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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Carrier Oversight & Programs Branch**

**RESOLUTION T- 17273
October 28, 2010**

R E S O L U T I O N

Resolution T-17273 Addresses Adjustment Requests from Eight Small Local Exchange Carriers Requesting Modifications to their Draws From the California High Cost Fund-A Administrative Committee Fund for Calendar Year 2010.

Summary

This resolution adopts the Calendar Year (CY) 2010 California High Cost Fund-A (CHCF-A) adjustment requests and late interest, in the amount of \$78,163.66, for Calaveras Telephone Company (Calaveras), Foresthill Telephone Company (Foresthill), Kerman Telephone Company (Kerman), Pinnacles Telephone Company (Pinnacles), Ponderosa Telephone Company (Ponderosa), Sierra Telephone Company (Sierra), Siskiyou Telephone Company (Siskiyou), and Volcano Telephone Company (Volcano).

Background

On or about October 1, 2009, the 14 small Local Exchange Carriers (LECs) made their annual CHCF-A advice letter filings in accordance with Decision (D.) 91-09-042. The 14 small LECs requested a total CY 2010 CHCF-A support of approximately \$38.886 million.

On January 21, 2010, Resolution T-17247 was approved by the California Public Utilities Commission (Commission) and authorized CY 2010 funding for the 14 Small LECs in the amount of \$35.535 million and deferred a decision on carrier adjustments due to the complexity of the issues and the short time frame in which to review the adjustments.

The issues deferred in Resolution T-17247 are: 1. Revenue effect associated with National Exchange Carrier Association (NECA) separations methodology changes; 2.

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Revenue effect associated with virtual NXX calls; and 3. Revenue effect associated with wireless intercarrier compensation.

Discussion

The Commission's Communications Division (CD) reviewed the annual advice letter filings made by the eight small LECs in connection with their 2010 CHCF-A revenue requirement adjustment requests pursuant to the implementation rules and guidelines set forth in D.88-07-022 as modified by D.91-05-016, D.91-09-042, Resolution T-16117, D.00-09-072 and D.01-02-018¹.

Section B of the Implementation Rules states, "In each succeeding year, each rural and small metropolitan company shall file with the Commission an advice letter incorporating the net settlements effects upon such company of regulatory changes ordered by the Commission and the Federal Communications Commission."

D.91-09-042 also states, "Utilities shall be eligible for support from the fund limited to the amount which are forecasted to result in earnings not to exceed authorized intrastate rates of return or to the current funding level amount for the year for which HCF (CHCF-A) is being requested, whichever amount is lower."

Each adjustment request item is further discussed below:

Revenue Effect Associated with NECA Separations Methodology Changes

In their annual advice letter filing, Calaveras, Pinnacles and Ponderosa included adjustments in the amount of \$270,865, \$46,462.50, and \$145,010, respectively, for the revenue loss associated with NECA separations methodology changes. The total amount of these adjustments is \$462,337.50.

The carriers state that in a memorandum dated December 29, 2008, NECA, a membership association of U.S. local telephone companies, announced it was modifying its interpretation of the Federal Communications Commission's (FCC) jurisdictional separations rules as applied to high capacity circuits. NECA announced that it would no longer accept COE (Central Office Equipment) and CWF (Cable and Wire Facilities) cost allocation of plant which includes both voice services and data service is done using a voice grade equivalent or related capacity equivalent

¹ D.88-07-022 was modified by D.91-05-016, D.91-09-042, Resolution T-16117, D.00-09-072, D.01-02-018, and D.01-05-031. These guidelines are summarized in the Appendix of D. 91-09-042, which are hereinafter referred to as the Implementation Rules.

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methodology. It is not considered an acceptable method as it assigns costs to categories that do not reasonably reflect cost differentials.”

Calaveras, Pinnacles and Ponderosa assert that they have as of 2008, adopted the NECA approved methodology, “a circuit is a circuit”. This change, carriers contend, has resulted in an increase in their intrastate revenue requirement and they are therefore requesting an increase in their CHCF-A support.

However, the FCC has not issued a ruling on Docket 80-286, Jurisdictional Separations. On May 24, 2010, the FCC adopted an extension, until June 30, 2011, extending the freeze on Part 36 category relationships and jurisdictional cost allocation factors that the FCC adopted in the 2001 Separations Freeze Order.

Because the FCC has not issued a Notice of Proposed Rulemaking (NPRM) on Docket 80-286, CD had determined that the small LECs are not authorized, according to the CHCF-A implementation rules, to receive an adjustment for the asserted regulatory change associated with the revised NECA separations methodology.

Hence, the Commission does not approve the proposed NECA Separations Methodology revenue adjustments.

Revenue Effect Associated with Virtual NXX Calls

In their annual advice letter filing, Foresthill and Kerman included adjustments, in the amount of \$35,261 and \$42,711, respectively, for revenue loss associated with virtual NXX calls. The total amount of these adjustments is \$77,972.

This issue regards intercarrier compensation for traffic transported over the networks of small LECs utilizing disparate rating and routing points. NXX refers to the three-digit prefix used to identify blocks of telephone numbers assigned to a central office “rate center”. Virtual NXX refers to codes that are assigned throughout a Local Access and Transport Area without regard to the location of the end use customer.

