

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



**FILED**  
12-08-14  
04:59 PM

Order Instituting Rulemaking into the  
Review of the California High Cost  
Fund-A Program.

Rulemaking 11-11-007  
(Filed November 10, 2011)

**OPENING COMMENTS OF THE OFFICE OF RATEPAYER  
ADVOCATES ON THE PROPOSED DECISION OF  
COMMISSIONER SANDOVAL**

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December 8, 2014

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**I. INTRODUCTION**

Pursuant to Rule 14.3 of the Commission’s Rules of Practice and Procedure, the Office of Ratepayer Advocates (ORA) submits these Opening Comments<sup>1</sup> on the November 17, 2014 Proposed Decision of Commissioner Sandoval (PD).

**II. BROADBAND IMPUTATION ISSUES**

The PD correctly finds that broadband imputation is consistent with the law, and permissible under applicable California High Cost Fund-A (A-Fund, or CHCF-A) rules and regulations. The PD rejects the Small LECs’ contention that broadband imputation violates state or federal law.<sup>2</sup> The PD finds that broadband imputation is a normal ratemaking mechanism within the Commission’s authority to regulate telecommunications companies and does not constitute an illegal “taking.”<sup>3</sup>

As discussed in ORA’s Reply Brief and adopted by the PD, in Public Utilities Code Section 275.6 the legislature did not intend to limit the Commission’s ratemaking

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<sup>1</sup> ORA’s testimony and briefs did not address every issue in this proceeding. ORA’s silence on any issue is not intended to indicate agreement.

<sup>2</sup> PD, Conclusion of Law #1.

<sup>3</sup> PD, Conclusions of Law #2 and #3.

authority on this issue.<sup>4</sup> However, the PD concludes that “the circumstances are not yet ripe for broadband imputation.”<sup>5</sup> Thus as policy matter, not as a legal concern, the PD declines to adopt broadband imputation.

Curiously, the PD appears to adopt as its rationale for declining to require broadband imputation that “ISP affiliates are at different stages of broadband deployment in significantly different geographical and demographic situations.”<sup>6</sup> It appears that the PD believes that broadband revenues are necessary to provide substantial financial support from the A-Fund in order to complete new construction of broadband networks. However, there is little or no evidence in the record that shows that broadband networks are in materially “different stages” of development in different Small LECs’ territories. In fact, the Small LECs reported that “4/1” availability (% of customers for which 4Mbs download/1Mbs upload is available) is 100% or close to that for most of the Small LECs.<sup>7</sup> In addition, there is no dispute that the investment required for the deployment of broadband networks can and has been included in Small LECs’ rate base.<sup>8</sup> Small LECs earn a return on rate base and are therefore compensated for investments they make on deploying broadband networks.

The PD states, “We think it premature to adopt imputation across the board at this time.”<sup>9</sup> ORA disagrees with this conclusion. The Commission has the authority to impute broadband revenue and after three years of workshops, hearings, and briefings in the proceedings, a sufficient record has been established that justifies imputing broadband revenues. The PD’s sole justification is that apparently some Small LECs have not completely built their broadband networks.

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<sup>4</sup> PD, at 22.

<sup>5</sup> PD, at 22.

<sup>6</sup> PD at 22.

<sup>7</sup> Direct Testimony of Dale Lehman, attachment 3.

<sup>8</sup> Public Utilities Code Section 275.6(c)(6).

<sup>9</sup> PD, at 22.

Therefore, the PD should be modified to allow for the rebuttable presumption for each Small LEC that broadband revenues should be imputed unless the Small LECs can show that, for each individual Small LEC whose broadband network is substantially incomplete, broadband revenues are necessary for the further development of that broadband capable network. The PD should allow each Small LEC to seek an exception in its GRC to the rebuttable presumption that broadband revenue will be imputed, where it can provide an affirmative showing that its circumstances are materially unique and/or different from other Small LECs. This approach would allow the Commission to rely on a record specific to the circumstances of the Small LEC, and would properly place the burden of demonstrating the need for an exception on the Small LEC and not ORA.

