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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

In the Matter of Application of The Ponderosa Telephone Co. (U 1014 C) to Review Intrastate Rates and Charges, Establish a New Intrastate Revenue Requirement and Rate Design, and Modify Selected Rates.

A. 16-10-001
(Filed October 3, 2016)

**NOTICE OF EX PARTE COMMUNICATION
OF THE PONDEROSA TELEPHONE CO. (U 1014 C)**

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Attorneys for
The Ponderosa Telephone Co.

November 4, 2016

1 Pursuant to the Commission's Rules of Practice and Procedure, Rules 8.3 and 8.4, The
2 Ponderosa Telephone Co. (U 1014 C) ("Ponderosa") hereby submits this notice of the following *ex*
3 *parte* communication:

4 On November 1, 2016, representatives of Ponderosa met with Lester Wong,
5 telecommunications advisor to Commissioner Randolph, regarding the above-captioned
6 proceeding. The Ponderosa representatives included Matt Boos, General Manager of Ponderosa,
7 and Dan Douglas, Financial Director for Ponderosa. In addition, the Ponderosa representatives
8 included Patrick Rosvall and Ann Ten Eyck, attorneys for Ponderosa.

9 The meeting took place starting at approximately 10:15 a.m., and lasted approximately 40
10 minutes. The meeting was held at 505 Van Ness Avenue in San Francisco, California, in a
11 conference room on the 5th Floor of the Commission's headquarters. The meeting involved an
12 overview of Ponderosa's rate case and a discussion of key procedural issues in the case.

13 The meeting began with a discussion of sequencing and scheduling issues pertaining to
14 Ponderosa's rate case. The Ponderosa representatives presented a proposal for procedural events
15 and associated dates in connection with this rate case and a proposal for sequencing those events
16 with key events in the three other cases for other small telephone companies, which were filed on
17 the same date as Ponderosa's rate case. The Ponderosa representatives noted that Ponderosa has
18 presented a straightforward rate case that should be uncontroversial, and, for those reasons,
19 Ponderosa's rate case should move forward expeditiously. The Ponderosa representatives also
20 provided an overview of Ponderosa's rate case. As part of that overview, the Ponderosa
21 representatives provided a comparison of Ponderosa's rate case proposal for the 2018 test year and
22 the results that the Commission reached for the 2009 test year, the last year that Ponderosa had a
23 rate case. The meeting concluded with a discussion of the timing of the Public Participation
24 Hearing ("PPH"), and the Ponderosa representatives underscored their view that the PPH should
25 occur after ORA's testimony is released so that all proposals for end user rates will be known. If
26 this does not occur, the Ponderosa representatives stated, it will be a disservice to customers
27 because they will not know the information regarding the end user rates that will be considered as
28 part of the proceeding. As the Ponderosa representatives explained, ORA has proposed rate

1 increases in previous rate cases, while at the same time advocating for PPHs that were too early to
2 bring ORA's significant rate increase proposals to light. The Ponderosa representatives expressed
3 their view that this would be unfair to rural consumers and create a lack of transparency in the
4 Commission's process.

5 During the meeting, the Ponderosa representatives referred to three documents. First, the
6 Ponderosa representatives provided a comprehensive document with a joint proposal from
7 Ponderosa and the other companies with currently-pending rate cases as to the sequencing of the
8 cases. That document is attached hereto as Exhibit A. Ponderosa notes that Exhibit A contains a
9 typographical error regarding the date that it was created. The document states that it was created
10 on 10.27.15, but this reference should be 10.27.16. Second, the Ponderosa representatives
11 provided a document comparing Ponderosa's proposed 2018 test year proposal to the results
12 adopted as reasonable by the Commission in its last rate case, which had a 2009 test year. That
13 document is attached hereto as Exhibit B. Third, the Ponderosa representatives referred to a
14 declaration from one of Volcano Telephone Company's customers who objected to the
15 Commission's sequencing of the PPH in that company's rate case, a declaration which
16 demonstrates the unfairness to customers stemming from any schedule that provides for customer
17 input before ORA's proposal for end user rates is known. That document is attached hereto as
18 Exhibit C.