In D.07-02-031, issued February 20, 2007, Opinion Regarding Treatment of Virtual NXX Calls, small LECs and Competitive LECs are each directed to interconnect, transport and terminate traffic, and to pay intercarrier compensation in a manner consistent with the Decision. Ordering Paragraph 4 of D.07-02-031 reads, “carriers that are impacted by the intercarrier compensation provision in this decision are hereby authorized to enter into negotiations pursuant to Section 252, of the Act (Telecommunications Act of 1996) to reach agreement on the rates, terms, and conditions applicable to intercarrier compensation.”

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In D.07-02-031, Conclusions of Law Paragraph 10, states, "Under provisions of Section 252 of the Act (FCC), VNXX carriers...have authority to demand negotiations with a Small LEC with whom traffic is exchanged through indirect interconnection..."

Foresthill and Kerman assert that they have entered into an agreement with O1 Communications as directed, and as a result of the newly agreed upon rates, have lost intrastate revenue due to the requirement to change to lower negotiated rates than their previous tariffed rates. In response, the small LECs are requesting an increase to their CHCF-A draw to make up their asserted lost revenue.

Foresthill and Kerman's General Rate Case (GRC) Test Years were 2007 and 2008, respectively. Given the issue date of D.07-02-031, CD does not believe that these issues could have been included in their respective GRC's and agree that the annual Advice Letter process is the appropriate venue to review these adjustment requests.

Since D.07-02-031 authorizes VNXX carriers to demand negotiations for an intercarrier compensation agreement with Small LECs, the Commission approves Foresthill's and Kerman's request for lost revenue from intercarrier compensation agreements with O1 Communications in the total amount of \$77,972.

Revenue Effect Associated with Wireless Intercarrier Compensation

In their annual advice letter filing, Foresthill, Kerman, Ponderosa, Sierra, Siskiyou and Volcano have submitted adjustment requests indicating that since they have entered into wireless intercarrier compensation agreements with Commercial Mobile Radio Service Providers (CMRS) and have negotiated lower interconnection rates than their tariff rate, this will result in lower revenues and will require a larger draw from the CHCF-A fund. As such, these small LECs have requested the following:

Foresthill requested \$341,456 for non-recurring lost revenues for the period June 2005 through December 2009, and \$46,290 for recurring lost revenues. Their last GRC was Test Year 2007.

Kerman requested \$597,631 for non-recurring lost revenues from October 2003 through December 2009. Their last GRC was Test Year 2008.

Ponderosa requested \$618,593 for non-recurring lost revenues from October 2003 through December 2008. Their last GRC was Test Year 2009.

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Sierra requested \$88,391 for non-recurring lost revenues from August 2006 through June 2009, and \$29,414 for recurring lost revenues. Their last GRC was Test Year 2008.

Siskiyou requested \$167,773 for non-recurring lost revenues from May 2003 through August 2009, and \$38,885 for recurring lost revenues. Their latest GRC will be for Test Year 2011.

Volcano requested \$164,020 for non-recurring lost revenues prior to 2009, and \$5,300 for recurring lost revenues. Their latest GRC was Test Year 2008.

Total non-recurring and recurring lost revenues requested are \$1,977,864 and \$119,889, respectively, or \$2,097,753 in total.

The small LECs included recovery of revenues attributable to the FCC Docket No. 01-92, Reciprocal Compensation Arrangements Between Local Exchange Carriers and CMRS Providers and Final Arbitrator's Report A.06-02-028 dated January 14, 2008.

CD reviewed the FCC "Small Entity Compliance Guide" dated July 14, 2005, DA 05-2002, CC Docket No. 01-92, which discusses compliance requirements for small carriers. Section 3 reads, "Pursuant to new rules, LECs are prohibited from imposing charges pursuant to tariff on other carriers for the termination of non-access traffic unless the charges accrued prior to April 29, 2005."

CD also reviewed the summary of FCC Docket No. 01-92² which states, "...the Commission adds new rules to clarify that an incumbent local exchange carrier (LEC) may request interconnection from a CMRS provider and invoke the negotiation and arbitration procedures set forth in section 252 of the Communications Act..." The summary further states, "These rules will ensure that both incumbent and competitive carriers can obtain compensation terms consistent with the Act's standards through negotiated or arbitrated agreements."

In the Final Arbitrator's Report A.06-02-028, eleven rural LECs filed petitions for arbitration of interconnection agreements between themselves and the entities comprising Cingular Wireless. The Commission arbitrated wireless interconnection rates between Cingular Wireless and the small LECs.

² Federal Register Vol. 70, No. 60, Wednesday, March 30, 2005, page 16141, FCC 47 CFR Part 20, (CC Docket No. 01-92; FCC 05-42) Intercarrier Compensation.

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In regards to the small LECs requesting the CHCF-A fund to reimburse them for lost revenues from CMRS carriers prior to April 29, 2005, the FCC Docket No. 01-92 states, "...we find it would not have been unlawful for incumbent LECs to assess transport and termination charges based upon a tariff" prior to April 29, 2005.

In other words, the small LECs can seek to collect wireless intercarrier compensation based on tariff rates from CMRS carriers for amounts incurred prior to April 29, 2005.

