Hirsch’s response to AT&T’s concerns: The Communications Division will keep an eye on the fund. .

- Robert Lehman asked what were the assumptions of which CBGs are included in the base for claims disbursed.
- Larry Hirsch's response to DRA's comments: The claims disbursed include EAS payments. Some CBGs will be excluded due to increasing the threshold. In July 2009, calculation of claims changes. If the Commission moves forward with this, there may be some problems with funding."
- Peggy Hunt wanted to know the breakdown of the claims disbursed, i.e. who it was disbursed to? Peggy mentioned that in the past, there was one year where the AC got a handout that showed disbursement amounts by carrier.
- Robert Lehman stated that there was a breakout in D.07-09-020, appendix I, interim opinion adopting reforms to CHCF-B
- Helen Mickiewicz will look into the information regarding proprietary nature of claims disbursements.

5. Update from Legal regarding conflict of interest issue – This is a standing item. The staff of the Commission prepared a memo to the Office of Government Affairs of a legislative change. This proposed legislation is to change section 1090. Section 1090 of the government code prohibits anyone making a contract to bid on a contract. Because of Section 1090, the Commission has difficulty getting members. The purpose of the proposed legislation is to try to address the lingering problem where folks are reluctant to serve on committees because of the liability. This is especially true with the ULTS committee. Does not really affect DDTP nor CHCF-B AC because the AC does not vote on the budget.

Robert Lehman asked whether CASF benefits might be considered contracts and does that contemplate a governing committee? The reply to his question was no. There is no advisory board. Helen Mickiewicz explained if you don't have an advisory board, you wouldn't have a problem.

6. Budget

7. Announcements – Greg Gierczak stated that due to recent Commission decisions on the B-Fund, SureWest's draw from the B-Fund will be phasing down over the next few years. It doesn't make sense for SureWest to be the primary member for mid-size companies, so he is proposing that Charlie Born (the current alternate member) become the primary member while Greg becomes the alternate. A suggestion was made by the Commission liaison for Greg to put his proposal in a letter addressed to Paul Clanon, the Executive Director.

8. New Agenda items - pending what comes out of the Commission

9. Date(s) and time(s) for future meetings –Thursday, March 20, 2008 at 10:30am; and Thursday, June 5, 2008 at 10:30am.

The meeting was adjourned at 11:40am.
Minutes submitted by Donna Wong