R.13-01-010

CTF 2.0: Connecting California

Staff Proposal for the California Teleconnect Fund

Revised, May 2014

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May 2014

1. Executive Summary

The purpose of this Communications Division Staff Proposal is to recommend modifications to the California Teleconnect Fund (CTF) program rules. This process was initiated in response to the Order Instituting Rulemaking (OIR) issued in January 2013 to assess whether the significant California Teleconnect Fund (CTF or Fund) subsidies are achieving the Commission's universal service objectives in light of evolving technologies and markets, and whether there is a need for specific guidance on eligibility criteria for participants, service providers, and services.[1]

This Staff Proposal presents a range of recommendations based on an analysis of historical data, data request responses[2], party comments in this proceeding, and publicly available information on the advanced communications services marketplace. The Scoping Memo in this proceeding called for a workshop to take ideas from parties on how to modify the CTF program in the evolving telecommunications marketplace. The workshop was held on March 10, 2014 at the CPUC in San Francisco.

All staff recommendations are intended to support the Commission's decision making process. These recommendations do not represent the final decision of the Commission. Please see the Scoping Memo in Rulemaking (R.)13-01-010 for information about how and when to respond to this Staff Proposal with public comment. Staff anticipates and welcomes feedback and input from parties on the recommendations contained in this document. Staff has attempted to explain the underlying reasoning that led to the specific recommendations in the proposal in order to facilitate public input.

[1] Order Instituting Rulemaking 13-01-010, issued January 31, 2013 (OIR).

[2] Annual budget data requests and Communications Division's (CD's) 2013 CTF OIR data request.

Summary of Proposed Rules

In developing its proposed rules, staff was guided by the following key issues set out in the OIR:

(1) Are the significant CTF subsidies achieving the Commission's universal service objectives, in light of evolving technologies and markets?

(2) What specific guidance on eligibility criteria for participants will assist staff in carrying out the program's statutory intent?

(3) What services should be eligible and what should the rules and processes be for determining their eligibility?

(4) What specific guidance is needed for service provider eligibility?

(5) What measures may be utilized to ensure that ratepayers' money is spent prudently in fulfilling the CTF's goal of bring advanced communications services to all Californians?

In response to the issues stated in the OIR, staff's proposed rules are designed to:

- Restate universal service goals for CTF with more specificity in order for the Commission to assess the program's effectiveness in achieving its objectives,
- Support community-based organizations that provide high-speed internet access to their local communities, and target discounts to entities who have limited financial and technology resources and serve local communities with limited financial and technology resources.
- Support advanced services and eliminate CTF discounts for voice services, unless it is the only means of internet access,
- Allow local government and non-profits in underserved areas to be eligible CTF service providers, and require all service providers to adhere to consumer protection and safety rules, and
- Change the discount from 50% of service price to a fixed dollar amount.

2. Background

2.1 Current Policy and Program Design

Even before Congress established federal universal service policy within the Telecommunications Act of 1996, the California legislature recognized that the longstanding cornerstone of state and federal telecommunications policy is universal service, which requires that telephone service be affordable and ubiquitously available.[3] As part of that commitment, the legislature created the California Teleconnect Fund (CTF) program in statute in 1999, to advance universal telephone service by providing discounts to qualifying schools, libraries, hospitals, health clinics, and community organizations, later specifying that qualifying schools included K-12 and community colleges.[4]

The fund is supported by California telephone users, through an end-user surcharge on intrastate telecommunications services. Eligible organizations apply to the CPUC and present their approval letter to the telecommunications provider, who then submits a claim for reimbursement to the CPUC for the total amount discounted.

In 2006, the Commission opened a rulemaking to conduct a comprehensive review of its universal service public policy programs. That review resulted in Decision (D.)08-06-020, which expanded the category of schools eligible for the CTF discount to include California community colleges (CCC), while subjecting the total CTF discount for community colleges to an annual limit; added internet services to the types of eligible services; allowed certificated and registered carriers to offer internet service under the CTF program without those services being subject to state tariff requirements or Commission regulation; allowed internet service providers (ISPs) to partner with certificated and wireless carriers to provide internet services; added community-based organizations providing 2-1-1 Information and Referral Service to the types of eligible entities; made California Telehealth Network participants eligible for the program, individually or as a consortium.

[3] 1994 Cal ALS 278; 1994 Cal AB 3643; 1994 Cal Stats. ch. 278

[4] Cal Pub Util Code § 280. In 1996, the CPUC opened a proceeding to examine universal service, pursuant to AB 3643. That proceeding resulted in D.96-10-066, in which the Commission created the CTF program.

2.2 Program Participants and Discounts

Staff recognizes the importance of widespread internet access to California's economic development. The CTF is the largest universal service subsidy program that directly supports internet adoption.[5] Staff recognizes that high prices are a barrier to adoption and that higher income is associated with adoption.[6] A recent study posits that better internet service actually leads to income gains.[7]

The CTF provides a 50% discount, after any Federal applicable discounts, on telecommunications and internet services to institutions that play a pivotal role in our economy and society such as schools, libraries, government and hospital district-owned healthcare facilities, community colleges, and nonprofit community-based organizations (CBOs).[8] There are currently more than 9,000 participating entities in the CTF program, including almost 6,000 community-based organizations.

The CTF is a major element of the CPUC universal service program. In FY 2013-14, CTF's $92.4 million budget represented more than 16% of California's universal service budget.[9] The CTF is the second-largest universal service subsidy program, after Lifeline.

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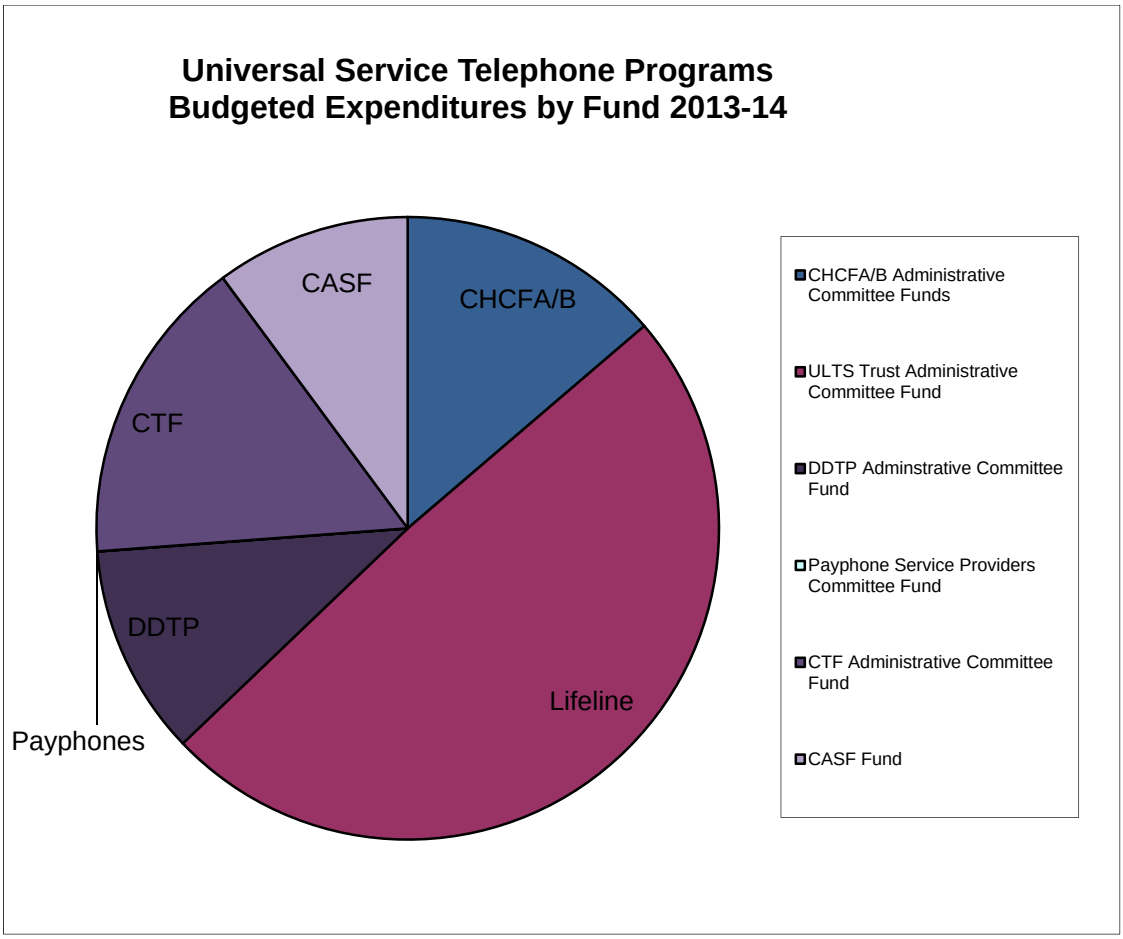
[5] *See* R.12-10-012. The California Advanced Services Fund (CASF) supports broadband networks and has limited funding for regional consortia that promote broadband adoption.

[6] "Broadband Adoption and Use in America: OBI Working Paper Series No.1," FCC Omnibus Broadband Initiative (OBI) Working Reports (http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-296442A1.pdf).

[7] "The greatest expected increase in income is for the transition from being without broadband to gaining 4 mbps." From "Measuring the Impact of Broadband on Income," Ericsson 2013, quoted in UN ITU 2013 Broadband Report , p.28.