CD has determined that all of the small LECs requesting CHCF-A funds for lost revenues have gone through GRC's from Test Year 2007 through Test Year 2011. FCC Docket No. 01-92 took effect April 25, 2005, and thus, in each carrier's GRC, there was the opportunity to reduce their revenue forecast for wireless intercarrier compensation and recover lost revenues through a higher CHCF-A draw. None of these small LECs sought to include these lost revenues in their GRC proceedings.

All of the small LECs had the opportunity to require a negotiated agreement with CMRS carriers with which they interconnect as soon as the FCC Docket 01-92 took effect on April 25, 2005, and ought to have taken advantage of this.

As such, the Commission concurs with CD and disallows all claims for the revenue effect of wireless intercarrier compensation in the total amount of \$2,097,753. We conclude that the small LECs had the opportunity to include any asserted losses in their respective GRC's and furthermore the FCC has set forth guidelines to assure the small LECs are provided an opportunity to seek recovery from the respective CMRS providers.

Summary of adjustments review

The development of the CHCF-A adjustments for each of the eight small LECs is shown in Appendix A and summarized below. The late interest calculation factors are shown in Appendix B. Late interest for the adjustments for the period January 1, 2010, through September 30, 2010, will be included in the September 2010 payment, to be paid in October 2010. The table below summarizes the CY 2010 CHCF-A adjustments approved in this resolution for each of the eight small LECs seeking an adjustment:

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Small LEC	September Year-to-Date Including Late Interest	Monthly Payments: Oct through Dec	Total Current Year 2010
Calaveras	\$0.00	\$0.00	\$0.00
Foresthill	\$ 26,532.42	\$8,815.25	\$ 35,347.67
Kerman	\$ 32,138.24	\$10,677.75	\$ 42,815.99
Pinnacles	\$0.00	\$0.00	\$0.00
Ponderosa	\$0.00	\$0.00	\$0.00
Sierra	\$0.00	\$0.00	\$0.00
Siskiyou	\$0.00	\$0.00	\$0.00
Volcano	\$0.00	\$0.00	\$0.00
Total	\$58,670.66	\$19,493.00	\$78,163.66

Payment Process

This resolution directs the CD, in concert with the Information and Management Services Division, to pay the respective small LECs monthly support for adjustments as indicated above within 30 days after the close of each calendar month starting October 1, 2010. The prompt payment of monthly support to the small LECs is contingent on the availability of funds and the Commission and State adoption of the budgets covering the payment of the 2010 CHCF-A adjustment support. Should the monthly adjustment support payments due the small LECs not be paid within 30 days after the close of each calendar month, CD shall include in those payments interest equal to the 3-month commercial paper rate.³

Comments on Draft Resolution

In compliance with PU Code § 311(g), a notice letter was emailed on September 28, 2010, informing the 14 small LECs, CHCFA-AC, parties of record in Rulemaking 01-08-002 and parties on the service list of Application 99-09-044 of the availability of this draft Resolution on the Commission's web site <http://www.cpuc.ca.gov>. This letter also informed parties of the opportunity to comment and that the final Resolution adopted by the Commission will be posted and will be available at the same web site.

³ This is consistent with directives set forth in D.01-02-018 and D.01-09-064.

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Findings

1. Communications Division (CD) reviewed the 2010 CHCF-A adjustment requests submitted by the eight small Local Exchange Carriers (LECs) in accordance with the Implementation Rules and Guidelines set forth in D.88-07-022 as modified by D.91-05-016, D.91-09-042, Resolution T-16117, D.00-09-072 and D.01-02-018.
2. Calaveras Telephone Company, Pinnacles Telephone Company, and Ponderosa Telephone Company included adjustments for lost revenues associated with the National Exchange Carriers Association (NECA) reinterpretation of the FCC separations methodology. This request is disallowed as the FCC has not mandated this change.
3. Foresthill Telephone Company (Foresthill) and Kerman Telephone Company (Kerman) included adjustments for lost revenue associated with virtual NXX calls. As this lost revenue is the result of a Commission Decision, this request is approved.
4. Foresthill, Kerman, Sierra Telephone Company (Sierra), Siskiyou Telephone Company (Siskiyou), and Volcano Telephone Company (Volcano) requested recovery of lost revenues attributable to wireless intercarrier compensation rule changes.
5. Foresthill, Kerman, Sierra, Siskiyou and Volcano can seek lost revenues attributable to wireless intercarrier rule changes, prior to April 25, 2005, from CMRS providers. The Commission disallows the recovery of lost revenues after April 25, 2005, as each of the small LECs have had General Rate Cases (GRC) since April 29, 2005, and did not address these lost revenues in their respective GRCs.
6. The Commission finds CD's recommended CHCF-A adjustment support for each of the eight small LECs as summarized in Appendix A of this Resolution reasonable and consistent with Commission orders and should be adopted.

THEREFORE, IT IS ORDERED that:

1. The CHCF-A draws of Foresthill Telephone Company and Kerman Telephone Company should be increased by \$35,347.67 and \$42,815.99, respectively, for calendar year 2010.
2. The respective California High Cost Fund-A support for each of the eight small Local Exchange Carriers, as described in the body and summarized in Appendix A of this Resolution, is adopted.

