

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

**Communications Division  
Consumer Programs Branch**

**RESOLUTION T-17602  
April 26, 2018**

**RESOLUTION**

**Resolution T-17602. California Teleconnect Fund Appeal of Eligibility Determination process in compliance with D.18-01-006.**

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**SUMMARY**

This resolution adopts an Appeal of Eligibility Determination process for all Community Based Organization (CBOs) applicants of the California Teleconnect Fund (CTF). Applicants may file an appeal on a Commission Staff's determination that an applicant failed to meet the program qualifying service criteria.

**BACKGROUND**

The California Public Utilities Commission (Commission or CPUC) implemented the California Teleconnect Fund (CTF) program in 1996, pursuant to CPUC Decision (D.) 96-10-066 and is administered in accordance with Public Utilities (PU) Code § 280. The Commission's Communication Division oversees the CTF program.

The CTF program provides a discount for voice and non-voice services to California libraries, schools, government-run hospitals, community colleges, the California Telehealth Network, 2-1-1<sup>1</sup> call centers, and qualifying Community Based Organizations (CBOs). The stated goals of the CTF program include advancing universal service, direct access to advanced communications services in California's local communities, ensuring high-speed internet connectivity for community CTF eligible institutions at reasonable rates, and increasing direct access to high-speed

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<sup>1</sup> 2-1-1 is the free telephone number by which Californians can obtain information and referral to health and human service programs.

internet in communities with lower rates of internet adoption and greater financial need.<sup>2</sup>

On January 24, 2013, the Commission opened a rulemaking to undertake a comprehensive examination of the CTF program. On November 5, 2013, the assigned Commissioner issued a Scoping Memo and Ruling dividing the proceeding into three phases: Phase 1 (Restatement of Goals), Phase 2 (Program Design), and Phase 3 (Program Implementation and Administration).

On July 23, 2015, the Commission adopted D. 15-07-007, which resolved Phase 1 and Phase 2 issues by adopting restated program goals, provided new qualifying criteria for CBOs, designed reform measures, and required CBOs to re-verify their CTF program eligibility every three years.<sup>3</sup>

On November 17, 2015, the Commission held a prehearing conference to address Phase 3 issues. On December 18, 2015, the assigned Commissioner issued an Amended Scoping Memo and Ruling for Phase 3 of the Proceeding (Amended Scoping Memo). The Amended Scoping Memo set forth 11 issues to be considered during Phase 3.<sup>4</sup>

On June 2, 2017, the assigned Commissioner issued a Second Amended Scoping Memo for Phase 3 of the Proceeding (Second Amended Scoping Memo). The Second Amended Scoping Memo clarified the Commission would focus on four of the initial 11 issues, including the implementation and documentation specifics for the adopted three-year eligibility verification requirement (Recertification).<sup>5</sup>

On January 11, 2018, the Commission adopted D.18-01-006, which addressed the implementation and documentation requirements for the three-year verification process and adopted new rules and requirements for CBO participants. Ordering Paragraph Six of D.18-01-006 instructs CD Staff to issue a proposed resolution setting forth a procedure for CTF applicants and current participants to appeal their eligibility determination.

Commission Staff brings forth this resolution pursuant to Ordering Paragraph Six of D.18-01-006.

## **DISCUSSION**

To advance the goal of providing universal service to Californians, the CTF program provides a discount for voice and non-voice services to California libraries, schools, government-run hospitals, community colleges, the California Telehealth Network, 2-1-1 call centers, and qualifying Community Based Organizations (CBOs).

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<sup>2</sup> D.18-01-006, Documentation of Qualifying Services and Direct Access at 5. *See also*, D.15-07-007, Appendix A at 2-3 and 7.

<sup>3</sup> D.15-07-007, Appendix A at 1-3 and 7.

<sup>4</sup> D.18-01-006, Background at 2-3.

<sup>5</sup> *Id.* at 3-4.

To participate, entities must send in a CTF form application with all the supporting documentation required.

Commission Staff evaluates applications on a first-come, first-serve basis. The applicant completes and sends their application with any supporting documents to Commission Staff. In return, the applicant receives an acknowledgment letter and an application number that stays with them through the entire application process and through future claims. Upon completion of the review of their application, Commission Staff will give the applicant a final determination letter. If an application is approved, the applicant is sent an approval letter to submit to their participating carrier, and their eligibility status is posted on the CTF website. If an application is rejected, the applicant is given a rejection letter that describes why the application did not qualify.

If Commission Staff are unable to make a final determination, or has questions for the applicant, Commission Staff will send a deficiency letter. The deficiency letter provides the applicant thirty (30) days to clarify, correct, or submit any additional information necessary for Commission Staff to make a final determination. If after 30 days the applicant has not responded sufficiently, Commission Staff may reject their application.

Libraries, schools, government-run hospitals, and community colleges are categorically eligible for the CTF program if they complete a valid application.<sup>6</sup> 2-1-1 information and referral CBOs are approved for CTF if they provide their 2-1-1 Commission resolution number with a valid application.<sup>7</sup> The remaining CBOs must show they meet eligibility criteria through a more extensive application process discussed below.