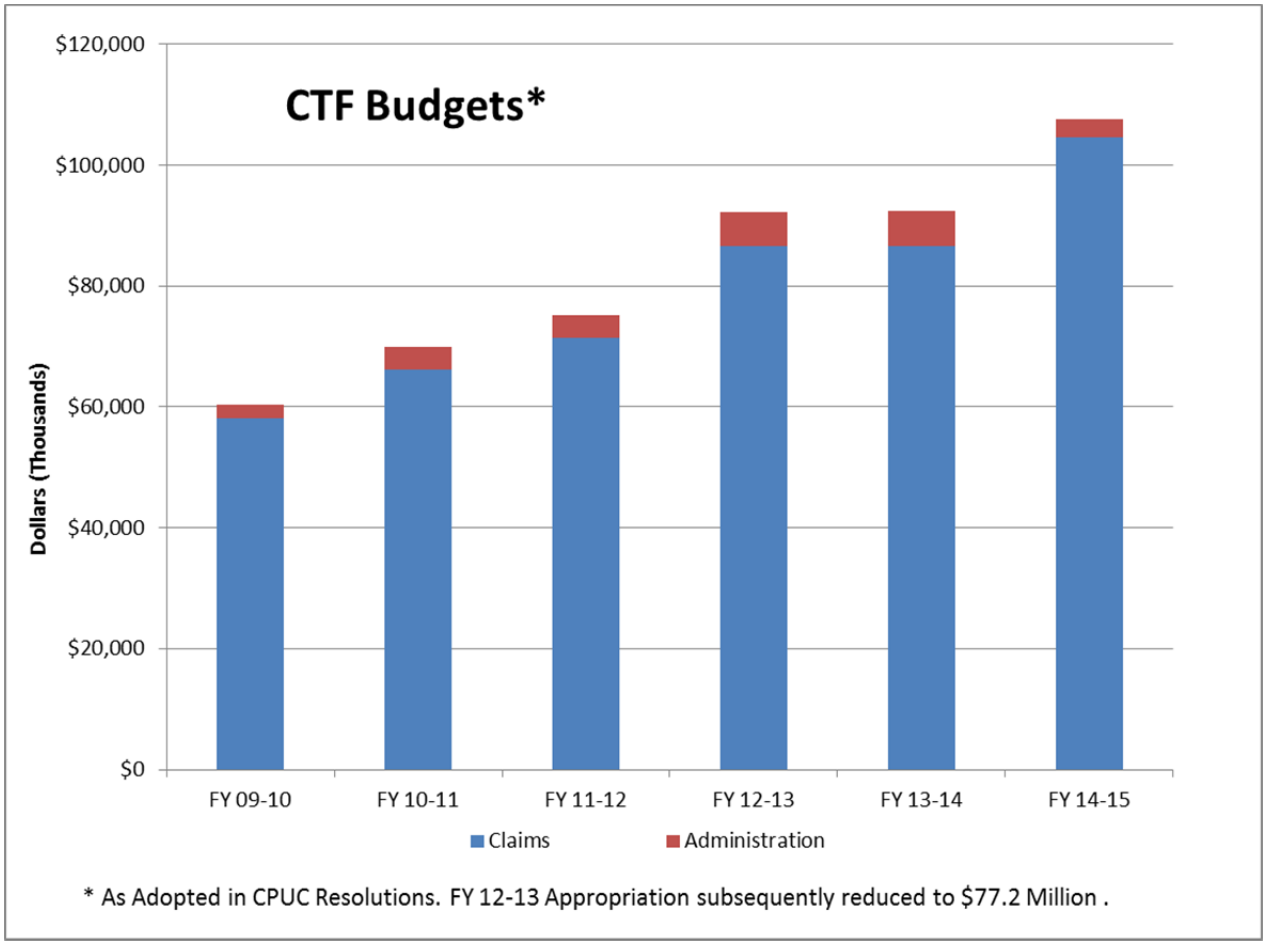
[8] "by providing qualifying schools, libraries, hospitals, health clinics, and CBOs with discounts, we will foster innovation in the use of advanced telecommunications services." D. 96-10-066, Rulemaking No. 95-01-020 (Filed January 24, 1995).

[9] California 2013 Budget Act (http://www.ebudget.ca.gov/).



Over the last five years, the CTF budget has grown from $60 million in FY 2009-10 to approximately $108 million in FY 2014-15. Budget drivers include new rules expanding the types of eligible participants, services, and service providers; outreach to CBOs; and a lack of price or quantity limitations on services. The vast majority of the program budget, more than 90%, is for carrier claims, with less than 10% for program administration.

The CTF is funded by a surcharge on intrastate telephone service, one of the six surcharges supporting California's public purpose telecommunications programs. Each surcharge rate is adjusted periodically based on forecasted expenses for that program. The CTF surcharge rate was increased from 0.079%, set on June 1, 2008, to the current rate 0.59%, set on December 1, 2012.



Staff analyzed historical and projected pattern of CTF discounts in Appendix A. Salient findings are:

- Growth in CBO participants and discounts outpaces that for all other entity groups.
- The top fifty community-based organization users in FY 2012-13 included individual affiliates of national nonprofit entities, such as Goodwill Industries, as well as standalone nonprofits. Health care community organizations were heavily represented among the top users.
- A comparison of the top service types used by the different entity groups in FY 2012-13 indicates that schools and community colleges were the biggest users of the highest-speed

data services, whereas community organizations lagged in their use of advanced services.

3. Proposed Rules

3.1 Goals

Issue: As raised in the OIR, a key issue is whether the significant California Teleconnect Fund subsidies are achieving the Commission's universal service objectives in light of evolving technologies and markets.[10] However, California's universal service goal is typically defined as telephone service to residential customers and has not been redefined in the context of the CTF program. [11]

To address this issue, staff proposes a set of program goals to narrowly focus subsidy payments to entities that further the universal service goal in areas where internet access is most needed. Current and proposed goals statements, along with the rationale for the proposed changes, are listed below.

Current statement of goals:

The CTF "will foster innovation in the use of advanced telecommunications services and will assist in ensuring affordable, widespread access to the telecommunications networks, and the resources tied to those networks. The California Teleconnect Fund also reduces the dichotomy between the information rich and the information poor.[12]

[10] California Public Utilities Commission, *Order Instituting Rulemaking to Conduct a Comprehensive Examination of the California Teleconnect Fund*, R. 13-01-010, issued January 31, 2013 (OIR), p.1.

[11] D.12-12-038, pp. 2-3.

[12] D.96-10-066, 1996 Cal. PUC LEXIS 1046, p.137.

Proposed restatement of goals:

The goal of the CTF program is 1) to bring every Californian access to advanced communications services in their local communities;[13] 2) to insure high-speed internet connectivity for community anchor institutions[14] at reasonable rates; and 3) to increase high-speed internet access penetration in communities with lower rates of internet adoption and greater financial need. [15]

Rationale:

The goals articulate the type of service and the type of access that the program aims to support, in order to give the CPUC and the people of California a means to evaluate whether the CTF subsidies are achieving the Commission's universal service objectives in light of evolving technologies and markets.

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[13]See BTOP Los Angeles Computer Access Network 'LACAN' (http://ita.lacity.org/stellent/groups/departments/@ita_contributor/documents/contributor_web_content/lacityp_026767.pdf). "The ITA was awarded $7.5 million to create 188 public computer centers throughout the City of Los Angeles' diverse neighborhoods at libraries, workforce training centers, youth and family centers, parks and recreation and community centers. The achieved results have been remarkable: 188 Public Computer Centers were upgraded with 3,418 new computers and 133 of these Centers with *faster and more reliable Broadband connections*. Over 75,000 weekly users benefit from the availability of this new equipment and broadband connection. Thousands of Angelenos are securing jobs and improving their quality of life from this project now and may continue for the upcoming years. They are realizing the benefits of the information age *including training and guidance*. For many citizens LACAN provides their only means of accessing broadband Internet services *within a short distance from their residence."* (emphasis added)

[14] The Commission has embraced the concept of anchor institutions in its universal service policy. See CPUC Comments on the Connect America Fund:" we want to emphasize the importance of deployment to anchor institutions in these remote areas. We voice strong support for projects that would connect schools, libraries, hospitals and clinics, government agencies etc. to robust, scalable broadband networks. Applicants should include in their application the number of such institutions physically located within the proposed census tracts/blocks that would be potential beneficiaries of the experiment." (emphasis added). COMMENTS OF THE CALIFORNIA PUBLIC UTILITIES COMMISSION AND THE PEOPLE OF THE STATE OF CALIFORNIA BEFORE THE FEDERAL COMMUNICATIONS COMMISSION WASHINGTON, D.C. 20554 In the Matter of Connect America Fund A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing a Unified Intercarrier Compensation Regime , Federal-State Joint Board on Universal Service, Lifeline and Link-Up , WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109, filed March 28, 2014. p.6.

[15] OIR at 7. "The Commission clearly contemplated that CBOs would provide internet access to their constituents when the Commission established the CTF in 1996."

3.2 Eligibility criteria for participants

Issues:

The first issue is, whether eligibility criteria should be modified to target entities whose mission supports the goals of the CTF, and, second, whether there is a need for specific guidance on eligibility criteria for participants,[16] such that Commission staff may effectively carry out the program's statutory intent.

Overly broad criteria may lead to the inefficient use of resources. For example, a lack of specificity in the application requirements can leave the basis for approval or rejection open to question by applicants and staff, thus draining limited resources. More importantly, the lack of specificity can result in entities receiving discounts whose participation may not achieve CTF goals or do so minimally.

Staff proposes rules to clarify and refine the eligibility criteria to be applied to current and future participants. These rules acknowledge that the CTF was created in recognition of eligible entities' economic and social impact,[17] and not as a budgetary safety net for the entities themselves. While CTF discounts do provide budget relief for eligible entities, they should be targeted only to entities that offer internet access or otherwise support bringing the benefits of advanced telecommunications services to all Californians. Staff proposes that the following entity types be eligible to participate:

- Pre- and K-12 schools
- Public community colleges

[16] OIR, p.6.

[17] In first ordering the CPUC to open a rulemaking to examine the definition of universal service, the legislature declared: (6) Because of their economic and social impact, education, health care, community, and government institutions must be positioned to be early recipients of the benefits of the information age. 1994 Cal Stats. ch. 278, Section 2(b)(6); "the policies for telecommunications in California are as follows:… (b) To focus efforts on providing educational institutions, health care institutions, community-based organizations, and governmental institutions with access to advanced telecommunications services in recognition of their economic and societal impact. Cal Pub Util Code s 709 (as amended in 2002);finally the legislature added another entity type to those that should be eligible for discounts: It is the intent of the Legislature that any program administered by the commission that addresses the inequality of access to high-speed broadband services by providing those services to schools and libraries at a discounted price, provide comparable discounts to a nonprofit community technology program. Cal Pub Util Code § 884(a)

- Public libraries
- Hospitals and clinics
- Community-based organizations that meet the proposed eligibility criteria
- Community technology programs

Current and proposed rules, along with the rationale for the proposed changes, are listed below.

3.2a Schools

Current Rule:

Qualifying public or nonprofit schools providing elementary or secondary education (K-12) which do not have endowments of more than $50 million are eligible for the CTF discount. The term "nonprofit schools" includes schools operated by a religious order that have been incorporated as a nonprofit Public Benefit Corporation or as a nonprofit Religious Corporation.[18]

Proposed Rule:

Since endowments are not always the most appropriate indicator of a school's need, staff proposes to eliminate the endowment cap for all schools, both public and private nonprofit. For nonprofit private schools, the endowment cap would be replaced with a Free Reduced Meal Program (FRMP) participation rate of at least 40%. All public schools would be categorically eligible, regardless of endowment or FRMP participation.

Rationale:

By instituting the FRMP participation level for private nonprofit schools, the program will target the subsidy to the entities in most financial need, in line with the proposed goals.

[18] D.96-10-066

3.2b Community colleges

Current Rule:

Community colleges are categorically eligible. Their discounts are subject to a cap that is adjusted annually.

Proposed rule:

No change.

Rationale:

Community colleges further the program's goals by offering local access at affordable rates.

