BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE

STATE OF CALIFORNIA



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ADMINISTRATIVE LAW JUDGE PATRICIA MILES, presiding

In the Matter of Application of)	EVIDENTIARY
Sierra Telephone Company, Inc.)	HEARING
(U1016C) to Modify Intrastate)	
Revenue Requirement and Rate Design)	
and Adjust Selected Rates)	
)	
)	Application
)	21-11-005
)	
)	

PUBLIC

REPORTERS' TRANSCRIPT
Virtual Proceeding
July 29, 2022
Pages 434 - 609
Volume 4

Reported by: Lisa M. Welch, CSR No. 10928 Rebekah L. DeRosa, CSR No. 8708 Shannon Ross Winters, CSR No. 8916

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1	VIRTUAL PROCEEDING
2	JULY 29, 2022 - 9:30 A.M.
3	* * * *
4	ADMINISTRATIVE LAW JUDGE MILES: The
5	Commission will come to order.
6	We're on the record. Today is
7	Friday, July 29th. It is the third day of
8	evidentiary hearing in the matter of the
9	Application of Sierra Telephone Company, Inc.
10	to Modify Intrastate Revenue Requirement and
11	Rate Design and Adjust Selected Rates. The
12	proceeding number is A.21-11-005.
13	I'm the assigned administrative law
14	judge, Patricia Miles. This proceeding is
15	assigned to Commissioner John Reynolds.
16	And I believe Mr. Rosvall is going
17	to start. We're scheduled for the
18	cross-examination of Dr. Dale Lehman.
19	Dr. Lehman?
20	MR. LEHMAN: Yes.
21	ALJ MILES: I'm going to swear you in
22	on the record, if you would raise your right
23	hand.
24	DALE LEHMAN, called as a witness by Sierra Telephone Company, having been
25	sworn, testified as follows:
26	THE WITNESS: I do.
27	ALJ MILES: Thank you. Would you
28	please state and spell your name for the

1	record?
2	THE WITNESS: Dale Lehman, D-a-l-e,
3	last name, L-e-h-m-a-n.
4	ALJ MILES: Okay. Mr. Rosvall, your
5	witness.
6	MR. ROSVALL: Great. Thank you, your
7	Honor.
8	DIRECT EXAMINATION
9	BY MR. ROSVALL:
10	Q And good morning, Dr. Lehman.
11	I understand you have two documents
12	on your computer screen related to this
13	proceeding. Could you identify those,
14	please?
15	A One is my opening testimony, and
16	the other document is marked as my rebuttal
17	testimony in the same docket.
18	Q Okay. And for identification
19	purposes, I don't know if the copies you're
20	looking at are marked or have a have a
21	cover sheet, but I think we're going to refer
22	to your opening testimony as Exhibit 10 or
23	STC-10, and and your rebuttal testimony as
24	STC-11.
25	Can you confirm that you either
26	have those marked or understand that that
27	those are the identifications?
28	A I have those marked and on my

1	computer screen.
2	Q Great. All right. So at this
3	time, do you have any changes to either of
4	those documents?
5	A No changes. I would just note that
6	the rebuttal testimony, the cover page
7	differs from what was served on June 24th in
8	that this is correctly marked as my rebuttal
9	testimony, and the originally-served document
10	said, "Opening Testimony."
11	Q Great. Thank you. And I guess
12	with that clarification, do you affirm that
13	the materials in Exhibits STC-10 and STC-11
14	are your testimony your direct testimony
15	in this proceeding?
15 16	in this proceeding? A Direct testimony was STC-10,
16	A Direct testimony was STC-10,
16 17	A Direct testimony was STC-10, correct.
16 17 18	A Direct testimony was STC-10, correct. Q I guess, just to clarify, what I
16 17 18 19	A Direct testimony was STC-10, correct. Q I guess, just to clarify, what I mean is aside from any testimony you may give
16 17 18 19 20	A Direct testimony was STC-10, correct. Q I guess, just to clarify, what I mean is aside from any testimony you may give on cross-examination, is this your
16 17 18 19 20 21	A Direct testimony was STC-10, correct. Q I guess, just to clarify, what I mean is aside from any testimony you may give on cross-examination, is this your affirmative direct testimony, collectively?
16 17 18 19 20 21 22	A Direct testimony was STC-10, correct. Q I guess, just to clarify, what I mean is aside from any testimony you may give on cross-examination, is this your affirmative direct testimony, collectively? A Yes.
16 17 18 19 20 21 22 23	A Direct testimony was STC-10, correct. Q I guess, just to clarify, what I mean is aside from any testimony you may give on cross-examination, is this your affirmative direct testimony, collectively? A Yes. Q Okay. And do you affirm that the
16 17 18 19 20 21 22 23 24	A Direct testimony was STC-10, correct. Q I guess, just to clarify, what I mean is aside from any testimony you may give on cross-examination, is this your affirmative direct testimony, collectively? A Yes. Q Okay. And do you affirm that the testimony reflected therein is true and
16 17 18 19 20 21 22 23 24 25	A Direct testimony was STC-10, correct. Q I guess, just to clarify, what I mean is aside from any testimony you may give on cross-examination, is this your affirmative direct testimony, collectively? A Yes. Q Okay. And do you affirm that the testimony reflected therein is true and correct?

