

**ULTS Trust Administrative Committee
Meeting Agenda**

June 30, 2004 (Wednesday)

10:00 AM

**505 Van Ness Avenue, Hearing Room B [®]
San Francisco, CA 94102**

Teleconference: 877-780-7587 / Passcode: 242672#

- | | | |
|--|--------------|------------------|
| 1. Introduction | 10:00 | |
| 2. May 28, 2004 Meeting Minutes: Committee will review and approve May 2004 meeting minutes prepared by the Telecommunications Division (TD). | 10:10 | pp. 2-8 |
| 3. Solutions Summit: Chairperson will discuss the June 14, 2004 Voice over IP, Universal Service, and Next-Generation Broadband: A Solutions Summit that he attended. | 10:15 | |
| 4. Commission VoIP Proceeding (I. 04-02-007): TD updates the Committee on the status of this proceeding. | 11:00 | |
| 5. Marketing Programs: TD reports to the Committee on the effectiveness of the 2003 ULTS Marketing Campaign and the status of the 2004 ULTS Marketing contract (RFP 03PS5427). | 11:15 | |
| 6. FCC's Income Verification Requirement: the Committee will discuss the impact on the California ULTS program. | 11:45 | |
| 7. Break | 12:15 | |
| 8. Meetings for FY 2004-05: Committee will discuss the 1-meeting limitation set by TD for FY 2004-05 pursuant to a budget directive issued by CA Dept of Finance and the possibility of having a 2-day meeting. | 13:00 | pp. 9-13 |
| 9. 2003 Annual Reports: The Committee will review the revised 2003 Annual Report to be submitted to the Commission in accordance with Charter § 4.b. | 13:15 | pp. 14-17 |
| 10. Liaison Reports: | 13:45 | |
| a. TD reports on the status of the Strategic Plan revision and the Committee's proposed FY 2005-06 budget. | | pp. 18-19 |
| b. Fiscal Office updates the Committee on the financial status of the ULTS AC Fund. | | |
| c. Legal Division updates the Committee on the developments of conflict of interest resolution. | | |
| 11. Public Comments | | |
| 12. Future Meeting Dates: The Committee will establish meeting date(s) for FY 2004-05. | 14:30 | |
| 13. Adjournment | | |

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Meeting Minutes
of
Universal Lifeline Telephone Service Trust Administrative Committee

Date: May 28, 2004

Location: California Public Utilities Commission
505 Van Ness Avenue, Training Room
San Francisco, CA 94102

Members Present:

Mateo Camarillo, Chair (by Teleconference)	Joel Tolbert
Mike Gipson, Vice-Chair	Jeffrey Mondon
Ken McEldowney	Marlene Hebert (by Teleconference)

Members Absent:

Ana Montes
Lyle Millage

Liaisons Present:

Judy Cooper, Communications and Public Information Division (CPID)
Geoffrey Dryvynsyde, Legal Division (LD)
Angela Young, Telecommunications Division (TD)

Others in Attendance:

Harriet Burt, CPID
Taura O'Lariscy, Richard Heath & Associates
LaTanya Linzie, COX
Linda Burton, Sierra Telephone
Karen Miller, TD
Margo Friedrich, Verizon

1. Introduction

Mike Gipson called the meeting to order at 10:05 am. Linda Burton informed the Committee that she and Rhonda Armstrong submitted resignation letters to Mateo Carmarillo on May 26, 2004 (see attached). Linda is attending the meeting today as an interested party. A roll call was made and a quorum was in attendance.

2. May 2004 Meeting Minutes

Ken McEldowney moved approval of the May 2004 meeting minutes. Joel seconded the motion. There was no further discussion. The minutes were approved unanimously.

