

November 24, 2025

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CALIFORNIA HIGH-COST FUND-B PROGRAM ANNUAL REPORT FOR FISCAL YEAR 2024-25

This California High-Cost Fund-B (CHCF-B) Annual Report for Fiscal Year (FY) 2024-25 is submitted to the California Public Utilities Commission (Commission) by the CHCF-B Administrative Committee (CHCF-B AC) in compliance with California Public Utilities Code Section 273(b).

INTRODUCTION

The CHCF-B provides subsidies to carriers of last resort (COLRs) for providing basic local telephone service to residential customers in high-cost areas that are currently served by AT&T California and Frontier Communications of California. The purpose of the subsidies is to keep basic telephone service affordable and to meet the Commission's universal service goal. The Commission adopted provisions to implement updated methodologies to calculate cost support amounts in decision (D.) 14-06-008 and determined that high-cost areas of California are those in which the cost to provide residential basic telephone service is \$36 or more per telephone line.

The CHCF-B AC's purpose is to function as an advisory board to advise the Commission regarding the development, implementation, and administration of the CHCF-B program pursuant to the Public Utilities Code Section 276. The Committee discussed the program budget and Committee charter issues related to Committee membership and the frequency of Committee meetings.

CHCF-B FUND BALANCE

Due to the CHCF-B program appropriation balance continues to be sufficient to meet carriers' claims, the CHCF-B program surcharge rate has been maintained at 0.00% since 2014. The total budget appropriation for fiscal year 2024-25 was \$22.431 million. The CHCF-B cash balance as of June 30, 2025, is \$86 million.

CHCF-B FUND LOANS

Loans totaling \$84 million, with interest, to other public purpose programs were repaid in January 2024.

CARRIER CLAIM PAYMENTS

Carrier claim payments (Local Assistance) were \$5,535,000 in FY 2024-25. Total program appropriation for FY 2024-2025 is \$22,431,000 as summarized in the table below.

California High Cost Fund-B (\$ in thousands)								
	FY 2022-2023		FY 2023-24		FY 2024-25		FY 2025-26	FY 2026-27
Expense Items	Appropriation, as adjusted, in Enacted Budget ¹	Actuals ²	Appropriation, as adjusted, in Enacted Budget ²	Actuals ³	Appropriation, as adjusted, in Enacted Budget ³	Forecasted (Actuals Annualized) ⁴	Proposed ³	Proposed
State Operations	\$ 1,656	\$ 511	\$ 1,669	\$ 511	\$ 1,669	\$ 440	\$ 1,675	\$ 1,675
Local Assistance	\$ 10,389	\$ 7,365	\$ 12,000	\$ 6,759	\$ 20,777	\$ 5,535	\$ 20,777	\$ 20,777
TOTALS	\$ 12,045	\$ 7,876	\$ 13,669	\$ 7,270	\$ 22,446	\$ 5,976	\$ 22,452	\$ 22,452
<u>Reference</u>								
1. https://ebudget.ca.gov/2023-24/pdf/Enacted/GovernorsBudget/8000/8660RWA.pdf								
2. https://ebudget.ca.gov/2024-25/pdf/Enacted/GovernorsBudget/8000/8660RWA.pdf								
3. https://ebudget.ca.gov/2025-26/pdf/GovernorsBudget/8000/8660RWA.pdf								
4. State Operations determined by annualizing year-to-date May 2025 actual expenditures. Local Assistance determined is approved CHCF-B funding amounts for 2024 and 2025.								

SUPPORTED LINES

Total supported lines as of December 31, 2024, were 38,887 in California. The number of total supported lines continues to decrease as demand for landline subscriptions continues to decline from its peak in 2000. The number of supported lines as of December 2024 has declined 51% compared to the number in 2020. The recent trend is shown below:

Supported Lines	Supported Lines	Supported Lines	Supported Lines	Supported Lines
31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24
74,897	66,638	57,271	48,057	38,887

ATTACHMENTS

Finally, this report includes the CHCF-B AC approved meeting minutes held:

December 18, 2024
 April 9, 2025
 May 28, 2025

Sincerely,

Jenny M. Smith
Chairperson
CHCF-B-Administrative Committee
Frontier Communications

cc: Alice Busching Reynolds, President
Darcie Houck, Commissioner
John Reynolds, Commissioner
Karen Douglas, Commissioner
Matthew Baker, Commissioner
Mark Berry, CHCF-B Administrative Committee
Bixia Ye, CHCF-B Administrative Committee
Sindy Yun, Legal Division
Lalaine Semana, Administrative Services Division
Risa Hernandez, Communications Division
Dorris Chow, Communications Division
Lam, Sandy, Communications Division

Attachments

California High-Cost Fund-B Administrative Committee
Draft Meeting Minutes for Wednesday, December 18, 2024, at 12:15 PM

Venues:

The California Legislature passed [Senate Bill 544](#), allowing meetings to proceed via remote teleconference without any member attending from the primary physical meeting location.

