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

**Communications Division  
Carrier Oversight & Programs Branch**

**RESOLUTION T- 17298  
January 27, 2011**

**RESOLUTION**

**Resolution T-17298 Fourteen Small Incumbent Local Exchange Carriers and the California High Cost Fund-A Administrative Committee Fund.**

**This Resolution Sets Forth The California High Cost Fund-A Support For Each of the 14 Small Incumbent Local Exchange Carriers For Calendar Year 2011.**

BY ADVICE LETTER NO.	FILED BY:	DATE FILED:
319	Calaveras Telephone Company (Calaveras)	9/29/10
334	California-Oregon Telephone Company (Cal-Ore)	9/29/10
335	Ducor Telephone Company (Ducor)	9/29/10
301	Foresthill Telephone Company (Foresthill)	9/30/10
706	Frontier Communications West Coast, Inc. (Frontier WC)	10/1/10
318	Happy Valley Telephone Company (Happy Valley)	9/30/10
291	Hornitos Telephone Company (Hornitos)	9/30/10
379	Kerman Telephone Company (Kerman)	9/30/10
243	Pinnacles Telephone Company (Pinnacles)	9/29/10
404	The Ponderosa Telephone Company (Ponderosa)	9/30/10
386	Sierra Telephone Company (Sierra)	9/30/10
364	Siskiyou Telephone Company (Siskiyou)	9/24/10
358	Volcano Telephone Company (Volcano)	9/29/10
211	Winterhaven Telephone Company (Winterhaven)	9/30/10

## **Summary**

This resolution adopts a total Calendar Year (CY) 2011 California High Cost Fund-A (CHCF-A) support of \$38,455,296.34 for Calaveras, Cal-Ore, Ducor, Foresthill, Frontier WC, Happy Valley, Hornitos, Kerman, Pinnacles, Ponderosa, Sierra, Siskiyou, Volcano,

and Winterhaven. The development of the CHCF-A support for each small Incumbent Local Exchange Carrier (ILEC) is shown in Appendix A and explained in the Discussion section. The table below summarizes the monthly and yearly CHCF-A support authorized by this resolution for each of the 14 small ILECs:

<u>Small Local Exchange Carrier</u>	<u>Monthly Support</u>	<u>Yearly Support</u>
	<u>2011</u>	<u>2011</u>
Calaveras Telephone Company	\$180,919.53	\$2,171,034.31
Cal-Ore Telephone Company	\$56,382.24	\$676,586.93
Ducor Telephone Company	\$209,807.65	\$2,517,691.82
Foresthill Telephone Company	\$149,211.18	\$1,790,534.21
Kerman Telephone Company	\$299,994.47	\$3,599,933.59
Pinnacles Telephone Company	\$10,290.61	\$123,487.37
Ponderosa Telephone Company	\$373,812.74	\$4,485,752.89
Sierra Telephone Company	\$1,268,324.54	\$15,219,894.51
Siskiyou Telephone Company	\$346,507.83	\$4,158,094.00
Volcano Telephone Company	\$309,357.23	\$3,712,286.72
	<u>\$3,204,608.02</u>	<u>\$38,455,296.34</u>

This resolution directs the Communications Division (CD) in concert with the Information and Management Services Division (IMSD) to pay the respective small ILECs monthly support as indicated above within 30 days after the close of each calendar month. The prompt payment of monthly support to the small ILECs is contingent on the availability of funds and the California Public Utilities Commission (Commission) and State adoption of the budgets covering the payment of the 2011 CHCF-A support. Should the monthly support payments due the small ILECs 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.<sup>1</sup>

## Background

The California High Cost Fund (HCF) was implemented by Decision (D.) 88-07-022, as modified by D.91-05-016 and D.91-09-042, to provide a source of supplemental revenues to three mid-size and seventeen small ILECs whose basic exchange access line service rates would otherwise be increased to levels that would threaten universal service. These decisions provided program guidelines, referred to as Implementation Rules, as well as an annual filing process to simply adjust straightforward and non-controversial program adjustments. Pacific Bell was appointed as the administrator of the fund and established a separate trust.

<sup>1</sup> This is consistent with directives set forth in D.01-02-018 and D.01-09-064.

D.96-10-066 changed the name of HCF to CHCF-A, and also created the California High Cost Fund-B (CHCF-B). This decision included Pacific Bell (now AT&T), GTE California Incorporated (now Verizon)<sup>2</sup>, Roseville Telephone Company (now SureWest), and Citizens Telecommunications Company of California (now Frontier) in the CHCF-B for the purpose of determining universal service subsidy support and maintained the CHCF-A for the 17 small ILECs. This decision also directed the Commission to take over the administration of the CHCF-A from Pacific Bell.

Resolution T-16092 approved the transfer of administrative control of the CHCF-A from Pacific Bell to the Commission effective January 1, 1998. This resolution appointed three Commission staff members as committee members of the CHCF-A Trust Administrative Committee (AC) charged with the responsibility of administering the CHCF-A on behalf of the Commission. D.98-06-065 renamed the committee as California High Cost Fund-A AC and revised the governance of the CHCF-A consistent with State rules and procedures.

In October 1999, Public Utilities (PU) Codes § 270-281 were codified as a result of the enactment of Senate Bill (SB) 669 (Stats. 1999, Chapter 677). Section 270(b) requires that the monies in the CHCF-A and five other funds be expended pursuant to § 270-281 and upon appropriation in the annual Budget Act. Since Fiscal Year (FY) 2001-02, the CHCF-A Fund expenditures have been authorized in the State's Annual Budget Act.

D.01-09-064 revised the charter of CHCF-AC to conform to SB 669, and D.02-04-059 established a three-member board for the CHCF-AC.

PU Code § 739.3 requires the Commission to implement a program for universal service support to reduce rate disparity in rural and small metropolitan areas. PU Code § 739.3 was scheduled to sunset on January 1, 2009, but was extended by the Legislature to January 1, 2013.

D.08-10-010 authorized the consolidation of three small ILECs: Citizens Telecommunications Company of Tuolumne, Citizens Telecommunications Company of the Golden State and Global Valley Networks, Inc., with the midsize ILEC of, Citizens Telecommunications Company of California Inc. The consolidation authorized by D.08-10-010 became effective on January 1, 2009, and therefore, reduced the total number of small ILECs eligible for CHCF-A support from 17 to 14 small ILECs for the proposed support for Calendar Year 2011.

On October 29, 2009, the Commission approved D.09-10-056, approving the transfer of Verizon West Coast, Inc. to Frontier Communications Corporation (Frontier). On

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<sup>2</sup> Verizon Telephone Company resulted from the merger of GTE of CA and GTE Contel.

October 1, 2010, Frontier filed an Advice Letter on behalf of Verizon California, Inc. to change the entity name to Frontier Communications West Coast, Inc.

Commission D.10.02.016 dated 3/1/2010 sought to clarify the “150 percent formula” in response to issues raised by the Small ILECs in Application 09-01-002. D.10.02.016 reaffirmed that the 150% differential between Small ILECs rates and California urban rates is a threshold that must be met in order to qualify for CHCF-A funding. However, the Small ILECs rates shall be fixed at the current level of \$20.25 per month. This rate shall remain in effect until the Commission has issued a Decision in the CHCF-A Order Instituting Rulemaking process.

On or about October 1, 2010, the 14 small ILECs made their annual CHCF-A advice letter filings in accordance with D.91-09-042. These 14 small ILECs requested a total CY 2011 CHCF-A support of approximately \$36.890 million.

### **Notice/Protests**

The 14 small ILECs 2011 CHCF-A advice letter filings appeared in the Commission’s Daily Calendar in September and October 2010. No protests to the advice letter filings have been received.

### **Discussion**

In this Resolution, the Commission adopts a CHCF-A support of \$38,455,296.34 for CY 2011. This total support is broken down for each of the 14 small ILECs as noted in the summary section of this Resolution.

#### **A. 2011 CHCF-A Revenue Requirements and Supports**

CD reviewed the advice letter filings made by the 14 small ILECs in connection with the 2011 CHCF-A revenue requirements and revised their requests for the following reasons discussed below:

1. Pursuant to guidelines adopted in D.88-07-022<sup>3</sup>; and
2. Updated estimates of the Net Interstate Expense Adjustment as provided by the National Exchange Carrier Association (NECA).

Specific implementation rules and Commission orders that guided CD's revisions include, but are not limited to, the following:

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<sup>3</sup> 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.

### **General Rate Cases (GRCs)**

On October 1, 2009, Siskiyou filed a GRC Application for test year 2011. Calaveras', Cal-Ore's, Ducor's, Pinnacles' and Ponderosa's latest filings were in 2007 for test year 2009. Foresthill filed a GRC in 2005 for test year 2007, and filed a GRC Application in 2010 for Test Year 2012. Kerman's latest GRC filing was in 2006 for test year 2008. Sierra's latest GRC filing was in 2006 for test year 2008. Volcano's latest GRC filing was in 2006 for test year 2008. Happy Valley, Hornitos, Verizon - West Coast and Winterhaven's last GRC filing was for test year 1997.

In all test year GRCs, the carriers were authorized a 10% rate of return, since 1997.