ORA therefore recommends the following changes to Ordering Paragraph #1:

- 1. There is a rebuttable presumption for each Small LEC that its broadband revenues will be imputed. In their GRCs, each Small LEC will be permitted to seek an exception to broadband imputation based on a showing that its broadband capable network is not substantially developed or deployed.**

This alteration is necessary to achieve the Commission's duty under Section 275.6(c)(7) to ensure that the A-Fund subsidies are "not excessive", so that the burden on California customers is limited. As ORA argued in its Reply Brief, the Small LECs' telephone customers and the A-Fund are paying for the investments (as well as a 10% rate of return) in broadband-capable infrastructure that allow the ISP affiliate to offer access to broadband, but the ISP collects the broadband revenues and does not contribute to the cost of building the network. The provision of Section 275.6 that prohibits "excessive" subsidies should be used here to ensure fairness. In most cases, broadband revenues should be imputed unless the Small LEC can demonstrate a reason why they should not.

### **III. THE PD CORRECTLY APPROVES STANDARDIZATION OF CERTAIN COSTS**

The PD correctly explains that adoption of expense limits is reasonable and efficient.<sup>10</sup> The PD clarifies that the expense limits are not actual spending limitations. Rather, they are limits on how much claimed expenses are eligible to be used in calculating the revenue requirement which will flow through to calculating the A-Fund subsidy draw. Adopting this approach would align the Commission’s approach with that of the FCC and encourage more efficient operations by the Small LECs.

However, the PD errs by allowing these carriers to request A-Fund support above the expense limit levels.<sup>11</sup> This would likely have two negative consequences. First, it is likely that most of the Small LECs would ask for the additional funding; there is no penalty for doing so even if the Commission disallows the request. The extra expense involved in preparing these additional showings would likely be charged as part of the cost of preparing the GRC filing itself and thus all or some of the cost would be recovered from the A-Fund. This will likely lead to additional litigation and slow down the processing of the GRCs. Second, providing this “safety valve” option would defeat the purpose of imposing expense limits in the first place, namely to encourage greater operating efficiencies.

Therefore, ORA recommends deleting Ordering Paragraph #3 of the PD.

### **IV. SUPPLEMENTING A-FUND SUBSIDIES FOR REDUCTIONS IN FEDERAL SUBSIDIES**

The PD states that it is the Commission’s intent to remedy disruptions caused by federal subsidy changes, while honoring the policy objectives of federal subsidy decreases where they are consistent with the objectives of the A-Fund.<sup>12</sup> However, the PD’s discussion on the issue of whether the A-Fund should make up for reductions in federal subsidy payments lacks clarity. The PD proposes a two prong test in order for the

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<sup>10</sup> PD at 28, and Conclusions of Law 24-26.

<sup>11</sup> PD, Ordering Paragraph #3.

<sup>12</sup> PD, at 41.

Small LECs to qualify for having the A-Fund make them whole for any federal subsidy reductions.<sup>13</sup> It is not clear how the two prongs would be “met”, or the results of meeting the two-pronged test. For example, what does it mean that the Small LECs must show that they have “mirrored the federal cap on per line expenses where possible”, “unless doing so would supplement high cost support”? The wording of this prong does not provide the parties with meaningful guidance as to how to determine whether the conditions have been met. ORA recommends that the PD should be clarified on this point.

As noted by the PD, ORA cites two examples where increasing the A-Fund to make up the difference in decreased federal subsidies would frustrate federal policies. First, the FCC’s phase-in adjustment for Intercarrier Compensation and High Cost Loop Support, which was designed to induce carrier efficiency should not trigger an increased recovery from the A-Fund.<sup>14</sup> Second, the Connect America Fund High-Cost Universal Service Support aims to limit carriers’ total eligible recovery. A-Fund subsidies should not be automatically increased to cover the decrease in federal subsidies for corporate expenses.

The PD generally seeks to align California subsidies with the efficiency incentives which the FCC has promulgated. It would be unfortunate if this Commission choose to deviate from this approach in order to make the Small LECs “whole” for any reductions in federal subsidy payments and undermine the FCC’s carefully crafted incentives. Allowing the Small LECs to get A-Fund subsidies to replace reduced federal subsidies would represent nothing more than a transfer of funding responsibility from the federal government to the People of the State of California, which is neither equitable nor sound public policy.

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<sup>13</sup> PD, Ordering Paragraph #6.

<sup>14</sup> PD, at 41.