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This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on October 28, 2010. The following Commissioners approved it:

Paul Clanon
Executive Director

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APPENDIX A
Resolution T- 17273

Year 2010 CHCF-A Requirement

(On Annual Basis)

	(Col A) Calaveras <u>AL312</u>	(Col B) Staff <u>Proposed</u>	(Col C) Commission <u>Adopted</u>
1 2009 CHCF-A Requirement Resolution T-17184, Appendix D, line 17	\$2,071,163.00	\$2,071,163.00	\$2,071,163.00
2 Adjustments to 2009 CHCF-A Requirement (Non-Recurring)	\$0.00	\$0.00	\$0.00
3 Year 2009 Impacts (Non-Recurring)	<u>\$716,089.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
a GRC Modifications	\$553,570.00	\$0.00	\$0.00
b NECA Separations Methodology Changes	\$162,519.00	\$0.00	\$0.00
c VNXX Compensation (CPUC Decision 07-02-031)	\$0.00	\$0.00	\$0.00
d Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$0.00	\$0.00	\$0.00
4 Year 2010 Impacts (Recurring)	<u>\$661,916.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
a GRC Modifications	\$553,570.00	\$0.00	\$0.00
b NECA Separations Methodology Changes	\$108,346.00	\$0.00	\$0.00
c VNXX Compensation (CPUC Decision 07-02-031)	\$0.00	\$0.00	\$0.00
d Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$0.00	\$0.00	\$0.00
5 Net Interstate Expense Adjustment			
a Projected 2009 USF (ResolutionT-17184, App C, line 4, col. E)	\$2,111,529.00	\$2,111,529.00	\$2,111,529.00
b Projected Year 2010 USF (Per NECA.)	<u>(\$2,118,233.00)</u>	<u>(\$2,033,647.74)</u>	<u>(\$2,033,647.74)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	(\$6,704.00)	\$77,881.26	\$77,881.26
6 2010 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$3,442,464.00	\$2,149,044.26	\$2,149,044.26
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2010 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2011)	\$3,442,464.00	\$2,149,044.26	\$2,149,044.26
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2010 Revenue Requirement eligible for CHCF-A Support	\$3,442,464.00	\$2,149,044.26	\$2,149,044.26
11 2010 Revenue Requirement after Means Test	\$3,442,464.00	\$2,149,044.26	\$2,149,044.26
12 Waterfall effect	100.00%	100.00%	\$1.00
13 2010 Revenue Requirement after Waterfall	\$3,442,464.00	\$2,149,044.26	\$2,149,044.26
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2010 CHCF-A Support with Adjustments Review	\$3,442,464.00	\$2,149,044.26	\$2,149,044.26
16 2010 CHCF-A Support Resolution T-17247	\$3,442,464.00	\$2,149,044.26	\$2,149,044.26
17 Support for Adjustments (Line 15 less Line 16)	\$0.00	\$0.00	\$0.00
18 Late Int. JAN-SEP (see Appendix B-Line 17 times Monthly Factor)	\$0.00	\$0.00	\$0.00
19 Adjustments and Late Interest (Line 17 plus Line 18)	\$0.00	\$0.00	\$0.00

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APPENDIX A
Resolution T- 17273

Year 2010 CHCF-A Requirement
(On Annual Basis)

	(Col A) Foresthill <u>AL 293</u>	(Col B) Staff <u>Proposed</u>	(Col C) Commission <u>Adopted</u>
1 2009 CHCF-A Requirement (Resolution T-17181, Appendix A line 8)	\$1,902,161.00	\$1,902,161.09	\$1,902,161.09
2 Adjustments to 2009 CHCF-A Requirement (Non-Recurring)	(\$171,037.00)	(\$171,037.00)	(\$171,037.00)
3 Year 2009 Impacts (Non-Recurring)	<u>\$374,635.00</u>	<u>\$33,179.00</u>	<u>\$33,179.00</u>
a GRC Modifications	\$0.00	\$0.00	\$0.00
b NECA Separations Methodology Changes	\$0.00	\$0.00	\$0.00
c VNXX Compensation (CPUC Decision 07-02-031)	\$33,179.00	\$33,179.00	\$33,179.00
d Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$341,456.00	\$0.00	\$0.00
4 Year 2010 Impacts (Recurring)	<u>\$48,372.00</u>	<u>\$2,082.00</u>	<u>\$2,082.00</u>
a GRC Modifications	\$0.00	\$0.00	\$0.00
b NECA Separations Methodology Changes	\$0.00	\$0.00	\$0.00
c VNXX Compensation (CPUC Decision 07-02-031)	\$2,082.00	\$2,082.00	\$2,082.00
d Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$46,290.00	\$0.00	\$0.00
5 Net Interstate Expense Adjustment			
a Projected 2009 USF (Resolution T-17181, Appendix A line 5b)	\$1,855,020.00	\$1,855,019.91	\$1,855,019.91
b Projected Year 2010 USF (Per NECA.)	<u>(\$1,600,000.00)</u>	<u>(\$1,563,176.34)</u>	<u>(\$1,563,176.34)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$255,020.00	\$291,843.57	\$291,843.57
6 2010 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$2,409,151.00	\$2,058,228.66	\$2,058,228.66
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2010 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2011)	\$2,409,151.00	\$2,058,228.66	\$2,058,228.66
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2010 Revenue Requirement eligible for CHCF-A Support	\$2,409,151.00	\$2,058,228.66	\$2,058,228.66
11 2010 Revenue Requirement after Means Test	\$2,409,151.00	\$2,058,228.66	\$2,058,228.66
12 Waterfall effect	100.00%	100.00%	100.00%
13 2010 Revenue Requirement after Waterfall	\$2,409,151.00	\$2,058,228.66	\$2,058,228.66
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2010 CHCF-A Support with Adjustments Review	\$2,409,151.00	\$2,058,228.66	\$2,058,228.66
16 2010 CHCF-A Support Resolution T-17247	\$2,409,151.00	\$2,022,967.66	\$2,022,967.66
17 Support for Adjustments (Line 15 less Line 16)	\$0.00	\$35,261.00	\$35,261.00
18 Late Int. JAN-SEP (see Appendix B-Line 17 times Monthly Factor)	\$0.00	\$ 86.67	\$ 86.67
19 Adjustments and Late Interest (Line 17 plus Line 18)	\$0.00	\$35,347.67	\$35,347.67