CBOs are a significant part of CTF, with over 8,500 participants as of January of 2018. Recognizing this, the Commission issued D.15-07-007 and D.18-01-006, which adopted new CBO eligibility criteria to further advance CTF goals.

To be eligible for CTF a CBO must demonstrate all of the following criteria:

- Tax-exempt status.<sup>8</sup>
- Must be under the revenue threshold.<sup>9</sup>
- Qualifying Services must be 50% or more of a CBO's mission.<sup>10</sup>
- Must provide its community access to the internet – except for healthcare/health services or 2-1-1 CBOs.<sup>11</sup>

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<sup>6</sup> D.15-07-007, Conclusions of Law at 70 and Appendix A at 1.

<sup>7</sup> D.15-07-007, Appendix A at 3.

<sup>8</sup> D.15-07-007, Appendix A at 2-3.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

- Must provide services directly to individuals at specific geographic locations.<sup>12</sup>
- Must provide services directly or through some closely related indirect assistance.<sup>13</sup>
- Demonstrate that a majority of their board members reside within the State of California, or are members of the community of interest being served.<sup>14</sup>
- Demonstrate that fees charged, if any, are discounted or subsidized for communities with greater financial needs.<sup>15</sup>

To be eligible for healthcare services a CBO must demonstrate all of the CTF criteria for a CBO and additionally:

- Must be staffed by licensed medical personnel on site who provide healthcare services to patients beyond administrative services.<sup>16</sup>
- Provide health services that are covered by any Californian medical insurance or government funded medical plan, such as Medi-Cal, Medicare, or the Department of Veterans Affairs insurance.<sup>17</sup>
- Must accept Medicare, Medi-Cal, or provide services without charge or with a fee structure that includes discounted or subsidized rates.<sup>18</sup>

Tax-exempt status is determined by the applicant submitting an IRS 501(c)(3) or 501(d) letter that describes the CBO as a tax-exempt organization. To determine if they are under the revenue threshold, CBOs are required to submit their most recent IRS 990 Federal Tax form or an IRS Postcard if applicable. Commission Staff evaluates the remainder of the eligibility criteria, including a CBO's qualifying services, based on responses in the application, supporting documentation provided by the applicant, and research the Commission Staff member conducts on their own volition.

With the exception of qualifying services meeting 50% or more of a CBO's mission, these criteria involve a binary evaluation by Commission Staff. The CBO either meets the requirement, or it does not. With the qualifying services requirement however, Commission Staff's experience with the application process has shown that some CBOs do not fully articulate their qualifying services, or are confused about what CTF qualifying services are regardless of Commission Staff communication or a

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<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> D.18-01-006, Ordering Paragraphs at 28.

<sup>15</sup> *Id.*

<sup>16</sup> *Id.* at 29.

<sup>17</sup> *Id.* at 30.

<sup>18</sup> *Id.* at 29.

deficiency letter. Because of the possibility that a potentially qualified CBO is rejected for failing to articulate their qualifying services in the application or provide sufficient supporting documentation, Commission Staff propose to allow an appeal for New Evidence of Qualifying Services.

### **RECERTIFICATION PROCESS OF COMMUNITY BASED ORGANIZATIONS**

As part of D.15-07-007, filed on July 23, 2015, Commission Staff will “re-verify” or recertify all CBOs for eligibility into the CTF program every three years. Commission Staff will send a notice to a CBO participant that they must recertify their participation through an application process, within a certain period of time (time limit). If the CBO does not respond within the time limit established by Commission Staff, the participant will be removed from the program for failure to respond. If the recertifying CBO participant responds, their recertification application will go through a review process where the application must meet the same criteria as new applicants.

As with new CBO applicants, recertifying CBOs will be able to appeal a rejection for qualifying services as long as they meet the criteria established below.

### **CRITERIA FOR APPEAL OF ELIGIBILITY DETERMINATION**

CBOs may only file an Appeal of Eligibility Determination (appeal) from a Commission Staff rejection determination of qualifying services if the CBO meets the criteria of New Evidence of CTF Qualifying Services. If an appeal does not meet the criteria, the appeal will be rejected.

CBOs have relief other than an appeal. Any applicant may reapply if they meet the eligibility criteria of CTF. This applies to CBOs that failed to respond to a deficiency letter, or failed to respond to a recertify notice, and CBOs whose appeals were denied.<sup>19</sup> Additionally, CBOs rejected for failure to meet the additional qualifying healthcare services criteria, may reapply if they believe they could qualify under other qualifying services.

All appeal determinations are final.

#### **▪ NEW EVIDENCE OF CTF QUALIFYING SERVICES CRITERIA**

Commission Staff evaluates CBOs qualifying services through information provided by the CBO from the application and any additional supporting documentation. Commission Staff also may conduct their own investigation or audit of the CBO through any other information sources deemed necessary.

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<sup>19</sup> Including denied appeals, from the process established through this resolution.

If Commission Staff finds a lack of information necessary to make a determination, Commission Staff will serve the CBO with a deficiency letter. If the CBO fails to demonstrate qualifying services within the time limit Commission Staff has given, the CBO's application will be rejected.