1	same?
2	A They would, yes.
3	Q Great.
4	Your Honor, at this time, Sierra
5	moves Exhibits 10 and STC-10 and STC-11
6	into evidence.
7	And the witness is available,
8	although I believe there is actually no
9	cross-examination from Cal Advocates.
10	ALJ MILES: Okay. Those will be
11	marked be moved into the evidence.
12	(Exhibit No. STC-10 was received into evidence.)
13	into evidence.)
14	(Exhibit No. STC-11 was received into evidence.)
15	inco evidence.)
16	ALJ MILES: I didn't realize there was
17	no cross-examination on Dr. Lehman. Okay. I
18	see that now.
19	All right. Mr. Parker, do you wish
20	to cross-examine this witness?
21	MR. PARKER: Wayne Parker, attorney for
22	Cal Advocates.
23	Cal Advocates does not wish to
24	cross-examine Mr. Lehman.
25	ALJ MILES: All right. And does Cal
26	Advocates stipulate to the testimony
27	Mr. Lehman has submitted?
28	MR. PARKER: Your Honor, Cal Advocates

1	will not stipulate to Mr. Lehman's testimony.
2	ALJ MILES: Okay. Are there portions
3	of it that you disagree with, but you want to
4	forego cross-examination?
5	MR. PARKER: Yes, your Honor.
6	And on a related note, after we
7	complete this, I I would like to talk
8	about the other testimony from yesterday.
9	ALJ MILES: All right. Okay.
10	Dr. Lehman, we appreciate your
11	coming forward to participate. Because there
12	is no cross-examination, you are excused.
13	THE WITNESS: Okay. Thank you.
14	MR. ROSVALL: And your Honor, that's
	,
15	our last witness, so our case would be
	•
15	our last witness, so our case would be
15 16	our last witness, so our case would be submitted.
15 16 17	our last witness, so our case would be submitted. I do have a clarification I wanted
15 16 17 18	our last witness, so our case would be submitted. I do have a clarification I wanted to offer, something that we addressed
15 16 17 18	our last witness, so our case would be submitted. I do have a clarification I wanted to offer, something that we addressed yesterday about an exhibit.
15 16 17 18 19 20	our last witness, so our case would be submitted. I do have a clarification I wanted to offer, something that we addressed yesterday about an exhibit. ALJ MILES: About the evidence? Is it
15 16 17 18 19 20 21	our last witness, so our case would be submitted. I do have a clarification I wanted to offer, something that we addressed yesterday about an exhibit. ALJ MILES: About the evidence? Is it about the exhibits or evidence?
15 16 17 18 19 20 21 22	our last witness, so our case would be submitted. I do have a clarification I wanted to offer, something that we addressed yesterday about an exhibit. ALJ MILES: About the evidence? Is it about the exhibits or evidence? MR. ROSVALL: It's about an exhibit we
15 16 17 18 19 20 21 22 23	our last witness, so our case would be submitted. I do have a clarification I wanted to offer, something that we addressed yesterday about an exhibit. ALJ MILES: About the evidence? Is it about the exhibits or evidence? MR. ROSVALL: It's about an exhibit we talked about at the end of yesterday. I just
15 16 17 18 19 20 21 22 23 24	our last witness, so our case would be submitted. I do have a clarification I wanted to offer, something that we addressed yesterday about an exhibit. ALJ MILES: About the evidence? Is it about the exhibits or evidence? MR. ROSVALL: It's about an exhibit we talked about at the end of yesterday. I just wanted to
15 16 17 18 19 20 21 22 23 24 25	our last witness, so our case would be submitted. I do have a clarification I wanted to offer, something that we addressed yesterday about an exhibit. ALJ MILES: About the evidence? Is it about the exhibits or evidence? MR. ROSVALL: It's about an exhibit we talked about at the end of yesterday. I just wanted to ALJ MILES: Okay. Let's discuss that

1	then, you have a witness for
2	cross-examination this morning?
3	MR. PARKER: Yes, your Honor. I have
4	Mr. James Ahlstedt. I'd like to introduce
5	Mr. James Ahlstedt, and have him come onto
6	the stand.
7	ALJ MILES: All right. Good morning,
8	Mr. Ahlstedt.
9	MR. AHLSTEDT: Good morning, your
10	Honor. Can you hear me well?
11	ALJ MILES: I can see you now.
12	Would you please raise your right
13	hand, so I can swear you?
14	JAMES AHLSTEDT, called as a witness by Public Advocates Office, having been
15	sworn, testified as follows:
16	THE WITNESS: I do.
17	ALJ MILES: Thank you. Would you
18	please state and spell your full name for the
19	record?
20	THE WITNESS: Yes. My name is James,
21	J-a-m-e-s, Ahlstedt, A-h-l-s-t-e-d-t.
22	ALJ MILES: Thank you. Mr. Parker,
23	your witness.
24	MR. PARKER: Thank you, your Honor.
25	DIRECT EXAMINATION
26	BY MR. PARKER:
27	Q Good morning, Mr. Ahlstedt.
28	A Good morning.

1	Q Do you have with you today a
2	document that has been marked for
3	identification as Exhibit PAO-01?
4	A I do.
5	Q Do you also have with you an
6	exhibit that has been marked as PAO-01-C?
7	A Yes, I do.
8	Q And just for the record, PAO-01 is
9	the public version of your opening testimony?
10	A That's correct.
11	Q And PAO-01-C is the confidential
12	version of your opening testimony?
13	A Yes.
14	Q All right. One moment here.
15	Was well, I'd like I'm going to refer
16	these questions to both your public and
17	confidential versions of your opening
18	testimony.
19	Were Exhibits PAO-01 and -01-C
20	prepared by you or under your direction?
21	A Yes, they both were.
22	Q Do you have any changes or
23	corrections to either PAO-01 or PAO-01-C?
24	(Technical difficulties.)
25	(Reporter clarification.)
26	ALJ MILES: We can go off the record
27	while we get this cleared up.
28	///