3.2c Libraries

Current Rule:

Libraries which were eligible for participation in state-based plans for funds under Title III of the Library Services and Construction Act are eligible for the CTF discount.[19]

Proposed Rule:

No change.

Rationale:

Libraries further the program's goals of offering internet access to their communities. In a national survey, 56%, of California libraries reported that they were the only provider of free public internet access and free public computer access in their communities.[20]

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[19] D.96-10-066.

[20] 2011-2012 *Public Library Funding and Technology Access Survey : Survey Findings and Results*, published by the University of Maryland: Of 800 California libraries who responded to this question, 34.5% offered formal IT training classes, and 77.6% offered informal point-of-use assistance. Of 823 California libraries, more than 45% helped patrons complete online job applications. (See Figure 82: Public Library Outlets Formal or Informal Technology Training Availability, by State; and Figure 88: Job Seeking Services of the Public Library Outlets, by State.) Most strikingly, of 862 California libraries who responded to this question, 480, or 55.7%, reported they were the only provider of free public internet access and free public computer access in their communities. http://plinternetsurvey.org/sites/default/files/publications/2012_plftas.pdf.) "Public Libraries and Broadband," Information Policy and Access Center at the University of Maryland, College of Information Studies. http://plinternetsurvey.org/sites/default/files/publications/BroadbandBrief2012.pdf

California libraries provide a model of how a CTF beneficiary organization could provide meaningful internet access. Libraries try to provide individual staff assistance to computer center users, as well as more formal training programs in using the internet, whenever possible.

3.2d Hospitals and health clinics

Current Rules:

Hospitals and health clinics that are municipal and county government-owned and operated, and hospital district facilities are eligible. Also, all participants in the California Telehealth Network (CTN) funded by the pilot federal rural health care program,[21] qualify for the CTF discount on only CTF-eligible services related to the CTN.

Proposed Rule:

No change is proposed to the rule establishing eligibility for government-owned and operated hospitals and health clinics. Staff is proposing the inclusion of another group of hospitals, Critical Access Hospitals (CAHs). These are 32 hospitals designated as serving rural, high cost areas in California. CAHs receive a 101% Medicare reimbursement rate and must furnish 24 hour emergency services, 7 days a week.

For the participants in the CTN funded under the permanent federal rural health care program,[22] only the participants that are also CTF-approved participants are eligible for the CTF discount, subject to the resolution of claims administration issues associated with both the pilot and permanent programs operating concurrently.

[21] Decision 08-06-020,p.33.

[22] *Rural Health Care Support Mechanism*, FCC, WC Docket No. 02-60, REPORT AND ORDER, Rel. December 21, 2012, FCC 12-150

Rationale:

Including Critical Area Hospitals with government hospitals, clinics, hospital districts, and CTF-eligible CTN participants in the CTF program is in line with legislative intent to target the CTF discounts to hospitals and health clinics.[23]

3.2e Community-based organizations (CBOs)

Current Rule:

Tax exempt 501(c)(3) or 501(d) organizations offering health care, job training, job placement, 2-1-1 referral and information services, educational instruction, or a community technology program providing access to and training in the internet and other technologies, are eligible for the CTF discount.

A CBO's administrative office locations are not eligible, if they do not also provide any of the qualifying services stated above.

Proposed Rules:

In order to be eligible for a CTF discount, a community-based organization must offer one or more of the qualifying services as its primary mission.

A "community-based organization" is a small, nongovernmental, California nonprofit corporation which itself directly serves individuals and families, and which offers services to anyone who needs it without charge or at a minimal fee. The organization must offer services within a local geographic area in California and have a governing body drawn from the community it serves.

To qualify, each CBO must have the required attributes:

- Revenues less than $5 million, except for 2-1-1 CBOs.
- Qualifying service(s) must be 50% or more of a CBO's mission.
- IRS 501(c)(3) tax exempt letter.

[23] Cal.Pub.Util.Code s 280.

- IRS Form 990 or other financial statements and attestation, if they do not have a Form 990 or if the Form 990 is inadequate.
- Provides its community access to the internet – except optional for health care or 2-1-1 CBOs.
- Provides services directly to individuals at specific geographic location(s).
- Serves a community located within a zip code with a household internet adoption rate of less than 72%.[24]
- Serves a community that is low-income, that is, within a zip code with a median income of less than 150% of the federal poverty level.
- A majority of members of the Board of Directors are members of the community the organization serves.

Additional requirements for specific types of CBOs are:

- Health care CBOs must be staffed by licensed medical personnel;
- Health care CBOs must accept Medicare and MediCal or provide services without charge or at a minimal fee;
- Qualifying educational instruction is limited to early childhood education, academic curriculum similar to that offered in K-12 public schools, or internet training;
- Religious entities applying as CBOs must provide qualifying services through a separate legal entity that files a federal income tax return; and
- 2-1-1 CBOs must continue to be approved by CPUC Resolution in order to be eligible for CTF discounts.

Rationale:

The recommended rules provide clear guideposts that will give staff the guidance needed to achieve the proposed program goals. Mandating a clear and significant connection between a CBO's qualifying services and its overall mission ensures that the

[24] Internet adoption rate to be determined based on Communications Division mapping data, which relies in part on FCC Form 477 data.

program reaches its intended recipients and is in accordance with PU Code Section 280, which established the CTF.

Comments from the parties support this approach. For example, ORA recognizes that more specificity is needed for determining qualifying educational instruction, stating that the Commission should: "support only entities that directly interact with and provide specific benefits to information-poor communities to improve public internet access, education, or medical care; that provide direct community communications technology programs, information access, and training; and that make the funded internet service publicly available; fund only educational services that involve significant training of members of the public in internet-related skills, as well as student services, library internet access, and rural and low-income urban telehealth programs."[25]

Requiring CBOs to provide internet access to their local communities in zip codes where household internet adoption is less than 72% ensures that the beneficiaries of CTF discounts will be Californians who are more in need of advanced communications services, consistent with proposed goals.

In comments at the workshop, concerns were raised about how adoption, income and location would be defined, and what benchmarks would be used for measurement. Using the adoption levels of the community served by the CBO identifies those members of society most in need of the CTF. CBOs serving communities in zip codes with adoption levels of less than 72% would be eligible. This benchmark is derived from the median adoption level by zip code statewide. The zip code was chosen as a geographical definition because it is widely understood and can be easily located on a map. Requiring zip codes will also assist in identifying the community served by the CBO.

Current Rule:

The maximum annual revenues a CBO may have in order to be eligible is $50 million.

[25] ORA Comments on Goals.

Proposed Rule:

The maximum annual revenues a CBO may have in order to be eligible is $5 million. 2-1-1 Referral and Information Service providers approved by CPUC Resolution are exempt from the maximum annual revenue requirement.

Rationale:

This rule is consistent with the definition of a community-based organization as a "small" organization. In addition, the discounts should be targeted to those in most financial need. Based on an analysis of a sample of 2200 approved applications, staff estimates that the Commission could limit the discounts to smaller entities with less than $5 million in revenues and still reach close to half of the approved CBOs.

TURN supports this concept, commenting: "Most small CBOs, as TURN has defined them above, have revenues no-where near this amount. While revenue data on small nonprofits has been challenging to find in time for this filing, a surrogate is to examine expenses. 'Over 66 percent of all potential CTF-eligible nonprofits in California report expenses of less than $500,000, whereas the majority of CTF participants report expenses in the $1 million to $5 million range.' Using the aforementioned large nonprofits above, for example, United Way of the Bay Area had 2011 expenses of approximately $34 million; Goodwill Industries of SF, San Mateo and Marin had 2011 expenses of approximately $36 million. Thus, better targeting of small CBOs will result in a broader diffusion of CTF subsidies and improved access for target populations."[26]

TURN further comments that the Commission should target CBOs that provide access to computers, including instruction or labs, to individuals from lower socioeconomic and disenfranchised communities; and that have relatively small budgets.[27] They further comment: "many CBOs are so small that all they can afford is to give clients use of a computer--for those who have no access at home (or may even have no home), a few hours access can facilitate the search for jobs, housing, food and medical care, and

[26] TURN opening comments on OIR.

[27] TURN opening comments on OIR.

these individuals are often the proverbial 'information poor,' the exact targets for whom the CTF was created."[28]

Verizon also agrees, recommending that the CPUC help only CBO's that need help and lower the revenue threshold to "a fraction of $50 million."[29]

3.3 Eligibility Criteria for Services

Issue:

Rapid technological advances have resulted in a continuing introduction of new, complex telecommunication and internet access services, which often bundle CTF-eligible services with non-CTF-eligible services. Current rules require staff to determine on a case by case basis if a service or a component of a service is eligible for the CTF discount based on whether the service or one of its components is functionally equivalent to the list of services established by the Commission many years ago. The combination of these two factors creates significant challenges for staff. Hence, a key issue is what should be the rules or processes for determining service eligibility.

Current and proposed rules, along with the rationale for the proposed changes, are listed below.

Current Rules:

The following technologies that could be used to connect customers to the internet are eligible to be subsidized:

- Measured Business Service Lines;
- Switched 56 Lines;
- Integrated Service Digital Network (ISDN);
- T-1, DS-3 up to and including OC-192 services;

[28] TURN reply comments on OIR.

[29] Verizon comments on OIR.

- Internet access[30];
- Multi-Protocol Label Switching (MPLS);[31] and
- The functional equivalents of the services named above.

New service eligibility is evaluated on a case by case basis.

Only the CTF-eligible component of bundled services qualifies for the CTF discount.

Proposed Rules:

Staff proposes that CTF adopt the Universal Services Administrative Company's (USAC's) services eligibility list for the Federal E-Rate program for all entity types. Staff would update the list annually.

CTF subsidies would apply only to certain services listed under Digital Transmission Service, Internet Access and Wireless Internet Access. CTF subsidies would no longer be applied to voice service, including interconnected VoIP service, unless it is the only vehicle for internet access in a geographic area, determined on a case by case basis. See Appendix B for the list of eligible CTF services.

To improve the service eligibility evaluation process, staff recommends that carriers annually submit documentation showing that their CTF claimed services were approved by the Federal E-rate program. All supporting documents must be submitted to the CPUC for approval prior to provisioning of CTF discounts. Staff seeks in comments examples of E-rate documentation that clearly demonstrate E-rate approval of specific services.

Additionally, to ensure compliance with CTF service eligibility and discount calculations, staff will also conduct in-depth "spot checks" that will sample claims for a more detailed review and analysis.

[30] This includes wireless data plans and laptop cards. Wireless voice service is not included.

[31] MPLS is eligible when used in conjunction with another CTF-eligible service.

Staff seeks input in comments on the potential impact to the CTF fund if we adopt USAC's service eligibility list. Parties should indicate the specific services and their dollar impact on the fund. Would adopting the list simplify the process of determining service eligibility? What are other alternatives?