### **Means Test**

Section B of the Implementation Rules requires that each CHCF-A support request be subject to a means test, i.e. the small ILECs CHCF-A support is limited to forecasted intrastate results of operations not to exceed the small ILECs authorized rate of return. The forecasted earnings must be based on at least seven months of recorded financial data, annualized for the year that the advice letter is filed. D. 91-09-042 also provides that the means test is not required in determining a ILEC's CHCF-A funding 12 months after a decision or resolution is rendered by the Commission in a GRC proceeding.

### **Waterfall**

Pursuant to § D of the Implementation Rules, the phase down of the CHCF-A funding level is reinitiated effective January 1 following the year after the completion of a GRC. The funding levels are 100% for the first 3 years, 80% the fourth year, 50% the fifth year, and 0% thereafter. This 6-year phase down of funding level is known as the Waterfall.

The funding levels for the 14 small ILECs for 2011 are summarized below:

<u>Small ILEC</u>	<u>GRC Test Year</u>	<u>2011</u>
Calaveras	2009	100%
Cal-Ore	2009	100%
Ducor	2009	100%
Foresthill	2007	100%
Frontier WC	1997	0%
Happy Valley	1997	0%
Hornitos	1997	0%
Kerman	2008	100%
Pinnacles	2009	100%
Ponderosa	2009	100%
Sierra	2008	100%
Siskiyou	2006	100%
Volcano	2008	100%
Winterhaven	1997	0%

**Net Interstate Expense Adjustment**

Section B of the Implementation Rules authorizes the small ILECs to include the changes of their federal Universal Service Fund (USF) funding in the annual CHCF-A filings. Under Resolution T-16117, the change of USF funding level must be determined for each carrier by the difference between the forecasted USF support for the current year and the forecasted USF support for the coming year. The current year's forecasted USF support is the amount adopted by the Commission for the current year CHCF-A revenue requirement. The coming year's forecasted USF is the amount projected by NECA, the administrator of USF.<sup>4</sup>

In response to the NECA funding changes, each carrier's CHCF-A 2010 support has been adjusted for 2011.

**Revenue Effect Associated with GRC Modification**

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<sup>4</sup> Data used is the NECA projected 2011 USF Payments provided by NECA on October 1, 2010.

As part of their 2011 annual CHCF-A advice letter filings, Calaveras, Cal-Ore and Ducor have included proposed modifications to their 2011 CHCF-A support. These carriers are requesting modification to their support for items that are currently pending in ongoing Petitions for Modification and Applications for Rehearing filed in response to their 2008 GRCs. Since these items are currently being reviewed and considered by the Commission in the above formal proceedings, we will not address them here in this Resolution. After the Commission issues a decision in the above formal proceedings, we will make the necessary adjustments, to the carriers' CHCF-A support.

### **Revenue Effect Associated with NECA Separations Methodology Changes**

In their annual advice letter filing, Calaveras and Pinnacles included adjustments for the revenue effect associated with NECA separations methodology changes.

The Commission has recommended approval of these requests for lost revenue in the CY 2010 Proposed Resolution T-17273 and will therefore not address them here.

### **Revenue Effect Associated with Virtual NXX Calls**

In their annual advice letter filing, Foresthill and Kerman included adjustments for revenue effects associated with virtual NXX calls.

The Commission has recommended approval of these requests for lost revenue in the CY 2010 Proposed Resolution T-17273 and will therefore not address them here.

### **Revenue Effect Associated with Wireless Intercarrier Compensation**

In their annual advice letter filing, Foresthill, Kerman, Ponderosa, Sierra and Volcano have submitted adjustment requests due to being required to enter into negotiated wireless intercarrier compensation agreements with Commercial Mobile Radio Service Providers (CMRS) and these negotiated agreements resulting in lower interconnection rates than their tariff rate. The carriers assert this has resulted in lost revenues that will require a larger draw from the CHCF-A fund.

The small ILECs included recovery of revenues attributable to the T-Mobile Order<sup>5</sup> that was effective on April 29, 2005. The T-Mobile Order states, "...we find that it would not have been unlawful for incumbent LECs to assess transport and termination charges based upon a state tariff." Further, the T-Mobile Order states, "Going forward,

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<sup>5</sup> *Developing a Unified Intercarrier Compensation Regime, T-Mobile et al. Petition for Declaratory Ruling Regarding Incumbent LEC Wireless Termination Tariffs, CC Docket 01-92, Declaratory Ruling and Report and Order, FCC 05-42 (released February 24, 2005) (the "T-Mobile Order")*

however, we amend our rules to make clear our preference for contractual arrangements by prohibiting LECs from imposing compensation obligations for non-access CMRS traffic pursuant to tariff." The Commission will permit recovery of lost revenues for wireless intercarrier compensation on or after the effective date of the T-Mobile Order.

In the Final Arbitrator's Report A.06-02-028, eleven rural ILECs 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 ILECs.

Small ILECs seeking recovery of lost revenues from wireless intercarrier compensation shall receive recovery for lost revenues occurring on or after April 29, 2005, only if there is an agreement between the small LEC and the CMRS carrier, and the carrier is not currently in a GRC.

The total requested non-recurring and recurring lost revenues due to wireless intercarrier compensation is \$3,129,500.

Carriers that met the above requirements and will be paid the full amount requested are as follows:

- Volcano non-recurring \$85,024 and recurring \$8,015.

Carriers that requested recovery for non-recurring lost revenues occurring prior to April 29, 2005, are listed below with the amount disallowed:

- Ponderosa's request for T-Mobile \$238.47 and Leap/Cricket \$442.90;
- Sierra's request for Verizon Wireless in the amount of \$316,056.07.

The approved wireless intercarrier compensation amounts are as follows:

- Ponderosa non-recurring \$111,442.76;
- Sierra non-recurring \$1,169,204.37 and recurring \$171,055.71;
- Volcano paid in full as noted above.

Foresthill, Kerman and Volcano requested non-recurring and recurring lost revenues due to wireless intercarrier compensation in their 2010 annual advice letter filings. The Commission has recommended approval of the requests that meet the above guidelines, in the CY 2010 Proposed Resolution T-17273 and will therefore not address them here.

### **Rate Increase Adjustment**

The CHCF-A Implementation Rules require that those companies with a revised local exchange revenue requirement...which cannot be met from the local exchange rate designs incorporating the 150% threshold shall be eligible to receive the balance of their revised local exchange revenue requirement from the CHCF-A.

Certain carriers have included rate changes in order to meet these Implementation Rules. This increase in carrier rates will reduce the amount of the CHCF-A draws each carrier receives. The impact of the rate changes are discussed in the CHCF-A Summary by Carrier section below.

The following revised rate changes are consistent with guidelines outlined in OP 78 of D.88-07-022.

- Ducor added back their Extended Area Service (EAS) rates after erroneously removing them. Ducor is reinstating their EAS service for residential and business in the amount of \$1.35 and \$4.00, respectively.
- Foresthill increased their Residential service rate from \$16.05 to \$20.25 and LifeLine Basic Residential Service rate from \$5.47 to \$6.11. In addition, Foresthill also increased their Foreign Exchange Residence Initial Increment from \$8.00 to \$12.20 and Business Initial Increment from \$10.00 to \$14.20.
- Kerman increased their Residential service rate from \$19.40 to \$20.90. In addition, Kerman has requested a decrease in their Residential service EAS increment from \$2.55 to \$0.63. However, Kerman has not requested an increase in the CHCF-A draw due to the decrease in the EAS increment.

Kerman increased other rates as follows: Foreign Exchange Service Residence Flat Rate from \$15.95 to \$20.15; Foreign Exchange Service Residence Measured Rate from \$15.95 to \$20.15; and Foreign Exchange Service Business from \$21.10 to \$25.30.

- Sierra increased their Residential service rate from \$16.85 to \$20.25 and their LifeLine Basic Residential Service rate from \$5.47 to \$6.11.
- Volcano increased the following rates: Residential service rate from \$16.85 to \$20.25; Residential Service – West Pt. \$17.80 to \$21.20; LifeLine Basic Residential Service \$5.47 to \$6.11; LifeLine Basic Residential Service – West Pt. \$5.95 to \$6.59.

Carriers with rate increases, as discussed above, also included adjustments to their access line figures to reflect the loss of customers, over time, as a result of the rate increases. These adjustments were not permitted in the General Rate Cases and they are not permitted in this Draft Resolution. CD used the access line counts as of July 2010 in the calculation of rate increase adjustments.

Ducor, Foresthill, Kerman, Sierra and Volcano included customer notices in their annual CHCF-A filing in 2010. These notices have been reviewed by CD staff and the carriers have already received approval to mail them out. All of the rate adjustments are effective January 1, 2011.

**B. CHCF-A Summary by Carrier**

The CHCF-A support and the rate designs for each of the 14 small ILECs for CY 2011 are summarized below. The detailed tables showing the CHCF-A support for the 14 small ILECs are shown in Appendix A.

**Calaveras, Page 1 of Appendix A**

Calaveras has a 2011 CHCF-A revenue requirement of \$2,171,034.31 (at Line 6, Page 1 of Appendix A). Thus, Calaveras shall receive monthly CHCF-A support in the amount of \$180,919.53, i.e. one-twelfth of \$2,171,034.31, for January through December 2011.