1	(Off the record.)
2	(Record read.)
3	ALJ MILES: We can go back on the
4	record so that the witness can answer that
5	question.
6	THE WITNESS: No, I do not.
7	BY MR. PARKER:
8	Q Just to clarify, Mr. Ahlstedt, were
9	there portions of your opening testimony in
10	PAO-01 and PAO-01-C that were redlined or
11	stricken through?
12	A Yes, there were portions of my
13	testimony that had a redline strikethrough
14	pursuant to an ALJ's ruling.
15	Q Okay. Thank you. And to the best
16	of your knowledge, are the statements and
17	information presented in Exhibits PAO-01 and
18	PAO-01-C true and correct?
19	A They are.
20	Q And to the extent that you made
21	statements in the nature of judgments and
22	conclusions in Exhibits PAO-01 and PAO-01-C,
23	do those statements represent your best
24	professional judgments and conclusions?
25	A They do.
26	MR. PARKER: Your Honor, the witness is
27	available for cross-examination.
28	ALJ MILES: Okay. Mr. Rosvall, do you

have cross-examination for -- for this 1 witness? MR. ROSVALL: I do, your Honor. But, 3 there's a matter -- an important matter we 4 must raise, which is that these -- both of 5 6 these exhibits, 1 and 1-C, are inconsistent 7 blatantly with your motion to strike ruling. They are not striking the entirety of the 8 9 portion that you directed be stricken, which 10 is Section H of the testimony. And we've 11 relied on that ruling in preparing our cross. 12 We relied on it in withdrawing portions of 13 Mr. Duval's testimony. And this is just an 14 attempt to get around the ruling. What was 15 circulated last night is simply not 16 consistent with footnote one on page 1 of 17 your ruling. So I quess we would -- it's --18 it's an issue we need to address now, because 19 we relied on your ruling and the entirety of 2.0 that section being stricken as to a matter 21 that the Commission already decided it isn't 22 going to address in this proceeding, based on the Phase 2 CHCF-A decision. So I would ask 2.3 that a -- a different copy that actually 24 25 complies with your ruling be submitted, and I 26 would also add that striking through the 27 words is not sufficient. It's sort of an indirect way of getting somebody to look at 2.8

the words, anyway. And you'll see that what 1 2 we did with Mr. Duval is we put black on all the parts that are not part of his testimony. 3 So these are improper exhibits, and it is going to prejudice us, if we don't address 5 6 this now. 7 ALJ MILES: All right. I appreciate your raising this concern on the record. 8 9 The -- the exhibits are not in evidence, 10 because we will determine whether they are moved into evidence at the end of the day. 11 That said, we will go off the record 12 so that we can have a discussion about how to 13 14 remedy the manner in which the testimony was 15 stricken. 16 So let's go off the record. 17 (Off the record.) 18 ALJ MILES: Let's go back on the 19 record. I'd like the record to reflect that 2.0 in an off-the-record discussion, ALJ and 21 counsel have agreed that we will proceed with the cross-examination of Mr. Ahlstedt with 22 the document as it is -- as it has been 2.3 24 presented to us by e-mail this morning from 25 the Public Advocates Office. However, no mention will be made of 26 27 the portions of the document that I ruled 2.8 should be excluded and Public Advocates will

1	provide a completely redacted version of
2	Mr. Ahlstedt's testimony before his testimony
3	is moved into the record either tonight or at
4	a later date.
5	That being said, we're going to take
6	a brief break of about 15 minutes so that
7	counsel can prepare for cross-examination.
8	We're off the record.
9	(Off the record.)
10	ALJ MILES: So we are back on the
11	record. We've had a brief break. We're back
12	on the record for the cross-examination of
13	Mr. Ahlstedt.
14	Mr. Rosvall, you can resume.
15	MR. ROSVALL: Thank you, your Honor.
16	CROSS-EXAMINATION
17	BY MR. ROSVALL:
18	Q Good morning, Mr. Ahlstedt.
19	A Good morning.
20	Q Nice to see you virtually. So I'll
21	have a few questions for you. Let me start
22	with some simple things, cosmetic things, I
23	think, about your testimony. Did you write
24	all aspects of your testimony?
25	A Yes.
26	Q And have you or Cal Advocates
27	provided all exhibits and appendices to
28	Sierra that are necessary to understand the

calculations in your testimony? 1 2. MR. PARKER: Objection, your Honor; 3 vague and ambiguous as to what is necessary. MR. ROSVALL: Your Honor, my guestion 4 is just necessary in his view, that have 5 6 provided all the workpapers necessary. 7 ALJ MILES: I'll sustain the objection and the witness can answer with the 8 clarification made. 9 10 THE WITNESS: Could you repeat the 11 question please. BY MR. ROSVALL: 12 Yes, I think the question was, in 13 14 your view have you provided or has Cal 15 Advocates provided all of the exhibits and 16 appendices necessary to understand the 17 calculations in your testimony? 18 Yes, your Honor. So my testimony 19 includes the narrative portion, which we've 2.0 already admitted -- or we've already 21 identified as Cal Advocates PAO-1 and 1-C, I believe, and in that narrative portion, 22 there's also a number of attachments at the 2.3 2.4 end of that. 25 In addition, there's, I believe, Cal Advocates 2 and 2-C, which are the 26 exhibits to my testimony, which provide a 27 number of things, including workpapers and 2.8

supplemental information that I believe
support the analysis and conclusions of my
testimony.
Q So, I guess, going back to the
first page of your testimony, I see a caption
in the upper left-hand corner, which has
various names: I see your name; I see
Ms. Tran's name; and then I also see the
assigned Commissioner and the ALJ on your
testimony. So why did you include the
assigned Commissioner and ALJ Miles on your
testimony?
A I was just using a standard
template from Cal Advocates for that.
Q So they're not sponsoring your
testimony?
A I don't think so.
Q And, likewise, Ms. Tran is not a
cosponsor of your testimony either?
A No.
Q Did she contribute to your
testimony?
A Ms. Tran, acting as my supervisor,
reviewed my testimony for grammar and
clarity.
Q Okay. So let's talk about some of
your experience. You've been with the
Commission since 2016; correct?

1	A That's correct.
2	Q And during that time, you've been
3	with Cal Advocates throughout your tenure?
4	A Yes.
5	Q And so you've never been part of
6	the Communications Division?
7	A No. I've been with Cal Advocates
8	since 2016.
9	Q And, likewise, you've never been an
10	advisor to a Commissioner or ALJ?
11	A No. I've never been an advisor to
12	a Commissioner or ALJ.
13	Q Have you ever worked in the private
14	sector?
15	A Not related to any utilities at
16	all.
17	Q And just to be clear, you don't
18	have a law degree, at least not yet; is that
19	correct?
20	A No. I don't have a law degree.
21	Q But you do have an undergraduate
22	political science degree with an emphasis in
23	law?
24	A Yes. That's correct.
25	Q As well as a Bachelor's in
26	Economics with an emphasis on and then, I
27	think, it says in your Statement of
28	Qualifications, "Game Theory"; is that right?