Rationale:

Focusing on internet access, rather than on voice service, furthers the goal of bringing every Californian access to advanced communications services in their local communities.

By adopting portions of the Universal Service Administrative Company's E-Rate eligible services list, determining service eligibility would be simplified. FCC supporting documents showing service eligibility approval would also reduce the administrative burden on staff and fast track the processing of CTF claims. In-depth spot checks would ensure that CTF discounts are properly calculated and CTF funds are not spent on ineligible services.

AT&T objected to the inclusion of dark fiber service as a supported technology.[32] Nevertheless, dark fiber service provides a readily available and cost-effective way to extend internet access in some areas, in line with program goals.[33] It is thus an important component of the array of service options that are available to help reach program goals.

3.4 Eligibility criteria for service providers

Issue:

The OIR asks whether there is a need for specific guidance on the eligibility criteria for service providers and whether the exclusion of service providers not subject to the Commission's regulatory authority results in sub-optimal choices and distributions of

[32] AT&T Opening Comments on OIR, pp.4-5.

[33] The Commission recently recognized transport as a telecommunications service. *See* D.13-12-050.

subsidies.[34] The Scoping Memo asks whether current consumer protection rules are adequate and whether new measures are necessary.[35]

In response, staff proposes 1) new rules to establish quality, affordability, safety, and reliability conditions for service providers who receive compensation from the CTF program and 2) expanding eligibility to new providers in underserved areas. Current and proposed rules, along with the rationale for the proposed changes, are listed below.

Current Rules:

Only CPCN holders or wireless registration holders may make claims for compensation from the CTF. CPCN holders may partner with internet service providers (ISPs) and file claims on their behalf for internet access related services.

Proposed Rules:

In underserved areas (download < 6Mbps and upload <1.5Mbps)[36] staff recommends that local governments and nonprofit corporations be allowed to provide service to CTF-eligible participants. Staff understands that Public Utilities Code Section 270 may limit the Commission's ability to use CTF funds to subsidize services provided by non-telecommunications corporations and recommends that parties address this issue in comments.

The Commission has imposed conditions on recipients of California Advanced Services Fund (CASF) grants and loans [37] and should consider imposing conditions on the receipt

[34] OIR at 7-9.

[35] Scoping Memo at 4.

[36] Similar to criteria used by CASF. See *Decision Implementing Broadband Grant and Revolving Loan Program Provisions,* California Public Utilities Commission D.12-02-015, February 1, 2012.

[37] Under D12-02-015, CASF subsidies are subject to certain conditions: "Section 3.8 Pricing Conditions…we will require that monthly recurring charges be fixed for two years…We will also require applicants to waive installation / initial service connection fees for two years, Appendix 1, Section V., 22 Price Commitment Period also provides that: 'The required Period of Commitment to which the initial price (listed in Item 21) is applicable for all households within the service area of the project. Minimum price guarantee period for each customer is two years.' p.26. Under D.14-02-018, the Commission has the authority to enforce the terms and conditions of the awards. p.38.

of California Teleconnect Fund compensation as well. All service providers, telecommunications corporations or entities partnering with them, including ISPs, or any other provider that serves CTF participants, should conform to consumer protection, customer service, and consumer safety requirements; and approved service providers must maintain a list of all CTF-eligible products, with prices, on a separate page of their public company websites, as well as CTF contact information.

Rationale:

Allowing local governments and non-profits to provide service to CTF participants in underserved areas is consistent with program goals to bring every Californian access to advanced communications services in their local communities.

Additionally, the new rules will help the CPUC to efficiently and effectively carry out its core mission: providing safe, reliable, affordable utility service to California citizens. The Commission's stated mission is to serve the public interest by protecting consumers,[38] and a rule requiring adherence to basic consumer protections supports the agency's mission.

TURN supports this concept, recommending that the CPUC expand the CTF subsidy to service providers that are not subject to CPUC jurisdiction and protect the public interest by implementing safeguards by conditioning "the grant on certain terms and on submitting [the CTF subsidy recipient] to CPUC authority for CTF compliance."[39]

Although the CPUC cannot not regulate internet access service or other broadband services that the CTF subsidizes, including regulating prices, it can impose conditions on the receipt of public funds that will facilitate competitive markets, so that Californians can reap the economic efficiency benefits of competition. One of the tenets of competitive markets is that consumers must be aware of all prices.[40] Thus requiring

[38] CPUC mission statement (http://www.cpuc.ca.gov/PUC/aboutus/pucmission.htm).

[39] TURN comments on Goals

[40] Mansfield, Microeconomics, 2nd Edition, Norton, 1975 p.235.

carriers to post complete and detailed pricing information on their website will assist customers in conducting price comparisons and generate economic efficiencies.

3.5 Cost Containment

The question of the appropriate level of fund expenditures for the program is linked to the question of whether the program has been, and continues to be, effective in achieving its goals At the same time, any examination of the sustainability of the Fund must encompass a consideration of the revenue, or contribution side, as well as the expenditure, or distribution side, but that is outside the scope of this proceeding.

Independent of the funding level, there should be mechanisms in place that provide appropriate program oversight that minimizes costs at any level of funding. Staff discusses its two proposed mechanisms below.

3.5a Managing CTF costs

Issue:

Rapid growth in program expenditures is driven in part by entities using ever more advanced and costly services and using more of those services. In opening the OIR, the Commission intended to further the important goal of bringing the benefits of advanced communications services to all Californians, while also ensuring that California ratepayers' money is spent prudently.[41]

In response, staff proposes new rules that enhance program management and fiduciary oversight by creating an environment with incentives for a more cost-effective approach to achieve program goals. The new rules lower the costs of subsidizing eligible entities and monitor program expenditures. Current and proposed rules, along with the rationale for the proposed changes, are listed below.

[41] OIR at 2.

Current Rule:

Subsidies are set at 50% of the service price, independent of price level or quantity of service purchased.

Proposed Rules:

The CTF discount is a fixed dollar amount per speed index level (subject to annual adjustment by the Commission). Every service is classified into 1 of 12 speed index levels. The speed index level is based on the service's download speed. See Appendix A for a more detailed discussion of speed index levels.

- For each speed index level, set a fixed dollar discount based on the lowest historical price paid by a CTF participant. For example, if the lowest price paid for Speed Index C (greater than 200 kpbs to less than 1.5 Mbps) is $100, a portion of $100, e.g. $20, would be the fixed dollar discount applied to all CTF customers. This historical amount would be adjusted periodically to reflect potential cost savings due technological advances. We seek from parties in comments alternative methodologies for calculating the fixed dollar discount.

The fixed dollar mechanism may need to be further refined for price differentials due to geographic differences. We seek from parties in comments data that demonstrate the geographic pricing differential as well as methodologies for an appropriate geographic adder.

Similar to the annual statewide average E-rate discount, the annual fixed dollar amounts per speed level would also be posted on the CTF website prior to the beginning of a fiscal year. Both carriers and customers will know in advance how much money they will receive from the CTF by multiplying the fixed dollar discount by the number of subscribed services at a particular speed level There would be a transitional period for carriers to implement the fixed dollar discount in their billing system.

The fixed dollar discount would not apply to schools, libraries, and CTN as these entities' communications costs are reviewed by federal agencies or other state agencies. Should the Commission choose to apply the fixed dollar discount uniformly across all entity groups, staff recommends that schools, libraries and CTN receive a discount that is the

lower of 50% CTF discount after federal funding or the fixed dollar amount, so that they would never receive combined federal and state discounts in excess of the price of the service.

Rationale:

Limited public resources should be used judiciously, balancing the CPUC's fiduciary responsibilities and its statutory and policy universal service obligations.

A fixed dollar discount based on the lowest price paid by a CTF participant minimizes the potential for fraud, waste, and abuse in a communications marketplace with unregulated prices, reduces the CTF surcharge to ratepayers, and ensures their money is wisely used.

A fixed dollar discount increases price transparency, a crucial element of competitive markets and its attendant benefits as discussed in the previous section. Under the fixed dollar discount, customers see the full impact of an increased price change, whereas with the existing discount methodology, they only see 50% of a price increase. Since customers do not see the full price signal under the existing discount methodology, they are less likely to make the appropriate consumption decisions, resulting in inefficient allocation of societal resources and higher costs to the fund and ratepayers.

This situation is exacerbated by the fact that there are no price or quantity limitations on CTF services. However, under the fixed dollar discount, customers do see the full higher price and are more likely to consume less or seek services from alternative providers, placing downward pressure on prices. Recognizing that customers will seek competitive options, carriers may be less inclined to raise prices. Hence, the fixed dollar discount is an effective tool for promoting price discipline in California's telecommunications marketplace.

Moreover, under current program rules, carriers have an incentive to "upsell" by increasing the quantity and/or types (enhancements) of service, so that the total costs

to the CTF participants are no more than their costs prior to the CTF program. Although the number and types of services may be more than participants would otherwise need, because they are no worse off and benefit from the upselling, some CTF customers are unlikely to refuse the carrier's upselling proposal, thus, imposing, additional costs on the fund.

A fixed dollar amount discount, relative to the 50% discount method, reduces the incentive for and extent of upselling. Since the new discount methodology allows the customer to see more of the full price of the service, upselling would be limited to fixed dollar discount, which is based on the lowest historical paid by any CTF customer.

The fixed dollar discount also provides customers better budgeting tools. Both carriers and customers will know in advance the amount of subsidy they will receive from the CTF by multiplying the fixed dollar discount by the number of subscribed services at a particular speed. Customers will be able to more accurately plan their communications expenses.

Finally, a fixed dollar discount eliminates the administrative burden of determining the basis for the CTF discount on complex bundled services, which contain both CTF-eligible and CTF-ineligible components.

3.5b Ensuring that Entities Meet Program Requirements

Issue:

The issue is whether there are rules and processes for updating participant eligibility that will keep program costs under control while at the same time allow staff to effectively and efficiently carry out the Commission's goals.

In response, staff proposes new rules that ensure that entities meet the Commission's requirements for the program. Current and proposed rules, along with the rationale for the proposed changes, are listed below.

Current Rules:

Every CTF participant's continued eligibility will be verified at least every five years.

Proposed Rules:

Every participating entity, including both current participants and new participants, must recertify within 3 years of the issuance of new rules. Entities that receive the CTF discount must annually report to the Commission the unduplicated headcount of individuals who used the supported internet service.

Staff recommends a one-year moratorium on new applications to allow sufficient time to prepare the infrastructure necessary to implement new program requirements and to begin the recertification process.

Rationale:

Staff has proposed that each applicant submit an application for continued participation every three years, to ensure that the entity continues to further the program goals, as indicated by the application review criteria. The same criteria would be used for renewals as was used for the original application.

