ULTS Trust Administrative Committee
Meeting Agenda [☏]

August 19, 2003 (Tuesday)
10:00 AM
505 Van Ness Avenue, Training Room
San Francisco, CA 94102
Teleconference: 877-780-7587 / Passcode: 242672#

1.	**Introduction**	**10:00 am**
2.	**Interim Marketing Program Phase II & Call Center Overview**	**10:05 am**
3.	**Break**	**12:00 pm**
4.	**Review and Approval of Minutes**	**pp. 2-5**
5.	**Legal Issues (LD)**	
	a. Conflict of Interest	
	b. Open Meeting / Quorum / Majority Vote	
	c. Proposition 54	**p. 6**
	d. R.03-04-003 - Filed Comments	**pp. 7-9**
6.	**Review of Charter**	
7.	**Marketing Program (Charter § 2.3)**	
	a. Strategic Plan	
	b. ULTS/CARE Coordinating Outreach	
	c. Permanent Marketing Campaign	
8.	**Program Development/Implementation/Administration**	
	a. Auto-Enrollment	
	b. Self-Certification and Random Verification	
	c. Service Disconnection	
	d. SB 1563 – R.03-04-003	
9.	**Liaison Staff Report**	
	a. FY 2004-05 Program Expenditures Budget	**pp. 10-12**
	b. 2003 Budget Act	**p. 13**
	c. Fund and Payment Status (IMSD/TD)	
	d. Marketing Programs (TD) - Communications with Contractors	
	e. Commission Decisions and Orders (TD) - Consumer Bill of Rights	
	f. Other Administrative Matters (CPID/IMSD/TD)	
10.	**Annual Report**	
11.	**Announcement**	
12.	**Public Comments**	
13.	**Future Meeting Dates**	
14.	**Adjournment**	

[☏] The Board reserves the right to limit or expand the time allocated to each agenda item.

Meeting Minutes [2]
of
Universal Lifeline Telephone Service Trust Administrative Committee

Date: **May 21, 2003**

Location: **California Public Utilities Commission**

505 Van Ness Avenue, Training Room
San Francisco, CA 94102

Member Present:
Ana Montes
Fred Hesse (via Teleconference)
Anni Chung (Alternate)
Linda Burton (via Teleconference)
Mateo Camarillo
Mike Gipson
Richard Elbrecht

Member Absent:

Marlene Hebert
Joel Tolbert

Liaisons Present:
Angela Young, Telecommunications Division (TD)
Judy Cooper, Communications and Public Information Office (CPIO)
Stacie Castro, Legal

Others in Attendance:
Rhonda Armstrong (via Teleconference)
Adrian Tyler (SBC)
Jeffrey Mondon (SBC)
Taura O' Lariscy, Richard Heath & Associates (RHA)
Linda Vizcarra, Southern California Gas Company (via Teleconference)
Lionel Wilson (Legal)
Jonady Hom Sum (Legal)
Steve Linsey, Office of Ratepayer Advocates (ORA)
Ivy Walker, Energy Division (ED)
Fe Lazaro, TD
Kevin Feiza, TD

[2] An audiotape for this meeting can be made available at 505 Van Ness Avenue, San Francisco. Contact person: Angela Young, 415-703-2837 (phone) or ayy@cpuc.ca.gov (e-mail).

1. Introduction

Mateo called the meeting to order at 10:00 am and a quorum was in attendance. Lionel introduced Stacie Castro who is replacing him as legal liaison for the ULTS-AC. Lionel has assumed the role of Acting Chief Counsel for the Commission, and therefore is unable to serve as liaison for the board.

2. Review and Approval of Minutes

Mike motioned approval of the May 2003 meeting minutes. Anni seconded the motion. There was no further discussion. The motion was approved unanimously.

3. FY 2004-05 Program Expenditures Budget

Lionel indicated that before the board acts on the proposed FY 2004-05 program budget in the agenda, he would like to summarize Jonady's findings on the potential conflict of interest issue in respect to the Fair Political Practices Act and Government Code Section 1090. Section 1090 prohibits any financial interest by a board member in contracts made by the board. It is the Legal Division's and the State Attorney General's Office's position that these contracts include any on which the board advises the Commission. To protect members of the board, the Legal Division is taking a conservative approach, and advises telco members that receive funding from the program and CBO members that wish to partake in FY 2004-05 program contracts, not to participate in the FY 2004-05 budget development. Participation includes deliberation and voting. As of this time, this non-participation advice is limited to the FY 2004-05 budget as shown in the agenda. For other agenda items, the board should continue acting as it has previously. Lionel also reminded AC members to file the Statement of Economic Interest (Form 700).