Almost. It's officially business 1 Α 2. economics, which is essentially an economics degree with additional classes in management 3 and accounting and so on. 4 So just since you put "game theory" 5 6 in there, I just wanted to ask this: Is game 7 theory, basically, a way of understanding market behavior based on one firm's 8 9 assumptions of its competitors' actions; is 10 that a good summary of game theory? 11 Α I would say so, yes. 12 And so is that a microeconomic 13 theory or a macroeconomic theory? 14 I think it has applications in both 15 fields of economics; although it's been a 16 while since I had my undergraduate degree, 17 so... 18 Okay. All right. So let's talk 0 19 about some of your experience at the 2.0 Commission. You've been the principal 21 analyst on the Lifeline proceeding -- is that 22 right -- for Cal Advocates? 2.3 Α Up until very recently, yes. 24 Okay. Yeah, I think I heard that. Q 25 And your experience also includes participation in Phase 2 of the CHCF-A 26 27 Rulemaking, R.11-11-007; is that right? 2.8 A That's correct.

And in that proceeding, you were 1 2. offered as an expert witness on, I believe, 3 rates, revenues and broadband imputation; is that true? 4 Without my actual testimony in 5 А 6 front of me, I can't confirm exactly what I 7 was the expert witness proffered for that, that particular proceeding was, but that 8 9 sounds correct. Okay. And, I guess, just since I 10 0 11 think you'll probably recall this, you were 12 the expert on broadband imputation for Cal Advocates; right? 13 14 Α Yes, I was. 15 And so prior to attending the site 16 visit you attended in April at Sierra's 17 facility, Sierra's territory, how many times 18 had you been to that area, Sierra's service 19 territory? 2.0 Is there a time frame? Α 21 Let's just say in the last 10 22 years. 23 A Twice, maybe. 24 So I wanted to ask you a few questions just so I can understand kind of 25 26 the scope of your testimony relative to other 27 witnesses to make sure I'm asking the right 2.8 person the right questions.

So just so I understand the scope 1 2. here, you are the witness making recommendations for Sierra's end-user rates 3 for voice service; correct? 5 That's correct, your Honor, among 6 other things. 7 And another one of those things is you have computed the revenues that go into 9 rate design for Sierra? 10 Δ Yes. 11 0 And as part of that rate design, 12 you've addressed broadband imputation; you're the witness who presents that equation; 13 14 correct? 15 Δ That's correct. 16 And amongst the three Q Okay. 17 witnesses -- you being one and Ms. Ye, 18 Mr. Corona being the others -- it's your job 19 to put together all of the recommendations 2.0 into a revenue requirement and rate design; 21 right? 22 Yes. So in my testimony, I'm 2.3 responsible for the results of operations of 24 Cal Advocates -- or rather Cal Advocates' 25 proposal for the results of operations of 26 Sierra Telephone Company, which includes 27 compiling the various recommendations from my 2.8 two compatriots in this rate case.

1	Q Got it. And that's Chapter 3 of
2	your testimony, Results of Operations; right?
3	A That's correct.
4	Q Okay. And so if I have a question
5	about kind of the overall rate design or
6	revenue requirement, you're the right person
7	to ask?
8	A Yes.
9	Q Whereas, if I had a question about
10	a specific expense issue, that would be
11	Ms. Ye; is that right?
12	A Yes.
13	Q Okay. Got it. And so, likewise,
14	you're not addressing any kind of specifics
15	about rate base; you're just putting that
16	into the equation?
17	A That's correct.
18	Q Got it. All right. So let me
19	direct you to pages 3.1 and 3.2 of your
20	testimony. It's right there in the "Results
21	of Operations" section at the beginning.
22	I think most of my questions will
23	not it won't make a difference whether
24	it's confidential or public so you can use
25	either one, but I'm going to direct you to
26	your testimony on those pages.
27	A I'm there. And for your reference
28	I'm using the confidential version of my

testimony, but where possible I'll avoid 1 confidential numbers. Same. So on that page you 3 0 Great. cite to a statute on page 3.1 and 3.2 several 4 times, and that's Public Utilities Code 5 6 So would you agree that this is the 7 principle statute that governs ratemaking for small independent telephone corporations? 8 9 MR. PARKER: Objection, your Honor. 10 He's asking the witness for a legal decision 11 or a legal opinion about whether or not a 12 statute is the principle statute? I'll sustain the objection, 13 ALJ MILES: 14 but if Mr. Rosvall can restate his question, 15 the witness may answer if he knows. 16 BY MR. ROSVALL: 17 Maybe to restate the question: 0 18 Does 275.6, Public Utilities Code 275.6, does 19 that govern the ratemaking treatment for 2.0 small independent telephone corporations? Your Honor, I believe Public 21 Utilities Code Section 275.6 pertains to the 22 2.3 California High Cost Fund-A program. It also 24 describes the process for small independent 25 telephone companies to participate in the 26 California High Cost Fund-A program. 27 It is one of numerous Public 2.8 Utilities Code citations that I think are

relevant to this rate case. 1 So thanks for that clarification. 2. I believe last time we circulated a 3 copy of the statute. I think it might be a 4 little bit easier if you just look at it. So 5 that was identified as Exhibit STC-17. Do 6 7 you have that document with you? A I do. 8 9 Great. So looking at STC-17, and, 10 again, I'm just trying to get an overview of 11 your understanding of the framework here. 12 I won't ask you about every provision. So just to focus on something in 13 14 what I believe is the definition section or 15 I'll just identify as 275.6(b). So there's a 16 definition of (b)(6). Can you just read that 17 real quick. Yes. I believe this definition 18 A 19 defines small independent telephone 2.0 corporations, which are rural incumbent local exchange carriers subject to Commission 21 regulation. 22 2.3 Great. And so do you know of any 24 other statute that addresses specifically 25 small independent telephone corporations? 26 Α I don't know. 27 You don't know of any? 0 2.8 I can't recall any at this moment. A