Regarding the issue of whether and how the Commission should address a participant's changed circumstances in relation to eligibility requirements, such as revenue level or community demographics, staff recommends that the Commission continue with the current application requirement that the applicant must notify the Commission within 30 days of any changes to the information contained in its application, and that staff conduct regular and random audits to ensure continued eligibility. The recertification process will limit any changes undetected by the preceding two methods to three years.

APPENDIX A

California Teleconnect Fund OIR Data Request #1 Results Report, April 30, 2014

On January 31, 2013, the Commission on its own motion opened Rulemaking (R.) 13-01-010 to determine whether the CTF is fulfilling its purpose, and whether the CTF's current structure and administrative processes are adequate to further the program's goals. As part of the comprehensive examination of CTF Program, Communications Division sent Data Request #01 to all participating CTF service providers on September 6, 2013. (See Attachment A for the data request template).

Over 95% of all participating CTF service providers responded to this data request. The purpose of the data request is to identify how the CTF program discounts are distributed by entity categories, services types and data speeds for Fiscal Years 2010-11 through 2012-13. Communications Division (CD) staff prepared the following data tables to provide an overview of CTF discounts distribution during the Fiscal Year 2012-13. These tables also include forecasted data for Fiscal Year 2013-14 and 2014-15.

Distribution of California Teleconnect Fund (CTF) Participants

Number of CTF participants at End of Fiscal Year and Percentage Share: The first table shows the number of approved CTF participants at the end of each fiscal year. Schools, Libraries, Community Based Organizations (CBOs) and Government Hospitals/Clinics are growing, and adding participants, while California Community Colleges (CCCs), and California Telehealth Network (CTN) remain constant. The Percentage Share table demonstrates the share of applicants by each entity type. The CBOs' share has grown from 53% to 64% over a 3 year period. The Schools' share of participants have declined during that same time.

Number of CTF Participants at End of Fiscal Year

Fiscal Year	Schools	Library	Community Based Organizations	Gov Hospital/Clinic	Community College	CTN	Total
FY 10-11	2309	308	3127	77	94	1	5916
FY 11-12	2488	315	4088	95	94	1	7081
FY 12-13	2706	315	5656	130	94	1	8902

CTF Participants by Entity Type (Percentage Share)

Fiscal Year	Schools	Library	Community Based Organizations	Gov Hospital/Clinic	Community College	CTN
FY 10-11	39%	5%	53%	1%	2%	0%
FY 11-12	35%	4%	58%	1%	1%	0%
FY 12-13	30%	4%	64%	1%	1%	0%

Source: CPUC website as of January 21, 2014

Distribution of Forecasted CTF Discounts

Forecasted CTF Discounts by Entity Type and Percentage Share : These tables show the forecasted CTF discounts for Fiscal Years 2013-14 and 2014-15. The forecasted discounts are from carrier responses to the FY 2014-15 budget data request. Carriers are forecasting an overall 9% increase in CTF discounts from FY 2013-14 to FY 2014-15. Among the different entity types, CBOs have the highest growth rate, at 14%. The Percentage Share table shows that the CTF discount share for CBOs are forecasted to increase in FY 2014-15.

Forecasted CTF Discounts by Entity Type

FISCAL YEAR	Schools	Libraries	Community Based Organizations	Government Hospitals/Clinics	Community Colleges	California Telehealth Network	Total
2013-2014	$ 31,418,463	$ 1,245,229	$ 37,262,591	$ 4,891,727	$ 10,054,095	$ 118,107	$ 84,990,213
2014-2015	$ 33,494,499	$ 1,329,259	$ 42,601,297	$ 5,247,590	$ 10,390,099	$ 17,718	$ 93,080,463

* Forecasts are from data responses to Fiscal Year 14-15 budget data request.

Forecasted CTF Discounts by Entity Type (Percentage Share)*

FISCAL YEAR	Schools	Libraries	Community Based Organizations	Government Hospitals/Clinics	Community Colleges	California Telehealth Network	Total
2013-2014	37.0%	1.5%	43.8%	5.8%	11.8%	0.1%	100.0%
2014-2015	36.0%	1.4%	45.8%	5.6%	11.2%	0.0%	100.0%

* Forecasts are from data responses to Fiscal Year 14-15 budget data request.

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Distribution of CTF Discounts by Telecommunication Products

Top 10 Products by Entity : The table demonstrates the top 10 products subscribed by each entity group during FY 2012-13. The top 10 products subscribed by Libraries and Community Colleges represent over 75% of their total discounts.The top 10 products subscribed by Schools and Hospitals represented over 50% of their total discounts. On the other hand, the top 10 products subscribed by CBOs represented only 30% of their total discounts. This table also shows the data speed levels associated with each product. Schools, Libraries, Hospitals and CCCs subscribed to products with a higher speed index, while CBOs subscribe to products with a lower speed index. Please note the table uses generic names in lieu of the carrier's specific product name.

Top 10 Products by Entity - FY 2012-13 (Thousands of $)

Schools			Libraries			CBOs			Gov Hospitals/Clinics			Comm. Colleges		
Product	Spd	Discount	Product	Spd	Discount	Product	Spd	Discount	Product	Spd	Discount	Product	Spd	Discount
Optical Ethernet / 100Mbps to 1Gbps	J	$ 3,644	Optical Ethernet / 100Mbps to 1Gbps	J	$ 290	Voice Only Service	A	$ 1,879	T1 Line / 1.5Mbps to 3Mbps	D	$ 619	Optical Ethernet / 10Gbps	L	$ 2,390
Optical Ethernet / 1Gbps to 10Gbps	K	$ 3,092	T1 Line / 1.5Mbps to 3Mbps	D	$ 138	Wireless / 10 Mbps to 25 Mbps	G	$ 1,184	Optical Ethernet / 100Mbps to 1Gbps	J	$ 552	Optical Fiber / 100Mbps to 1Gbps	J	$ 2,389
Optical Ethernet / 10Gbps	L	$ 2,390	DS1 Circuit / 1.5Mbps to 3Mbps	D	$ 129	Voice Only Service	A	$ 1,176	Voice Only Service	A	$ 507	T1 Line / 1.5Mbps to 3Mbps	D	$ 2,016
T1 Line / 1.5Mbps to 3Mbps	D	$ 1,749	Optical Ethernet / 100Mbps to 1Gbps	J	$ 117	Voice Only Service	A	$ 1,013	Voice Only Service	A	$ 235	Optical Ethernet / 100Mbps to 1Gbps	J	$ 326
Voice Only Service	A	$ 1,239	Optical Fiber / 10Mbps to 25Mbps	G	$ 57	Voice Only Service	A	$ 957	Voice Only Service	A	$ 198	Optical Ethernet / 1Gbps	K	$ 235
Optical Fiber / 100Mbps to 1Gbps	J	$ 1,135	Optical Ethernet / 1Gbps to 10Gbps	K	$ 53	Optical Ethernet / 100Mbps to 1Gbps	J	$ 850	ISDN / 2 - 128Kbps Channels	B	$ 193	ISDN / 2 - 128Kbps Channels	B	$ 196
Optical Fiber / 100Mbps to 1Gbps	J	$ 730	Voice Only Service	A	$ 40	Optical Ethernet / 100Mbps to 1Gbps	I	$ 837	Optical Ethernet / 100Mbps to 1Gbps	J	$ 152	Voice Only Service	A	$ 150
Optical Ethernet / 100Mbps to 1Gbps	J	$ 680	Optical Ethernet / 100Mbps to 1Gbps	J	$ 37	T1 Line / 1.5Mbps to 3Mbps	D	$ 722	Mobile Wireless Access / 200Kbps to 1.5Mbps	C	$ 150	Voice Only Service	A	$ 120
Optical Ethernet / 1Gbps	K	$ 664	DS1 Circuit / 1.5Mbps to 3Mbps	D	$ 32	T1 Line / 1.5Mbps to 3Mbps	D	$ 700	Wireless / 10 Mbps to 25 Mbps	G	$ 120	Optical Ethernet / 1Gbps to 10Gbps	K	$ 106
Voice Only Service	A	$ 637	Optical Ethernet / 1Gbps to 10Gbps	K	$ 28	DSL / 3Mbps to 6Mbps	E	$ 671	Optical Fiber / 100Mbps to 1Gbps	J	$ 103	Voice Only Service	A	$ 85
Totals ($000)		$ 15,960			$ 921			$ 9,989			$ 2,829			$ 8,013

Speed Index Key:						
	A	Voice only services	E	≥ 3 Mbps to < 6 Mbps	I	≥ 50 Mbps to < 100 Mbps
	B	≤ 200 Kbps	F	≥ 6 Mbps to < 10 Mbps	J	≥ 100 Mbps to 1 < Gbps
	C	> 200 Kbps to < 1.5 Mbps	G	≥ 10 Mbps to < 25 Mbps	K	≥ 1 Gbps to < 10 Gbps
	D	≥ 1.5 Mbps to < 3 Mbps	H	≥ 25 Mbps to < 50 Mbps	L	≥ 10 Gbps

With varying speed ranges the speed calculation reflects speed with highest dollar amount.

Source: Estimates are from CTF OIR 2013 carrier data request responses.

Distribution of CTF Discounts by Top CBOs

Top 50 CBOs : The top 50 CBOs which represented less than 1% of all approved CBOs received 29% of the total CBO discounts for the FY 2012-13. Many of these CBOs provide health care services and/or are local affiliates of national nonprofit organizations.

Top 50 CBOs - Fiscal Year 2012-2013		
Application ID	Organization Name	Total CBO Dollars
843	Goodwill Industries of Southern California dba Goodwill Southern California	$572,978
2870	Fresno Community Hospital and Medical Center	$549,009
680	Planned Parenthood Mar Monte, Inc.	$527,349
837	City of Hope	$436,888
1146	United Health Centers	$363,938
2058	Planned Parenthood of San Diego and Riverside Counties	$312,438
344	Golden Valley Health Centers	$309,105
4124	Foundation for California Community Colleges	$303,062
203	Clinical Sierra Vista	$301,575
787	Borrego Community Health Foundation	$248,122
865	Clinicas del Camino Real, Incorporated	$223,750
50	Northeast Valley Health Corporation	$219,981
451	La Clinica de La Raza	$218,563
570	Goodwill Industries of Orange County	$211,875
1000	Anka Behavioral Health, Inc.	$201,149
1966	Children's Hospital Central California	$189,399
1597	Ampla Health	$187,104
2758	Pathways Home Health & Hospice	$180,894
1202	Didi Hirsch Community Mental Health Center	$167,644
4202	Fremont-Rideout Health Group	$165,555
809	Penny Lane Centers	$164,619
432	San Ysidro Health Center, Inc.	$163,097
918	California Rural Indian Health Board, Inc	$159,240
1800	Center for Employment Training	$153,534
497	Community Medical Centers, Inc.	$147,115
239	Public Health Foundation Enterprises WIC Program	$144,427
377	Metropolitan Area Advisory Committee on Anti-Poverty SD	$144,365
725	Kings View	$139,401
3630	Community Action Partnership of Kern - 211 Kern County	$138,021
3165	North Bay Healthcare	$137,375
387	Planned Parenthood: Shasta - Diablo	$136,860
1495	Turning Point Community Programs	$133,827
331	North County Health Project, Inc.	$133,571
3766	Tuolumne MeWuk Indian Health Center, Inc.	$132,769
773	United States Veterans Initiative, Inc.	$131,862
428	Neighborhood Healthcare	$126,908
539	Planned Parenthood of Orange and San Bernardino Counties	$125,251
330	Community Research Foundation, Inc.	$123,969
4019	Hospice By The Bay	$121,173
3898	California Rural Legal Assistance, Inc.(632 Howard St.)	$120,237
1352	Goodwill Industries of San Joaquin Valley, Inc.	$119,705
433	On Lok Senior Health Services	$117,053
2106	San Francisco Community Clinic Consortium	$116,176
855	Foothills Education & Technology Partnership	$115,596
799	Lifelong Medical Care	$112,347
949	Goodwill Industries of San Francisco, San Mateo & Marin	$111,576
1183	The Effort Inc.	$110,003
327	Visiting Nurse Association of the Inland Counties	$109,512
1201	National Health Services Inc.	$109,126
3717	Redwood Coast Medical Services, Inc.	$104,649
	TOTAL	**$9,793,740**

Source: Estimates are from CTF OIR 2013 carrier data request responses.