With this advice, the following members recused themselves:

- Ana Montes, representing Latino Issues Forum, a community-based organization;
- Anni Chung, representing Self-Help for the Elderly, a consumer organization;
- Fred Hesse, representing Verizon, a large local exchange carrier;
- Linda Burton, representing Sierra Telephone Company, a small local exchange carrier; and
- Mateo Camarillo, representing Chicano Federation of San Diego County, a community-based organization.

Mateo handed over the gavel to Richard to lead a discussion on the proposed FY 2004-05 budget. Angela directed Richard and Mike to pages six and seven of the handouts. The total proposed FY 04-05 budget is $249.950 million, a 4% increase from the FY 03-04 budget adopted by the Commission in April 2003. Most of the increase is attributed to: 1) growth in demand of ULTS services and 2) growth in committee expenses, as the number of meetings will crease from 6 in FY 2003-04 to 18 in FY 04-05 including 12 monthly meetings and 6 subcommittee meetings. After discussion, Richard directed Angela to make the following changes:

- The letter should reflect the advice from the Legal Division today and identify the recused members;
- A more detailed description should be included for each of the itemized costs;

- A recommendation that the Commission should revisit/revise the $5 million marketing cap set in 1998.
- The proposed printing cost should be increased from $5,000 to $15,000. This cost item should include costs of brochures and pamphlets, and promotional giveaways.

4. Review of Charter

There was no discussion on this item.

5. Marketing Program

Mateo advised board members to review the Strategic Plan developed by the ULTS-Marketing Board in 2001, and the Coordinating CARE/ULTS Outreach Report issued jointly by the LIOB and the ULTS-AC in January 2003. Both of these documents are available online at the ULTS-AC home page, and could be used as a reference in evaluating RHA marketing plans and for the development of a permanent marketing campaign. The Strategic Plan may need updating, and members should provide their comments in the next meeting.

Fe informed the board that in addition to managing the RHA's contracts, she is also responsible for developing the contract for the permanent marketing campaign. The RHA contract will expire on April 15, 2004. Ideally, the next marketing contract should be in place no later than April 1, 2004. Based on these assumptions, she anticipates a Request for Proposal will be issued in December 2003. To accommodate this timeline, she needs guidance and input from the board by September 2003.

Mateo requests a presentation be made to the Board summarizing marketing efforts to be launched by RHA. Fe indicated that this is planned for the next meeting. Since RHA's marketing outreach would promote demand of ULTS services, Linda requests that invitations to this presentation be extended to include local exchange carriers providing ULTS services. Fe agrees to take this request to TD management for consideration.

6. Program Development/Implementation/Administration

Angela informed the board that the Commission, in response to SB 1563, issued a rulemaking to address the use and availability of advanced communications infrastructure. Comments on this rulemaking are due on June 10, 2003. Richard distributed a copy of an article from The Economist showing that the percentage of households with broadband connections in United States is behind South Korea, Hong Kong, Canada and Belgium. This is a clear signal that this board should support SB 1563, not only on the issue of use and availability of advanced technology, but also to minimize the digital-divide between the haves and have-nots. After discussion, Richard <u>motioned</u> that he will provide two drafts to Stacie: 1) a request for a 2-month extension to file comments; and 2) draft comments for the board's consideration in the next meeting. Ana seconded the motion. The motion was approved unanimously.

7. Liaison Staff Report

Angela directed the Committee to pages 8 through 10 of the handouts. Page 8 shows a total of $21,000 for committee expense approved by the Commission for FY 2003-04. Pages 9 and 10 show the ULTS fund status as of April 30, 2003. The appropriation balance of $157 million as of April 30, 2003 for FY 2002-03 should be sufficient to cover program payments and expenses for the remaining fiscal year.

Fe reported that RHA's contract took effect in April. RHA would spend next 4 months in recruiting and training CBOs, designing and developing campaign materials, etc, and the actual campaign will not be launched until August 2003. The Department of General Services has also approved the Call Center contract. TD will be sending a data request to all local exchange carriers requesting information regarding their ULTS services, such as their service areas, their contact person, languages available, etc. This information will be used by the Call Center for the referral of ULTS providers. The Marketing Campaign and the Call Center are going through their developing phase right now, and more detailed information will be provided in the next meeting.