19 This notice has been provided to the service list for A.16-10-001, as stated in the
20 Certificate of Service attached hereto. Please direct any questions regarding this notice to
21 prosvall@cwclaw.com.

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Dated this November 4, 2016, at San Francisco, California.

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By: /s/ Patrick M. Rosvall
Patrick M. Rosvall

Attorneys for
The Ponderosa Telephone Co.

EXHIBIT A

General Rate Case Applicants' Proposed Sequencing and Deadlines

Applicants' Proposals for 2016-2017 Rate Case Sequencing (10.27.15)

	Rate Case Plan Target Days from Application	Calaveras	Ponderosa	Sierra	Cal-Ore
Protest/Intervenor Deadline	30	Wednesday, November 2nd	Wednesday, November 2nd	Wednesday, November 2nd	Wednesday, November 2nd
Reply to Protest	40	Monday, November 14th	Monday, November 14th	Monday, November 14th	Monday, November 14th
Prehearing Conference	60	Friday, November 18th	Wednesday, November 30th	Friday, December 2nd	Friday, December 9th
Discovery	0-150	Thursday, March 2nd	Thursday, March 2nd	Thursday, March 2nd	Thursday, March 2nd
Intervenor Testimony Due	150	Thursday, February 16th	Thursday, February 23rd	Thursday, March 2nd	Thursday, March 9th
Rebuttal Testimony Due	180	Monday, March 20th	Monday, March 27	Monday, April 3 rd	Monday, April 10th
Public Participation Hearing		Wednesday, March 22th	Wednesday, March 29th	Wednesday, April 5th	Wednesday, April 12th
Evidentiary Hearing	210-220	Monday, April 17th	Monday, April 24th	Monday, May 1st	Monday, May 8th
Opening Briefs	250	Monday, May 29th	Monday, June 5th	Monday, June 12 th	Monday, June 19th
Reply Briefs/Closes Record	271	Monday, June 19th	Monday, June 26th	Monday, July 3 rd	Monday, July 10th
Proposed Decision	331	Wednesday, August 16th	Wednesday, August 23rd	Wednesday, August 30th	Wednesday, September 6th
Comments	351	Tuesday, Sept. 5th	Tuesday, Sept. 12th	Tuesday, Sept. 19th	Tuesday, Sept. 26th
Final Decision	361-390	Friday, Sept. 29th-Monday, October 30 th			

EXHIBIT B

Comparison of The Ponderosa Telephone Co.'s 2018 Test Year Proposal to Results Since Last Rate Case, 2009 Test Year

The Ponderosa Telephone Co.
Results of Operations
2018 Test Year as Proposed Compared to 2009 Test Year per Resolution T-17297

Line	Description	2018 Intrastate Operations Proposed	2009 Intrastate Operations Res. T-17297	Difference
1	Regulated Expenses			
	Plant Specific	2,812,089	2,498,962	313,127
	Plant Non-Specific (less Depreciation)	1,102,004	1,206,761	(104,757)
	Depreciation	2,442,556	5,677,279	(3,234,723)
	Customer Operations	554,543	820,936	(266,393)
	Coporate Operations	1,598,189	1,774,027	(175,838)
2	Property Taxes	309,014	266,387	42,627
3	Regulated Expenses and Property Taxes	8,818,395	12,244,352	(3,425,957)
4	Rate Base	22,907,171	20,719,889	2,187,282
5	Rate of Return	13.85%	10.00%	
6	Return on Rate Base	3,172,643	2,071,792 *	1,100,851
			*Adjusted by \$197 to match return on rate base amount in Resolution T-17297	
7	Operating Revenues	13,993,453	15,408,670	(1,415,217)
8	Regulated Expenses and Property Taxes	8,818,395	12,244,352	(3,425,957)
9	Tax Deducts (Fixed Charges)	148,209	421,650	(273,441)
10	Taxable Income	5,026,849	2,742,668	2,284,181
11	SIT & FIT Tax Rate	0.39834	0.39834	0.39834
12	State and Federal Income Tax	2,002,415	1,092,526 *	909,889
			*Adjusted by \$1 to match the income tax amount in Resolution T-17297	
13	Revenue Requirement (3+6+12)	13,993,453	15,408,670	(1,415,217)
14	Local Network Service Revenues	2,688,028	3,131,113	(443,085)
15	Interstate USF	4,934,099	6,997,308	(2,063,209)
16	Intrastate Access Revenues	445,929	975,662	(529,733)
17	Miscellaneous & Uncollectible Revenues	433,568	512,335	(78,767)
18	Total Anticipated Revenues	8,501,624	11,616,418	(3,114,794)
19	CHCF-A Draw (13-18)	5,491,829	3,792,252	1,699,577