A CBO may not appeal a rejection determination for failure to respond. However, they may appeal a rejection determination for not having qualifying services if they are able to provide new information regarding qualifying services that the CBO provides at the physical address of the location. This new information must include supporting documentation that was not previously provided to Commission Staff at the time of the application, as well as an attestation to corroborate its truthfulness. Supporting documentation must adequately describe a qualifying service being conducted at the physical address of the CBO.

## **HOW TO FILE AN APPEAL OF ELIGIBILITY DETERMINATION**

A CBO may file an Appeal of Eligibility Determination (appeal) by sending a letter to the CTF Program Supervisor postmarked within fourteen (14) days of a rejection letter, demonstrating why they do provide qualifying services. The appeal will be reviewed by a different Commission Staff member than who originally rejected the applicant. The new Commission Staff member will make their recommendation to the CTF Supervisor, who will then make the final determination of the appeal.

The appeal should identify:

- That the letter is an Appeal of Eligibility Determination.
- The CTF application number.
- The basis of the appeal.
- Supporting new documentation that will help in the determination.

Send all appeal letters to:

Public Utilities Commission  
ATTN: CTF Program Supervisor  
505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102

Commission Staff will send acknowledgment of your appeal via email.

## **SAFETY CONSIDERATIONS**

The CTF program helps to promote universal service by subsidizing advanced communications services of qualified anchor institutions, which also can enhance the safety of these entities. This Resolution's appeal process ensures that qualified anchor institutions receive funding.

## **BACKDATE OF CTF DISCOUNT**

All successful appeals by a CBO will be backdated to the original received date of the application.

## **COMMENTS**

In compliance with PU Code § 311 (g), the Commission e-mailed on March 2, 2018, a notice letter informing all telephone corporations, members of the CTF Administrative Committee, and the parties of records in R. 13-01-010 of the availability of this draft resolution for comments, as well as the availability of the final resolution, if adopted by the Commission, on the Commission website at [www.cpuc.ca.gov](http://www.cpuc.ca.gov).

## **FINDINGS**

1. The California Teleconnect Fund, was implemented by the California Public Utilities Commission in 1996 pursuant to D. 96-10-066.
2. The California Teleconnect Fund provides discounts on telecommunications services for schools, libraries, and government owned hospitals and health clinics, community colleges, the California Telehealth Network, 2-1-1 referral services and Community Based Organizations.
3. Community Based Organizations are a significant part of the California Teleconnect Fund, with over 8,500 participants as of January of 2018.
4. Decision 15-07-007 and D.18-01-006 sets forth qualifying criteria for Community Based Organizations and a requirement that all participating Community Based Organizations must verify their program eligibility every three years through recertification.

5. D.18-01-006 instructs Communications Staff to issue a proposed resolution setting forth a procedure for California Teleconnect Fund applicants and current participants to appeal their eligibility determination.
6. With the exception of qualifying services meeting 50% or more of a Community Based Organization's mission, the criteria for Community Based Organizations involve a binary evaluation by Commission Staff. The Community Based Organization either meets the requirement, or it does not.
7. With the qualifying services requirement, Commission Staff's experience with the application process has shown that some Community Based Organizations do not fully articulate their qualifying services, or are confused about what California Teleconnect Fund qualifying services are regardless of Commission Staff communication or a deficiency letter.
8. Community Based Organizations rejected for not meeting qualifying services criteria for the California Teleconnect Fund, either as new applicants or through recertification, will have the ability to appeal through an Appeal of Eligibility Determination.
9. Because of the possibility that a potentially qualified Community Based Organization is rejected because it failed to articulate their qualifying services in the application or provide sufficient supporting documentation, Commission Staff propose to allow an appeal for New Evidence of Qualifying Services.
10. An Appeal of Eligibility Determination will be approved if the Community Based Organization can provide new evidence of qualifying services at the physical address of their application.
11. To be considered for an Appeal of Eligibility Determination, a Community Based Organization must submit an appeal letter postmarked within 14 days of a rejection determination letter to the California Teleconnect Fund, requesting the appeal. The Appeal of Eligibility Determination letter must state the rationale for the appeal and include any new evidence that the Community Based Organization provides eligible qualifying services at the physical location of the application.



**THEREFORE, IT IS ORDERED that:**

1. The Appeal of Eligibility Determination process set forth in this resolution is adopted for new applicants and participants who are renewing.
2. As described in this resolution, Appeals of Eligibility Determination may only be filed by Community Based Organizations who received a rejection determination for not providing qualifying services at the physical address of their California Teleconnect Fund.
3. Community Based Organizations requesting an Appeal of Eligibility Determination for a rejection determination must submit a letter to the California Teleconnect Fund supervisor postmarked within 14 days of receipt of the rejection letter determination for their application. The letter must include the basis and rationale for the appeal, with documentation of new evidence of qualifying services.
4. Upon receipt of an Appeal of Eligibility Determination from an applicant, California Teleconnect Fund Staff will send an acknowledgement email.
5. All Appeal of Eligibility Determinations are final.

This resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission as its regular meeting on April 26, 2018, the following Commissioners approved it:

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ALICE STEBBINS  
Executive Director