Okay. All right. So just to get a 1 0 2. sense of the structure of the statute, which, again, you cited to several times in various 3 subsections on pages 3.1 and 3.2 of your 4 testimony. So Subsection (a) is kind of an 5 6 overall statement of intent regarding the 7 CHCF-A program; would you agree with that? MR. PARKER: Objection, your Honor; 8 9 calls for the witness to make a legal 10 conclusion about the language of a statute. 11 ALJ MILES: I'm going to overrule the 12 objection and the witness can answer if he Then if he can't, he cannot. 13 can. 14 THE WITNESS: Could you repeat the 15 question, please? 16 BY MR. ROSVALL: 17 Yeah, the question was just trying 18 to get a sense for what subsection (a) of the 19 statute was doing. And I was just asking, is 20 it a general statement of legislative intent 21 regarding the CHCF-A program? 22 To be honest, I can't really tell 23 you what the legislature intends. I can read the subsection for you, but other than that, 24 25 I can't really say what the legislature 26 intends. 27 Okav. No. You don't have to read Moving to subsection (b), would you 2.8

agree that is in essence a definitions' 1 section, definitions that are deployed later 3 in other parts of the statute? Subsection (b) states: "For 4 purposes of this section, the following terms 5 6 have the following meanings." I think in 7 layman's terms, yes, that's a list of definitions. 8 9 Okay. And then as you go down 10 through subsection (b), there's various key 11 terms that are defined; right? 12 Yes, your Honor. In subsection 13 (b), it looks like there are six key terms as 14 Mr. Rosvall has stated in subsection (b). 15 Just to be clear, so focusing on 16 (b) (4), that describes the legislature's 17 definition of "rate of return regulation"; 18 right? Objection, your Honor. 19 MR. PARKER: 2.0 I'm not sure I understand why he's asking a 21 witness, who's not an attorney, questions 22 about definitions in the statute. These are 2.3 legal questions that are more appropriate to 2.4 the brief. 25 ALJ MILES: I'm going to sustain the 26 objection noting that the statute speaks for 27 itself, Mr. Rosvall. 28 Are you still trying to establish

```
the witness's qualifications as an expert?
 1
 2
     I'm sure where you're headed with this line
 3
     of questions.
           MR. ROSVALL:
                         No.
                               Actually, that's not
 4
 5
     my purpose at all. We've kind of gone past
            So my purpose is, in a moment I'm
 6
 7
     going to have him turn to the next couple
     pages, which are, you know, pages 3-3 and 3-4
 8
 9
     of his testimony.
10
               It happens that he cites to the
11
     statute six times on 3-1 and 3-2 as a prelude
12
     to this chart. I'm going to ask him to --
     for his understanding of the terms "rate
13
14
     design, " "revenue requirement, " and then I'm
15
     going to ask him how he applies those in his
16
     chart, which is on the next page.
                                         If he
17
     didn't cite these statutes, I wouldn't be
18
     asking that, but he did.
19
           ALJ MILES: Okay. Fair enough,
2.0
     Mr. Rosvall.
21
               I'm going to ask you, as I believe I
22
     asked Mr. Parker earlier when he was
2.3
     cross-examining a witness, please tie your
24
     questions to testimony and then I think the
25
     relevance of this will be clear to everyone.
26
               You can proceed.
27
           MR. ROSVALL: Great.
2.8
               So, Mr. Ahlstedt, I quess I'll
           Q
```

1	direct you to footnote 137 on page 3-2 of
2	your testimony, which I believe refers to
3	Section 275.6(b)(5).
4	So would you agree that that
5	reference which we're now looking at in the
6	statute is a description of a revenue
7	requirement?
8	A Yes.
9	Q And so I want to just get your
10	understanding of a revenue requirement.
11	That's a measurement of cost; right?
12	A Could you rephrase the question.
13	What do you mean by "cost"?
14	Q Well, I guess I'll be even more
15	specific. So the definition and I could
16	have you read it, but I'll just read it to
17	you and tell me if I've got it wrong.
18	The definition of revenue
19	requirement in 275.6(b)(5) refers to
20	reasonable expenses, tax liabilities, and a
21	greater return on its rate base.
22	So my question is are those cost
23	items?
24	MR. PARKER: Objection, your Honor. He
25	didn't cite the exact language. It doesn't
26	say "a greater return." It says "a
27	reasonable rate of return."
28	MR. ROSVALL: Oh, I'm sorry. If you

1	heard that, that's not what I intended to
2	say. I can just have the witness read it.
3	Q Mr. Ahlstedt, would you just read
4	subsection (5).
5	A Sure. So Public Utilities Code
6	Section 275.6 subsection (6) or rather
7	subsection (5) states "Revenue requirement:
8	The amount that is necessary for a telephone
9	corporation to recover its reasonable
10	expenses and tax liabilities and earn a
11	reasonable rate of return on its rate base."
12	Q Okay. So my question is, having
13	just read it, is that a description of the
14	cost target that is established in a rate
15	case to which the revenues must then meet?
16	A Again, I'm uncertain what exactly
17	you mean by "cost." I think that the
18	definition of revenue requirement speaks for
19	itself.
20	Q Well, let me parcel it a little bit
21	further. Is it an expense as listed in here?
22	Is that a revenue item?
23	A No. An expense is not a revenue
24	item.
25	Q Okay. It's a cost item, isn't it?
26	A I don't think I used the term
27	"cost" in my testimony.
28	Can you point me to where I used

2.8

correct?