**Cal-Ore, Page 2 of Appendix A**

Cal-Ore has a 2011 CHCF-A revenue requirement of \$1,136,021.37 (at Line 6, Page 2 of Appendix A). After the means test, Cal-Ore has a revenue requirement of \$676,586.93 (at Line 11, Page 2 of Appendix A). Thus, Cal-Ore shall receive monthly CHCF-A support in the amount of \$56,382.24, i.e. one-twelfth of \$676,586.93, for January through December 2011.

**Ducor, Page 3 of Appendix A**

The following table compares Ducor’s present rates, revised EAS rates proposed by Ducor, revised EAS rates proposed by CD, and revised rates adopted in this Resolution:

Service	Present Rate	Ducor Proposed Rate	CD Proposed Rates	Commission Adopted Revised Rates
Residential Service - EAS - Ducor Exchange	\$0.00	\$1.35	\$1.35	\$1.35
Business Service EAS - Ducor Exchange	\$0.00	\$4.00	\$4.00	\$4.00
Residential LifeLine EAS Increment	\$0.00	\$0.68	\$0.68	\$0.68

Ducor requested an adjustment in the amount of \$8,114 for the incremental revenue of the rate increase; however, CD added an additional \$125.20 as Ducor applied an elasticity factor to reduce the number of basic service subscribers that is contrary to the directions in the Implementation Rules. CD approved an adjustment, after changes, in the amount of \$8,239.20.

Ducor has a 2011 CHCF-A revenue requirement of \$2,525,931.02 (at Line 6, Page 3 of Appendix A). After the rate increase, Ducor’s CY 2011 revenue requirement will be \$2,517,691.82 (at Line 8, Page 3 of Appendix A).

Thus, Ducor shall receive monthly CHCF-A support in the amount of \$209,807.65, i.e. one-twelfth of \$2,517,691.82, for January through December 2011.

**Foresthill, Page 4 of Appendix A**

The following table compares Foresthill’s present rates, revised rates proposed by Foresthill, revised rates proposed by CD, and revised rates adopted in this Resolution:

Service	Present Rate	Foresthill Proposed Rate	CD Proposed Rates	Commission Adopted Revised Rates
Residential Service	\$16.05	\$20.25	\$20.25	\$20.25
LifeLine Basic Residential Service	\$5.47	\$6.11	\$6.11	\$6.11
Foreign Exchange Service - Residential Initial Increment	\$8.00	\$12.20	\$12.20	\$12.20
Foreign Exchange Service - Business Initial Increment	\$10.00	\$14.20	\$14.20	\$14.20

This is consistent with guidelines outlined in OP 78 of D.88-07-022.

Foresthill requested an adjustment, in the amount of \$119,297, for the incremental revenue of the rate increase; however, CD added an additional \$2,420.08 as Foresthill applied an elasticity factor to reduce the number of basic service subscribers that is contrary to the directions in the Implementation Rules. CD approved an adjustment, after changes, in the amount of \$121,717.08.

Foresthill has a 2011 CHCF-A revenue requirement of \$1,912,251.29 (at Line 6, Page 4 of Appendix A). After the rate increase, Foresthill’s CY 2011 revenue requirement will be \$1,790,534.21 (at Line 8, Page 4 of Appendix A). Thus, Foresthill shall receive monthly CHCF-A support in the amount of \$149,211.18, i.e. one-twelfth of \$1,790,534.21, for January through December 2011.

**Frontier-WC, Page 5 of Appendix A**

Frontier-WC has a 2011 CHCF-A revenue requirement of \$811,335 (at Line 6, Page 5 of Appendix A). In its advice letter, Frontier-WC stated that they are not requesting a draw from the CHCF-A. Thus, Frontier-WC will not receive any CHCF-A support for 2011.

**Happy Valley, Page 6 of Appendix A**

Happy Valley has a 2011 CHCF-A revenue requirement of \$2,800,875.27 (at Line 6, Page 6 of Appendix A). In its advice letter, Happy Valley stated that they are not requesting a draw from the CHCF-A. Thus, Happy Valley will not receive any CHCF-A support for 2011.

**Hornitos, Page 7 of Appendix A**

Hornitos, has a 2011 CHCF-A revenue requirement of \$537,990.83 (at Line 6, Page 7 of Appendix A). In its advice letter, Hornitos stated that they are not requesting a draw from the CHCF-A. Thus, Hornitos will not receive any CHCF-A support for 2011.

**Kerman, Page 8 of Appendix A**

The following table compares Kerman’s present rates, revised rates proposed by Kerman, revised rates proposed by CD, and revised rates adopted in this Resolution:

Service	Present Rate	Kerman Proposed Rate	CD Proposed Rates	Commission Adopted Revised Rates
Residential	\$16.85	\$20.25	\$20.25	\$20.25
Residential EAS Rate	\$2.55	\$0.63	\$0.63	\$0.63
LifeLine basic Residential	\$6.11	\$6.11	\$6.11	\$6.11
LifeLine basic Residential EAS Rate	\$0.63	\$0.63	\$0.63	\$0.63
Foreign Exchange: Residential Flat Rate	\$15.95	\$20.15	\$20.15	\$20.15
Foreign Exchange: Residential Measured Rate	\$15.95	\$20.15	\$20.15	\$20.15
Foreign Exchange: Business	\$21.10	\$25.30	\$25.30	\$25.30

This is consistent with guidelines outlined in OP 78 of D.88-07-022.

Kerman did not increase their LifeLine Basic Residential Service Rate of \$6.11. Kerman proposes a decrease in their Kerman Exchange EAS increment from \$2.55 to \$0.63, for residential service and LifeLine service. However, their rate increase adjustment discussed below does not include the reduction, thus, Kerman has also chosen not to request reimbursement from the CHCF-A for the reduction in EAS. CD agrees that Kerman should not get recovery on an ongoing basis because this is Kerman’s choice to reduce the cost for this service. Kerman’s Business Service includes an EAS increment of \$4.60 and remains unchanged.

Kerman requested an adjustment in the amount of \$195,036 for the incremental revenue of the rate increase; however, CD added an additional \$4,855.20 as Kerman applied an elasticity factor to reduce the number of basic service subscribers that is contrary to the directions in the Implementation Rules. CD approved an adjustment, after changes, in the amount of \$199,891.20.

Kerman has a 2011 CHCF-A revenue requirement of \$3,799,824.79 (at Line 6, Page 8 of Appendix A). After the rate increase, Kerman’s CY 2011 revenue requirement will be \$3,599,933.59 (at Line 8, Page 8 of Appendix A). Thus, Kerman shall receive monthly CHCF-A support in the amount of \$299,994.47, i.e. one-twelfth of \$3,599,933.59, for January through December 2011.

**Pinnacles, Page 9 of Appendix A**

Pinnacles has a 2011 CHCF-A revenue requirement of \$210,965 (at Line 6, Page 9 of Appendix A). After the means test, Pinnacles has a 2011 revenue requirement of \$123,487.37. Thus, Pinnacles shall receive monthly CHCF-A support in the amount of \$10,290.61, i.e. one-twelfth of \$123,487.37, for January through December 2011.

**Ponderosa, Page 10 of Appendix A**

Ponderosa has a 2011 CHCF-A revenue requirement of \$4,485,752.89 (at Line 6, Page 10 of Appendix A). Thus, Ponderosa shall receive monthly CHCF-A support in the amount of \$373,812.74, i.e. one-twelfth of \$4,485,752.89, for January through December 2011.

**Sierra, Page 11 of Appendix A**

The following table compares Sierra’s present rates, revised rates proposed by Sierra, revised rates proposed by CD, and revised rates adopted in this Resolution:

Service	Present Rate	Foresthil Proposed Rate	CD Proposed Rates	Commission Adopted Revised Rates
Residential Service	\$16.85	\$20.25	\$20.25	\$20.25

LifeLine Basic Residential Service	\$5.47	\$6.11	\$6.11	\$6.11
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This is consistent with guidelines outlined in OP 78 of D.88-07-022.

Sierra requested an adjustment in the amount of \$566,591 for the incremental revenue of the rate increase; however, CD added an additional \$26,701 as Sierra applied an elasticity factor to reduce the number of basic service subscribers that is contrary to the directions in the Implementation Rules. CD approved an adjustment, after changes, in the amount of \$593,292.

Sierra has a 2011 CHCF-A revenue requirement of \$16,196,082.68 (at Line 6, Page 11 of Appendix A). After the rate increase, Sierra’s CY 2011 revenue requirement will be \$15,602,790.68 (at Line 8, Page 11 of Appendix A). After calculation of the means test, Sierra shall receive CHCF-A support in the amount of \$15,219,894.51. Thus, Sierra shall receive monthly CHCF-A support in the amount of \$1,268,324.54, i.e. one-twelfth of \$15,219,894.51, for January through December 2011.

**Siskiyou, Page 12 of Appendix A**

In Commission D.10-11-007, a CHCF-A revenue requirement of \$4,158,094 for Siskiyou was approved.

In D.10-11-007, Appendix A stipulates the CHCF-A amount to be paid is \$4,185,573. Any adjustments due to Universal Service Funding should be reflected in this amount.

Thus, Siskiyou shall receive monthly CHCF-A support in the amount of \$346,507.83, i.e. one-twelfth of \$4,158.094, for January through December 2011.