## V. ADOPTION OF A GENERAL RATE CASE PLAN

Another shortcoming in the PD is that it fails to provide guidance as to what will happen when the “waterfall” stay is lifted next year. On July 15, 2014, Commissioner Sandoval issued a PD that extended the current stay of the GRC schedules and freeze of the “waterfall” provisions for CHCF-A recipients, adopted in D.13-02-005. The freeze of the “waterfall” provisions for CHCF-A recipients was extended to April 2015. As a result, unless the Small LECs begin filing GRC applications immediately after April 1, 2015, they will be subject to A-Fund subsidy reductions. This means that the Commission will receive all of the Small LECs’ GRC applications at the same time, and the Commission is clearly not sufficiently resourced to handle all of them at once.

To address the looming GRC applications, the PD states that “the Assigned Commissioner will issue a Ruling soliciting comments in order to create a GRC Plan for the Small ILECs which will be implemented in an interim decision between Phase 1 and 2 of the instant proceeding.”<sup>15</sup> However, the timing is problematic, as there is no firm date for this proposed Ruling and it will take time for parties to prepare a response, to comment on the other responses, and to issue a ruling. Also, Phase 2 has no firm beginning date so it is not clear that the Ruling will be issued prior to the April deadline. Meanwhile, the Small LECs must begin preparing their GRC applications immediately in order to be ready to file by April 1, 2015, and parties must have guidance as to what the GRC applications should contain. It is also simply not feasible for the Commission to adequately process all 10 of the Small LECs’ GRC application simultaneously in April 2015.

With this in mind, ORA has drafted and distributed a proposed Rate Case Plan (RCP), attached.<sup>16</sup> ORA’s plan allows for GRC to be processed and completed in a timely, thorough, consistent, and orderly manner, with the necessary steps established to ensure just and reasonable customer rates for safe, reliable, and high-quality services.

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<sup>15</sup> PD, Finding of Fact #3.

<sup>16</sup> See Attachment A.

ORA recommends that the Commission adopt this RCP as soon as possible to avoid the probable necessity of extending the April 2015 deadline.

## **VI. CONCLUSION**

The PD's sound legal reasoning should be adopted. The Commission should adopt the PD with the modifications described above by ORA.

Respectfully submitted,

/s/ TRAVIS T. FOSS

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December 8, 2014

# ATTACHMENT A

## Small Local Exchange Telephone Company General Rate Case Plan

### A. Description

In a letter dated September 20, 2014 to the Members of the California State Assembly, the California Public Utilities Commission (Commission) was directed by Governor Brown to create a Rate Case Plan (RCP) “to encourage timely completion” of Small Local Exchange Telephone Company (Small LEC) rate cases.<sup>1</sup> The following RCP details the procedures and schedules that will be followed by the Small LECs when filing General Rate Case Applications (GRC) and Applications for an Authorized Cost of Capital every three years.

By adopting the schedules and procedures contained herein, Small LEC GRCs can be completed in a timely,<sup>2</sup> thorough,<sup>3</sup> consistent, and orderly manner, with the necessary steps established to ensure just and reasonable customer rates for safe, reliable, and high-quality services. The following RCP also maintains the Commission’s ability to complete GRCs that represent the best interests of all ratepayers.<sup>4</sup> Adopting a RCP such as this has a long-established history with effective results for both energy and water utilities under the

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<sup>1</sup> Governor Brown’s Veto Message of Assembly Bill 1693 (Perea, 2014).

<sup>2</sup> See Public Utilities Code **(PUC) § 1701.5**.

<sup>3</sup> **(PUC)§314.5:** The commission shall inspect and audit the books and records for regulatory and tax purposes (a) at least once in every three years in the case of every electrical, gas, heat, telegraph, telephone, and water corporation serving over 1,000 customers, and (b) at least once in every five years in the case of every electrical, gas, heat, telegraph, telephone, and water corporation serving 1,000 or fewer customers. An audit conducted in connection with a rate proceeding shall be deemed to fulfill the requirements of this section.

<sup>4</sup> **(PUC)§ 275.6 (c) (7):** In administering the California High Cost Fund-A program the Commission shall ensure that support provided to the Small LECS is not excessive so that the burden on all contributors to the CHCF-A program is limited.

Commission's jurisdiction.