1 that term. 2. MR. ROSVALL: Your Honor, we indulged a 3 lot of questions like this, maybe 100, where we weren't required to tie -- Mr. Parker was not required to tie things specifically to 5 6 words that the witness is speaking. I'm just 7 asking for his understanding of is it a cost or not. 8 9 ALJ MILES: And I think he's answered 10 the question so please move on. 11 BY MR. ROSVALL: 12 Okay. So let's just look at rate 13 design, the definition 2, subsection up and 14 subsection 3. 15 So would you agree that revenue --16 rate design is comprised of revenue? 17 Α Your Honor, the definition of rate 18 design, subsection 3 states "Rate design 19 means the mix of end-user rates, high cost 2.0 support, and other revenue sources that are 21 targeted to provide a fair opportunity to 22 meet the revenue requirements of the 2.3 telephone corporation." 24 So he's just read the statute, but 25 I'm going to ask again. The things you just 26 listed that are in the definition of rate 27 design, those are all revenue sources;

1	A Yes.
2	Q Okay. All right. So let's one
3	more question actually on this statue.
4	You're the witness for broadband imputation.
5	I think we confirmed that a minute ago.
6	What part of the statute authorizes
7	broadband imputation? Does it appear in here
8	somewhere?
9	MR. PARKER: Objection, your Honor.
10	He's asking the witness for his knowledge of
11	the law or a statute.
12	MR. ROSVALL: A statute that he cites
13	quite a bit.
14	ALJ MILES: If the witness can answer
15	the question, you may. And I'll clarify on
16	the record that it's understood that the
17	witness is not an attorney or a legal
18	professional, but it is also understood that
19	the witness is an expert and has testified as
20	such on broadband imputation and on the
21	matters here in this proceeding.
22	That said, Mr. Ahlstedt, you're not
23	required to speculate or conjecture. But if
24	you can answer the question, please do.
25	THE WITNESS: Yes, your Honor. I think
26	I can answer in part.
27	To my knowledge, there's no use of
28	the term broadband imputation in the statute,

but the statute doesn't cover all the 1 2. decisions made by the Commission. And the Commission has stated that it has the 3 authority and it will impute broadband 4 5 revenues. 6 BY MR. ROSVALL: 7 So that's helpful. And I quess 0 I'll just clarify that broadband imputation 8 9 comes from a Commission decision, not the statute. It comes from D.21-04-006. Is that 10 11 right? Or 005. I misspoke. The decision --- the Commission in 12 Α 13 decision 21-04-005 did decide to impute 14 broadband revenues in the calculation of small ILECs. In this case, Sierra's 15 16 California High-Cost Fund-A subsidiary, your 17 Honor. In that decision, I'm sure that the 18 Commission explained how it had the legal 19 authority to impute broadband revenues and 2.0 how it conformed with the statute at hand. 21 MR. PARKER: Your Honor, may I object. 22 This whole line of questioning about 2.3 broadband imputation, these are questions 2.4 that are not even a part of this general rate 25 It's not an issue in this case. 26 Mr. Rosvall already noted the Commission has 27 already issued a decision on broadband 2.8 imputation.

1	There is also the fact that this
2	feels like this is related to some other
3	proceeding that may follow this or be related
4	to broadband imputation. So I don't really
5	understand why broadband imputation is even
6	being discussed here with regard to this
7	decision, and I just don't understand his
8	line of questioning.
9	ALJ MILES: Okay. And I I sustained
10	the objection.
11	But, Mr. Rosvall, I'm going to allow
12	you to make your connections as quickly as
13	possible.
14	MR. ROSVALL: Sure.
15	Q So, Mr. Ahlstedt, will you agree
16	that Chapter 2 of your testimony is entitled
17	"Broadband Revenue Imputation" starting on
18	page 2-1?
19	A Yes.
20	Q Okay.
21	7 Co 2 1 the title of that charter of
	A So 2-1 the title of that chapter of
22	my testimony is "Chapter 2, Broadband Revenue
22	_
	my testimony is "Chapter 2, Broadband Revenue
23	my testimony is "Chapter 2, Broadband Revenue Imputation."
23 24	my testimony is "Chapter 2, Broadband Revenue Imputation." Q Okay. And then from there
23 24 25	my testimony is "Chapter 2, Broadband Revenue Imputation." Q Okay. And then from there pages 2.1 and all the way through 2.5 you

1	A Yes, your Honor, that's correct.
2	Q Okay. So I guess coming back to
3	the statute, what I'm trying to
4	Actually, first of all, one more
5	question. Did you attend the hearings
6	yesterday?
7	A I did.
8	Q Yeah. So do you recall,
9	Mr. Ahlstedt, the rather extensive discussion
10	with Mr. Duval about the affect of broadband
11	imputation on the tax calculation for Sierra?
12	A I don't think that was rather
13	extensive. I do recall the conversation
14	though.
15	Q Okay. So just to use the judge's
16	point to establish the connection here, I am
17	trying to understand where do we look for the
18	mechanics of broadband imputation? And so my
19	first question is do we look to the statute
20	to find those mechanics 275.6?
21	A No. I think I've already said,
22	your Honor, that the Commission in decision
23	21-04-005 authorized broadband imputation and
24	described how it was to be implemented.
25	Q Okay. So we look to the decision?
26	A Yes.
27	Q All right. So with that said, I'm
28	going to direct you back to pages 3.3 and

1	3.4. This is the results of operations
2	tables that you presented. Do you see that?
3	A Yes, 3.3 and 3.4.
4	Q So could you just describe what
5	results of operations table is in simple
6	terms.
7	A Sure. Your Honor, results of
8	operations table in the most basic sense is
9	the calculation of how much High-Cost Fund-A
10	subsidy to provide to Sierra in this case.
11	Q Okay. And so the test year that is
12	displayed here in the numbers that we see in
13	the table, that's test year 2023? That's
14	what you're recommending for 2023?
15	A Yes.
16	Q Okay. And just so everybody is
17	clear about how you got to this
18	calculation
19	(Audio interruption.)
20	MR. ROSVALL: I'm sorry. I heard a
21	little
22	ALJ MILES: I'm sorry. Is the reporter
23	interjecting?
24	MR. ROSVALL: There's a cat involved.
25	I heard that.
26	ALJ MILES: We're getting some sort of
27	interference. If you're not speaking, could

```
Okay. I'm sorry, Mr. Rosvall. Please
 1
     continue.
           MR. ROSVALL: Okay. Great. I think
 3
     we're hearing it again.
 4
                      Yeah. Hold on.
 5
           ALJ MILES:
                                        Let's go
     off the record.
 6
 7
               (Off the record.)
           ALJ MILES: Okay. Well, let's try
 8
     again.
 9
10
           MR. ROSVALL: Thanks, your Honor.
11
     These things happen in the virtual world.
12
               So I think where we were was you
     just confirmed the test year. I wanted to
13
14
     confirm the source of the financials that are
15
     forming the calculations that you have made
16
     clear here. And I wanted to confirm that it
17
     is the end of year 2021 financials rather
18
     than what the -- the application presented,
19
     which was obviously before the end of 2021.
2.0
               Is that your understanding?
21
           Α
               So the results of operations table,
     which is table 18 in my testimony on
22
2.3
     pages 3-3 and 3-4, includes Sierra's updated
24
     workpapers that were provided to Cal
25
     Advocates as well as Cal Advocates' proposal.
26
               Which one of those are you
27
     referring to?
2.8
               I think you just answered it. I am
```

