

**PUBLIC UTILITIES COMMISSION**505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-32**FILED**06-02-11  
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June 2, 2011

Agenda ID #10456  
Ratesetting

## TO PARTIES OF RECORD IN APPLICATION 09-10-004

This is the proposed decision of Administrative Law Judge (ALJ) Burton W. Mattson. It will not appear on the Commission's agenda sooner than 30 days from the date it is mailed. The Commission may act then, or it may postpone action until later.

When the Commission acts on the proposed decision, it may adopt all or part of it as written, amend or modify it, or set it aside and prepare its own decision. Only when the Commission acts does the decision become binding on the parties.

Parties to the proceeding may file comments on the proposed decision as provided in Article 14 of the Commission's Rules of Practice and Procedure (Rules), accessible on the Commission's website at [www.cpuc.ca.gov](http://www.cpuc.ca.gov). Pursuant to Rule 14.3, opening comments shall not exceed 15 pages.

Comments must be filed pursuant to Rule 1.13 either electronically or in hard copy. Comments should be served on parties to this proceeding in accordance with Rules 1.9 and 1.10. Electronic and hard copies of comments should be sent to ALJ Mattson at [bwm@cpuc.ca.gov](mailto:bwm@cpuc.ca.gov) and the assigned Commissioner. The current service list for this proceeding is available on the Commission's website at [www.cpuc.ca.gov](http://www.cpuc.ca.gov).

/s/ KAREN V. CLOPTONKaren V. Clopton, Chief  
Administrative Law Judge

KVC:lil

Attachment

Decision **PROPOSED DECISION OF ALJ MATTSON** (Mailed 6/2/2011)**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of Application of The  
Siskiyou Telephone Company (U1017C) to  
Review Intrastate Rates and Charges and  
Rate of Return For Telephone Service  
Furnished Within the State of California.

Application 09-10-004  
(Filed October 1, 2009)

**DECISION GRANTING PETITION FOR MODIFICATION****1. Summary**

The February 14, 2011 petition for modification of Decision 10-11-007 filed by The Siskiyou Telephone Company is granted to the extent provided herein. Applicant is authorized an increase of \$47,619 in its calendar year 2011 California High Cost Fund-A support. This proceeding is closed.

**2. Background**

On October 1, 2009, The Siskiyou Telephone Company (Siskiyou or applicant) filed an application for a general rate increase. On November 23, 2010, we issued Decision (D.) 10-11-007, adopting an all-party settlement resolving all issues.

The adopted settlement included the following items as part of total operating revenues for test year 2011 (D.10-11-007 at Attachment 1):

<b>Line No</b>	<b>Item</b>	<b>Adopted Revenues</b>
1	Local Services - CHCF-A	\$4,158,094
2	Interstate USF	4,185,573

The decision also stated (D.10-11-007 at 5-6, footnote 4):

In the Settlement Agreement, Applicant and DRA [Division of Ratepayer Advocates] estimated that Applicant would receive \$4,185,573 in Universal Service Fund (USF) funding for test year 2011. On October 1, 2010, the Commission received 2011 USF funding amount information from the National Exchange Carrier Association, Inc. (NECA) for all the small rural local exchange carriers in California. According to the NECA data, Applicant will receive \$4,137,954 in USF funding in 2011. The decreased USF funding amount of \$47,619 should be made up by an equal increase in Siskiyou's 2011 CHCF-A [California High Cost Fund-A] funding amount.

In other words, the Settlement preceded the receipt of funding information from NECA, and D.10-11-007 contemplated that our CHCF-A funding resolution would make up the difference between anticipated and actual USF funding. Unfortunately, this did not happen. Specifically, on January 27, 2011, the Commission issued Resolution T-17298. The resolution sets forth CHCF-A support for each of 14 small incumbent Local Exchange Carriers for calendar year 2011, including Siskiyou. The adopted support for Siskiyou, however, was \$4,158,094. This is \$47,619 less than expected pursuant to D.10-11-007.

On February 14, 2011, Siskiyou filed a petition for modification of D.10-11-007.<sup>1</sup> Siskiyou asks that the Commission modify D.10-11-007 to increase its CHCF-A support by \$47,619, or provide some other mechanism to recover that amount.

No responses to the petition were filed.