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APPENDIX A
Resolution T- 17273

Year 2010 CHCF-A Requirement
(On Annual Basis)

	(Col A) Kerman AL 372	(Col B) Staff Proposed	(Col C) Commission Adopted
1 2009 CHCF-A Requirement (Resolution T-17181, Appendix A line 8)	\$4,639,001.00	\$4,639,000.96	\$4,639,000.96
2 Adjustments to 2009 CHCF-A Requirement (Non-Recurring)	(\$977,425.00)	(\$977,425.00)	(\$977,425.00)
3 Year 2009 Impacts (Non-Recurring)	<u>\$633,581.00</u>	<u>\$35,950.00</u>	<u>\$35,950.00</u>
a GRC Modifications	\$0.00	\$0.00	\$0.00
b NECA Separations Methodology Changes	\$0.00	\$0.00	\$0.00
c VNXX Compensation (CPUC Decision 07-02-031)	\$35,950.00	\$35,950.00	\$35,950.00
d Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$597,631.00	\$0.00	\$0.00
4 Year 2010 Impacts (Recurring)	<u>\$6,761.00</u>	<u>\$6,761.00</u>	<u>\$6,761.00</u>
a GRC Modifications	\$0.00	\$0.00	\$0.00
b NECA Separations Methodology Changes	\$0.00	\$0.00	\$0.00
c VNXX Compensation (CPUC Decision 07-02-031)	\$6,761.00	\$6,761.00	\$6,761.00
d Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$0.00	\$0.00	\$0.00
5 Net Interstate Expense Adjustment			
a Projected 2009 USF (Resolution T-17181, Appendix A line 5b)	\$2,049,613.00	\$2,049,613.04	\$2,049,613.04
b Projected Year 2010 USF (Per NECA.)	<u>(\$2,007,000.00)</u>	<u>(\$2,037,603.24)</u>	<u>(\$2,037,603.24)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$42,613.00	\$12,009.80	\$12,009.80
6 2010 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$4,344,531.00	\$3,716,296.76	\$3,716,296.76
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2010 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2011)	\$4,344,531.00	\$3,716,296.76	\$3,716,296.76
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2010 Revenue Requirement eligible for CHCF-A Support	\$4,344,531.00	\$3,716,296.76	\$3,716,296.76
11 2010 Revenue Requirement after Means Test	\$4,344,531.00	\$3,716,296.76	\$3,716,296.76
12 Waterfall effect	100.00%	100.00%	100.00%
13 2010 Revenue Requirement after Waterfall	\$4,344,531.00	\$3,716,296.76	\$3,716,296.76
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2010 CHCF-A Support with Adjustments Review	\$4,344,531.00	\$3,716,296.76	\$3,716,296.76
16 2010 CHCF-A Support Resolution T-17247	\$4,344,531.00	\$3,673,585.76	\$3,673,585.76
17 Support for Adjustments (Line 15 less Line 16)	\$0.00	\$42,711.00	\$42,711.00
18 Late Int. JAN-SEP (see Appendix B-Line 17 times Monthly Factor)	\$0.00	\$ 104.99	\$ 104.99
19 Adjustments and Late Interest (Line 17 plus Line 18)	\$0.00	\$42,815.99	\$42,815.99

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APPENDIX A
Resolution T- 17273

Year 2010 CHCF-A Requirement
(On Annual Basis)