just trying to confirm that you didn't -- you 1 didn't start with the calculations presented in the application when you started making 3 adjustments. You started with the updated 2021 end-of-year financials that were 5 6 presented as a supplement to Cal Advocates. 7 Is that right? Speaking only on behalf of the 8 9 revenues portion as that's the portion that I 10 sponsored, yes. I used the updated 11 end-of-year 2021 data provided by Sierra. Okay. I'll confirm the other part 12 13 of it with Ms. Ye if that makes sense. 14 All right. So we've just spent 15 some time talking about the statutory 16 definitions of rate design and revenue requirements. So what I wanted to try to 17 confirm is where those things appear in the 18 19 results of operations table. So I'll just direct you to the page 3.4, line 9. And when 2.0 21 I say line 9, I'm talking about line 9 of the 22 chart. 2.3 Would you agree that that line 24 contains a calculation where the revenue 25 requirement appears? 26 Α Yes. 27 And so the revenue requirement is comprised -- in the second column there it's 2.8

```
comprised of adding up lines 2, 4, 5, and 8;
 1
 2.
     right?
               That's correct, your Honor. The
 3
     revenue requirement is composed of those
 4
 5
     other lines as they are labeled in my table.
     And those formulas for calculating, in this
 6
 7
     case, revenue requirements are right there in
     the third column for your ease of reference.
 8
 9
               Okay. So to be clear, what lines
           Q
10
     2, 4, 5, and 8 are -- I'll give you a second
11
     to kind of track this through. Those are
12
     operating expenses, property tax, and
     amortization on excess deferred tax, federal
13
14
     and state income tax, and return on rate
15
     base. Is that what they are?
16
           Α
               Yes, I believe so.
17
               Okay. And so each of those figures
18
     that appear on that line are the telephone
19
     company's costs. Correct?
                        Objection, your Honor.
2.0
           MR. PARKER:
21
     I -- I think the word, costs, is ambiguous,
     and that's not the wording that Mr. Ahlstedt
22
     uses in the table.
2.3
24
           ALJ MILES: Okay. I'll sustain the
25
     objection.
26
               Mr. Rosvall, can you restate your
27
     question?
28
           MR. ROSVALL: Sure.
```

So the -- the five elements of rate 1 0 2. base that -- I mean of revenue requirement that we've just identified, my question is: 3 Those -- those items reflect Cal Advocates' calculation of the revenue requirements that 5 6 Sierra will need for the test year 2023? 7 Yes, line 9 is the revenue requirement that Cal Advocates proposes for 8 9 Sierra's test year 2023. 10 Okay. So the -- that line doesn't 0 11 include any of STI's costs? Cal Advocates' proposal does not. 12 13 However, it's my opinion that Sierra's 14 updated workpapers which were provided on 15 May 10th, which is that fourth column from 16 the left, does inappropriately include some 17 amount from STI. 18 I -- I think I understand where 19 you're going, and we will come back to that. 2.0 I promise. 21 But, just to continue with this 22 chart, the -- we've talked about the revenue 23 requirement. I wanted to get your 24 understanding of where the rate design 25 appears. And -- and so in this chart, would 26 27 you agree that the rate design, which I think 28 you explained earlier is -- is a revenue

calculation, is lines 1-A, 1-B and 1-C. 1 2. that true? And I'm on page 3-3. 3 Yes, your Honor. If you recall the rate design definition from the statute 4 included a mix of end user rates, high-cost 5 6 support, and other revenue resources. 7 general, you could say the rate design in this table is reflected in lines 1 8 9 through 1-C in total -- the total revenues. 10 Okay. And so I noticed that 1-B 11 is -- it states net positive broadband 12 revenue imputation. So you -- you regard 13 that as part of the rate design? 14 Your Honor, that's a bit of a Α 15 special case, because net positive broadband 16 revenue imputation, as the name implies, is 17 not as -- excuse me, and as I discuss in 18 Chapter 2 of my testimony is the broadband 19 imputation mechanism adopted by the 2.0 Commission, and it already includes -- it 21 already factors in the expenses and so on, so 22 forth of Sierra's broadband internet service 2.3 provider affiliate, STI. So that line item, 24 1-B, which is net positive broadband revenue 25 imputation, is excluded from the taxable 26 revenues in my rate case model. 27 MR. ROSVALL: Your Honor, I'd ask that 2.8 that last statement be stricken. It was

definitely outside the scope of the question. 1 I know the witness wants to talk about that 3 topic, but it wasn't what I asked. ALJ MILES: I'm going to --4 MR. PARKER: Your Honor --5 6 ALJ MILES: I'm going to allow the 7 answer. The witness elaborated, and the past witnesses have elaborated, also, and I did 8 9 not agree to strick -- to strike their 10 additional explanation. I will not do so 11 here. Please continue. MR. ROSVALL: Will do. 12 So Mr. Ahlstedt, I wanted to 13 14 actually look at an attachment of yours that 15 I think relates to the results of operations 16 table -- table, and that's Attachment I. So 17 this is Attachment I to either version of 18 your testimony. It's not confidential, as 19 far as I can tell. 2.0 So let me know when you get there, 21 and I just had a few questions about that. 22 I'm there. Α 2.3 So just what is the function Okay. of this attachment? What -- what are we 24 25 looking at? There's a bunch of bracketed 26 things. What are we looking at? 27 Essentially, this is just another 2.8 method of displaying the various formulas