The public can attend the public meeting at:

California Public Utilities Commission
505 Van Ness Avenue
Room 3204
San Francisco, CA 94102

The public is also invited to call in and provide public comments during the meeting.

Telephone Conference Phone Bridge:

Phone Bridge: 415-655-0002

Participant/Access Code: 2485 077 6265

Attendees:

Present - Primary Members

- Jenny Smith - Frontier Communications
- Bixia Ye – CPUC Public Advocates Office
- Mark Berry – AT&T

Present – Others

- Dorris Chow, CPUC – Communications Division
- Tayyeb Malik, CPUC - Fiscal Office – Accounting
- Danny Tse, CPUC - Communications Division
- Sindy Yun CPUC - Legal Division

Minutes:

1. Introductions –

2. Announcements

Danny Tse announced that the meeting will be recorded.

3. Public Comments

None

4. Review and Approval of May 31, 2024, Meeting Minutes

No comments were made regarding the May 31, 2024, meeting minutes. Ms. Jenny Smith asked if any committee member wants to make a motion to approve the meeting minutes; Mr. Mark Berry motioned to approve the minutes. Bixia Ye seconded the motion to approve the meeting minutes. May 31, 2024, CHCF-B Administrative Committee meeting minutes is approved.

5. Review and Approval of 2024 CHCF-B Annual Report

Ms. Jenny Smith has drafted CHCF-B Annual Report available for review, but was sent out to the other members shortly before the meeting. Other committee members have until 12/20/2024 to revise the draft report. Danny Tse will finalize all of the revisions and forward the finalized CHCF-B Annual Report to Ms. Smith for submission to the CPUC Commissioners.

6. Liaison Staff Reports:

a. Fiscal Report

Mr. Tayyeb Malik presented the quarterly financial report as of October 31, 2024.

a. Legal Report

Ms. Cindy Yun has no new report concerning the CHCF-B program.

b. Communications Division

Ms. Dorris Chow discussed and explained surcharge proceeding R.21-03-002, which adopted a new surcharge mechanism to fund all public purpose programs, based on the number of active access lines a carrier has. The ALJ will issue a scoping memo to address Phase 2 issues.

In addition, Ms. Chow discussed COLR OIR (R.)24-06-012 to consider change to the Carrier of Last Resort rule. The previous COLR rule was adopted with D.96-10-006. The ALJ will issue a scoping memo.

7. Upcoming agenda items

- Standard agenda items

8. Date and time for next meeting

The next meeting will be held via Webex on Wednesday, February 12, 2025 at 10:30AM.

9. Adjournment

The meeting was adjourned at 1:08 pm.

California High-Cost Fund-B Administrative Committee Meeting Minutes
Wednesday, April 9, 2025, 10:30 AM

Attendees:

Committee Members

- Jenny Smith, Frontier (Chair)
- Mark Berry, AT&T (Vice Chair)
- Bixia Ye, Cal Advocates Office
- Chrystian Villareal, Cal Advocates Office (Alternate)

CPUC

- Hannah Steiner, Communications Division
- Sandy Lam, Communications Division
- Sindy Yun, Legal Division
- Lalaine Semana, Fiscal Office

Agenda:

1. Introduction – Jenny Smith, Chair

Jenny Smith observed that a quorum was present and called the meeting to order at 10:34 AM.

Attendees introduced themselves. Bixia Ye introduced Chrystian Villareal as the alternate for Cal Advocates

2. Announcements

None.

3. Public Comment

None.

4. Review and approve December 18, 2024 Meeting Minutes

No revisions were proposed. Bixia Ye motioned to approve and adopt the minutes. Mark Berry seconded the motion. The committee voted unanimously to approve the December 18, 2024 minutes. The minutes will be posted on the CHCF-B AC webpage.

5. Liaison Staff Reports

a. Fiscal Report – Lalaine Semana

Lalaine Semana presented the Fiscal Report for the CHCF-B Fund as of February 28, 2025.

b. Legal Report – Sindy Yun

No updates.

c. Communications Division – Hannah Steiner

Hannah Steiner stated that Resolution T-17818 (changing surcharge flat rate from \$1.11 to \$0.90) was adopted. The 0% allocation amount for the CHCF-B fund has not changed.