3. Marketing Programs

Karen Miller, ULTS Marketing Contract Manger, informed the Committee that for the 2004 Marketing Campaign, TD received responses from 7 bidders. After reviewing the written proposals, 5 of the 7 bidders advanced to the interview phase. After the interview, 3 qualified for the final bid opening and they were: 1) Richard Heath & Associates (RHA), 2) GeM Communications Group (GeM), and 3) Stapes/Hutchinson & Associates (SHA). RHA's bid was \$4,078,688, GeM \$4,899,330, and SHA \$5 million. GeM is a certified small business enterprise (SMP) and eligible for a 5% discount for its bid. With the 5% discount, GeM's bid was equivalent to \$4,654,363.50, which was still higher than that of RHA. The 2004 Marketing contract uses the State's Primary Request for Proposal Method, i.e. the lowest bid of qualified bids wins the contract. Since RHA submitted the lowest bid, and therefore is the intended winner. An Intent to Award (see attached) was posted on May 24, 2004. If no protest were received by June 1, 2004, the contract would be awarded to RHA subject to Department of General Services' final approval.

4. Fiscal Year 2005-06 Budget

Before the Committee discussed this agenda item, Geoffrey Dryvynsyde reminded members representing carriers that receive funding from the ULTS program, or community-based organizations (CBOs) that wish to participate in any of the ULTS program contracts, not to participate in the discussion of the FY 2005-06 proposed budget and to recuse themselves due to a potential conflict of interest. The conflict of interest applies to the particular organization, not the class of organizations, that a member represents. For example, Mateo represents the House of Mexico, a CBO. If Mateo participates in the discussion and/or votes on the FY 2005-06 budget, the House of Mexico would be precluded from participating in any of the FY 2005-06 program contracts, while other CBOs would remain eligible to bid on or participate in these contracts. With this advice and clarification, Jeffrey Mondon of SBC and Marlene Hebert of AT&T recused themselves.

Angela directed the Committee to pages 5-6 of the handouts. Page 5 is a draft letter for the chair and vice-chair signatures and Page 6 is a breakdown of the proposed \$259.904 million fiscal year (FY) 2005-06 program budget. Line a is the projected carrier claims based on projections submitted by the telecommunications carriers. Since the proposed budget was published on May 18, TD has received additional projected claims of approximately \$5 million. Therefore, Angela recommended that carrier claims for FY 2005-06 be increased from \$250 million to \$255 million. Line d, Administrative Committee Expenses, the proposed budget of \$21,000 will cover the costs of 12 monthly committee meetings and 6 sub-committee meetings.

Mateo inquired whether the Commission has conducted any of the audits budgeted in lines e through h. Angela reported that in FY 2002-03, the Commission entered into a contract with the Department of Finance (DOF) to audit surcharge remittances and claims of three major telecommunications carriers. The costs of this contract are reflected in Lines g and h. In addition, staffs have been assigned to conduct similar audits on small carriers in FY 2002-03 and FY 2003-04. Personnel costs of these audit staffs are not included in the budgets summarized on Page 6 because the Legislature limited the amount of staff costs (at Line k) that the Commission could charge to the program. As of this time, TD has no plan to conduct financial and/or compliance audits of the program.

Ken moved approval of the proposed budget including the \$5 million adjustment recommended by Angela. Mike seconded the motion. The votes were:

Mike Gipson – yes
Ken McEldowney – yes,
Mateo Camarillo – yes,
Joel Tolbert – abstained.

5. Meetings for FY 2004-05

Mateo requested that the agenda for the next meeting to be expanded to include a standing item of Old Business and New Business. For instance, Mateo would like to report to the Committee regarding his recent discussions with 2 Commissioners on the 1-meeting limitation issue. If this proposed item were included in the agenda, Mateo could report his discussions under this item. Harriet Burt indicated that Mateo's encounters are related to Item 5 (Meetings for FY 2004-05), and therefore it would be appropriate for Mateo to report his discussions to the Committee under Item 5.