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<sup>1</sup> On February 28, 2011, Siskiyou filed an application for rehearing of Resolution T-17298. This decision does not address the application for rehearing.

**3. Discussion**

The petition is unopposed. Applicant is correct that it should be authorized additional calendar year 2011 revenue of \$47,619.

We do this by authorizing applicant an increase of \$47,619 in its calendar year 2011 support from CHCF-A, as intended in D.10-11-007. No change needs to be made to D.10-11-007.

We modify Resolution T-17298 to reflect an increase in calendar year 2011 CHCF-A support by \$47,619 (from \$4,158,094 to \$4,205,713). The monthly support for each of the first six months of 2011, as provided in Resolution T-17298, is \$346,507.83. We increase the monthly support for the last six months of 2011 by one-sixth of \$47,619. This increases the monthly support by \$7,936.50 for each of the last six months of 2011 (from \$346,507.83 to \$354,444.33).

As provided in Resolution T-17298, the monthly amounts are paid by Communications Division in concert with the Information and Management Services Division within 30 days after the close of each month. Prompt payment of monthly support is contingent upon the availability of funds, along with Commission and State adoption of budgets covering the payments for 2011 CHCF-A support.

As further provided in Resolution T-17298, Communications Division shall, in the event that the monthly support payments are not paid within 30 days after the close of each calendar month, include in those payments interest equal to the 3-month commercial paper rate. Proposed payment of the \$47,619 annual increase in this case should have begun with the first monthly support payment for the month of January 2011. Because it did not, Communications Division should include interest in the additional payments, beginning with the month of July 2011, reflecting the delay in the portion of these payments not

otherwise paid during the first six months of calendar year 2011, and do so in a manner consistent with the timing and other directions in Resolution T-17298.

#### **4. Categorization and Need for Hearing**

This proceeding is categorized as ratesetting with no need for hearings. (D.10-11-007 at 8-9 and Ordering Paragraph 4.)

#### **5. Comments on Proposed Decision**

On June \_\_, 2011, the proposed decision of Administrative Law Judge Burton W. Mattson was filed and served on parties in accordance with Pub. Util. Code § 311, and comments were allowed under Rule 14.3. On \_\_\_\_\_, 2011, comments were filed by \_\_\_\_\_. On \_\_\_\_\_, 2011, reply comments were filed by \_\_\_\_\_.

#### **6. Assignment of Proceeding**

Michael R. Peevey is the assigned Commissioner and Burton W. Mattson is the assigned Administrative Law Judge in this proceeding.

#### **Findings of Fact**

1. D.10-11-007 adopted an all-party settlement, including amounts agreed to by parties for test year 2011 operating revenues from CHCF-A and interstate USF.

2. D.10-11-007 stated that the deficit between actual and test year adopted interstate USF funding (\$47,619) should be made up by an equal increase in 2011 CHCF-A funding.

3. Resolution T-17298 authorized CHCF-A support for Siskiyou without including the additional amount of \$47,619 for calendar year 2011.

4. Resolution T-17298 authorizes Communications Division to include interest equal to the 3-month commercial paper rate in monthly support payments that are not paid within 30 days after the close of each calendar month.

### **Conclusions of Law**

1. The February 14, 2011 petition for modification should be granted to the extent that applicant is authorized an increase of \$47,619 in calendar year 2011 CHCF-A support, with this amount collected over the last six months of calendar year 2011 and including interest at the 3-month commercial paper rate.

2. This order should be effective today so that the additional CHCF-A support is effective without delay, thereby providing certainty to applicant, shareholders, ratepayers and the public.

## **O R D E R**

### **IT IS ORDERED** that:

1. The February 14, 2011 petition for modification filed by The Siskiyou Telephone Company is granted to the extent provided herein and denied in all other respects.

2. The Siskiyou Telephone Company is authorized an increase of \$47,619 in calendar year 2011 California High Cost Fund-A support (from \$4,158,094 to \$4,205,713). This increase shall be paid each month in the last six months of calendar year 2011 by an adjustment of \$7,936.50 in the monthly support amount (increasing the total monthly support from \$346,507.83 to \$354,444.33). Communications Division shall include interest calculated in a manner consistent with the provisions of Resolution T-17298. Moreover, all other provisions of Resolution T-17298 continue to apply.

3. Application 09-10-004 is closed.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.