## **B. Applicability**

The procedures and requirements of this plan apply to the following ten Small LECs for the period during which these companies' rates and revenue requirements are regulated by the Commission: Calaveras Telephone Company, Cal-Ore Telephone Company, Ducor Telephone Company, Foresthill Telephone Company, Kerman Telephone Company, Pinnacles Telephone Company, The Ponderosa Telephone Company, Sierra Telephone Company, The Siskiyou Telephone Company, and Volcano Telephone Company.

As conditions and circumstance warrant, the Commission will re-examine and revise, if necessary, the procedures and requirements established by the RCP in order to ensure that an efficient and effective regulatory framework exists for the Small LECs to provide affordable, reliable, and high-quality communications services.

## **C. Schedule for GRC Filings**

In order to meet Governor Brown's direction<sup>5</sup> and ensure that adequate Commission resources are available for timely review and consideration of a Small LEC's rates and revenue requirements, the filing of a GRC by the ten Small LECs will proceed on a staggered schedule where each Small LEC is required to file a GRC application once every three years.<sup>6</sup> The order

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<sup>5</sup> *Supra* note 1.

<sup>6</sup> Section H(3) below outlines the process by which a Small LEC can file a General Rate Case advice letter in lieu of an application.

in which Small LECs file applications within the 3-year cycle is based upon company size so that in any year of the 3-year cycle the Commission will be reviewing the infrastructure and expenses necessary to service a roughly similar number of total customers. The following table establishes the order and first filing dates for each of the ten Small LECs.

Cycle Year	Name of Company Filing	Filing Date for First Cycle
1	Sierra Telephone Company Calaveras Telephone Company Ducor Telephone Company	July 1, 2015
2	Volcano Telephone Company Ponderosa Telephone Company Pinnacles Telephone Company	July 1, 2016
3	Siskiyou Telephone Company Cal-Ore Telephone Company Foresthill Telephone Company Kerman Telephone Company	July 1, 2017

**D. Schedule for Cost of Capital Filing**

To minimize the number of contentious issues within the GRC applications of the Small LECs and to ensure that an equitable Cost of Capital is uniformly determined and applied when the Commission authorizes revenue requirements in a GRC, all Small LECs will participate in a Cost of Capital proceeding every three years. Applications for an authorized Cost of Capital (if filed individually by Small LECs) will be consolidated into a single proceeding.<sup>7</sup> The following

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<sup>7</sup> Consolidated Cost of Capital proceedings are currently scheduled on a triennial basis for both water and energy investor-owned utilities subject to the requirements of Rate Case Plans.

schedule for the first consolidated Small LEC Cost of Capital proceeding will allow the Commission to establish an authorized rate of return for each of the Small LECs prior to a final decision in the first GRC cycle for each Small LEC.<sup>8</sup>

Date	Description of Activity
March 2, 2015	Cost of Capital Application(s)
May 4, 2015	Intervenor Testimony
May 18, 2015	Rebuttal Testimony
June 1-5, 2015	Evidentiary Hearings
June 22, 2015	Opening Briefs
July 6, 2015	Reply Briefs
October 5, 2015	Proposed Decision
November 6, 2015	Comments on Proposed Decision
November 13, 2015	Reply Comments
November 19, 2015	Commission Meeting

To reduce discovery during Cost of Capital proceedings, Minimum Data Requirements (MDRs) shall be completed by each Small LEC as part of its testimony. Testimony served concurrently with the Cost of Capital application must include data responsive to the specific topics and questions listed below, in addition to any other information necessary to support the request. The application and testimony need not respond to the Minimum Data Requirements in

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<sup>8</sup> The Presiding Officer shall set the final schedule for each Cost of Capital proceeding at or after the Prehearing Conference (PHC) or through a scoping memo.



the order presented below, but must include a cross reference that identifies where each topic and question is addressed in the testimony.

### **Minimum Data Requirements for Small LEC Cost of Capital**

- (1) Most recent authorized return on equity and rate of return on rate base, with reference to decision number.
- (2) Actual return on equity and rate of return on rate base annually for the past five years.
- (3) Description of the proposed capital structure and rate of return; identifying and explaining all significant changes from last adopted capital structure and Cost of Capital.
- (4) Detailed description of all outstanding debt, including (a) sinking fund amounts for each issue, by issue, by year; (b) retirements by issue; (c) interest rates for each issue; (d) terms of each issue; (e) cost of issuance for each issue; (f) name of lender for each issue; (g) cost basis for proposed new issuances; (h) agency ratings of company and all existing debt, if applicable.
- (5) Any and all agency comments on Small LECs stocks, bonds, or overall company, if applicable, with name(s) and phone number(s) of rating/commenting organization and all ratings/comments received in the past 12 months.
- (6) Actual rate base for the past five years by year.
- (7) Copies of all publications, articles, book references, regulations, and decisions, referenced in application testimony.
- (8) Supporting documentation for all models used to determine return on equity.