Geoff clarified that the Bagley Keene Act does not prevent a standing item to be included in the agenda, however it precludes an agenda item with open-ended topics like Old Business and New Business. One of the purposes of the Bagley Keene Act is to give advance notice to the public of deliberation and action that would take place in a public meeting. The scope of an agenda item of "Reviewing Old Business" would be too broad, since it could cover anything and everything that the Committee had previously discussed. As such, this agenda item would fail to alert the public of the specific topics that the board will deliberate and would be in violation of the Bagley Keene Act. Under the Bagley Keene Act, a report by a committee member on issues that are not included in the agenda is permissible. However, Geoff cautioned members not to engage in lengthy discussion. The Committee should schedule the topic in the next agenda for deliberation and/or action.

Jeff Mondon requested and TD concurred that a proposed agenda will be sent to members individually for comments a week prior to its publication.

Mateo reported that he also serves on the board of the Greenlining. In the Annual Greenlining Summit last month, President Peevy and Commissioner Wood also attended. Mateo spoke with the two Commissioners, individually, regarding the 1-meeting limitation set by DOF. They both were knowledgeable of the issue and sympathetic. Both Commissioners recommended that Mateo send a letter reminding them of this outstanding matter. In addition, subsequent to the last May meeting, Ana Montes and Mateo met with the Chief of Staff of Ex-President Commissioner Lynch. She was also knowledgeable of this issue and sympathetic of the Committee's dilemma.

After Mateo's report, Angela directed the Committee to pages 7 and 8 of the Handouts. Page 7 is TD's response rejecting the Committee's request to hold monthly meetings during FY 2004-05, and Page 8 is the 2002 Budget Letter issued by DOF limiting all advisory boards to one meeting annually. Since the 2002 Budget Letter specifically addressed the number of meetings that advisory boards could hold, TD's response limiting the ULTS-AC meeting to one in FY 2004-05 is consistent with this budget directive.

After discussion, Joel moved approval of authorizing Mateo to send a letter reminding the Commission of this outstanding issue and proposing an alternative to hold teleconference meetings in order to save costs. Mateo seconded the motion. The motion was approved unanimously.

6. 2003 Annual Reports

Judy Cooper indicated that she has concerns on the Annual Report as drafted. The report included a lot of background information and old history, but is short on stating the Committee's accomplishments and recommendations. To save time, Judy volunteered to redraft the Annual Report based on a 3-page draft that she previously submitted to the Committee. This revised draft will be available by June 4, 2004. Board members should return their comments and revisions to her for the final compilation. The Committee accepted Judy's recommendation.

7. Liaison Reports

Angela reminded the board to send their comments on the Strategic Plan to her as soon as possible because none has been received.

8. Public Comments

There were no public comments.

9. Future Meeting Dates

The next meeting is scheduled for June 24, 2004 (Thursday).

10. Adjournment

The meeting was adjourned at 11:55 am.

May 26, 2004

Mr. Mateo Camarillo
Chairperson, ULTS-TAC
4977 Kensington Dr.
San Diego, CA 92116

Re: Resignation from ULTS-TAC

Dear Mr. Camarillo:

The Commission's Legal Division has recently interpreted the ULTS-TAC charter and Fair Political Practices Commission Form 700 to require employees of local exchange carriers (LECs) participating on the ULTS-TAC to publicly disclose personal financial information. In light of this interpretation and the Commission's continuing concerns about perceived conflicts of interest raised by telephone company employees' participation on the public policy fund advisory boards, I regretfully must resign as the small telephone company representative on the ULTS-TAC.

Although I will no longer participate in ULTS-TAC meetings as a member of the committee, Sierra Telephone and the other Small LECs continue to support the goals of the ULTS program, and will remain interested in the activities of the ULTS-TAC in the months and years to come. I appreciate the opportunity to serve on this advisory committee.

Please feel free to contact me if you have specific questions regarding how the ULTS program affects Small LECs and their customers.

