

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Carrier Oversight and Programs Branch**

**RESOLUTION T-17630
November 29, 2018**

RESOLUTION

RESOLUTION T-17630, Calaveras Telephone Company. Order authorizing recovery of \$77,225.03 in revenue shortfall through The California High Cost Fund–A due to the post-January 1, 2018 effective date of Calaveras’ Test Year 2018 General Rate Case Decision.

SUMMARY

By Advice Letter 362 filed May 21, 2018, Calaveras Telephone Company requests recovery of a revenue shortfall of \$77,225.03 through the California High Cost Fund-A, pursuant to Ordering Paragraph (O.P.) 9 of Decision (D.) 18-04-006 in General Rate Case Application (A.)16-10-002. The revenue shortfall occurred because the Commission adopted the General Rate Case D.18-06-004 for Test Year 2018 after the start of the test year. This Resolution approves Calaveras Telephone Company’s recovery request of \$77,225.03 from the California High Cost Fund-A.

BACKGROUND

Calaveras Telephone Company (Calaveras) filed Application (A.) 16-10-002 requesting a General Rate Case (GRC) revenue requirement of \$7,288,807 and California High Cost–A support (CHCF-A) of \$4,109,108 for Test Year (TY) 2018.¹ In D.18-04-006, dated April 26, 2018, the Commission adopted an all-party settlement agreement with a revenue requirement of \$6,200,000, and CHCF-A support of \$2,932,899 for TY 2018. However, the Commission recognized that with the decision’s May 1, 2018 effective date, the implementation of Calaveras’ new rates as of that date would render it unable to collect the full adopted revenue requirement for TY 2018.

The Commission recognized in adopting D.18-04-006 that a TY 2018 revenue requirement should be based on a full year’s collection of billings and other revenue components, including support from the CHCF-A program. Therefore, while

¹ Resolution T-17184 as modified by Decision 09-10-057 and Decision 10-09-007 adopted Calaveras’ previous GRC for TY 2009, with an intrastate revenue requirement of \$6,360,456, and CHCF-A support of \$2,148,967.

Calaveras was drawing CHCF-A support at the rate approved in the previous year prior to D.18-04-006, it was not drawing support – which is paid monthly – at the rate approved for TY 2018 by D.18-04-006. Therefore, the Commission authorized Calaveras to file a Tier 2 Advice Letter (AL) to request recovery of the resulting revenue differential (shortfall) due to the decision’s post-January 1, 2018 effective date.

O.P. 9 of D.18-04-006 states, “The Calaveras Telephone Company is authorized to submit a Tier 2 Advice Letter to the Communications Division within 30 days of this decision to request any revenue shortfall resulting from this decision not being approved as of January 1, 2018, through the California High Cost Fund-A. The Advice Letter should provide a calculation to true up the revenue differential for the test year 2018.”

Calaveras filed a Tier 2 AL 362 on May 21, 2018 in compliance with D.18-04-006, providing calculations and supporting workpapers for the revenue shortfall. In accordance with O.P. 9, Calaveras calculated the shortfall to be equal to the amount that Calaveras would have billed for TY 2018 had Calaveras’ adopted GRC been effective January 1, 2018, and what Calaveras actually billed for January 1 through April 30. Moreover, this was calculated to be equal to the differential between what Calaveras received in monthly CHCF-A support during January 1, through April 30, 2018 (prior to GRC adoption), and the monthly amount in CHCF-A support it would have received with the decision adoption January 1, 2018, and which in fact it began receiving after that date.

PROTEST

The Commission received Calaveras’ AL 362 on May 21, 2018, which appeared in the Daily Calendar on May 25, 2018. The Commission received no protests.

DISCUSSION

Staff has reviewed Calaveras’ calculation and supporting workpapers, and determined that Calaveras calculated the revenue shortfall in the following manner:

1. Calaveras reviewed its billing records based on the applicable tariffs for rates prior to D.18-04-006 and calculated aggregate billings thereof for January 1 through April 30, 2018.
2. It applied the new rates aggregate billings for January 1 through April 30, 2018 assuming D.18-04-006 effective date of January 1, 2018.

3. Calaveras then compared the difference between steps 1 and 2 and found that billed revenue for January 1 through April 30 to 2018 was \$347,524.01, compared to calculated revenue applying “new rates” adopted by D.18-04-006, totaling \$424,749.04. This established a revenue differential (shortfall) of \$77,225.03.

Staff finds Calaveras’ supporting workpapers showing a revenue shortfall calculation of \$77,225.03 to be reasonable and consistent with O.P. 9 of D.18-04-006. Staff recommends that the Commission adopt Calaveras’s proposal for disbursement of the shortfall amount from the CHCF-A program pursuant to this order.

SAFETY CONSIDERATIONS

Calaveras is a Small Incumbent Local Exchange Carrier (Small ILEC) that is required to adhere to all Commission rules, decisions, General Orders, and statutes including P.U. Code § 451 by undertaking all actions “...necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public.” The CHCF-A subsidy provides Small ILECs with financial resources to provide safe, reliable and affordable telephone service to their customers in rural, high cost areas. Although there are no specific safety issues in this resolution, it ensures that the CHCF-A program continues to promote the goals of universal service by subsidizing essential communications links in high cost, rural communities, through the CHCF-A program.

COMMENTS

In compliance with P.U. Code § 311(g), the Commission emailed a notice letter on October 30, 2018, informing Calaveras of the availability of this Resolution for public comments at the Commission’s website www.cpuc.ca.gov. Comments are due within twenty (20) days of Daily Calendar notification. The notice letter also informed parties that the final conformed Resolution adopted by the Commission will be posted and available at the same website.

Calaveras filed comments on November 19, 2018, stating that the effective date of D.18-04-006 was May 1, 2018, not the April 26, 2018 date that the draft Resolution erroneously indicates, and that the revenue shortfall period was January 1 through April 30, 2018. We agree, and this adopted Resolution reflects the correct effective date of that decision and the correct revenue shortfall period.

FINDINGS

1. D.18-04-006 authorized Calaveras Telephone Company to submit a Tier 2 Advice Letter to the Communications Division within 30 days of the decision to request any revenue shortfall resulting from the decision not being approved as of January 1, 2018, through the California High Cost Fund-A.
2. Calaveras Telephone Company filed Tier 2 Advice Letter 362 on May 21, 2018, providing calculation of \$77,225.03 revenue shortfall for the period January 1st through April 30, 2018.
3. Calaveras Telephone Company requested that the revenue shortfall of \$77,225.03 be recovered from the California High Cost Fund-A.
4. Staff has reviewed Calaveras Telephone Company's calculated revenue shortfall and finds it reasonable and consistent with Ordering Paragraph 9 of D.18-04-006.

THEREFORE, IT IS ORDERED that:

1. Calaveras Telephone Company's request to recover a revenue shortfall of \$77,225.03 through the California High Cost Fund-A is granted.
2. The Communications Division is directed to disburse \$77,225.03 from the California High Cost Fund-A to Calaveras Telephone Company, within thirty (30) days of the effective date of this Resolution.

This Resolution is effective today.

I certify that the foregoing Resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on November 29, 2018, the following Commissioners voting favorable thereon:

Alice Stebbins
Executive Director

MICHAEL PICKER
President
CARLA J. PETERMAN
LIANE M. RANDOLPH
MARTHA GUZMAN ACEVES
CLIFFORD RECHTSCHAFFEN
Commissioners