Distribution of CTF Discounts by Speed Index

CTF Discounts by Speed Index: This table shows each entity's discounts by speed. Most of the school discounts are spent on higher bandwidth type services, while CBOs discounts are spent on services with slower speeds. Please note that voice communication may also be carried on higher speeds.

CTF Discounts by Speed Index

Fiscal Year	Speed Index	Schools	Libraries	CBOs	Gov. Hospitals/Clinics	CCCs	CTN	Totals
1213	A	$ 3,862,265	$ 118,598	$ 7,649,747	$ 1,113,175	$ 690,009	$ 519	$ 13,434,314
1213	B	$ 457,573	$ 12,051	$ 627,607	$ 279,732	$ 255,651	$ -	$ 1,632,614
1213	C	$ 517,674	$ 10,626	$ 1,819,127	$ 294,304	$ 41,203	$ -	$ 2,682,933
1213	D	$ 2,795,951	$ 373,709	$ 6,921,617	$ 932,370	$ 2,260,573	$ -	$ 13,284,220
1213	E	$ 399,021	$ 27,201	$ 4,340,393	$ 91,359	$ 13,987	$ -	$ 4,871,961
1213	F	$ 181,102	$ 8,778	$ 1,834,456	$ 53,984	$ 1,282	$ -	$ 2,079,603
1213	G	$ 1,591,400	$ 122,943	$ 4,987,596	$ 499,017	$ 151,136	$ -	$ 7,352,093
1213	H	$ 660,600	$ 34,440	$ 874,599	$ 74,057	$ 23,060	$ -	$ 1,666,756
1213	I	$ 258,247	$ 12,236	$ 1,330,229	$ 53,212	$ 600	$ -	$ 1,654,524
1213	J	$ 8,655,667	$ 386,525	$ 2,270,160	$ 912,155	$ 2,967,488	$ -	$ 15,191,996
1213	K	$ 5,936,567	$ 85,080	$ 805,585	$ 116,950	$ 644,674	$ 225,260	$ 7,814,116
1213	L	$ 3,108,242	$ 2,170	$ 216,696	$ 2,705	$ 2,439,056		$ 5,768,869
Totals		**$ 28,424,310**	**$ 1,194,358**	**$ 33,677,813**	**$ 4,423,020**	**$ 9,488,720**	**$ 225,779**	**$ 77,434,000**

Legend: Speed Index - Download Speed Range	
A	Voice only services
B	less than or equal to 200 Kbps
C	greater than 200 Kbps to less than 1.5 Mbps
D	greater than or equal to 1.5 Mbps to less than 3 Mbps
E	greater than or equal to 3 Mbps to less than 6 Mbps
F	greater than or equal to 6 Mbps to less than 10 Mbps
G	greater than or equal to 10 Mbps to less than 25 Mbps
H	greater than or equal to 25 Mbps to less than 50 Mbps
I	greater than or equal to 50 Mbps to less than 100 Mbps
J	greater than or equal to 100 Mbps to less than 1 Gbps
K	greater than or equal to 1 Gbps to less than 10 Gbps
L	greater than or equal to 10 Gbps

Source: Estimates are from CTF OIR 2013 carrier data request responses.

Distribution of CTF discounts by Service Types

CTF Discounts by Service Types : The table below breaks out the CTF discounts distributed by service such as: Measured Business Service, T-1, DS-3, Internet Access and MPLS. Service types ST5 through ST8 represent about 78% of the total discounts. Please note that voice services may be delivered among different service types and speeds.

CTF Discounts by Service Types

Fiscal Year	Service Type	Schools	Libraries	CBOs	Gov. Hospitals/Clinics	CCCs	CTN	Totals
1213	ST1	$ 3,606,600	$ 111,810	$ 6,316,379	$ 1,071,901	$ 544,243	$ 519	$ 11,651,454
1213	ST2	$ 22,928	$ 1,071	$ 189,737	$ 90,127	$ 5,253	$ -	$ 309,116
1213	ST3	$ 1,070,197	$ 86,790	$ 2,617,907	$ 324,648	$ 504,732	$ -	$ 4,604,274
1213	ST4	$ 16,122	$ 645	$ 442,745	$ 11,252	$ 888	$ -	$ 471,652
1213	ST5	$ 8,725,598	$ 619,914	$ 8,020,379	$ 1,699,837	$ 4,947,199	$ -	$ 24,012,928
1213	ST6	$ 9,085,550	$ 115,303	$ 1,011,014	$ 177,898	$ 2,968,257	$ -	$ 13,358,023
1213	ST7	$ 3,517,047	$ 173,209	$ 10,866,243	$ 900,993	$ 221,631	$ -	$ 15,679,123
1213	ST8	$ 2,380,268	$ 85,615	$ 4,213,408	$ 146,364	$ 296,515	$ 225,260	$ 7,347,430
Totals		**$ 28,424,310**	**$ 1,194,358**	**$ 33,677,813**	**$ 4,423,020**	**$ 9,488,720**	**$ 225,779**	**$ 77,434,000**

Legend - Service Types	
ST1	Measured Business Service
ST2	Switched 56
ST3	ISDN
ST4	DSL
ST5	T1
ST6	DS-3 up to and including OC-192
ST7	Internet Access
ST8	Multi-Protocol Label Switching (MPLS)

Source: Estimates are from CTF OIR 2013 carrier data request responses.

ATTACHMENT A

Data Request Template

STATE OF CALIFORNIA EDMUND G. BROWN JR., *Governor*

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

Date: September 6, 2013

[name of individual]
[name of Carrier]
[email address]

RE: CTF OIR 13-01-010/Data Request #01
Due Date: October 7, 2013

Dear CTF Participating Carrier:

In accordance with Administrative Law Judge (ALJ) Irene Moosen's September 6th, 2013 Ruling in the California Public Utilities Commission's (CPUC) active Order Instituting Rulemaking (OIR) 13-01-010, which reevaluates the program goals, budget and policies of the California Teleconnect Fund (CTF) program, the Communications Division requests all CTF participating Carriers to submit all CTF service type and reimbursement claims data, in the formats requested, as identified in this Data Request #01 by October 7, 2013. As stated in the Commission's CTF Administrative Letter #17 (12/5/2008), participating Carriers were "*reminded that they should keep important information, such as pricing, tax, surcharge, E-rate percentages, and other CTF-claim related information, on a per customer, per service basis readily available for at least 5 years.*" This data request is similar to the one issued by the Communications Division on 10/17/2011, but with some differences.

Data Request #01 requires each Carrier to submit three files, referred to as "Table A", "Table B" and "Table C". Table A contains summary information and no participant-specific data. Table B contains detailed participant data related to CTF claims for Community Based Organizations (CBOs). Table C contains numbers of CTF customers. Carriers are required to submit the files to the CPUC's contractor, Mission Consulting, not later than 30 days from the date of this notice. The email address to submit the files is CTFdatarequest@missionconsulting.com.

An overview of the information requested is provided below. Details of these requests are provided in the attached instruction set.

The Table A file identifies the types of services provided by the Carrier and its Affiliates, the relationship of those services to the CPUC approved CTF eligible service types, the speeds of each service, and the total annual CTF claim dollars (submitted and forecast) per service type per participant category (K-12 Schools, Libraries, CBOs, Government Hospitals, Community Colleges, and the California Telehealth Network) per fiscal year. The fiscal years for Table A are:

FY 10/11: 7/1/2010 – 6/30/2011
FY 11/12: 7/1/2011 – 6/30/2012
FY 12/13: 7/1/2012 – 6/30/2013

The Table B file identifies annual CTF claims data for each CBO by service type and speed per fiscal year, for the same fiscal years as in Table A.

The Table C file identifies the number of the Carrier's (or Affiliate's) CTF customers per participant category, for the same fiscal years as in Table A.

The data requested shall be provided electronically in a Microsoft Excel file format that matches the Table A, Table B and Table C file formats provided with this data request, and that conforms to the attached instructions.

Additionally, Carriers shall identify the difference between the sum total dollars of each of the three FY's CTF claims submitted for reimbursement in Table A, and the CPUC's record of total CTF reimbursement claims per FY (shown below). If the difference for any fiscal year is more than five percent (5.0%) or $500,000, the Carrier must provide an explanation of the difference. The CPUC's total for each FY for [name of Carrier] as of September 3, 2013 is as follows:

Fiscal Year	Total Claims Submitted
FY 10/11:	$x,xxx,xxx
FY 11/12:	$x,xxx,xxx
FY 12/13:	$x,xxx,xxx

If you have questions regarding the instructions and fulfillment of this request, please contact Mission Consulting at CTFdatarequest@missionconsulting.com or at (916) 446-5624. If you have questions for the CPUC, you may direct them to Kim Hua at kch@cpuc.ca.gov or (415) 703-5207.

Thank you in advance for your cooperation.

/s/ Kim Hua

Kim Hua, Analyst
Communications Division
CPUC

CTF Data Request Instructions

File Submission and Communication

CTF participating Carriers shall submit their data in files attached to emails submitted to Mission Consulting at CTFdatarequest@missionconsulting.com.