**Volcano, Page 13 of Appendix A**

The following table compares Volcano’s present rates, revised rates proposed by Volcano, revised rates proposed by CD, and revised rates adopted in this Resolution:

Service	Present Rate	Volcano Proposed Rate	CD Proposed Rates	Commission Adopted Revised Rates
Residential Service	\$16.85	\$20.25	\$20.25	\$20.25
Residential Service – West Pt.	\$17.80	\$21.20	\$21.20	\$21.20
LifeLine Basic Residential Service	\$5.47	\$6.11	\$6.11	\$6.11
LifeLine Basic Residential Service – West Pt.	\$5.95	\$6.59	\$6.59	\$6.59

This is consistent with guidelines outlined in OP 78 of D.88-07-022.

Volcano requested an adjustment in the amount of \$349,104 for the incremental revenue of the rate increase; however, CD added an additional \$5,594.20 as Volcano applied an elasticity factor to reduce the number of basic service subscribers that is contrary to the directions in the Implementation Rules. CD approved an adjustment, after changes, in the amount of \$354,698.20.

Volcano has a 2011 CHCF-A revenue requirement of \$4,066,984.92 (at Line 6, Page 13 of Appendix A). After the rate increase, Sierra's CY 2011 revenue requirement will be \$3,712,286.72 (at Line 8, Page 13 of Appendix A). Thus, Volcano shall receive monthly CHCF-A support in the amount of \$309,357.23, i.e. one-twelfth of \$3,712,286.72, for January through December 2011.

#### **Winterhaven, Page 14 of Appendix A**

Winterhaven has a 2011 CHCF-A revenue requirement of \$222,675.65 (at Line 6, Page 14 of Appendix A). In its advice letter, Winterhaven stated that they are not requesting a draw from the CHCF-A. Thus, Winterhaven will not receive any CHCF-A support for 2011.

The Commission finds CD's recommended CHCF-A support amounts for the 14 small ILECs for 2011 reasonable and consistent after review of the Advice Letter filings, adjustments based on CD and FCC orders and calculation of a means test, if applicable, and are therefore adopted.

#### **C. CHCF-A Budget for Fiscal Year (FY) 2010-11 and FY 2011-12**

In Resolution T- 17213, the Commission adopted a CHCF-A program budget of \$57.591 million for FY 2010-11. For FY 2011-12, in Resolution T-17283, the Commission adopted a CHCF-A program budget of \$56.283 million. Of the budgeted amounts, \$41.686 million and \$45.398 million have been allocated as program payments to the small ILECs for FY 2010-11 and FY 2011-12, respectively.

There are enough funds in both the FY 2010-11 and FY 2011-12 budgets to cover the \$34.279 million in 2011 CHCF-A support to the small ILECs.

CD, in concert with the IMSD, shall make the monthly support payments within 30 days after the close of each calendar month.<sup>6</sup> In the event that the monthly support payments due to the small ILECs are not 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.

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<sup>6</sup> The January 2011 monthly support will be paid in February 2011; the December 2011 monthly support will be paid in January 2012.

## Comments on Draft Resolution

In compliance with PU Code § 311(g), a notice letter was emailed on December 28, 2010, informing the 14 small ILECs, 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 the draft of this Resolution for public comments at the Commission's web site <http://www.cpuc.ca.gov>. This letter also informed parties that the final Resolution adopted by the Commission will be posted and will be available at the same web site.

Cooper, White and Cooper (Cooper) filed comments on January 12, 2011, in response to the revised draft Resolution mailed December 29, 2010, asserting the following points:

1. The Draft Resolution should permit recovery of non-recurring lost revenue impacts occurring prior to the T-Mobile Order.
2. The Draft Resolution contains citation errors to the T-Mobile Order. Correct citations to the T-Mobile Order should be supplied.
3. The Draft Resolution does not properly reflect the results of the Siskiyou Case Decision and the adjustments called for in that Decision.
4. The proposed increases in Foreign Exchange Service for Foresthill should be reflected in the Summary of Foresthill's funding adjustments.
5. The CHCF-A revenue requirement for 2010 for Kerman is not a correct reflection of the proposed revenue requirement in Revised Draft Resolution T-17273.
6. Updated access line counts should be used to calculate the additional revenue to be derived from basic service rate increases for Foresthill and Kerman.
7. The language of the Draft Resolution should reflect that the effect of the 150% Rule has been partially suspended pending action in the anticipated CHCF-A proceeding.

The Commission has considered the comments of Cooper in response to the revised draft Resolution and upon further review addresses their comments as follows.

In response to item number one above, the FCC T-Mobile Order, states, "...we find that it would not have been unlawful for incumbent LECs to assess transport and termination charges based upon a state tariff."

Further, the T-Mobile Order states, "Going forward, however, we amend our rules to make clear our preference for contractual arrangements by prohibiting LECs from imposing compensation obligations for non-access CMRS traffic pursuant to tariff." For this reason, the Commission will permit lost revenues for wireless intercarrier compensation on or after the effective date of the T-Mobile Order.

The FCC is stating that ILECs can have tariffs on transport and termination charges prior to the T-Mobile Order. The Commission concurs and is also concerned that awarding recovery of lost revenues for a time period outside of the FCC decision may set a problematic precedent for future FCC decisions.

In reference to item number two above, the Commission made changes to the revised draft Resolution to change the citations to the T-Mobile Order.

In regards to item number three above, CD has added the Siskiyou CHCF-A revenue requirement as stated in Commission D.10-11-007. In D.10-11-007, Appendix A stipulates the CHCF-A amount to be paid is \$4,185,573. Any adjustments due to Universal Service Funding should be reflected in this amount.

For item number four above, CD has updated the discussion for Foresthill to reflect the increase in Foreign Exchange Service: Residence Initial Increment and Business Initial Increment.

CD has corrected item number five above, by changing Kerman's Attachment A, page 8, line 1, 2010 CHCF-A Requirement to reflect Revised Draft Resolution T-17273.

In item number six above, CD reviewed the access line data provided by Foresthill and Kerman and made the necessary updates.

CD has addressed item number seven above by including discussion of Commission D.10.06.016 and the effects on the CHCF-A 150% guideline set forth in the CHCF-A "Implementation Rules".

## **Findings**

1. The California High Cost Fund (HCF) was implemented by Decision (D.) 88-07-022, as modified by D.91-05-016 and D.91-09-042. The Implementation Rules governing the California High Cost Fund (CHCF)-A can be found in their entirety in the Appendix of D.91-09-042. The purpose of the HCF was to provide a source of supplemental revenues to three mid-size Incumbent Local Exchange Carriers (ILECs) and seventeen small ILECs whose basic exchange access line service rates would otherwise be increased to levels that would threaten universal service.

2. D.96-10-066 changed the name of HCF to California High Cost Fund-A and created the California High Cost Fund-B (CHCF-B). This decision included the three mid-size ILECs in the CHCF-B for the purpose of determining universal service subsidy support and maintained the CHCF-A for 17 small ILECs. D.98-06-065 renamed the CHCF-A Trust Administrative Committee to CHCF-A Administrative Committee (CHCFA-AC) and revised the governance of CHCF-A to be consistent with State rules and procedures.
3. In October 1999, Public Utilities (PU) Codes § 270-281 were codified as a result of the enactment of Senate Bill 669.
4. D.08-10-010, effective January 1, 2009, authorized the consolidation of three small ILECs: Citizens Telecommunications Company of Tuolumne, Citizens Telecommunications Company of the Golden State and Global Valley Networks, Inc., with the midsize ILEC of, Citizens Telecommunications Company of California Inc. and reduced the number of small ILECs from 17 to 14.
5. D.09-10-056 approved the application of Frontier Communications Corporation (Frontier) to transfer Verizon West Coast, Inc., assets to Frontier. On October 1, 2010, Frontier filed an Advice Letter on behalf of Verizon California, Inc. to change the entity name to Frontier Communications West Coast, Inc.
6. PU Code § 270(b) requires that the monies in CHCF-A may only be expended pursuant to § 270-281 and upon appropriation in the annual Budget Act.
7. The Communications Division (CD) reviewed the filings made by the 14 small ILECs in connection with the 2011 CHCF-A payment requirements.
8. CD revised the 2011 CHCF-A support requests submitted by the 14 small ILECs 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.
9. D.10.02.016 reaffirmed that the 150% differential between Small ILEC rates and California urban rates is a threshold that must be met to qualify for CHCF-A funding. However, the Small ILECs rates shall be fixed at the maximum \$20.25 per month and remain in effect until the Commission has issued a Decision in the CHCF-A Order Instituting Rulemaking.
10. CD reviewed the Advice Letter filings by the 14 small ILECs and net settlement effects based on regulatory changes ordered by the Commission and the Federal Communications Commission.
11. As part of their 2011 annual CHCF-A advice letter filing Calaveras, Cal-Ore and Ducor included modification to their test year 2009 General Rate Cases (GRC). As these GRCs are now in the Application process, these modification requests are not addressed in the Resolution because they are being addressed in their respective proceedings.