8. Annual Report

There was no discussion on this item

9. Announcement

Angela informed the board that Jeff Nelder of Charity Cultural Services Center has resigned as alternate for Ana Montes due to concerns of potential conflict of interest. The e-mail message announcing his resignation is attached as Page 11 of the handouts. Colin also resigned and recommended Adrian Tyler of SBC as his replacement.

10. New & Old Business

There was no discussion on this item.

11. Public Comments

There were no comments.

12. Future Meeting Dates

Next meeting is scheduled for July 30, 2003.

13. Adjournment

The meeting was adjourned at 1:30 p.m.

Proposition 54: Classification by Race, Ethnicity, Color, or National Origin Initiative (CRECNO)

Qualified for the October 7th, 2003 ballot.
Prohibition Against Classifying by Race by State and Other Public Entities

Section 32 is added to Article I of the California Constitution as follows:
Sec. 32
(a) The state shall not classify any individual by race, ethnicity, color or national origin in the operation of public education, public contracting or public employment.
(b) The state shall not classify any individual by race, ethnicity, color or national origin in the operation of any other state operations, unless the legislature specifically determines that said classification serves a compelling state interest and approves said classification by a 2/3 majority in both houses of the legislature, and said classification is subsequently approved by the governor.
(c) For purposes of this section, “classifying” by race, ethnicity, color or national origin shall be defined as the act of separating, sorting or organizing by race, ethnicity, color or national origin including, but not limited to, inquiring, profiling, or collecting such data on government forms.
(d) For purposes of subsection (a), “individual” refers to current or prospective students, contractors or employees. For purposes of subsection (b), “individual” refers to persons subject to the state operations referred to in subsection (b).
(e) The Department of Fair Employment and Housing (DFEH) shall be exempt from this section with respect to DFEH-conducted classifications in place as of March 5, 2002.
(1) Unless specifically extended by the legislature, this exemption shall expire ten years after the effective date of this measure.
(2) Notwithstanding DFEH’s exemption from this section, DFEH shall not impute a race, color, ethnicity or national origin to any individual.
(f) Otherwise lawful classification of medical research subjects and patients shall be exempt from this section.
(g) Nothing in this section shall prevent law enforcement officers, while carrying out their law enforcement duties, from describing particular persons in otherwise lawful ways. Neither the governor, the legislature nor any statewide agency shall require law enforcement officers to maintain records that track individuals on the basis of said classifications, nor shall the governor, the legislature or any statewide agency withhold funding to law enforcement agencies on the basis of the failure to maintain such records.
(h) Otherwise lawful assignment of prisoners and undercover law enforcement officers shall be exempt from this section.
(i) Nothing in this section shall be interpreted as prohibiting action which must be taken to comply with federal law, or establish or maintain eligibility for any federal program, where ineligibility would result in a loss of federal funds to the state.
(j) Nothing in this section shall be interpreted as invalidating any valid consent decree or court order which is in force as of the effective date of this section.
(k) For the purposes of this section, “state” shall include, but not necessarily be limited to, the state itself, any city, county, city and county, public university system, including the University of California, California State University, community college district, school district, special district, or any other political subdivision or governmental instrumentality of or within the state.
(l) This section shall become effective January 1, 2005.
(m) This section shall be self-executing. If any part or parts of this section are found to be in conflict with federal law or the United States Constitution, the section shall be implemented to the maximum extent that federal law and the United States Constitution permit. Any provision held invalid shall be severable from the remaining portions of this section.

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's Own Motion to Comply with the Mandates of Senate Bill 1563 regarding deployment of Advanced Telecommunications Technologies.	R.03-04-003

OPENING COMMENTS OF THE UNIVERSAL LIFELINE TELEPHONE SERVICE TRUST ADMINISTRATIVE COMMITTEE IN RULEMAKING ON DEPLOYMENT OF ADVANCED TELECOMMUNICATIONS TECHNOLOGIES

I. INTRODUCTION

The Universal Lifeline Telephone Service Trust Administrative Committee (hereafter ULTS-AC) of the California Public Utilities Commission (hereafter CPUC) submits the following comments in accord with the Commission's Rules of Practice and Procedure and the schedule established in the Administrative Law Judge's Order Instituting Rulemaking dated April 3, 2003 (hereafter OIR).