6. Discussion and review CHCF-B AC charter for possible revisions, including the number of meetings for each year

The committee discussed revising the Charter from having quarterly meetings to biannual meetings. Sindy Yun provided background on the Resolution process if the Committee advises CD to revise the Charter. Mark Berry stated he is okay with quarterly meetings. Jenny Smith agreed. CD agreed to continue facilitating quarterly meetings per the Charter at the Committee's request.

7. Authorization of Ms. Jenny Smith to prepare, finalize and submit the Annual Report on behalf of the committee.

Jenny Smith will prepare the Annual Report, which will be voted on and approved at a future meeting. The Annual Report must be submitted at the beginning of the 4th quarter.

8. Proposed AC Meeting dates and time for the rest of the year

Hannah Steiner proposed for the Committee to meet before June 1 to vote on the CHCF-B Budget Proposal. The Committee decided the next meeting will be May 29, 2025 at 10:00 AM, and will decide on future meeting dates at that meeting.

9. New agenda items for next AC meeting

- FY 26-27 CHCF-B Budget Proposal

Bixia Ye requested for CD to update the CHCF-B AC website. CD will begin updating the website in the upcoming months.

Jenny Smith provided information on the Frontier/Verizon merger. Frontier will continue as Frontier for the remainder of the year but could change names next year. The merger may not be approved until the end of the year. Frontier/Verizon is still the same LEC, not a new LEC

10. Next meeting: Wednesday May 28, 2025, 10:00 AM

Meeting adjourned at 11:03 AM.

**California High-Cost Fund-B Administrative Committee
Draft Meeting Minutes for Wednesday, May 28, 2025, 10:00 AM**

Attendees:

Committee Members

- Jenny Smith, Frontier (Chair)
- Mark Berry, AT&T (Vice Chair)
- Bixia Ye, Cal Advocates Office
- Chrystian Villareal, Cal Advocates Office (Alternate)

CPUC

- Hannah Steiner, Communications Division
- Sandy Lam, Communications Division
- Saraf Tarannum, Communications Division
- Sindy Yun, Legal Division
- Lalaine Semana, Fiscal Office

Agenda:

1. Introduction – Jenny Smith, Chair

Jenny Smith observed that a quorum was present and called the meeting to order at 10:03 AM.

Communications Division introduced Saraf Taranum who will be assisting with liaison duties.

2. Announcements

None.

3. Public Comment

None.

4. Review and approve of April 9, 2025 Meeting Minutes

No revisions were proposed. Mark Berry moved to approve and adopt the minutes. Bixia Ye seconded the motion. The committee voted unanimously to approve the April 9, 2025 minutes. The minutes will be posted on the CHCF-B AC webpage.

5. FY 26-27 Budget Proposal

Communications Division presented the FY 26-27 Budget Proposal.

Bixia Ye moved to approve the FY 26-27 Budget Proposal. Mark Berry seconded the motion.

The FY 26-27 Budget Proposal was approved.

6. Liaison Staff Reports

a. Fiscal Report – Lalaine Semana

Lalaine Semana presented the Fiscal Report for the CHCF-B Fund as of April 30, 2025.

Jenny Smith inquired about the regulatory fee revenue shown on the report. Lalaine Semana explained that the revenue collected is from citations issued in prior years and distributed per the percentage allocated to the Public Purpose Programs.

b. Legal Report – Cindy Yun

No updates.

c. Communications Division – Hannah Steiner

Hannah Steiner stated that the COLR Proceeding has an upcoming workshop and workshop videos are posted on the CPUC website.

7. Other administrative matters

a. Recruitment/nominations for alternate members

b. New chair elections

Sindy Yun provided background regarding the election of officers and the terms of office.

Bixia Ye nominated to re-elect Jenny Smith as Chair. Mark Berry seconded. Jenny Smith accepted the nomination, noting that as Verizon is acquiring Frontier, the Committee may need to elect another chair in the first quarter of next year. The Committee responded they had no objections to that.

Mark Berry nominated to re-elect himself as Vice Chair. Jenny Smith seconded.

8. New agenda items for next AC meeting

a. Standard items

b. Annual Report

Sindy Yun provided background on submitting the Annual Report to the CPUC. Committee can delegate an officer and prepare and submit the report.

Jenny Smith will prepare the Annual Report, which will be voted on and approved at a future meeting.

9. Proposed date and time for next meeting: Wednesday August 20, 2025 at 10:30 AM

Bixia Ye proposed to hold the next meeting at the beginning of September to allow additional preparation time for the Annual Report. CD will schedule the next meeting on September 4, 2025 at 10:00 AM or 10:30 AM depending on the conference rooms' availability.

Meeting adjourned at 10:29 AM.