12. In their annual advice letter filing, Calaveras and Pinnacles included adjustments for the revenue effect associated with National Exchange Carrier Association (NECA) separations methodology changes. The Commission has recommended approval of these requests for lost revenue in Proposed Resolution T-17273.
13. In their annual advice letter filing, Foresthill and Kerman included adjustments for revenue effects associated with virtual NXX calls. The Commission has recommended approval of these requests for lost revenue in Proposed Resolution T-17273.
14. In their annual advice letter filing, Foresthill, Kerman and Volcano included recovery of revenues attributable to the Final Arbitrator's Report A.06-02-028 dated January 14, 2008, and the FCC Docket No. 01-92. The Commission has recommended approval of those amounts that meet the requirements of FCC Docket No. 01-92 and where there is an agreement between the carriers in Proposed Resolution T-17273.
15. In their annual advice letter filing, Ponderosa, Sierra and Volcano included recovery of revenues attributable to the Final Arbitrator's Report A.06-02-028 dated January 14, 2008, and the FCC Docket No. 01-92. The Commission has recommended approval of those amounts that meet the requirements of FCC Docket No. 01-92 and where there is an agreement between the carriers.
16. Ducor, Foresthill, Kerman, Sierra and Volcano have requested various changes in rates for basic residential service, LifeLine basic residential service, and business service. Ducor and Kerman requested changes to their extended area service rates. All revised local exchange rates shall take effect on January 1, 2011.
17. Ducor, Foresthill, Kerman, Sierra and Volcano have included draft carrier notifications that have been reviewed by Commission staff. Upon Commission approval of this Draft Resolution, the carriers can mail out their notices to their customers.
18. The total approved 2011 CHCF-A draw for Calaveras, Cal-Ore, Ducor, Foresthill, Frontier WC, Happy Valley, Hornitos, Kerman, Pinnacles, Ponderosa, Sierra, Siskiyou, Volcano, and Winterhaven should be \$38,455,296.34.
19. The monthly support payments for January 2011 through December 2011 are to be paid by the CD in concert with the Information and Management Services Division within 30 days after the close of each calendar month subject to the availability of funds and the Commission and State adoption of the budgets covering the payment of the 2011 CHCF-A support. In the event that the monthly support payments due the small ILECs are not 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.

20. In Resolution T- 17213, the Commission adopted a CHCF-A program budget of \$57.591 million for Fiscal Year (FY) 2010-11. For FY 2011-12, in Resolution T-17283, the Commission adopted budget for the CHCF-A program is \$56.283 million. Therefore, there are funds for the FY 2010-11 and FY 2011-12 budgets to cover the 2011 CHCF-A support to the small ILECs.
21. A notice letter was emailed on December 28, 2010, informing the 14 small ILECs, the CHCFA-AC, the parties of record in Rulemaking 01-08-002 and the parties on the service list of Application 99-09-044 of the availability of the draft resolution for public comments at the Commission's web site <http://www.cpuc.ca.gov>. In addition they were informed of the availability of the conformed resolution, when adopted by the Commission, at the same web site. Cooper, White and Cooper commented on the Draft Resolution.
22. The Commission finds CD's recommended CHCF-A support for each of the 14 small ILECs 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 respective California High Cost Fund-A support for each of the 14 small Local Exchange Carriers, as described in the body and summarized in Appendix A of this Resolution, is adopted.
2. The total approved California High Cost Fund-A support of \$38,455,296.34 for the small Incumbent Local Exchange Carriers for Current Year 2011 is listed below:

<u>Small Local Exchange Carrier</u>	<u>Monthly Support</u>	<u>Yearly Support</u>
	<u>2011</u>	<u>2011</u>
Calaveras Telephone Company	\$180,919.53	\$2,171,034.31
Cal-Ore Telephone Company	\$56,382.24	\$676,586.93
Ducor Telephone Company	\$209,807.65	\$2,517,691.82
Foresthill Telephone Company	\$149,211.18	\$1,790,534.21
Kerman Telephone Company	\$299,994.47	\$3,599,933.59
Pinnacles Telephone Company	\$10,290.61	\$123,487.37
Ponderosa Telephone Company	\$373,812.74	\$4,485,752.89
Sierra Telephone Company	\$1,268,324.54	\$15,219,894.51
Siskiyou Telephone Company	\$346,507.83	\$4,158,094.00
Volcano Telephone Company	\$309,357.23	\$3,712,286.72
	<u>\$3,204,608.02</u>	<u>\$38,455,296.34</u>



**Commissioners**

Commissioner Timothy Alan Simon, being necessarily absent,  
did not participate.

APPENDIX A  
Resolution T- 17298

**Year 2011 CHCF-A Requirement**

(On Annual Basis)

	(Col A)	(Col B)	(Col C)
	Calaveras	Staff	Commission
	<u>AL319</u>	<u>Proposed</u>	<u>Adopted</u>
<b>1 2010 CHCF-A Requirement</b> (Proposed Resolution T-17273, Appendix A line 8)	\$2,149,044.26	\$2,419,909.26	\$2,419,909.26
<b>2 Prior Year CHCF-A Impact Requirements (Non-Recurring)</b>	\$533,293.00	(\$162,519.00)	(\$162,519.00)
<b>3 Year 2011 Impacts (Non-Recurring)</b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>
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)	\$0.00	\$0.00	\$0.00
<b>4 Year 2011 Impacts (Recurring)</b>	<b><u>\$317,364.00</u></b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>
a GRC Modifications and/or Rehearing	\$209,018.00	\$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
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2010 USF (Resolution T-17247, Appendix A line 5b)	\$2,033,647.74	\$2,033,647.74	\$2,033,647.74
b Projected Year 2011 USF (Per NECA.)	<u>(\$2,120,003.69)</u>	<u>(\$2,120,003.69)</u>	<u>(\$2,120,003.69)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	(\$86,355.95)	(\$86,355.95)	(\$86,355.95)
<b>6 2011 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$2,913,345.31	\$2,171,034.31	\$2,171,034.31
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
<b>8 Total 2011 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2012)	\$2,913,345.31	\$2,171,034.31	\$2,171,034.31
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2011 Revenue Requirement eligible for CHCF-A Support</b>	\$2,913,345.31	\$2,171,034.31	\$2,171,034.31
<b>11 2011 Revenue Requirement after Means Test</b>	\$2,913,345.31	\$2,171,034.31	\$2,171,034.31
<b>12 Waterfall effect</b>	100.00%	100.00%	100.00%
<b>13 2011 Revenue Requirement after Waterfall</b>	\$2,913,345.31	\$2,171,034.31	\$2,171,034.31
<b>14 Adjustments</b>	\$0.00	\$0.00	\$0.00
<b>15 2011 CHCF-A Support</b>	\$2,913,345.31	\$2,171,034.31	\$2,171,034.31
<b>16 Monthly Payment for Periods Jan - Dec 2011</b> (Line 16/12)	<b><u>\$242,778.78</u></b>	<b><u>\$180,919.53</u></b>	<b><u>\$180,919.53</u></b>

APPENDIX A  
Resolution T- 17298

**Year 2011 CHCF-A Requirement**

(On Annual Basis)

	(Col A) Cal-Ore <u>AL 334</u>	(Col B) Staff <u>Proposed</u>	(Col C) Commission <u>Adopted</u>
<b>1 2010 CHCF-A Requirement</b> (Resolution T-17247, Appendix A line 8)	\$691,338.49	\$691,338.49	\$691,338.49
<b>2 Prior Year CHCF-A Impact Requirements (Non-Recurring)</b>	\$0.00	\$0.00	\$0.00
<b>3 Year 2011 Impacts (Non-Recurring)</b>	<b><u>\$338,354.00</u></b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>
a GRC Modifications	\$338,354.00	\$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)	\$0.00	\$0.00	\$0.00
<b>4 Year 2011 Impacts (Recurring)</b>	<b><u>\$169,177.00</u></b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>
a GRC Modifications and/or Rehearing	\$169,177.00	\$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)	\$0.00	\$0.00	\$0.00
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2010 USF (Resolution T-17247, Appendix A line 5b)	\$1,269,357.51	\$1,269,357.51	\$1,269,357.51
b Projected Year 2011 USF (Per NECA.)	<u>(\$824,674.63)</u>	<u>(\$824,674.63)</u>	<u>(\$824,674.63)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$444,682.88	\$444,682.88	\$444,682.88
<b>6 2011 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$1,643,552.37	\$1,136,021.37	\$1,136,021.37
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
<b>8 Total 2011 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2012)	\$1,643,552.37	\$1,136,021.37	\$1,136,021.37
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2011 Revenue Requirement eligible for CHCF-A Support</b>	\$1,643,552.37	\$1,136,021.37	\$1,136,021.37
<b>11 2011 Revenue Requirement after Means Test</b>	\$1,014,945.50	\$676,586.93	\$676,586.93
<b>12 Waterfall effect</b>	100.00%	100.00%	100.00%
<b>13 2011 Revenue Requirement after Waterfall</b>	\$1,014,945.50	\$676,586.93	\$676,586.93
<b>14 Adjustments</b>	\$0.00	\$0.00	\$0.00
<b>15 2011 CHCF-A Support</b>	\$1,014,945.50	\$676,586.93	\$676,586.93
<b>16 Monthly Payment for Periods Jan - Dec 2011</b> (Line 16/12)	<b>\$84,578.79</b>	<b>\$56,382.24</b>	<b>\$56,382.24</b>