#### **E. Interaction of California High Cost Fund-A (CHCF-A)**

Until such time as each Small LEC has received a final decision in their first GRC of the cycle, the “waterfall” or phase-down of CHCF-A support that was established in Commission



Decision D.88-07-022 will be suspended so that each Small LEC receives the most recent Commission-authorized support level per the waterfall provisions.<sup>9</sup> After issuance of the final decision in each Small LEC’s first GRC cycle, the provisions and necessity of the “waterfall” provision will be effectively rendered moot since as a result of the revolving three-year cycle subsequent GRC applications will be filed by the Small LECs prior to any phase-down of CHCF-A support.

#### **F. Waiver of Scheduled GRC Filing**

A Small LEC may seek waiver of a GRC scheduled under the RCP by letter to the Executive Director with concurrent copies provided to the Directors of ORA and the Communications Division. Such letters shall be sent no later than 90 days prior to the scheduled application filing date with a copy to the Chief ALJ, Communications Division Director, Director of ORA, and the service list of its most recent GRC. The scheduled GRC filing may be waived upon mutual agreement of the Commission (through the Executive Director in consultation with the Communications Division) and the Small LEC requesting the waiver. The Executive Director will report to the Commission at the next scheduled Commission meeting the disposition of any requests for waiver of the three-year filing requirement.

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<sup>9</sup> Provisions of the “waterfall” were continued or modified in subsequent Commission Decisions including D.91-05-016 and D.01-05-031



**G. General Rate Case Schedule and Timeline**

The schedule for processing a GRC application is set out below. The Presiding Officer shall set the final schedule for each proceeding at or after the Prehearing Conference (PHC) or through a scoping memo.

<b>Calendar Day</b>	<b>Description of Activity</b>
- 60	Proposed Application
- 30	ORA Deficiency or Compliance Letter
0	Application Filed and Testimony Served
100	Intervenor Testimony
114	Rebuttal Testimony
130 - 140	Evidentiary Hearings
160	Opening Briefs
175	Reply Briefs
265	Proposed Decision
285	Comments on Proposed Decision
290	Reply Comments
320	Commission Meeting

**H. Detail of GRC Schedule and Processing**

**1. Proposed Application (- 60 Day)**

Three paper copies of the proposed application and supporting testimony shall be



provided to ORA, along with one full paper copy of all supporting workpapers. The proposed application shall not be tendered to the Docket Office. The Applicant shall also provide one copy to the Commission's Legal Division and to the Communications Division. A searchable electronic copy of the proposed application, supporting testimony, and workpapers shall be provided to ORA and the Communications Division.

A proposed application for a rate increase and/or an increase in the CHCF-A draw must identify, explain, and justify the proposed increase. The proposed application shall include a proposed schedule consistent with the schedule established by this Rate Case Plan. The proposed application shall include, but not be limited to, the information set forth below under Minimum Data Requirements (MDR) for Small LEC General Rate Cases. In all cases, the Small LEC bears the burden of proving that its requests are reasonable and prudent and must include in the proposed application and supporting testimony all information and analysis necessary to meet this burden.

## **2. ORA Deficiency Letter (- 30 Day)**

ORA will review and evaluate the proposed application to determine whether the proposed application complies with this RCP's Minimum Data Requirements. No later than 30 days after the proposed application is tendered ORA will inform the Small LEC in writing whether the proposed application complies with the MDR. If ORA determines that the proposed application complies, ORA would notify the Commission's Docket Office to accept for filing a GRC application any time within the 30 days following a determination and notification of compliance. If ORA determines that the proposed application does not comply with the MDR



then ORA will issue a letter of deficiency to the applicant no later than 30 days after the proposed application was received.