II. ULTS-AC COMMITTEE

The ULTS-AC is an advisory committee of the CPUC, which was established to increase the overall use of telephone service by low-income households by means of competitively neutral marketing efforts. Its members have a special expertise and interest in the provision of telecommunications services to low-income households. They include members of the public as well as CPUC staff. The members of the public include representatives of consumers, consumer groups, community based organizations and telephone corporations.

The ULTS-AC's mission closely tracks the California statute that mandates provision of low-cost telephone service to low-income households-- the Moore Universal Telephone Service Act (Moore Act), PUC sections 871-886. The Moore Act declares that "[c]ommunication by

telephone is a basic human need in modern society, and must be made available to all Californians at reasonable cost for basic minimum use." (Stats. 1983 ch.1143 sec. 1(a), statement of legislative intent.) The ULTS-AC guides the implementation of the Legislature's charge to the CPUC to employ "every means ... to ensure that every person qualified to receive lifeline telephone service is informed of and is afforded the opportunity to subscribe to that service." (PUC section 871.5(c).)

The ULTS-AC recommends that the following issues be included in the overall scope of the proceeding, and that the issues that are currently being considered by the Commission remain subject to modification as the proceeding evolves.

III. SPECIAL INTERESTS OF ULTS-AC

The ULTS-AC's uniquely special interest in this rulemaking proceeding derives from the statement in newly-enacted PUC section 709 that "the policies for telecommunications in California" now go beyond merely-- (1) continuing the state's "universal service commitment by assuring the continued affordability and widespread availability of high-quality telecommunications services to all Californians" to also include assistance -- (2)"in bridging the 'digital divide' by encouraging expanded access to state-of-the-art technologies for rural, inner-city, low-income, and disabled Californians." (PUC section 909(a),(d).)

IV. NEW AND INNOVATIVE DEPLOYMENT APPROACHES

The ULTS-AC anticipates that this rulemaking will result in new and innovative approaches to deploying state-of-the-art telecommunications services among the legislatively targeted groups -- rural, inner city, low-income and disabled. While the CPUC's SB 1712 report found that "aggressively deploying broadband services in California would be prohibitively expensive to all customers, including low-income customers"(OIR pp. 3-4), other countries have succeeded in significantly reducing the 'digital divide." For instance, The Economist reports a penetration rate for broadband service in South Korea of about 67 percent. ("Seriously wired," The Economist, April 19, 2003, p. 7.) Belgium, Canada and Hong Kong also have higher broadband penetration rates than ours, according to the cited article.

While the issues that are proposed in the OIR for consideration in this proceeding may be broad enough to address the reasons that consumers in these other countries are making better

use of advanced communications technologies than consumers in California, it may be that this should be added as an issue, so that the factors responsible for the success of deployment efforts in those countries can be taken into account in designing the approaches that will be adopted in California.

Finally, in recognition of the limits on resources that almost all public and private entities are facing, the issues that are proposed for consideration in this proceeding also might include identifying strategies that are most optimally cost-efficient. Since the private sector would benefit from increases in the use of state-of-the-art communications by targeted groups, the issues might also include strategies to better mobilize the energy and resources of the private sector acting in its own best interest.

IV. CONCLUSION

For the reasons stated above, and in view of the difficulty of the challenges and the complexity of the issues, the ULTS-AC urges that the scope of the proceeding and the issues that are being considered should remain subject to modification as the proceeding evolves.

Respectfully submitted,

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/s/ Mateo Camarillo, Chair
Universal Lifeline Telephone Service Administrative Committee

California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102
Phone: (415) 703-4405
Fax: (415) 703-2262

June 3 2003

STATE OF CALIFORNIA GRAY DAVIS, *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

June 2, 2003

William Ahern, Executive Director
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: Universal Lifeline Telephone Service (ULTS) Trust Administrative Committee Fund (Fund) Proposed Program Expenditures for FY 2004-05

Mr. Ahern,

We, the undersigned, are members of the ULTS Trust Administrative Committee (AC) and submit the attached Fiscal Year (FY) 2004-05 program expenditure budget for the ULTS Fund in accordance with Article 4.1.(a) of the ULTS-AC Charter. Under the advice of Lionel Wilson, Commission's Acting Chief Counsel, the following members recused themselves from deliberating this budget due to potential conflicts of interest:

- Ana Montes, representing Latino Issues Forum, a community-based organization;
- Anni Chung, representing Self-Help for the Elderly, a consumer organization;
- Fred Hesse, representing Verizon, a large local exchange carrier;
- Linda Burton, representing Sierra Telephone Company, a small local exchange carrier; and
- Mateo Camarillo, representing Chicano Federation of San Diego County, a community-based organization.