	(Col A)	(Col B)	(Col C)
	Pinnacles	Staff	Commission
	<u>AL 237</u>	<u>Proposed</u>	<u>Adopted</u>
1 2009 CHCF-A Requirement Resolution T-17158, Appendix D, line 17	\$234,490.00	\$234,490.00	\$234,490.00
2 Adjustments to 2009 CHCF-A Requirement (Non-Recurring)	\$0.00	\$0.00	\$0.00
3 Year 2009 Impacts (Non-Recurring)	<u>\$27,877.50</u>	<u>\$0.00</u>	<u>\$0.00</u>
a GRC Modifications	\$0.00	\$0.00	\$0.00
b NECA Separations Methodology Changes	\$27,877.50	\$0.00	\$0.00
c VNXX Compensation (CPUC Decision 07-02-031)	\$0.00	\$0.00	\$0.00
d Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$0.00	\$0.00	\$0.00
4 Year 2010 Impacts (Recurring)	<u>\$18,585.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
a GRC Modifications	\$0.00	\$0.00	\$0.00
b NECA Separations Methodology Changes	\$18,585.00	\$0.00	\$0.00
c VNXX Compensation (CPUC Decision 07-02-031)	\$0.00	\$0.00	\$0.00
d Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$0.00	\$0.00	\$0.00
5 Net Interstate Expense Adjustment			
a Projected 2009 USF (Resolution T-17158, App C, line 3, col. E)	\$415,842.00	\$415,842.00	\$415,842.00
b Projected Year 2010 USF (Per NECA.)	<u>(\$434,247.00)</u>	<u>(\$428,198.32)</u>	<u>(\$428,198.32)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	(\$18,405.00)	(\$12,356.32)	(\$12,356.32)
6 2010 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$262,547.50	\$222,133.68	\$222,133.68
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2010 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2011)	\$262,547.50	\$222,133.68	\$222,133.68
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2010 Revenue Requirement eligible for CHCF-A Support	\$262,547.50	\$222,133.68	\$222,133.68
11 2010 Revenue Requirement after Means Test	\$262,547.50	\$222,133.68	\$222,133.68
12 Waterfall effect	100.00%	100.00%	100.00%
13 2010 Revenue Requirement after Waterfall	\$262,547.50	\$222,133.68	\$222,133.68
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2010 CHCF-A Support with Adjustments Review	\$262,547.50	\$222,133.68	\$222,133.68
16 2010 CHCF-A Support Resolution T-17247	\$262,547.50	\$222,133.68	\$222,133.68
17 Support for Adjustments (Line 15 less Line 16)	\$0.00	\$0.00	\$0.00
18 Late Int. JAN-SEP (see Appendix B-Line 17 times Monthly Factor)	\$0.00	\$0.00	\$0.00
19 Adjustments and Late Interest (Line 17 plus Line 18)	\$0.00	\$0.00	\$0.00

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APPENDIX A
Resolution T- 17273

Year 2010 CHCF-A Requirement

(On Annual Basis)

	(Col A)	(Col B)	(Col C)
	Ponderosa	Staff	Commission
	AL 392	Proposed	Adopted
1 2009 CHCF-A Requirement	\$4,648,518.00	\$4,648,518.00	\$4,648,518.00
R. T-17181, App. A, line 8 plus R. T-17132, App. D, line 17			
2 Adjustments to 2009 CHCF-A Requirement (Non-Recurring)	(\$967,524.00)	(\$967,524.00)	(\$967,524.00)
3 Year 2009 Impacts (Non-Recurring)	<u>\$705,599.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
a GRC Modifications	\$0.00	\$0.00	\$0.00
b NECA Separations Methodology Changes	\$87,006.00	\$0.00	\$0.00
c VNXX Compensation (CPUC Decision 07-02-031)	\$0.00	\$0.00	\$0.00
d Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$618,593.00	\$0.00	\$0.00
4 Year 2010 Impacts (Recurring)	<u>\$58,004.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
a GRC Modifications	\$0.00	\$0.00	\$0.00
b NECA Separations Methodology Changes	\$58,004.00	\$0.00	\$0.00
c VNXX Compensation (CPUC Decision 07-02-031)	\$0.00	\$0.00	\$0.00
d Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$0.00	\$0.00	\$0.00
5 Net Interstate Expense Adjustment			
a Projected 2009 USF (Resolution T-17132, App C, line 3, col. E)	\$6,997,308.00	\$6,997,308.00	\$6,997,308.00
b Projected Year 2010 USF (Per NECA.)	<u>(\$7,160,065.00)</u>	<u>(\$6,772,608.50)</u>	<u>(\$6,772,608.50)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	(\$162,757.00)	\$224,699.50	\$224,699.50
6 2010 CHCF-A Revenue Requirement	\$4,281,840.00	\$3,905,693.50	\$3,905,693.50
(sum of lines 1, 2, 3 and 4 and 5c)			
7 Rate Increase	\$0.00	\$0.00	\$0.00
(1-Party Residential Flat-Rate Service)			
8 Total 2010 Revenue Requirement	\$4,281,840.00	\$3,905,693.50	\$3,905,693.50
(Beginning CHCF-A Revenue Requirement for 2011)			
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2010 Revenue Requirement eligible for CHCF-A Support	\$4,281,840.00	\$3,905,693.50	\$3,905,693.50
11 2010 Revenue Requirement after Means Test	\$4,281,840.00	\$3,905,693.50	\$3,905,693.50
12 Waterfall effect	100.00%	100.00%	100.00%
13 2010 Revenue Requirement after Waterfall	\$4,281,840.00	\$3,905,693.50	\$3,905,693.50
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2010 CHCF-A Support with Adjustments Review	\$4,281,840.00	\$3,905,693.50	\$3,905,693.50
16 2010 CHCF-A Support Resolution T-17247	\$4,281,840.00	\$3,905,693.50	\$3,905,693.50
17 Support for Adjustments (Line 15 less Line 16)	\$0.00	\$0.00	\$0.00
18 Late Int. JAN-SEP (see Appendix B-Line 17 times Monthly Factor)	\$0.00	\$0.00	\$0.00
19 Adjustments and Late Interest (Line 17 plus Line 18)	\$0.00	\$0.00	\$0.00