Sincerely yours,


Linda Burton
Regulatory Manager
Sierra Telephone

LB/pmr



May 26, 2004

By U.S. Mail

Mr. Mateo Camarillo
Chairperson, ULTS-TAC
4977 Kensington Dr.
San Diego, CA 92116

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Although I will no longer participate in ULTS-TAC meetings as a member of the committee, Kerman Telephone and the other Small LECs continue to support the goals of the ULTS program, and will remain interested in the activities of the ULTS-TAC in the months and years to come. I appreciate the opportunity to serve on this advisory committee.

Please feel free to contact me if you have specific questions regarding how the ULTS program affects Small LECs and their customers.

Sincerely yours,

A handwritten signature in cursive script, which appears to read "Rhonda Armstrong", is written over a yellow rectangular redaction box.

Rhonda Armstrong
Operations Manager
Kerman Telephone

811 S. Madera Avenue • Kerman, CA 93630 • 559.846.9311

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



May 24, 2004

From: Ivan Jen, Contracts Analyst
To: To All Interested Parties
RE: Intent to Award ULTS Marketing Campaign

The Bid Opening for 03PS5427, ULTS Marketing Program, was conducted today at 2PM. Three bids were opened and bid as follows:

Richard Heath and Associates:	\$4,078,688
GeM Communications Group:	\$4,899,330
Staples/Hutchinson and Associates:	\$5,000,000

After applying all preference programs, the lowest bidder is Richard Heath and Associates at \$4,078,688.

The Intent to Award begins today and the contract will be awarded to RHA on June 1, 2004. In the meantime, the Commission will be reviewing the bid to ensure that it complies with any remaining terms of the RFP.

Questions may be directed to me in writing at ivn@cpuc.ca.gov.

Cc: Karen Miller, Review Coordinator
Terrie Prosper, Review Member
Judy Cooper, Review Member

June 5, 2004

Michael R. Peevey, President
Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA. 94102

RECEIVED
EAST PIERCE UTILITIES EDPM
TELECOMMUNICATIONS DIVISION
DIRECTOR'S OFFICE

04 JUN 18 AM 8:02

Dear President Peevey:

It was a pleasure talking with you after so many years since the SDG&E talks.

You asked me to write you a note as a reminder regarding the terrible public policy ruling limiting public Boards such as the Universal Lifeline Telephone Marketing-AC Board to one meeting per year (copy of Department of Finance directive, 03-02 enclosed).

The savings realized by a cutback in meetings will be eroded by the inefficiencies and mistakes made in the absence of input and advice we would provide to the Telecommunications Division and the PUC as outlined in our charter, 2.1 "...advise the Commission regarding development, implementation, and administration of the Universal Lifeline Telephone Service Trust (ULTS) program to ensure lifeline telephone service is available to people of the state...." The composition of our board is composed of diverse representative not found in the PUC staff (community based organizations, consumer groups, carriers). The perspectives, experiences and skills add value, depth and quality to the advice we provide to the PUC as required by our charter.

Hopefully can be done before July 1, 2004, to expand the limitations of one meeting per year such as allow more use of teleconferencing, and other means to carry out the requirements stipulated in our charter.

Sincerely yours,



Mateo R. Camarillo
Chairman, ULTS-AC
4977 Kensington Drive
San Diego, CA. 92116
(619) 282-0217
mateorel@cox.net

June 5, 2004

Loretta M. Lynch, Commissioner
Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA. 94102

Dear Commissioner Lynch

Last month Ana Montes from Latino Issues Forum and I met with your chief of staff to discuss the terrible public policy ruling limiting public Boards such as the Universal Lifeline Telephone Marketing-AC to one meeting per year (copy of Department of Finance directive, 03-02 enclosed).

The savings realized by a cutback in meetings will be eroded by the inefficiencies and mistakes made in the absence of input and advice we would provide to the Telecommunications Division and the PUC as outlined in our charter, 2.1 "...advise the Commission regarding development, implementation, and administration of the Universal Lifeline Telephone Service Trust (ULTS) program to ensure lifeline telephone service is available to people of the state..." The composition of our board is a diverse representative group not found in the PUC staff (community based organizations, consumer groups, carriers). The perspectives, experiences and skills add value, depth and quality to the advice we provide to the PUC as required by our charter.