APPENDIX A  
Resolution T- 17298

**Year 2011 CHCF-A Requirement**  
(On Annual Basis)

	(Col A)	(Col B)	(Col C)
	Ducor <u>AL335</u>	Staff <u>Proposed</u>	Commission <u>Adopted</u>
<b>1 2010 CHCF-A Requirement</b> (Proposed Resolution T-17273, Appendix A line 8)	\$2,490,280.80	\$2,490,280.80	\$2,490,280.80
<b>2 Prior Year CHCF-A Impact Requirements (Non-Recurring)</b>	\$0.00	\$0.00	\$0.00
<b>3 Year 2011 Impacts (Non-Recurring)</b>	<b><u>\$405,818.00</u></b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>
a GRC Modifications	\$405,818.00	\$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)	\$0.00	\$0.00	\$0.00
<b>4 Year 2011 Impacts (Recurring)</b>	<b><u>\$202,909.00</u></b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>
a GRC Modifications and/or Rehearing	\$202,909.00	\$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)	\$0.00	\$0.00	\$0.00
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2010 USF (Resolution T-17247, Appendix A line 5b)	\$947,087.20	\$947,087.20	\$947,087.20
b Projected Year 2011 USF (Per NECA.)	<u>(\$911,436.98)</u>	<u>(\$911,436.98)</u>	<u>(\$911,436.98)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$35,650.22	\$35,650.22	\$35,650.22
<b>6 2011 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$3,134,658.02	\$2,525,931.02	\$2,525,931.02
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	(\$8,114.00)	(\$8,239.20)	(\$8,239.20)
<b>8 Total 2011 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2012)	\$3,126,544.02	\$2,517,691.82	\$2,517,691.82
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2011 Revenue Requirement eligible for CHCF-A Support</b>	\$3,126,544.02	\$2,517,691.82	\$2,517,691.82
<b>11 2011 Revenue Requirement after Means Test</b>	\$2,985,247.80	\$2,517,691.82	\$2,517,691.82
<b>12 Waterfall effect</b>	100.00%	100.00%	100.00%
<b>13 2011 Revenue Requirement after Waterfall</b>	\$2,985,247.80	\$2,517,691.82	\$2,517,691.82
<b>14 Adjustments</b>	\$0.00	\$0.00	\$0.00
<b>15 2011 CHCF-A Support</b>	\$2,985,247.80	\$2,517,691.82	\$2,517,691.82
<b>16 Monthly Payment for Periods Jan - Dec 2011</b> (Line 16/12)	<b>\$248,770.65</b>	<b>\$209,807.65</b>	<b>\$209,807.65</b>

APPENDIX A  
Resolution T- 17298

**Year 2011 CHCF-A Requirement**

(On Annual Basis)

	(Col A)	(Col B)	(Col C)
	Foresthill	Staff	Commission
	<u>AL 301</u>	<u>Proposed</u>	<u>Adopted</u>
<b>1 2010 CHCF-A Requirement</b> (Proposed Resolution T-17273, Appendix A line 8)	\$2,022,968.00	\$2,445,974.45	\$2,445,974.45
<b>2 Prior Year CHCF-A Impact Requirements (Non-Recurring)</b>	\$0.00	(\$374,634.63)	(\$374,634.63)
<b>3 Year 2011 Impacts (Non-Recurring)</b>	<b><u>\$413,969.00</u></b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>
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)	\$35,713.00	\$0.00	\$0.00
d Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$378,256.00	\$0.00	\$0.00
<b>4 Year 2011 Impacts (Recurring)</b>	<b><u>\$41,020.00</u></b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>
a GRC Modifications and/or Rehearing	\$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)	\$1,463.00	\$0.00	\$0.00
d Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$39,557.00	\$0.00	\$0.00
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2010 USF (Resolution T-17247, Appendix A line 5b)	\$1,563,176.00	\$1,563,176.34	\$1,563,176.34
b Projected Year 2011 USF (Per NECA.)	<u>(\$1,722,265.00)</u>	<u>(\$1,722,264.87)</u>	<u>(\$1,722,264.87)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	(\$159,089.00)	(\$159,088.53)	(\$159,088.53)
<b>6 2011 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$2,318,868.00	\$1,912,251.29	\$1,912,251.29
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	(\$119,297.00)	(\$121,717.08)	(\$121,717.08)
<b>8 Total 2011 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2012)	\$2,199,571.00	\$1,790,534.21	\$1,790,534.21
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2011 Revenue Requirement eligible for CHCF-A Support</b>	\$2,199,571.00	\$1,790,534.21	\$1,790,534.21
<b>11 2011 Revenue Requirement after Means Test</b>	\$2,199,571.00	\$1,790,534.21	\$1,790,534.21
<b>12 Waterfall effect</b>	100.00%	100.00%	100.00%
<b>13 2011 Revenue Requirement after Waterfall</b>	\$2,199,571.00	\$1,790,534.21	\$1,790,534.21
<b>14 Adjustments</b>	\$0.00	\$0.00	\$0.00
<b>15 2011 CHCF-A Support</b>	\$2,199,571.00	\$1,790,534.21	\$1,790,534.21
<b>16 Monthly Payment for Periods Jan - Dec 2011</b> (Line 16/12)	<b><u>\$183,297.58</u></b>	<b><u>\$149,211.18</u></b>	<b><u>\$149,211.18</u></b>

APPENDIX A  
Resolution T- 17298

**Year 2011 CHCF-A Requirement**  
(On Annual Basis)

	(Col A)	(Col B)	(Col C)
	Frontier-WC	Staff	Commission
	<u>AL 706</u>	<u>Proposed</u>	<u>Adopted</u>
<b>1 2010 CHCF-A Requirement</b> (Resolution T-17247, Appendix A line 8)	\$811,335.00	\$811,335.00	\$811,335.00
<b>2 Prior Year CHCF-A Impact Requirements (Non-Recurring)</b>	\$0.00	\$0.00	\$0.00
<b>3 Year 2011 Impacts (Non-Recurring)</b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>
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)	\$0.00	\$0.00	\$0.00
<b>4 Year 2011 Impacts (Recurring)</b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>
a GRC Modifications and/or Rehearing	\$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)	\$0.00	\$0.00	\$0.00
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2010 USF (Resolution T-17247, Appendix A line 5b)	\$0.00	\$0.00	\$0.00
b Projected Year 2011 USF (Per NECA.)	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$0.00	\$0.00	\$0.00
<b>6 2011 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$811,335.00	\$811,335.00	\$811,335.00
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
<b>8 Total 2011 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2012)	\$811,335.00	\$811,335.00	\$811,335.00
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2011 Revenue Requirement eligible for CHCF-A Support</b>	\$811,335.00	\$811,335.00	\$811,335.00
<b>11 2011 Revenue Requirement after Means Test</b>	\$0.00	\$0.00	\$0.00
<b>12 Waterfall effect</b>	0.00%	0.00%	0.00%
<b>13 2011 Revenue Requirement after Waterfall</b>	\$0.00	\$0.00	\$0.00
<b>14 Adjustments</b>	\$0.00	\$0.00	\$0.00
<b>15 2011 CHCF-A Support</b>	\$0.00	\$0.00	\$0.00
<b>16 Monthly Payment for Periods Jan - Dec 2011</b> (Line 16/12)	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>

APPENDIX A  
Resolution T- 17298

**Year 2011 CHCF-A Requirement**  
(On Annual Basis)

	(Col A)	(Col B)	(Col C)
	Happy Valley	Staff	Commission
	AL 318	Proposed	Adopted
<b>1 2010 CHCF-A Requirement</b> (Resolution T-17247, Appendix A line 8)	\$2,800,875.27	\$2,800,875.27	\$2,800,875.27
<b>2 Prior Year CHCF-A Impact Requirements (Non-Recurring)</b>	\$0.00	\$0.00	\$0.00
<b>3 Year 2011 Impacts (Non-Recurring)</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
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)	\$0.00	\$0.00	\$0.00
<b>4 Year 2011 Impacts (Recurring)</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
a GRC Modifications and/or Rehearing	\$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)	\$0.00	\$0.00	\$0.00
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2010 USF (Resolution T-17247, Appendix A line 5b)	\$0.00	\$0.00	\$0.00
b Projected Year 2011 USF (Per NECA.)	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$0.00	\$0.00	\$0.00
<b>6 2011 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$2,800,875.27	\$2,800,875.27	\$2,800,875.27
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
<b>8 Total 2011 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2012)	\$2,800,875.27	\$2,800,875.27	\$2,800,875.27
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2011 Revenue Requirement eligible for CHCF-A Support</b>	\$2,800,875.27	\$2,800,875.27	\$2,800,875.27
<b>11 2011 Revenue Requirement after Means Test</b>	\$0.00	\$0.00	\$0.00
<b>12 Waterfall effect</b>	0.00%	0.00%	0.00%
<b>13 2011 Revenue Requirement after Waterfall</b>	\$0.00	\$0.00	\$0.00
<b>14 Adjustments</b>	\$0.00	\$0.00	\$0.00
<b>15 2011 CHCF-A Support</b>	\$0.00	\$0.00	\$0.00
<b>16 Monthly Payment for Periods Jan - Dec 2011</b> (Line 16/12)	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

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**Year 2011 CHCF-A Requirement**  
(On Annual Basis)