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APPENDIX A
Resolution T- 17273

Year 2010 CHCF-A Requirement
(On Annual Basis)

	(Col A)	(Col B)	(Col C)
	Sierra	Staff	Commission
	<u>AL 377</u>	<u>Proposed</u>	<u>Adopted</u>
1 2009 CHCF-A Requirement (Resolution T-17181, Appendix A line 8)	\$12,104,196.00	\$13,086,249.81	\$13,086,249.81
2 Adjustments to 2009 CHCF-A Requirement (Non-Recurring)	(\$75,251.00)	(\$75,251.00)	(\$75,251.00)
3 Year 2009 Impacts (Non-Recurring)	<u>\$88,391.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
a GRC Modifications	\$0.00	\$0.00	\$0.00
b NECA Separations Methodology Changes	\$0.00	\$0.00	\$0.00
c VNXX Compensation (CPUC Decision 07-02-031)	\$0.00	\$0.00	\$0.00
d Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$88,391.00	\$0.00	\$0.00
4 Year 2010 Impacts (Recurring)	<u>\$29,414.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
a GRC Modifications	\$0.00	\$0.00	\$0.00
b NECA Separations Methodology Changes	\$0.00	\$0.00	\$0.00
c VNXX Compensation (CPUC Decision 07-02-031)	\$0.00	\$0.00	\$0.00
d Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$29,414.00	\$0.00	\$0.00
5 Net Interstate Expense Adjustment			
a Projected 2009 USF (Resolution T-17181, Appendix A line 5b)	\$5,498,903.00	\$5,498,903.19	\$5,498,903.19
b Projected Year 2010 USF (Per NECA.)	<u>(\$4,752,022.00)</u>	<u>(\$4,749,194.73)</u>	<u>(\$4,749,194.73)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$746,881.00	\$749,708.46	\$749,708.46
6 2010 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$12,893,631.00	\$13,760,707.27	\$13,760,707.27
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2010 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2011)	\$12,893,631.00	\$13,760,707.27	\$13,760,707.27
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2010 Revenue Requirement eligible for CHCF-A Support	\$12,893,631.00	\$13,760,707.27	\$13,760,707.27
11 2010 Revenue Requirement after Means Test	\$12,893,631.00	\$13,129,901.39	\$13,129,901.39
12 Waterfall effect	100.00%	100.00%	100.00%
13 2010 Revenue Requirement after Waterfall	\$12,893,631.00	\$13,129,901.39	\$13,129,901.39
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2010 CHCF-A Support with Adjustments Review	\$12,893,631.00	\$13,129,901.39	\$13,129,901.39
16 2010 CHCF-A Support Resolution T-17247	\$12,893,631.00	\$13,129,901.39	\$13,129,901.39
17 Support for Adjustments (Line 15 less Line 16)	\$0.00	\$0.00	\$0.00
18 Late Int. JAN-SEP (see Appendix B-Line 17 times Monthly Factor)	\$0.00	\$0.00	\$0.00
19 Adjustments and Late Interest (Line 17 plus Line 18)	\$0.00	\$0.00	\$0.00

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APPENDIX A
Resolution T- 17273

Year 2010 CHCF-A Requirement

(On Annual Basis)

	(Col A) Siskiyou <u>AL 357</u>	(Col B) Staff <u>Proposed</u>	(Col C) Commission <u>Adopted</u>
1 2009 CHCF-A Requirement (Resolution T-17181, Appendix A line 8)	\$3,617,063.00	\$3,617,062.93	\$3,617,062.93
2 Adjustments to 2009 CHCF-A Requirement (Non-Recurring)	(\$41,860.00)	(\$41,860.00)	(\$41,860.00)
3 Year 2009 Impacts (Non-Recurring)	<u>\$167,773.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
a GRC Modifications	\$0.00	\$0.00	\$0.00
b NECA Separations Methodology Changes	\$0.00	\$0.00	\$0.00
c VNXX Compensation (CPUC Decision 07-02-031)	\$0.00	\$0.00	\$0.00
d Wireless Intercarrier Compensation (FCC Docket 01-92)	\$167,773.00	\$0.00	\$0.00
4 Year 2010 Impacts (Recurring)	<u>\$38,885.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
a GRC Modifications	\$0.00	\$0.00	\$0.00
b NECA Separations Methodology Changes	\$0.00	\$0.00	\$0.00
c VNXX Compensation (CPUC Decision 07-02-031)	\$0.00	\$0.00	\$0.00
d Wireless Intercarrier Compensation (FCC Docket 01-92)	\$38,885.00	\$0.00	\$0.00
5 Net Interstate Expense Adjustment			
a Projected 2009 USF (Resolution T-17181, Appendix A line 5b)	\$3,125,363.00	\$3,125,363.07	\$3,125,363.07
b Projected Year 2010 USF (Per NECA.)	<u>(\$3,325,399.00)</u>	<u>(\$3,324,811.49)</u>	<u>(\$3,324,811.49)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	(\$200,036.00)	(\$199,448.42)	(\$199,448.42)
6 2010 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$3,581,825.00	\$3,375,754.51	\$3,375,754.51
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2010 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2011)	\$3,581,825.00	\$3,375,754.51	\$3,375,754.51
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2010 Revenue Requirement eligible for CHCF-A Support	\$3,581,825.00	\$3,375,754.51	\$3,375,754.51
11 2010 Revenue Requirement after Means Test	\$3,581,825.00	\$3,375,754.51	\$3,375,754.51
12 Waterfall effect	100.00%	100.00%	100.00%
13 2010 Revenue Requirement after Waterfall	\$3,581,825.00	\$3,375,754.51	\$3,375,754.51
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2010 CHCF-A Support with Adjustments Review	\$3,581,825.00	\$3,375,754.51	\$3,375,754.51
16 2010 CHCF-A Support Resolution T-17247	\$3,581,825.00	\$3,375,754.51	\$3,375,754.51
17 Support for Adjustments (Line 15 less Line 16)	\$0.00	\$0.00	\$0.00
18 Late Int. JAN-SEP (see Appendix B-Line 17 times Monthly Factor)	\$0.00	\$0.00	\$0.00
19 Adjustments and Late Interest (Line 17 plus Line 18)	\$0.00	\$0.00	\$0.00