Carriers are requested to indicate in the body of their email the contact information to allow Mission Consulting or the CPUC to communicate with the Carrier regarding questions about the data submitted. The contact information must include, at a minimum:

- Name of the submitting organization
- The Carrier's CPUC Utility Number
- Name of individual to contact for follow up
- Phone number, including area code and any extension
- Email address

For organizations submitting on behalf of more than one Carrier and/or Affiliate, please identify:

- All Carriers and their utility numbers, and all Affiliates represented in the submission;
- The contact information of the organization making the submission; and,
- If desired, the contact information for each Carrier or Affiliate if the submitting party wishes follow-up questions to be directed to those parties.

File Naming Convention

Each data file shall be labeled as follows:

uuuu_X_yyyymmdd.ext

Where:

uuuu	= the Carrier's CPUC assigned four digit utility number
X	= a character representing the file type as either:
	A = Table A data file
	B = Table B data file
	C = Table C data file
yyyymmdd	= the file submission date (year, month, day)
ext	= a three or four character file extension identifying the file format as either:
	.xlsx = Microsoft Excel file, 2007 and later
	.xls = Microsoft Excel file, 2003 and earlier

If a party submits data representing more than one Utility Number, the data for each Utility Number shall be provided in separate files.

CTF Data Request Instructions

File Format

CTF participating Carriers shall provide files with the following formatting:

1. The files shall be Microsoft Excel files using the file format and layout of the "Table A – CTF Summary", "Table B – CBO Detail", and "Table C – Customer Count" Excel files provided with this data request. Carriers may adjust the width of the columns to accommodate the data.
2. The first record of each file shall be a required header record that labels the columns using data field naming conventions as detailed in the Data Report Format and Data Dictionary provided below. (Note that the header row is already contained in the provided Excel file.)
3. Each data record shall be on a separate line. Data records shall immediately follow the header record.
4. Do not enclose the data elements within a field in quotation marks.
5. Data fields that are not applicable shall be left blank.
6. No changes shall be made to the headings, data fields, or format without prior written consent of Mission Consulting.

Data Reporting Format

The data reporting format associated with each file type (Table A, Table B and Table C) shall be as follows:

1. Data fields within data records shall be populated based on what is coded in the "populate" ("Pop") column. The "Pop" column is coded as follows:

   R – Required. This field must always be populated; and,

   A – This field is populated if it is applicable.

2. The data fields for each table shall be included as columns on each data record in the order specified for Table A, for Table B, and for Table C below, and as detailed in the Data Dictionary.

3. Additional instructions follow the Data Dictionary.

CTF Data Request Instructions

File type: **Table A – CTF Summary**

Field Order	Data Field Name	Pop
1	UTILITY NUMBER	R
2	CARRIER OR AFFILIATE	R
3	CARRIER OR AFFILIATE NAME	R
4	SERVICE NAME	R
5	BUNDLED	R
6	SERVICE DESCRIPTION	R
7	SERVICE TYPE	R
8	UP SPEED VALUE	R
9	UP SPEED UNIT	R
10	DOWN SPEED VALUE	R
11	DOWN SPEED UNIT	R
12	SPEED INDEX	R
13	FISCAL YEAR	R
14	CLAIM STATUS	R
15	SCHOOLS $	A
16	LIBRARIES $	A
17	CBOs $	A
18	GOV'T HOSPITALS CLINICS $	A
19	COMMUNITY COLLEGES $	A
20	CTN $	A
21	CTF TOTAL $	R

File type: **Table B – CBO Detail**

Field Order	Data Field Name	Pop
1	UTILITY NUMBER	R
2	CARRIER OR AFFILIATE	R
3	CARRIER OR AFFILIATE NAME	R
4	SERVICE NAME	R
5	SERVICE TYPE	R
6	SPEED INDEX	R
7	FISCAL YEAR	R
8	CBO APPLICATION NUMBER	A
9	CLAIM STATUS	R
10	SPEED INDEX A $ VALUE	A
11	SPEED INDEX B $ VALUE	A
12	SPEED INDEX C $ VALUE	A
13	SPEED INDEX D $ VALUE	A
14	SPEED INDEX E $ VALUE	A
15	SPEED INDEX F $ VALUE	A
16	SPEED INDEX G $ VALUE	A
17	SPEED INDEX H $ VALUE	A
18	SPEED INDEX I $ VALUE	A
19	SPEED INDEX J $ VALUE	A
20	SPEED INDEX K $ VALUE	A
21	SPEED INDEX L $ VALUE	A
22	CBO TOTAL $ VALUE	R

File type: **Table C – Customer Count**

Field Order	Data Field Name	Pop
1	UTILITY NUMBER	R
2	CARRIER OR AFFILIATE	R
3	CARRIER OR AFFILIATE NAME	R
4	FISCAL YEAR	R
5	SCHOOLS #	A
6	LIBRARIES #	A
7	CBOs #	A
8	GOV'T HOSPITALS CLINICS #	A
9	COMMUNITY COLLEGES #	A
10	CTN #	A
11	CTF TOTAL #	R

Data Dictionary

The following Data Dictionary defines the Data Field Names associated with each record within the data reports.

Report & Field Order	Data Field Name	Data Field Definition	Data Type	Format
A 1 B 1 C 1	UTILITY NUMBER	The utility number assigned by the CPUC. The CPUC's Utility Contact System Database with utility numbers can be found at http://delaps1.cpuc.ca.gov/cpuc_notices/UCS_Public_Utility_Contact_Search.htm.	Number	4 digits
A 2 B 2 C 2	CARRIER OR AFFILIATE	Indicates if the data provided in the record is for the Carrier (C), or is for an Affiliate (A) of the Carrier as described in CTF Administrative Letter 17.	Text	"C" or "A"
A 3 B 3 C 3	CARRIER OR AFFILIATE NAME	List the Carrier's name, unless the data provided in the record is for an Affiliate of the Carrier as described in CTF Administrative Letter 17, in which case list the name of the Affiliate.	Text	Up to 50 characters
A 4 B 4	SERVICE NAME	The name of the Carrier's (or Affiliate's) service. For example, "CentraNet" or "DecaMAN". Each SERVICE NAME must be identical in both Table A and Table B files.	Text	Up to 50 characters
A 5	BUNDLED	Response to the question, "Is the CTF eligible portion of this service part of a bundled service that includes elements that are not CTF eligible?	Text	Single letter: "Y" for Yes "N" for No.

<table>
<tr><th>Report & Field Order</th><th>Data Field Name</th><th>Data Field Definition</th><th>Data Type</th><th>Format</th></tr>
<tr><td>A 6</td><td>SERVICE DESCRIPTION</td><td>For each SERVICE NAME, provide a brief description of the service. Descriptions must facilitate validation of the eligible CTF equivalent service identified in the SERVICE TYPE field, and should include what the service provides.

An example would be:
ABCDE service provides high bandwidth OC3 data service using a dedicated fiber-based ring or point-to-point network configuration connecting customer premises.

If the response to the BUNDLED field is a "Y" (Yes), the description must confirm that the submitted speed and cost data are only for the CTF eligible portion of the bundled service.

Incomplete or inadequate descriptions may require resubmission.</td><td>Text</td><td>Up to 500 characters</td></tr>
<tr><td>A 7
B 5</td><td>SERVICE TYPE</td><td>For each SERVICE NAME, identify the equivalent CTF eligible service using the following code:
<table>
<tr><th>CTF Service Type Code</th><th>CTF eligible service</th></tr>
<tr><td>ST1</td><td>Measured Business service lines</td></tr>
<tr><td>ST2</td><td>Switched 56</td></tr>
<tr><td>ST3</td><td>ISDN</td></tr>
<tr><td>ST4</td><td>DSL</td></tr>
<tr><td>ST5</td><td>T1</td></tr>
<tr><td>ST6</td><td>DS-3 up to and including OC-192</td></tr>
<tr><td>ST7</td><td>Internet Access</td></tr>
<tr><td>ST8</td><td>Multi-Protocol Label Switching (MPLS)</td></tr>
</table></td><td>Text</td><td>STn
Where n = a single numerical digit 1 through 8</td></tr>
</table>

Report & Field Order	Data Field Name	Data Field Definition	Data Type	Format
A 8	UP SPEED VALUE	For each SERVICE NAME, estimate the maximum upload speed (not including bursting) of the service. The number provided must associate with the UP SPEED UNIT.	Number	00.0 Do not include the unit of measure
A 9	UP SPEED UNIT	For each SERVICE NAME, provide the unit of measure associated with the UP SPEED VALUE, as either "Kbps", "Mbps", or "Gbps".	Text	"Kbps", "Mbps", or "Gbps"
A 10	DOWN SPEED VALUE	For each SERVICE NAME, estimate the maximum download speed (not including bursting) of the service. The number provided must associate with the DOWN SPEED UNIT.	Number	00.0 Do not include the unit of measure
A 11	DOWN SPEED UNIT	For each SERVICE NAME, provide the unit of measure associated with the DOWN SPEED VALUE, as either "Kbps", "Mbps", or "Gbps".	Text	"Kbps", "Mbps", or "Gbps"
A 12 B 6	SPEED INDEX	For each SERVICE NAME's estimated maximum download speed (excluding bursting) select the CPUC's speed index rating using a single index letter as follows: Speed Index / Download Speed Range A / Voice only services B / ≤ 200 Kbps C / > 200 Kbps to < 1.5 Mbps D / ≥ 1.5 Mbps to < 3 Mbps E / ≥ 3 Mbps to < 6 Mbps F / ≥ 6 Mbps to < 10 Mbps G / ≥ 10 Mbps to < 25 Mbps H / ≥ 25 Mbps to < 50 Mbps I / ≥ 50 Mbps to < 100 Mbps J / ≥ 100 Mbps to 1 < Gbps K / ≥ 1 Gbps to < 10 Gbps L / ≥ 10 Gbps Where: "<" = less than ">" = greater than "≤" = less than or equal to "≥" = greater than or equal to	Text	A single letter A through L

Report & Field Order	Data Field Name	Data Field Definition	Data Type	Format
A 13 B 7 C 4	FISCAL YEAR	Identify the fiscal year (FY) of the data in the record, using a four digit identifier as follows: FY identifier: Date range 1011: 7/1/2010 – 6/30/2011 1112: 7/1/2011 – 6/30/2012 1213: 7/1/2012 – 6/30/2013	Number	Four digits: "1011", "1112", or "1213" Do not place a space, dash, or a "/" within the number.
B 8	CBO APPLICATION NUMBER	The CTF application number provided by the CPUC for the Carrier's (or Affiliate's) Community Based Organization (CBO) CTF participating customer. Note that the CBO APPLICATION NUMBER is only for CBOs.	Number	Up to four digits
A 14 B 9	CLAIM STATUS	For each row containing claim dollars, indicate if the claim has already been submitted to the CPUC (Submitted), or if the claim dollars have not yet been submitted but the Carrier intends to submit to the CPUC (Forecast). Please separate the information into different rows to differentiate between Submitted and Forecast dollars.	Text	A single letter, either "S" for Submitted, or "F" for Forecast
A 15	SCHOOLS $	The total FY dollar value of CTF reimbursement claims submitted or forecast for CTF eligible K-12 schools.	Currency	$0.00 Varies in length.
A 16	LIBRARIES $	The total FY dollar value of CTF reimbursement claims submitted or forecast for CTF eligible libraries.	Currency	$0.00 Varies in length.
A 17	CBOs $	The total FY dollar value of CTF reimbursement claims submitted or forecast for CTF eligible community based organizations (CBOs).	Currency	$0.00 Varies in length.
A 18	GOV'T HOSPITALS CLINICS $	The total FY dollar value of CTF reimbursement claims submitted or forecast for CTF eligible government hospitals and health clinics.	Currency	$0.00 Varies in length.
A 19	COMMUNITY COLLEGES $	The total FY dollar value of CTF reimbursement claims submitted or forecast for CTF eligible community colleges.	Currency	$0.00 Varies in length.
A 20	CTN $	The total FY dollar value of CTF reimbursements claimed submitted or forecast for CTF eligible California Telehealth Network (CTN).	Currency	$0.00 Varies in length.