	(Col A)	(Col B)	(Col C)
	Hornitos	Staff	Commission
	<u>AL 291</u>	<u>Proposed</u>	<u>Adopted</u>
<b>1 2010 CHCF-A Requirement</b> (Resolution T-17247, Appendix A line 8)	\$448,336.35	\$448,336.35	\$448,336.35
<b>2 Prior Year CHCF-A Impact Requirements (Non-Recurring)</b>	\$0.00	\$0.00	\$0.00
<b>3 Year 2011 Impacts (Non-Recurring)</b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>
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)	\$0.00	\$0.00	\$0.00
<b>4 Year 2011 Impacts (Recurring)</b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>
a GRC Modifications and/or Rehearing	\$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)	\$0.00	\$0.00	\$0.00
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2010 USF (Resolution T-17247, Appendix A line 5b)	\$122,127.65	\$122,127.65	\$122,127.65
b Projected Year 2011 USF (Per NECA.)	<u>(\$28,367.00)</u>	<u>(\$32,473.17)</u>	<u>(\$32,473.17)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$93,760.65	\$89,654.48	\$89,654.48
<b>6 2011 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$542,097.00	\$537,990.83	\$537,990.83
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
<b>8 Total 2011 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2012)	\$542,097.00	\$537,990.83	\$537,990.83
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2011 Revenue Requirement eligible for CHCF-A Support</b>	\$542,097.00	\$537,990.83	\$537,990.83
<b>11 2011 Revenue Requirement after Means Test</b>	\$0.00	\$0.00	\$0.00
<b>12 Waterfall effect</b>	0.00%	0.00%	0.00%
<b>13 2011 Revenue Requirement after Waterfall</b>	\$0.00	\$0.00	\$0.00
<b>14 Adjustments</b>	\$0.00	\$0.00	\$0.00
<b>15 2011 CHCF-A Support</b>	\$0.00	\$0.00	\$0.00
<b>16 Monthly Payment for Periods Jan - Dec 2011</b> (Line 16/12)	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>

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**Year 2011 CHCF-A Requirement**  
(On Annual Basis)

	(Col A)	(Col B)	(Col C)
	Kerman	Staff	Commission
	<u>AL 379</u>	<u>Proposed</u>	<u>Adopted</u>
<b>1 2010 CHCF-A Requirement</b> (Proposed Resolution T-17273, Appendix A line 8)	\$3,673,586.00	\$4,180,963.99	\$4,180,963.99
<b>2 Prior Year CHCF-A Impact Requirements (Non-Recurring)</b>	\$0.00	(\$500,617.23)	(\$500,617.23)
<b>3 Year 2011 Impacts (Non-Recurring)</b>	<b><u>\$638,765.00</u></b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>
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)	\$44,480.00	\$0.00	\$0.00
d Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$594,285.00	\$0.00	\$0.00
<b>4 Year 2011 Impacts (Recurring)</b>	<b><u>\$4,036.00</u></b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>
a GRC Modifications and/or Rehearing	\$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)	\$4,036.00	\$0.00	\$0.00
d Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$0.00	\$0.00	\$0.00
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2010 USF (Resolution T-17247, Appendix A line 5b)	\$2,037,603.00	\$2,037,603.24	\$2,037,603.24
b Projected Year 2011 USF (Per NECA.)	<u>(\$1,918,125.00)</u>	<u>(\$1,918,125.21)</u>	<u>(\$1,918,125.21)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$119,478.00	\$119,478.03	\$119,478.03
<b>6 2011 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$4,435,865.00	\$3,799,824.79	\$3,799,824.79
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	(\$195,036.00)	(\$199,891.20)	(\$199,891.20)
<b>8 Total 2011 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2012)	\$4,240,829.00	\$3,599,933.59	\$3,599,933.59
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2011 Revenue Requirement eligible for CHCF-A Support</b>	\$4,240,829.00	\$3,599,933.59	\$3,599,933.59
<b>11 2011 Revenue Requirement after Means Test</b>	\$4,240,829.00	\$3,599,933.59	\$3,599,933.59
<b>12 Waterfall effect</b>	100.00%	100.00%	100.00%
<b>13 2011 Revenue Requirement after Waterfall</b>	\$4,240,829.00	\$3,599,933.59	\$3,599,933.59
<b>14 Adjustments</b>	\$0.00	\$0.00	\$0.00
<b>15 2011 CHCF-A Support</b>	\$4,240,829.00	\$3,599,933.59	\$3,599,933.59
<b>16 Monthly Payment for Periods Jan - Dec 2011</b> (Line 16/12)	<b><u>\$353,402.42</u></b>	<b><u>\$299,994.47</u></b>	<b><u>\$299,994.47</u></b>

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**Year 2011 CHCF-A Requirement**  
(On Annual Basis)

	(Col A)	(Col B)	(Col C)
	<b>Pinnacles</b>	<b>Staff</b>	<b>Commission</b>
	<u>AL 243</u>	<u>Proposed</u>	<u>Adopted</u>
<b>1 2010 CHCF-A Requirement</b> (Proposed Resolution T-17273, Appendix A line 8)	\$222,133.68	\$268,596.18	\$268,596.18
<b>2 Prior Year CHCF-A Impact Requirements (Non-Recurring)</b>	\$46,462.50	(\$27,877.50)	(\$27,877.50)
<b>3 Year 2011 Impacts (Non-Recurring)</b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>
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)	\$0.00	\$0.00	\$0.00
<b>4 Year 2011 Impacts (Recurring)</b>	<b><u>\$18,585.00</u></b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>
a GRC Modifications and/or Rehearing	\$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 Intercarrier Compensation (FCC Docket 01-92)	\$0.00	\$0.00	\$0.00
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2010 USF (Resolution T-17247, Appendix A line 5b)	\$428,198.32	\$428,198.32	\$428,198.32
b Projected Year 2011 USF (Per NECA.)	<u>(\$457,952.00)</u>	<u>(\$457,952.00)</u>	<u>(\$457,952.00)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	(\$29,753.68)	(\$29,753.68)	(\$29,753.68)
<b>6 2011 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$257,427.50	\$210,965.00	\$210,965.00
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
<b>8 Total 2011 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2012)	\$257,427.50	\$210,965.00	\$210,965.00
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2011 Revenue Requirement eligible for CHCF-A Support</b>	\$257,427.50	\$210,965.00	\$210,965.00
<b>11 2011 Revenue Requirement after Means Test</b>	\$169,952.04	\$123,487.37	\$123,487.37
<b>12 Waterfall effect</b>	100.00%	100.00%	100.00%
<b>13 2011 Revenue Requirement after Waterfall</b>	\$169,952.04	\$123,487.37	\$123,487.37
<b>14 Adjustments</b>	\$0.00	\$0.00	\$0.00
<b>15 2011 CHCF-A Support</b>	\$169,952.04	\$123,487.37	\$123,487.37
<b>16 Monthly Payment for Periods Jan - Dec 2011</b> (Line 16/12)	<b>\$14,162.67</b>	<b>\$10,290.61</b>	<b>\$10,290.61</b>

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**Year 2011 CHCF-A Requirement**  
(On Annual Basis)

	(Col A)	(Col B)	(Col C)
	<b>Ponderosa</b>	<b>Staff</b>	<b>Commission</b>
	<b><u>AL 404</u></b>	<b><u>Proposed</u></b>	<b><u>Adopted</u></b>
<b>1 2010 CHCF-A Requirement</b> (Proposed Resolution T-17273, Appendix A line 8)	\$3,905,693.50	\$4,550,449.06	\$4,550,449.06
<b>2 Prior Year CHCF-A Impact Requirements (Non-Recurring)</b>	\$0.00	(\$586,751.56)	(\$586,751.56)
<b>3 Year 2011 Impacts (Non-Recurring)</b>	<b><u>\$112,124.13</u></b>	<b><u>\$111,442.76</u></b>	<b><u>\$111,442.76</u></b>
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)	\$112,124.13	\$111,442.76	\$111,442.76
<b>4 Year 2011 Impacts (Recurring)</b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>
a GRC Modifications and/or Rehearing	\$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)	\$0.00	\$0.00	\$0.00
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2010 USF (Resolution T-17247, Appendix A line 5b)	\$6,772,608.50	\$6,772,608.50	\$6,772,608.50
b Projected Year 2011 USF (Per NECA.)	<u>(\$6,361,995.87)</u>	<u>(\$6,361,995.87)</u>	<u>(\$6,361,995.87)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$410,612.63	\$410,612.63	\$410,612.63
<b>6 2011 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$4,428,430.26	\$4,485,752.89	\$4,485,752.89
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
<b>8 Total 2011 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2012)	\$4,428,430.26	\$4,485,752.89	\$4,485,752.89
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2011 Revenue Requirement eligible for CHCF-A Support</b>	\$4,428,430.26	\$4,485,752.89	\$4,485,752.89
<b>11 2011 Revenue Requirement after Means Test</b>	\$4,428,430.26	\$4,485,752.89	\$4,485,752.89
<b>12 Waterfall effect</b>	100.00%	100.00%	100.00%
<b>13 2011 Revenue Requirement after Waterfall</b>	\$4,428,430.26	\$4,485,752.89	\$4,485,752.89
<b>14 Adjustments</b>	\$0.00	\$0.00	\$0.00
<b>15 2011 CHCF-A Support</b>	\$4,428,430.26	\$4,485,752.89	\$4,485,752.89
<b>16 Monthly Payment for Periods Jan - Dec 2011</b> (Line 16/12)	<b><u>\$369,035.86</u></b>	<b><u>\$373,812.74</u></b>	<b><u>\$373,812.74</u></b>

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**Year 2011 CHCF-A Requirement**

(On Annual Basis)

