



**FILED**

03-29-12

03:42 PM

MP1/rs6 3/29/2012

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

Application of Calaveras Telephone Company (U1004C), Cal-Ore Telephone Co. (U1006C), Ducor Telephone Company (U1007C), Happy Valley Telephone Company (U1010C), Hornitos Telephone Company (U1011C), Kerman Telephone Co. (U1012C), The Ponderosa Telephone Co. (U1014C), Sierra Telephone Company, Inc. (U1016C), The Siskiyou Telephone Company (U1017C), Volcano Telephone Company (U1019C), and Winterhaven Telephone Company (U1021C) for Ratemaking Determination regarding Dissolution of Rural Telephone Bank.

Application 07-12-026  
(Filed December 20, 2007)

**SCOPING MEMO AND RULING OF THE ASSIGNED COMMISSIONER**

Pursuant to Rule 7.3(a) of the Commission's Rules of Practice and Procedure, this ruling sets forth the procedural schedule for the first phase, assigns a presiding officer, and addresses the scope of the proceeding.

The immediate objective of the first phase of this proceeding will be to transfer to applicants all funds that were paid pursuant to the Commission's decisions that were annulled by the Court of Appeal as agreed to by the parties at the prehearing conference. As set forth below, an expedited schedule is adopted to prepare the limited factual record necessary to restore all of funds so transferred back to the applicants. It is expected that a proposed decision

ordering these funds to be transferred will be mailed for comment within 30 days of this ruling.

After the funds have been restored to applicants, the other issues in this proceeding will be resolved in a subsequent procedural phase that will be set by later ruling.

## **1. Background**

On July 5, 2011, the Court of Appeal for the State of California, Fifth Appellate District issued three opinions annulling Commission Decisions (D.) 10-06-029 and 10-10-036. The Court of Appeal remanded the proceeding to this Commission for reallocation of the Class B share redemption proceeds in accord with the Court of Appeal's opinions.

On January 30, 2012, the assigned Administrative Law Judge (ALJ) convened a prehearing conference. Counsel for the applicants and the Commission's Division of Ratepayer Advocates (DRA) entered appearances. At the prehearing conference, the parties discussed an evidentiary process for restoring all funds that the applicants had transferred based on the now-annulled decisions, as well as the procedural schedule to develop the record necessary to comply with the Court of Appeal's opinions and complete the Commission's review of Rural Telephone Bank issues.

## **2. Restoring Applicants' Funds**

Based on the Commission's directives in D.10-06-029 and D.10-10-036, certain applicants transferred funds to High Cost Fund A. Given that the Commission's decisions have been annulled, the funds transferred should be returned to applicants pending further order of the Commission.

At the prehearing conference, the issue of whether interest should be included on the amounts so returned, and, if so, at what rate was raised. This issue will be addressed in the subsequent phase of this proceeding.

To enable the Commission to restore applicants' funds promptly, the Commission requires a simple evidentiary record showing the specific amounts each applicant transferred to the High Cost Fund A in compliance with now-annulled decisions. Based on this information, the Commission can issue an immediate decision directing that the amounts so transferred be returned to each applicant. The schedule set forth below will enable the Commission to resolve this matter expeditiously.

<b>Event</b>	<b>Date</b>
Each applicant file and serve verified accounting of amounts transferred to High Cost Fund A based on D.10-06-029 and D.10-10-036.	April 3, 2012
DRA file and serve response	April 9, 2012
Proposed Decision mailed for comment	30-day target
Final Decision adopted by Commission	As soon as practicable

**3. Category of Proceeding and Need for Hearing**

This ruling confirms that this proceeding remains categorized as Ratesetting. At this point, evidentiary hearings with cross-examination are not required.

**4. Assignment of the Presiding Officer**

ALJ Maribeth A. Bushey will be the presiding officer.

**5. Ex Parte Rules**

Article 8 of the Commission's Rules of Practice and Procedure applies to all communications with decisionmakers and advisors regarding the issues in this proceeding. This proceeding is categorized as Ratesetting and Rule 8.3(c) restricts *ex parte* communications and requires reporting.

**IT IS RULED** that:

1. The scope of this phase of the proceeding is as set forth herein.
2. The schedule for the initial phase of this proceeding is as set forth herein, and may be modified by the Administrative Law Judge if needed.
3. The presiding officer will be Administrative Law Judge Maribeth A. Bushey.
4. This ruling confirms that this proceeding is Ratesetting and not scheduled for hearing.
5. The schedule and scope of the next phase of this proceeding will be set by subsequent ruling.
6. *Ex parte* communications are restricted by Rule 8.3(c) and reportable as provided in Rules 8.4 and 8.2 of the Commission's Rules of Practice and Procedure.

Dated March 29, 2012, at San Francisco, California.

/s/ MICHAEL R. PEEVEY

Michael R. Peevey  
Assigned Commissioner