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Chairman, ULTS-AC
4977 Kensington Drive
San Diego, CA. 92116
(619) 282-0217
mateorc1@cox.net

June 5, 2004

Susan Kennedy, Commissioner
Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA. 94102

Dear Commissioner Kennedy:

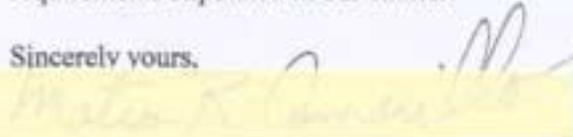
I hope to see you at the CENIC Voice over IP & Universal Service Solutions Summit.

I need to write you a note regarding the terrible public policy ruling before that meeting, the policy limiting public Boards such as the Universal Lifeline Telephone Marketing-AC to one meeting per year (copy of Department of Finance directive, 03-02 enclosed).

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4977 Kensington Drive
San Diego, CA. 92116
(619) 282-0217
mateorc1@cox.net

June 5, 2004

Carl Wood, Commissioner
Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA. 94102

Dear Commissioner Wood

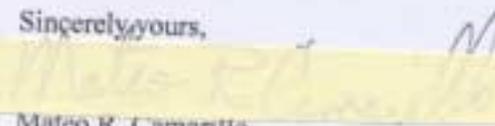
It was a pleasure talking with you at the Greenlining Annual Economic Summit.

You asked me to write you a note as a reminder regarding the terrible public policy ruling limiting public Boards such as the Universal Lifeline Telephone Marketing-AC Board to one meeting per year (copy of Department of Finance directive, 03-02 enclosed).

The savings realized by a cutback in meetings will be eroded by the inefficiencies and mistakes made in the absence of input and advice we would provide to the Telecommunications Division and the PUC as outlined in our charter, 2.1 "...advise the Commission regarding development, implementation, and administration of the Universal Lifeline Telephone Service Trust (ULTS) program to ensure lifeline telephone service is available to people of the state...." The composition of our board is composed of diverse representative not found in the PUC staff (community based organizations, consumer groups, carriers). The perspectives, experiences and skills add value, depth and quality to the advice we provide to the PUC as required by our charter.

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mateorel@cox.net

June 5, 2004

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Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA. 94102

Dear Commissioner Brown;

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Sincerely yours,


Mateo R. Camarillo
Chairman, ULTS-AC
4977 Kensington Drive
San Diego, CA. 92116
(619) 282-0217
mateorc1@cox.net

DRAFT
Prepared by Judy Cooper

**ANNUAL REPORT OF THE UNIVERSAL LIFELINE TELEPHONE SERVICE TRUST
ADMINISTRATIVE COMMITTEE (ULTS)**

FOR THE PERIOD JULY 1, 2003 THROUGH JUNE 30, 2004

**Submitted by: Mateo Camarillo, Chairman ULTS-AC
Marlene Hebert, ULTS-AC Member**

UNIVERSAL LIFELINE TELEPHONE SERVICE TRUST – ADMINISTRATIVE COMMITTEE

Pursuant to PUCode 277(a) the ULTS-AC was established to serve as an advisory committee to the California Public Utilities Commission (CPUC). The role of the ULTS-AC is to advise the CPUC regarding the development, implementation and administration of the Universal Lifeline Telephone Service Trust (ULTS) program to ensure lifeline telephone service is available to the people of the State as provided by Assembly Bill 1348 (AB 1348)

The Moore Universal Telephone Service Act. AB 1348 was to ensure the availability of affordable basic local telephone service to all qualifying low-income households in California. This bill became law in September 1983 and is known as Article 8. Universal Telephone Service, Public Utilities Code Section 871. The ULTS-AC carries out the program under the CPUCs direction, control and approval.