	(Col A)	(Col B)	(Col C)
	Sierra	Staff	Commission
	<u>AL 386</u>	<u>Proposed</u>	<u>Adopted</u>
<b>1 2010 CHCF-A Requirement</b> (Proposed Resolution T-17273, Appendix A line 8)	\$13,129,901.00	\$13,878,511.62	\$13,878,511.62
<b>2 Prior Year CHCF-A Impact Requirements (Non-Recurring)</b>	\$0.00	(\$88,390.74)	(\$88,390.74)
<b>3 Year 2011 Impacts (Non-Recurring)</b>	<b><u>\$1,514,674.00</u></b>	<b><u>\$1,485,260.44</u></b>	<b><u>\$1,485,260.44</u></b>
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)	\$1,514,674.00	\$1,485,260.44	\$1,485,260.44
<b>4 Year 2011 Impacts (Recurring)</b>	<b><u>\$200,899.00</u></b>	<b><u>\$171,055.71</u></b>	<b><u>\$171,055.71</u></b>
a GRC Modifications and/or Rehearing	\$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)	\$200,899.00	\$171,055.71	\$171,055.71
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2010 USF (Resolution T-17247, Appendix A line 5b)	\$4,749,195.00	\$4,749,194.73	\$4,749,194.73
b Projected Year 2011 USF (Per NECA.)	<u>(\$3,999,549.00)</u>	<u>(\$3,999,549.08)</u>	<u>(\$3,999,549.08)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$749,646.00	\$749,645.65	\$749,645.65
<b>6 2011 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$15,595,120.00	\$16,196,082.68	\$16,196,082.68
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	(\$566,591.00)	(\$593,292.00)	(\$593,292.00)
<b>8 Total 2011 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2012)	\$15,028,529.00	\$15,602,790.68	\$15,602,790.68
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2011 Revenue Requirement eligible for CHCF-A Support</b>	\$15,028,529.00	\$15,602,790.68	\$15,602,790.68
<b>11 2011 Revenue Requirement after Means Test</b>	\$15,028,529.00	\$15,219,894.51	\$15,219,894.51
<b>12 Waterfall effect</b>	100.00%	100.00%	100.00%
<b>13 2011 Revenue Requirement after Waterfall</b>	\$15,028,529.00	\$15,219,894.51	\$15,219,894.51
<b>14 Adjustments</b>	\$0.00	\$0.00	\$0.00
<b>15 2011 CHCF-A Support</b>	\$15,028,529.00	\$15,219,894.51	\$15,219,894.51
<b>16 Monthly Payment for Periods Jan - Dec 2011</b> (Line 16/12)	<b><u>\$1,252,377.42</u></b>	<b><u>\$1,268,324.54</u></b>	<b><u>\$1,268,324.54</u></b>

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**Year 2011 CHCF-A Requirement**  
(On Annual Basis)

	(Col A)	(Col B)	(Col C)
	Siskiyou	Staff	Commission
	<u>AL 364</u>	<u>Proposed</u>	<u>Adopted</u>
<b>1 2010 CHCF-A Requirement</b> (Proposed Resolution T-17273, Appendix A line 8)			
<b>2 Prior Year CHCF-A Impact Requirements (Non-Recurring)</b>			
<b>3 Year 2011 Impacts (Non-Recurring)</b>			
a GRC Modifications			
b NECA Separations Methodology Changes			
c VNXX Compensation (CPUC Decision 07-02-031)			
d Wireless Inter-carrier Compensation (FCC Docket 01-92)			
<b>4 Year 2011 Impacts (Recurring)</b>			
a GRC Modifications and/or Rehearing			
b NECA Separations Methodology Changes			
c VNXX Compensation (CPUC Decision 07-02-031)			
d Wireless Inter-carrier Compensation (FCC Docket 01-92)			
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2010 USF (Resolution T-17247, Appendix A line 5b)			
b Projected Year 2011 USF (Per NECA.)			
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)			
<b>6 2011 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)			
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)			
<b>8 Total 2011 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2012)			
<b>9 Temporary Surcredit</b>			
<b>10 2011 Revenue Requirement eligible for CHCF-A Support</b>			
<b>11 2011 Revenue Requirement after Means Test</b>			
<b>12 Waterfall effect</b>			
<b>13 2011 Revenue Requirement after Waterfall</b>			
<b>14 Adjustments</b>			
<b>15 2011 CHCF-A Support</b>	\$4,158,094.00	\$4,158,094.00	\$4,158,094.00
<b>16 Monthly Payment for Periods Jan - Dec 2011</b> (Line 16/12)	\$346,507.83	\$346,507.83	\$346,507.83

APPENDIX A  
Resolution T- 17298

**Year 2011 CHCF-A Requirement**

(On Annual Basis)

	(Col A)	(Col B)	(Col C)
	Volcano	Staff	Commission
	AL 358	Proposed	Adopted
<b>1 2010 CHCF-A Requirement</b> (Proposed Resolution T-17273, Appendix A line 8)	\$3,874,458.33	\$4,043,778.33	\$4,043,778.33
<b>2 Prior Year CHCF-A Impact Requirements (Non-Recurring)</b>	\$0.00	(\$164,020.00)	(\$164,020.00)
<b>3 Year 2011 Impacts (Non-Recurring)</b>	<b><u>\$268,877.00</u></b>	<b><u>\$85,024.00</u></b>	<b><u>\$85,024.00</u></b>
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)	\$268,877.00	\$85,024.00	\$85,024.00
<b>4 Year 2011 Impacts (Recurring)</b>	<b><u>\$20,828.00</u></b>	<b><u>\$8,015.00</u></b>	<b><u>\$8,015.00</u></b>
a GRC Modifications and/or Rehearing	\$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)	\$20,828.00	\$8,015.00	\$8,015.00
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2010 USF (Resolution T-17247, Appendix A line 5b)	\$1,671,958.67	\$1,671,958.67	\$1,671,958.67
b Projected Year 2011 USF (Per NECA.)	<u>(\$1,577,771.08)</u>	<u>(\$1,577,771.08)</u>	<u>(\$1,577,771.08)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$94,187.59	\$94,187.59	\$94,187.59
<b>6 2011 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$4,258,350.92	\$4,066,984.92	\$4,066,984.92
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	(\$349,104.00)	(\$354,698.20)	(\$354,698.20)
<b>8 Total 2011 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2012)	\$3,909,246.92	\$3,712,286.72	\$3,712,286.72
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2011 Revenue Requirement eligible for CHCF-A Support</b>	\$3,909,246.92	\$3,712,286.72	\$3,712,286.72
<b>11 2011 Revenue Requirement after Means Test</b>	\$3,909,246.92	\$3,712,286.72	\$3,712,286.72
<b>12 Waterfall effect</b>	100.00%	100.00%	100.00%
<b>13 2011 Revenue Requirement after Waterfall</b>	\$3,909,246.92	\$3,712,286.72	\$3,712,286.72
<b>14 Adjustments</b>	\$0.00	\$0.00	\$0.00
<b>15 2011 CHCF-A Support</b>	\$3,909,246.92	\$3,712,286.72	\$3,712,286.72
<b>16 Monthly Payment for Periods Jan - Dec 2011</b> (Line 16/12)	<b>\$325,770.58</b>	<b>\$309,357.23</b>	<b>\$309,357.23</b>

APPENDIX A  
Resolution T- 17298

**Year 2011 CHCF-A Requirement**  
(On Annual Basis)

	(Col A) Winterhaven AL211	(Col B) Staff Proposed	(Col C) Commission Adopted
<b>1 2010 CHCF-A Requirement</b> (Resolution T-17247, Appendix A line 8)	\$149,362.55	\$149,362.55	\$149,362.55
<b>2 Prior Year CHCF-A Impact Requirements (Non-Recurring)</b>	\$0.00	\$0.00	\$0.00
<b>3 Year 2011 Impacts (Non-Recurring)</b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>
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)	\$0.00	\$0.00	\$0.00
<b>4 Year 2011 Impacts (Recurring)</b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>
a GRC Modifications and/or Rehearing	\$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)	\$0.00	\$0.00	\$0.00
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2010 USF (Resolution T-17247, Appendix A line 5b)	\$206,601.95	\$206,601.95	\$206,601.95
b Projected Year 2011 USF (Per NECA.)	<u>(\$124,610.00)</u>	<u>(\$133,288.85)</u>	<u>(\$133,288.85)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$81,991.95	\$73,313.10	\$73,313.10
<b>6 2011 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$231,354.50	\$222,675.65	\$222,675.65
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
<b>8 Total 2011 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2012)	\$231,354.50	\$222,675.65	\$222,675.65
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2011 Revenue Requirement eligible for CHCF-A Support</b>	\$231,354.50	\$222,675.65	\$222,675.65
<b>11 2011 Revenue Requirement after Means Test</b>	\$0.00	\$0.00	\$0.00
<b>12 Waterfall effect</b>	0.00%	0.00%	0.00%
<b>13 2011 Revenue Requirement after Waterfall</b>	\$0.00	\$0.00	\$0.00
<b>14 Adjustments</b>	\$0.00	\$0.00	\$0.00
<b>15 2011 CHCF-A Support</b>	\$0.00	\$0.00	\$0.00
<b>16 Monthly Payment for Periods Jan - Dec 2011</b> (Line 16/12)	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>