In developing the attached FY 2004-05 expenditure budget of $249.963 million, elements that we have considered include but are not limited to the following:

- Program mandates set forth in the Moore Act and codified in Public Utilities Code § 871.5;
- Historical and projected program support to 30 plus carriers for providing discounted basic telephone services to low-income households;
- Marketing programs established in relevant decisions including D.96-10-066, D.97-12-105, and D.98-10-050;
- Existing marketing contract with Richard Heath & Associates;
- Marketing cost limitation set forth in Resolution T-16176;
- Existing Call Center contract with Richard Heath & Associates;
- Audit requirements set forth in Public Utilities Code § 274;
- Committee meeting expenses for 12 monthly and 6 sub-committee meetings;
- Existing contract with Bank of America for processing remittance of surcharge revenues;
- Commission staff costs for administering the ULTS program; and
- The ULTS Fund's pro-rata share of state control agencies cost.

Anyone may protest or respond to this request. Any responses and/or protests must be made in writing and received by the Commission within 20 days from the date that the notice of this request appeared in the Commission's Daily Calendar. The address for mailing or delivering a protest or response to is:

California Public Utilities Commission
Attn: Director, Telecommunications Division
505 Van Ness Avenue
San Francisco, CA 94102

/s/
Richard Elbrecht, Member

/s/
Mike Gipson, Member

Attachment

cc: Commission
Parties of Record in R.98-09-005

Universal Lifeline Telephone Service Trust Administrative Committee			
Proposed FY 2004-05 Program Budget ($000s)			
	(Adopted)	**(Proposed)**	
Program Expenses	**2003-04**	**2004-05**	Description
Program Expense	$230,000	$242,000	Based on estimated claims projected by 39 carriers. Total claims for FY 01-02 and FY 02-03 were $215 million and $206 million based on 6 months of annualized data, respectively. The Commission adopted $230 million for FY 2003-04 in April 2003. The $242 million projected by carriers for FY 2004-05, a 4.4% increase from FY 02-03, appears to be reasonable.
Marketing	$5,000	$5,000	Limited by Resolution T-16176 adopted by the Commission in August 1998. This amount was developed in accordance with directive set forth in D.96-10-066, i.e. the average ULTS marketing expenses reimbursed to all carriers for years 1994 through 1996.
Call Center	$494	$508	Under existing contract with Richard Heath & Associates
Program Assessment	$200	$200	This includes three types of assessment: 1) ongoing monitoring of contract performance; 2) ongoing assessment of effectiveness of marketing and outreach efforts, and necessary improvements within parameters of existing contracts; and 3) assessment of each contractor's performance of contract upon completion of contract.
Sub-Total	**$235,694**	**$247,708**	
Audits			
Financial	$100	$100	
Compliance	$500	$500	
Surcharge Remittance	$600	$600	
Claims	$900	$900	
Sub-Total	**$2,100**	**$2,100**	These audits are to be conducted in compliance with PU Code § 274.
Committee Expenses			
Per Diem	$9	$27	For the 5 eligible AC members for attending 12 AC and 6 sub-committee meetings @ $300 per meeting per member.
Travel	$11	$32	For the 5 eligible AC members for attending 12 AC and 6 sub-committee meetings @ $350 per meeting per member.
Hall Rental & Other Costs	$1	$5	$2,000 hall rental cost for the 4 off-site meetings, and $3,000 teleconference cost for the12 monthly and 6 subcommittee meetings @ $150 per meeting
Printing		$15	Printing cost of brochures/pamphlets about AC and material costs for promotional giveaways.
Sub-Total	**$21**	**$79**	
Other Costs			
Banking	$23	$25	Under existing contract with BOA
PUC Staff	$330	$330	
Staff Travel	$0	$6	Travel for 4 program liaisons for attending the 4 off-site meetings @ $350 per meeting per liaison.
Interagency Costs	$1,665	$1,665	
Data Processing	$50	$50	
Sub-Total	**$2,068**	**$2,076**	
Total Program Payments	**$239,883**	**$251,963**	

BUGET ACT OF 2003
Universal Lifeline Telephone Trust Administrative Committee Fund

1. Total Appropriation	$245,901,000
2. Prior to FY 03-04	$6,000,000
3. FY 03-04 (Ln 1 – Ln 2)	$239,901,000
Commission approved FY 03-04 Budget	$239,883,000