CTF Data Request Instructions

Report & Field Order	Data Field Name	Data Field Definition	Data Type	Format
A 21	CTF TOTAL $	Total dollar value of CTF reimbursement claims submitted or forecast for each record (row).	Currency	$0.00 Varies in length.
B 10	SPEED INDEX A $ VALUE	The total FY dollar value of CTF reimbursements claimed that is associated with the data record for SPEED INDEX A.	Currency	$0.00 Varies in length.
B 11	SPEED INDEX B $ VALUE	The total FY dollar value of CTF reimbursements claimed that is associated with the data record for SPEED INDEX B.	Currency	$0.00 Varies in length.
B 12	SPEED INDEX C $ VALUE	The total FY dollar value of CTF reimbursements claimed that is associated with the data record for SPEED INDEX C.	Currency	$0.00 Varies in length.
B 13	SPEED INDEX D $ VALUE	The total FY dollar value of CTF reimbursements claimed that is associated with the data record for SPEED INDEX D.	Currency	$0.00 Varies in length.
B 14	SPEED INDEX E $ VALUE	The total FY dollar value of CTF reimbursements claimed that is associated with the data record for SPEED INDEX E.	Currency	$0.00 Varies in length.
B 15	SPEED INDEX F $ VALUE	The total FY dollar value of CTF reimbursements claimed that is associated with the data record for SPEED INDEX F.	Currency	$0.00 Varies in length.
B 16	SPEED INDEX G $ VALUE	The total FY dollar value of CTF reimbursements claimed that is associated with the data record for SPEED INDEX G.	Currency	$0.00 Varies in length.
B 17	SPEED INDEX H $ VALUE	The total FY dollar value of CTF reimbursements claimed that is associated with the data record for SPEED INDEX H.	Currency	$0.00 Varies in length.
B 18	SPEED INDEX I $ VALUE	The total FY dollar value of CTF reimbursements claimed that is associated with the data record for SPEED INDEX I.	Currency	$0.00 Varies in length.
B 19	SPEED INDEX J $ VALUE	The total FY dollar value of CTF reimbursements claimed that is associated with the data record for SPEED INDEX J.	Currency	$0.00 Varies in length.
B 20	SPEED INDEX K $ VALUE	The total FY dollar value of CTF reimbursements claimed that is associated with the data record for SPEED INDEX K.	Currency	$0.00 Varies in length.
B 21	SPEED INDEX L $ VALUE	The total FY dollar value of CTF reimbursements claimed that is associated with the data record for SPEED INDEX L.	Currency	$0.00 Varies in length.
B 22	CBO TOTAL $ VALUE	Total dollar value of CBO reimbursement claims for each record (row).	Currency	$0.00 Varies in length.

Report & Field Order	Data Field Name	Data Field Definition	Data Type	Format
C 5	SCHOOLS #	Total number of CTF customers with a unique CPUC approved application number under the Schools category. For each fiscal year provide a single number that includes both submitted and forecast CTF customers. List Carrier's numbers and Affiliate's numbers on separate rows.	Number	Up to 4 digits
C 6	LIBRARIES #	Total number of CTF customers with a unique CPUC approved application number under the Libraries category. For each fiscal year provide a single number that includes both submitted and forecast CTF customers. List Carrier's numbers and Affiliate's numbers on separate rows.	Number	Up to four digits
C 7	CBOs #	Total number of CTF customers with a unique CPUC approved application number under the CBO category. For each fiscal year provide a single number that includes both submitted and forecast CTF customers. List Carrier's numbers and Affiliate's numbers on separate rows.	Number	Up to four digits
C 8	GOV'T HOSPITALS CLINICS #	Total number of CTF customers with a unique CPUC approved application number under the Government Hospitals and Clinics category. For each fiscal year provide a single number that includes both submitted and forecast CTF customers. List Carrier's numbers and Affiliate's numbers on separate rows.	Number	Up to four digits
C 9	COMMUNITY COLLEGES #	Total number of CTF customers with a unique CPUC approved application number under the Community Colleges category. For each fiscal year provide a single number that includes both submitted and forecast CTF customers. List Carrier's numbers and Affiliate's numbers on separate rows.	Number	Up to four digits

Report & Field Order	Data Field Name	Data Field Definition	Data Type	Format
C 10	CTN #	Total number of CTF customers with a unique CPUC approved application number under the California Telehealth Network (CTN) category. For each fiscal year provide a single number that includes both submitted and forecast CTF customers. List Carrier's numbers and Affiliate's numbers on separate rows.	Number	Up to four digits
C 11	CTF TOTAL #	Total number of CTF customers for each record (row).	Number	Up to four digits

Additional Instructions

In addition to the instructions contained above, the following instructions are provided:

1. Mission Consulting may require follow up reporting or communication regarding potential submittal issues it detects, including missing or incomplete data, data that does not properly match or correlate with related data, and et cetera.
2. Incomplete or inadequate SERVICE DESCRIPTIONs may require resubmission.
3. Please refer to the "Example" Excel file provided with these instructions, to view an example of a Table A, Table B, and Table C with partial data. In this "Example" Excel file Table A, Table B and Table C are provided in different worksheets (tabs).
4. In Table A, unless each description differentiates the service among the same SERVICE NAME (e.g., by speeds), the SERVICE DESCRIPTION only needs to be filled out once for each Carrier's or Affiliate's SERVICE NAME, even though a SERVICE NAME may reoccur in different records (rows).
5. In Table A if a Carrier's SERVICE NAME offers discrete services at various maximum download speeds associated with different SPEED INDEXs, the Carrier shall use a separate record (row) for each discrete service with the same SERVICE NAME to enter that service's speeds, speed index and claim amounts. If different maximum speeds for the same SERVICE NAME are within the same SPEED INDEX, a separate record is not necessary.
6. In Table A, for bundled services in which only a portion of the bundled service is eligible for a CTF discount (indicated by a "Y" in the BUNDLED field), Carriers shall only enter data that pertains to the CTF eligible portion of the service.
7. Voice only services shall be designated at Speed Index A.
8. At the Carrier's option, dollar figures may be rounded to the nearest dollar. If a currency field's value is zero, Carriers may either enter the number "0" or "0.00", or leave the field blank.
9. The sum of all CBO $s in Table A should match the sum of all CBO TOTAL $ VALUEs in Table B.
10. In Table C, the total number of CTF participating customers per fiscal year shall include customers whose claims have been submitted as well as customers that have not yet had a claim submitted, but for whom the Carrier still intends to submit a claim for that year.

11. Discrepancies in total dollars for each fiscal year shall be responded to as described below.

Discrepancy Explanation

For each fiscal year the sum of that year's CTF TOTAL $ amounts that have a Submitted (S) CLAIM STATUS in Table A for the Carrier and its Affiliates should match total amount shown for that year in the cover letter.

If the value derived from the following formula is 5.0% or greater, the Carrier must provide an explanation:

> [(the CTF program's total from the cover letter for a FY) ***minus*** (the sum of all of the CTF TOTAL $ for all records in Table A that have a Submitted (S) CLAIM STATUS for the same FY)]***divided by*** (the CTF program's total for the FY from the cover letter)

Or, if the value derived from the following formula is ±$500,000 or greater, the Carrier must provide an explanation:

> (the CTF program's total from the cover letter for a FY) ***minus*** (the sum of all of the CTF TOTAL $ for all records in Table A that have a Submitted (S) CLAIM STATUS for the same FY)

Explanations are to be provided via email to CTFdatarequest@missionconsulting.com.

APPENDIX B

List of Eligible CTF services

Which services are eligible for the CTF discount?

The CTF uses the Universal Services Administrative Company's (USAC) E-rate definitions for Digital Transmission Service, Internet Access and Wireless Internet Access, with certain exceptions.(http://www.usac.org/_res/documents/sl/pdf/ESL_archive/EligibleServicesList-2014.pdf)

The following services listed under these categories are eligible for CTF reimbursement:

Digital Transmission Service*

- Asynchronous Transfer Mode (ATM)
- Broadband over Power Lines (BPL)
- Digital Subscriber Line (DSL)
- DS-1, DS-3
- Ethernet
- Fiber
- Frame Relay/Permanent Virtual Circuit (PVC)
- Integrated Services Digital Network (ISDN, BRI, PRI)
- OC-1, OC-3, OC-12, OC-N
- Satellite service
- Switched Mulitimegabit Data Service (SMDS)
- T-1, T-3, Fractional T-1
- Wireless
- Wide Area Networks (WAN)

The following service may be eligible for CTF reimbursement subject to preapproval by CD staff:

The telecommunications component of:

- Distance learning capability
- Video, or
- Interactive television

Internet Access* - Support in this funding category is generally only available for basic conduit access to the Internet but is not available for content, equipment purchased by applicants, and services beyond basic conduit access to the Internet. Basic conduit access technologies include:

- Broadband over Power Lines (BPL) – enabled Internet access service
- Cable
- Digital Subscriber Line (DSL)
- Fiber/Dark Fiber
- Satellite service
- T-1 lines
- Wireless
- Wide Area Networks (WAN)

Wireless Internet Access Service*

- Wireless Internet Access Service – The CTF discount only applies to data plans and laptop cards and not cellular voice minutes or plans.**

Non Eligible Communication Services

The following items are not eligible for CTF reimbursement:

- Content/Usage

- Voice/VOIP
- Construction/Infrastructure
- Maintenance/Inside Wire Maintenance
- Video conferencing service
- Email Services
- Web Hosting
- Firewall
- Domain Name Service
- Dynamic Host Configuration
- Mobile hotspot service

For bundled products/services that contain both eligible and non-eligible services, carriers must cost allocate to receive partial CTF reimbursements.

*Some services may be excluded from USAC's eligibility service list.

**This is the current policy as well.