Unless and until the defects listed in the letter of deficiency have been resolved, the Commission will not accept the GRC application for filing. If the applicant disagrees with any of the defects listed in the letter of deficiency, the applicant may appeal to the Executive Director for a waiver from these requirements. Service shall include copies to the Executive Director, the Director of the Communications Division, the Assistant Chief ALJ (Communications), and ORA. Upon either ORA's acknowledgement of applicant's curing of the proposed application's defects or action of the Executive Director resolving disputed compliance, the Docket Office will be notified to accept for filing the applicant's GRC application.

### **3. Application Filed and Testimony Served (0 Day)**

After the Docket Office has been notified to accept the application, the applicant will file its GRC application consistent with Commission's Rules of Practice and Procedure. Supporting testimony and work papers shall not be filed with the Docket Office but shall be served on ORA and the Chief ALJ.

The applicant may file a Tier III Advice Letter in lieu of an application if the applicant's proposed application has been deemed acceptable for filing with the Commission's Docket Office per the procedures previously outlined. However, the applicant shall file an advice letter seeking authority to file its GRC by advice letter no later than 90 days prior to the due date for its GRC application. The requesting Small LEC must continue to prepare its proposed



application consistent with other aspects of this RCP (including the preparation of Minimum Data Requirements) while its advice letter seeking approval is pending so that if its request is denied, the Small LEC can proceed to meet the adopted timelines and all other filing requirements of the Rate Case Plan.

#### **4. Intervenor Testimony (100 Day)**

Consistent with the Commission's Rules of Practice and Procedure, any intervenors (including the ORA) shall serve prepared testimony on the service list to the proceeding.

#### **5. Rebuttal Testimony (114 Day)**

Rebuttal testimony may be prepared by any party and shall be served on the service list and consistent the Commission's Rules of Practice and Procedure.

#### **6. Evidentiary Hearings (130 – 140 Day)**

The Presiding Officer shall preside over evidentiary hearings and shall take evidence to prepare the formal record. At the conclusion of the hearings, the Presiding Officer shall set the briefing schedule and set the date for submission of the case for decision by the Commission.

#### **7. Opening Briefs (160 Day)**

The parties may file concurrent opening briefs setting out their recommendations on specific issues, with supporting references to the record. The Presiding Officer may adopt a uniform briefing outline for use by all parties.

## **8. Reply Briefs (175 Day)**

Each party may file a brief that responds to the issues raised by other parties in opening briefs. The Presiding Officer may request the applicant to coordinate with ORA to produce a Joint Comparison Exhibit showing complete comparison tables for items comprising revenue requirements and items in dispute.

## **9. Proposed Decision (265 Day)**

The Presiding Office shall have 90 days available from the closure of the proceedings record and the filing of reply briefs to file and serve a Proposed Decision consistent with the applicable laws and regulations.

## **10. Comments on the Proposed Decision (285 Day)**

Comments on the Proposed Decision shall be filed and served on all parties consistent with Commission Rules of Practice and Procedure.

## **11. Reply Comments (290 Day)**

Parties may file and serve replies to comments on the Proposed Decision consistent with the Commission's Rules of Practice and Procedure.

## **12. Commission Meeting (320 Day)**

The Proposed Decision may be on the agenda for the first regularly scheduled meeting of the Commission occurring 30 or more days after the date the proposed decision is issued.

## **I. Minimum Data Requirements**

The proposed application and testimony need not respond to the Minimum Data Requirements in the order presented below, but must include a cross reference that identifies where each topic and question is addressed in the proposed application. The cross-reference document will become part of the formal record.

Workpapers supporting the Minimum Data Requirements should include all supporting analysis, documentation, calculations, and any other information relied upon but not readily available to other parties. Electronic copies of all spreadsheets or other analytical methods necessary to fully calculate the effect of any revenue requirement change should be included. All work papers must include a table of contents, page numbering, and cross-reference to issues discussed in testimony.

The following table identifies the minimum amount of information that must be contained in the proposed application.<sup>10</sup>

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<sup>10</sup> The provision of Minimum Data Requirements by a Small LEC does not preclude ORA from compelling the production or disclosure of any additional information it deems necessary to perform its duties. See Public Utilities Code §§ 309.5(e).