EXHIBIT C

Declaration of Lynn A. Morgan

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**DECLARATION OF
LYNN A. MORGAN**

DECLARATION OF LYNN A. MORGAN

I, Lynn A. Morgan, hereby declare:

1. I am the Supervisor for Amador County, District Three. I submit this declaration in support of the Motion of Volcano Telephone Company ("Volcano") for Second Public Participation Hearing.

2. If called as a witness, I could and would competently testify as to the matters stated herein from my own personal knowledge, except as to any matters that I state upon information and belief, and as to those matters, I am informed and believe them to be true.

3. I attended the Public Participation Hearing ("PPH") in this proceeding on April 11, 2016 on behalf of the constituents of Amador County to explain the needs of our local communities, and particularly the large percentage of elderly people on fixed incomes who live in District Three. I emphasized that most of the residents of Amador County rely on landlines for safety and communication and are extremely sensitive to any rate increases.

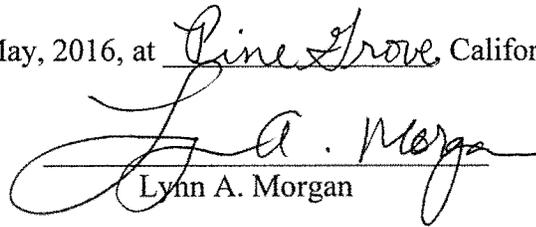
4. At the time of the PPH, the Office of Ratepayer Advocates ("ORA") had not revealed its proposal to increase rates for Volcano's customers. I inquired at the PPH when ORA might have a position because I wanted the opportunity to evaluate the impact of ORA's proposal on the residents of Amador County. ORA stated that it did not expect to have its proposal ready until April 25, 2015.

5. I am informed and believe that on April 25, 2016, two weeks after the PPH, ORA disclosed its proposals to increase Volcano's single-line residential rate from the current rate of \$20.25 to \$23.17 for the Test Year 2017, with subsequent annual increases of 4.91% over five years, to reach a monthly rate of \$28.07 (\$37.00 all-inclusive) by 2021. I also am informed and believe that ORA proposes to increase Volcano's single-line business rate from \$30.70 to \$31.60 (depending on the exchange) to \$34.12 for the Test Year 2017, with subsequent annual increases of 4.91% over five years, to reach a monthly rate of \$41.33 by 2021.

6. Based on my knowledge of the makeup of the residents of our community, our local businesses, and their needs as well as my interactions with local residents and businesses, I believe that our constituents would very much like to review ORA's proposal to significantly

1 increase residential and business rates and express their concerns to the Administrative Law Judge
2 and assigned Commissioner or her representative about how ORA's proposal would impact them.
3 I am particularly concerned that many of our local residents would not be able to afford basic
4 telephone service at the rates ORA proposes. As noted, many of District Three's residents are
5 elderly and/or on fixed incomes. They do not necessarily have the time, resources or physical
6 ability to travel to the California Public Utilities Commission in San Francisco to express their
7 views in-person to the judge or Commissioner. A second PPH held near their homes would afford
8 our local constituents an opportunity to express their opinions in-person on how ORA's proposal
9 would impact them.

10 Executed this 6th day of May, 2016, at Pine Grove, California.

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Lynn A. Morgan