The ULTS program provides subsidized basic telephone service to qualifying residential subscribers. Under the ULTS program, a ULTS customer may select any carrier from those that provide residential local exchange service in the customers area. The ULTS program is funded by a surcharge, as determined by the CPUC, on the end of the user's bill for intrastate telecommunications services. There are approximately 3.0 million subscribers who receive subsidized telephone service through their local telephone service provider. These customers pay half the cost of basic telephone service.

ULTS Marketing Board (ULTSMB)

Pursuant to Decision 96-10-066 the ULTSMB was established as the entity responsible for developing designing and implementing a competitively neutral marketing strategy for the ULTS program. The intent of the Decision was to provide basic telephone service to all qualifying low income households. The ULTSMB was to assist the CPUCs goal of attaining 95 percent subscribership amongst all eligible customers in California.

The annual budget was limited to \$5 million and the CPUC directed the ULTSMB to devote 80 percent of its marketing budget to campaigns designed to bring basic telephone service to qualifying households without telephone service. The remaining marketing budget of 20% was to be used to close the gap between the total number of households with telephone service who qualify for the ULTS program and the number of those households that actually use the program.

The ULTSMB contracted with a marketing firm to establish an outreach campaign that would educate customers and promote awareness of the ULTS program to low-income households and increase the number of subscribers in the program. In November 1999 phase one of the campaign started and was known as "Connect California". A public advertisement phase

commenced in April 2000 and was completed in October 2000. During that time a ULTS call center was established to help facilitate customer access to a local telephone service provider of the customers choice in order to establish service. The call center was staffed by telephone representatives who assisted customers with any questions relating to the ULTS program. Additionally, representatives were available for the non-English speaking customers identified as part of the target audience.

Senate Bill 669 (SB 669) implemented changes to the ULTSMB relative to the program administration of the ULTS. Under SB 669, the existing ULTSMB was disbanded and the new ULTS-AC board was created. This bill required that the administrative responsibilities for the ULTS program become the responsibility of the CPUC. Oversight of the ULTS program was assigned to the CPUCs Telecommunications Division (TD).

ULTS-AC

By Commission Decision 02-04-059 the restructuring of the ULTS program was completed and the establishment of the new ULTS-AC commenced effective February 1, 2003. As stated above, the CPUCs TD is the program administrator overseeing the ULTS contract administration and marketing activities with input from the ULTS-AC in its new advisory capacity.

During this transition, the ULTS-AC continues to implement the Scope of Work, and the Goals and Objective of the ULTSMB Plan. Moreover, in November 2003, the ULTSAC made significant modifications to the original Plan which have carried over and have been implemented as part of the current ULTS marketing program administered by RHA and Associates with oversight by the TD. This Committee continues to advise TD on all aspects of the Plan, and suggest modifications when the need arises. The current composition of the ULTS-AC reflects a broad diverse group of individuals with representation from small and large local telephone companies, competitive local companies, consumer-based organization and consumer advocacy groups. The experience and knowledge that each member possesses has allowed the ULTS-AC to work diligently to develop a strong marketing plan and to achieve our goals of reaching 95% subscribership among all eligible consumer in California.

The ULTS-AC continues to ensure that the ULTS program targets all eligible low-income segments of the population of California including, but not limited to African American, Cambodian, Chinese, Filipino, Hispanic, Hmong, Korean, Laotian, Vietnamese, Native Americans, Seniors, social agency and welfare recipients. To achieve this, it is imperative that TD working with RHA and Associates continues to:

- Track and report month to TD and ULTS-AC
- Track enrollment data
- Verification of households who qualify for ULTS, but may not be subscribed for ULTS

- Identify target groups that have low-penetration rates
- Identify target audience reached/successful outreach efforts
- Monitor education and outreach message dissemination to ensure that the campaign is effective in getting the messages to the audience
- Provide cost analysis relating to media buys and outreach methods overall by target group per capita
- Report and monitor Call Center activities
- Coordinate with telephone service carriers to include enrollment by zip code or other geographic areas and by other demographic elements if available
- Track telephone service carrier re-certification process to ensure target audience and subscribership does not decline
- Continue to modify and update all education and outreach material in language specific form with correct and consistent information
- Monitor timeline and activities of CBOs
- Ensure that objectives and implementation methods are effective and feasible
- Identify any problems with the marketing campaign and make recommendations to as expeditiously as possible