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APPENDIX A
Resolution T- 17273

Year 2010 CHCF-A Requirement

(On Annual Basis)

	(Col A) Volcano <u>AL 352</u>	(Col B) Staff <u>Proposed</u>	(Col C) Commission <u>Adopted</u>
1 2009 CHCF-A Requirement (Resolution T-17181, Appendix A line 8)	\$4,467,413.45	\$4,467,413.45	\$4,467,413.45
2 Adjustments to 2009 CHCF-A Requirement (Non-Recurring)	(\$1,213,977.00)	(\$1,213,977.00)	(\$1,213,977.00)
3 Year 2009 Impacts (Non-Recurring)	<u>\$164,020.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
a GRC Modifications	\$0.00	\$0.00	\$0.00
b NECA Separations Methodology Changes	\$0.00	\$0.00	\$0.00
c VNXX Compensation (CPUC Decision 07-02-031)	\$0.00	\$0.00	\$0.00
d Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$164,020.00	\$0.00	\$0.00
4 Year 2010 Impacts (Recurring)	<u>\$5,300.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
a GRC Modifications	\$0.00	\$0.00	\$0.00
b NECA Separations Methodology Changes	\$0.00	\$0.00	\$0.00
c VNXX Compensation (CPUC Decision 07-02-031)	\$0.00	\$0.00	\$0.00
d Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$5,300.00	\$0.00	\$0.00
5 Net Interstate Expense Adjustment			
a Projected 2009 USF (Resolution T-17181, Appendix A line 5b)	\$2,292,980.55	\$2,292,980.55	\$2,292,980.55
b Projected Year 2010 USF (Per NECA.)	<u>(\$1,896,165.00)</u>	<u>(\$1,671,958.67)</u>	<u>(\$1,671,958.67)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$396,815.55	\$621,021.88	\$621,021.88
6 2010 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$3,819,572.00	\$3,874,458.33	\$3,874,458.33
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2010 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2011)	\$3,819,572.00	\$3,874,458.33	\$3,874,458.33
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2010 Revenue Requirement eligible for CHCF-A Support	\$3,819,572.00	\$3,874,458.33	\$3,874,458.33
11 2010 Revenue Requirement after Means Test	\$3,819,572.00	\$3,874,458.33	\$3,874,458.33
12 Waterfall effect	100.00%	100.00%	100.00%
13 2010 Revenue Requirement after Waterfall	\$3,819,572.00	\$3,874,458.33	\$3,874,458.33
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2010 CHCF-A Support with Adjustments Review	\$3,819,572.00	\$3,874,458.33	\$3,874,458.33
16 2010 CHCF-A Support Resolution T-17247	\$3,819,572.00	\$3,874,458.33	\$3,874,458.33
17 Support for Adjustments (Line 15 less Line 16)	\$0.00	\$0.00	\$0.00
18 Late Int. JAN-SEP (see Appendix B-Line 17 times Monthly Factor)	\$0.00	\$0.00	\$0.00
19 Adjustments and Late Interest (Line 17 plus Line 18)	\$0.00	\$0.00	\$0.00

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APPENDIX B

Late Interest Calculation Factor

Month	Federal Reserve Bank 3-month commercial paper rate ²	Days in Month / 365	Monthly Factor
January 2010	0.20%	0.0849	0.0001699
February 2010	0.20%	0.0767	0.0001534
March 2010	0.24%	0.0849	0.0002038
April 2010	0.30%	0.0822	0.0002466
May 2010	0.44%	0.0849	0.0003737
June 2010	0.46%	0.0822	0.0003781
July 2010	0.37%	0.0849	0.0003142
August 2010 ¹	0.37%	0.0849	0.0003142
September 2010 ¹	0.37%	0.0822	0.0003041

¹ Estimated using July 2010 actual

² Federal Reserve Stastical Release H.15 Selected Interest Rates
FRB Commercial Paper 3-month Financial - Monthly
<http://www.federalreserve.gov/releases/h15/data.htm>