<b>Minimum Data Requirements for Small LEC General Rate Cases</b>	
A. General Corporate Information	<ul style="list-style-type: none"> <li>(1) Chart of corporate organization listing all employee positions (indicating name of incumbent or vacant) and detailing any affiliate relationships (affiliate defined as any legal entity owning 10% or more of the regulated entity or being 10% or more owned by the regulated entity)</li> <li>(2) Copy of the most recent Strategic Business Plan (document which serves to identify the operational and financial goals of the Small LEC)</li> <li>(3) Identify and explain all transactions with affiliates involving employees or assets of the Small LEC, or resulting in costs included in revenue requirements over the last five years. Include all documentation, including all contracts and sufficient detail to demonstrate that any services utilizing employees or assets of the Small LEC are reimbursed at general market prices</li> <li>(4) Five years of financial statements (including balance sheet, income statement, and statement of cash flows and accompanying notes) to which an officer of the regulated entity has attested</li> <li>(5) Map(s) of area where services are provided indicating location of all major assets in service (provided in both Adobe .pdf and Shapefile .shp formats) -- Major assets are defined as those assets with book value greater than 1% of total rate base</li> </ul>
B. Operational Information	<ul style="list-style-type: none"> <li>(1) Five years recorded and proposed test year number of access lines by service type (residential, commercial, etc.)</li> <li>(2) Five years recorded and proposed test year expenses by FCC account</li> <li>(3) Five Years of actual and proposed test year capital spending</li> <li>(4) Five Years of recorded and proposed test year revenues</li> </ul>



	<p>per customer class and service</p> <p>(5) Five most recent years of California and Federal Tax Filings</p> <p>(6) Five years of recorded and proposed test year total compensation by employee</p>
<p>C. Plant and Capital Projects</p>	<p>(1) List all switches installed and proposed in the test year; indicating the date of installation, the capacity, and the technology (e.g. circuit or packet)</p> <p>(2) Type, length, installation date, and bandwidth for each section of line installed and proposed in the test year</p> <p>(3) Identification of any proposed projects for the next 3 years that are anticipated to be included in rate base; including (a) Project name, (b) Description of technology, necessity, cost, location, and bandwidth capability, (c) Estimated number of customers to subscribe by year and passed by proposed service</p>
<p>D. Customer Service and Safety Information</p>	<p>(1) Proposed Customer Notice for GRC Application</p> <p>(2) Testimony describing proposed rate design and its ability to promote the provision of affordable service</p> <p>(3) Number of customer complaints received in each of the past five years categorized by major subject area</p> <p>(4) Annual System Average Interruption Duration Index (SAIDI) for most recent five years</p> <p>(5) Annual System Average Interruption Frequency Index (SAIFI) for most recent five year</p> <p>(6) Copy of network disaster recovery plans such as re-routing of data and network redundancy</p>
<p>E. Regulatory Information</p>	<p>(1) Five years of actual and proposed test year revenue requirements (separately identifying all elements comprising total revenue requirements)</p>



	<ul style="list-style-type: none"> <li>(2) Five years of actual and proposed test year rate base (separately identifying all elements comprising rate base)</li> <li>(3) Five years of recorded and proposed test year High Cost Fund-A (CHCF-A) withdrawals</li> <li>(4) List of all changes in authorized rates, services, and CHCF-A payments for the most recent five years</li> <li>(5) All proposed tariff schedules</li> </ul>
<p>F. Broadband and Affiliate Data</p>	<ul style="list-style-type: none"> <li>(1) Description of all affiliate charges that appear in the Small LEC's customer bills</li> <li>(2) Number of broadband customers by year and service type (residential, commercial, etc.) for most recent five years for Small LEC or Affiliate(s)</li> <li>(3) Percentage of Small LEC Service Area where DSL is available from Small LEC or Affiliate(s)</li> <li>(4) Map of Small LEC Service Area where broadband is available from Small LEC or Affiliate(s)</li> <li>(5) List of all plant additions for the last five years associated with the provision of broadband service (e.g. DSLAMS and other equipment)</li> <li>(6) List of all broadband infrastructure; indicating technology type, installation date, bandwidth capacity, and percent utilization</li> <li>(7) List of all broadband products and services currently offered by customer type (residential, business, wholesale, etc.); indicating the (a) Product or Service Name, (b) Description, (c) Speed Tier, (d) Price, (e) Terms and Conditions, (f) Number of Subscribers</li> <li>(8) Policy and Procedures Manuals(s) detailing network management practices including congestion management</li> </ul>