ULTS-AC Goals and Objectives for Remainder of 2004:

- Continue Review/evaluate ULTSMB Plan Adopted in 2001, with modification in 2003
- Meet regularly under the Provisions of Bagley-Keene Open Public Meeting Act
- Follow procedures mandated by Charter
- Provide recommendations/changes to ULTS Marketing Plan when necessary and feasible
- R.03-04-003 – Broadband – ULTS-AC files Comments 6/03
- ULTS to provide recommendations to TD on R.03-04-003
- Monitor/evaluate CBO education and outreach. Identify any targeted audience changes
- Closely monitor CPUCs Conflict of Interest Concerns Relative to the impact on ULTS-AC members
- Review/monitor ULTS-AC Budget
- Discuss/access Senate & Assembly Bills
- Continual interaction with ULTS Program Contractor, RHA and Associates
- Monitor legislative activities that may impact ULTS or consumers in California
- Submit yearly ULTS budget for review/approval by Commission resolution
- Continue to discuss the importance to resolve the Conflict of Interest Issues

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



May 28, 2004

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
Proposed Program Expenditures for FY 2005-06

Pursuant to the duties and responsibilities charged under Article 4.1.(a) of the Charter of the ULTS Trust Administrative Committee (AC), the ULTS-AC proposes a \$264.904 million program expenditure budget for Fiscal Year (FY) 2005-06 attached as Appendix A. In developing this budget, we have considered the following:

- FY 2005-06 ULTS claims projected by the telecommunications carriers;
- The 03PS5427 marketing contract;
- A new Call Center contract;
- Audit requirements set forth in Public Utilities Code § 274;
- Committee meeting expenses for 12 monthly and 6 sub-committee meetings;
- A new service contract for the process of surcharge revenues remitted by telecommunications carriers;
- Commission staff costs for administering the ULTS program;
- The program's pro-rata share of state control agencies cost; and
- Data processing costs.

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/ Mateo Camarillo, Chair

/s/ Mike Gipson, Vice-Chair

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

Universal Lifeline Telephone Service Trust Administrative Committee (May 28, 2004)

Universal Lifeline Telephone Service Trust Administrative Committee Fund Budgets

	Reported to State Controller's Office	Appropriated in the Annual Budget Act	Approved by Commission in Resolution T- 16795	Proposed by ULTS-AC
PROGRAM EXPENSES	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>
a Carrier Claims	\$215,045,374	\$230,000,000	\$242,000,000	\$255,000,000
b Other Program Services-Marketing/Call Center	\$5,449,141	\$5,694,000	\$5,758,000	\$6,000,000
c Other Program Payments		\$6,000,000		
d Administrative Committee Expenses	\$11,524	\$21,000	\$21,000	\$21,000
e Financial Audit		\$100,000	\$100,000	\$100,000
f Compliance Audit		\$500,000	\$500,000	\$500,000
g Surcharge Remittance Audit	\$100,000	\$600,000	\$600,000	\$600,000
h Claim Audit	\$100,000	\$900,000	\$900,000	\$900,000
i Banking Fee	\$100,000	\$0	\$0	\$25,000
j Interagency Cost		\$839,000	\$1,378,000	\$1,378,000
k CPUC Staff Costs	\$366,383	\$330,000	\$330,000	\$330,000
l Other Operating Expenses	<u>\$81,859</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>
m Total Program Expenses (sum of a thru l)	<u>\$221,254,281</u>	<u>\$245,034,000</u>	<u>\$251,637,000</u>	<u>\$264,904,000</u>
	Annual Budget Growth:	10.75%	2.69%	5.27%
	# of ULTS subscribers:	3,370,943	3,343,470	
		(2002	(2003	
	Monthly Average)	Monthly Average)		