

**CHCF-A Administrative Committee (CHCF-A AC)
Meeting Minutes for July 9, 2019
10:30 A.M.**

Venues

California Public Utilities Commission 505 Van Ness Avenue Golden Gate Room San Francisco, CA 94102	Phone Bridge Access 1.866.912.9666 When prompted type in 703-2767 #
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Attendees

Stephen Kalish (Alternate Committee Member, Chair)	Alternate CBO
Patrick Hogle (Committee Member)	Public Advocates Office
Sindy Yun	CPUC, Legal
Felix Robles	CPUC, Communications Division
Dorris Chow	CPUC, Communications Division
Tom Laxton	CPUC, Communications Division
Michael Minkus	CPUC, Commissioner Guzman Aceves' Office
Patrick Rosvall	Cooper White Cooper
Eric Votaw	Ducor
Brenda Shepard	Volcano Telephone
Johnny Heir	Sierra Telephone
Michael Montgomery	Sierra Telephone
James Ahlstedt	CPUC, Public Advocates
Jayne Parker	CPUC, Public Advocates
Sateesh Bajikar	CPUC, Public Advocates
David Clark (Committee Member)	Sebastian

Note: Only Committee Members can vote.

1. Introductions

Stephen Kalish, the Chair, called the meeting to order at 10:35 A.M. Attendees introduced themselves. Roll was taken. A quorum was present. Stephen Kalish announced that Stan Lee, the second CBO member has stepped down and that Mike Coen (CPUC) has retired. David Clark has been nominated to represent the small ILECs. The nomination is pending approval from the Executive Director.

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2. Public Comments

There were no public comments.

3. Approval of the February 12, 2019, Public Meeting Minutes

Patrick Hoglund moved to accept the May 14, 2019 meeting minutes and Stephen Kalish seconded. The minutes were approved.

4. Small LECs Presentation

Patrick Rosvall thinks that Stephen Kalish has a lot of misunderstandings and flaws in his draft Comments. He does not want the committee to adopt the comments. One misunderstanding that he sees in the report is how the carrier participation in California Advanced Services Fund (CASF) as well as Foresthill's Rural Telcom Infrastructure Grant is viewed. Five of the Small LECs pursued grants. It is an opportunity to lower rate base but not replace CHCF-A. These Small LECs serve in areas where large companies like AT&T does not want to serve. These areas are extremely rural, and in most cases have low income communities. 60% of Ducor's customers participate in the LifeLine program.

In these rural areas, Special Access is generally the only way to facilitate cellular service. The Small LECs are providing backhaul to cellular companies. This is counted as revenue. In these communities, cellular service is viewed as a complimentary service, but landlines are essential. P.U. Code Section 275.6 allows customers to choose the broadband service of their choice. USAC requires the small LECs to audit AT&T to confirm that the associated revenues are correct. Bandwidth is not being shared between Special Access and this carrier's customers. The limiting factor for Cal-Ore is middle mile and "pushing further out". They aren't running out of bandwidth. Basic Service Rates without CHCF-A support would cause rates to increase dramatically. The Small LECs are at the high end of national universal service rates.

Sierra works as first responders. The competitors in this space aren't carriers of last resort (COLRs). For internet that is faster than 25mg to download and 3mg to upload you need fiber VDSL technology. The carriers must push more fiber deeper into the network. The return on investment is the only thing recovered by the carrier. Patrick Rosvall points out how low the CHCF-A surcharge remittance rate is compared to other PPP programs. He also asserts that CHCF-A claims have remained stable since 2001. Referencing the graph he provided, Patrick Rosvall claims that many of the shifts, spikes, and troughs in the graph's trendline are results from regulatory decisions.

Stephen Kalish must sign a Non-Disclosure Agreement (NDA) to receive reports from Patrick Rosvall. Revenue requirements proposed by carriers are either decreases or results from inflation. The carriers are becoming more efficient. Patrick Rosvall is in favor of proposing a bill to allow for informal rate cases initiated through Advice Letters in order to be more efficient. Patrick Hoglund says

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that a single ratemaking methodology would make it difficult to capture the variance in cost per line.

Lunch 12:15 P.M.

Meeting Resumes 1:05 P.M.

5. Committee Membership

David Clark joined the meeting at 1:00 pm, and staff arrived shortly thereafter with a letter signed by the CPUC Executive Director appointing Mr. Clark to the CHCF-A Administrative Committee as a representative of the Small LECs.

6. Small LECs Presentation continued

Discussion regarding the allocation of costs. In 47 Code of Federal Regulations Uniform System of Accounts, costs are assigned to Part 32 accounts and combined in a general ledger. There are different ways and various sets of rules to allocate funds. Patrick Hogle says it isn't true that this is unexplored. Part 36 Jurisdictional (separations) procedures defines intrastate and interstate allocations, which determines the intrastate (state) part of the business that becomes the revenue requirement. Regarding Section 710, Stephen Kalish wants to know if it is preventing the Small LECs from providing fiber to the home. Providers want to combine voice services with their broadband service. The platform in which they work doesn't designate what sources they offer. Patrick Rosvall doesn't agree with the legislative analysis. NECA is technology neutral. He thinks that it is in the customers best interest to buy bundles because of the wholesale costs. The NECA Tariff only applies to Small rural ILECs.

The presentation ended at 2:02 P.M.

Stephen Kalish advocates for conducting a phone survey. Patrick Rosvall feels like it is not necessary and that he can provide answers in an information exchange. He is not comfortable giving up customer information. He thinks that if there is going to be a survey, it should be conducted by a professional surveyor. Page 8 of the draft has questions that Patrick Rosvall says he can answer. Sindy will email Stephen Kalish's questions to Patrick Rosvall.

Patrick Hogle is still debating the appropriateness of the comments coming as a committee. Patrick Rosvall doesn't think the committee should submit the comments. He sees 25 items in the comments that he doesn't agree with.

Stephen Kalish motioned to submit the comments. There was no second. Patrick Hogle suggests that Stephen Kalish pursues it as an individual. Other parties to the proceeding have filed their own comments.

7. Next Meeting

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- a) Revisions are being considered to the CHCF-A Charter, including the flexibility to have the AC meeting only once a year.
- b) Dorris will send the proposed Charter to all of the Committee members.

8. Future Meeting Date

The Committee decided the next meeting will take place September 30th from 11:00-2:00 P.M.

9. Adjournment

Stephen Kalish moved for adjournment and Patrick Hoglund seconded. Stephen Kalish, Patrick Hoglund, and David Clark voted in favor and the motion carried unanimously. Meeting adjourned at 3:02 P.M.