used to calculate the California High Cost 1 Fund-A subsidy amount, and I believe it was 2. Table 18 of my testimony. So these -- these 3 formulas are another way of showing the calculations in the third column, if I'm 5 remembering correctly. 6 7 And -- and so Table 18 is what we were just discussing, were results of 8 9 operations? 10 Δ Yes. 11 0 Okay. And -- and so just so I understand the structure of Attachment I, 12 what's the relationship between the circular 13 14 bullets and the like arrows that are below 15 that? What do those signify? 16 Α They essentially mean that -- that 17 the bullets are kind of a higher level, and 18 the -- the arrows are a lower level more 19 descriptive version of the higher level 2.0 bullets. Okay. And -- and so these formulas 21 22 here that are in Attachment I, if we were to 2.3 go look at a soft copy Excel version of your 24 Table 18, they would be in there? 25 Yes, probably in a -- in a slightly different format, if it's in the Excel 26 27 version. Okay. And -- and so did you 2.8 0

```
provide an Excel copy of -- of those
 1
 2.
     calculations?
               And I -- I'll just direct you to
 3
     what I think is your Exhibit A-3.
 4
 5
               Yes.
                    Let me bring that up.
                                            Yes,
 6
     Exhibit A-3 is essentially my Table 18 in
 7
     Excel format.
                      I'm going to find it here,
 8
               Okay.
 9
     too, and I wanted to ask you the -- the
10
     question about it.
11
           MR. PARKER: Your Honor, I'd like to
     ask if Table A-3 is -- in this Excel format
12
13
     is part of a cross-exam exhibit. Because I
14
     don't know -- I -- I can't find it, and I
15
     don't know that your Honor can find it, or
16
     we're -- if we're all looking at the same
17
     Excel spreadsheet.
18
           MR. ROSVALL:
                        So I think I can clarify
19
            It is part of what we -- what at least
2.0
     was served on us as part of the distribution
21
     of Mr. Ahlstedt's testimony. I also believe
22
     it's part of the exhibit, the -- sort of the
2.3
     third exhibit that you are presenting.
24
     doesn't mean, though, that everyone has an
25
     Excel copy of it at this second. If we want
26
     to go off the record for like five minutes, I
27
     can -- I have it, or maybe Mr. Ahlstedt does,
     and we could distribute it.
2.8
```

```
Mr. Ahlstedt, you know the
 1
           ALJ MILES:
     exhibit whereof counsel asks you to answer.
     Right?
 3
                         I do.
           THE WITNESS:
                                It is an exhibit
 4
     to my testimony. I understand the
 5
 6
     nomenclature or use of the term, exhibit, is
 7
     maybe a little bit confusing; but, it is one
     of the supporting exhibits to my testimony,
 9
     yes.
10
           ALJ MILES: Okay. And I think I
11
     understand your counsel is saying he doesn't
     have it to look at.
12
               Do you need to provide that to him
13
14
     now or -- or would you -- Mr. Parker, would
15
     you like the witness to provide that to you
16
     now? I don't need it, but if you would like
17
     to see it, can he provide it to you?
18
           MR. PARKER: Yes, your -- your Honor.
19
     I was just looking for it to see if I could
2.0
     find it. If it's okay with your Honor, if he
     could just e-mail it to me, just so I can see
21
22
     what document is being discussed.
2.3
           ALJ MILES: Are you able to do that,
     Mr. Ahlstedt?
24
25
           THE WITNESS: Yes, I can do that right
26
     now.
27
           MR. ROSVALL: And I just did it, in
2.8
     case it gets there first.
```

```
THE WITNESS:
                         In that case, I'll --
 1
           ALJ MILES: Let's -- let's just go off
     the record for a minute.
 3
               (Off the record.)
 4
 5
           ALJ MILES: Let's go back on the
 6
     record.
               Okay. We're back on the record. Go
 7
             Please proceed, Mr. Rosvall.
 8
           BY MR. ROSVALL:
 9
10
               So Mr. Ahlstedt, do you have, I
           0
11
     believe, your, I quess, sub-Exhibit A-3?
12
           Α
               Yes, I do.
13
           0
               Okay. And so in -- in looking
14
     at -- I'm -- I'm wanting you to just confirm
15
     the -- where the formulas for -- from
16
     Attachment I that we were just looking at,
17
     where they appear in this document.
18
               They appear throughout Column F, I
           Α
19
     believe, in this document.
2.0
               And specifically, they appear below
     the -- the -- below the table on line -- I'm
21
     looking at Excel here, but lines 50
22
2.3
     through 66. Is that right?
24
           A
               Yes.
25
               Okay. So if we were to click on
26
     those files and -- or the -- you know, put a
27
     cursor on those cells in Column F from lines
     50 to 66, we would find that those formulas
2.8
```

```
track what you're -- you're stating in the --
 1
 2.
     you're presenting in a narrative form in
     Attachment I. Is that right?
 3
               I believe so.
           Д
 4
               Okay. All right. And do you
 5
     believe that the calculation -- well, let
 6
 7
     me -- let me ask this question, actually:
     Where do these formulas come from?
 8
 9
     Everything -- and I'm asking the question
     either in Attachment I or the Excel
10
11
     spreadsheet, because you've just said they're
12
     the same. Where -- where did you get these?
13
               Could you be more specific as to
14
     which one of the formulas?
               All of them. I mean the ones --
15
16
     the ones from -- I'm talking about the ones
17
     in -- on lines 50 to 66 that we just
18
     discussed. I mean did you get them from
19
     Communications Division, did -- is there a
2.0
     Commission decision that says what the
21
     formulas are supposed to be? Where do they
22
     come from?
               I don't recall.
2.3
           A
24
               You don't recall. Okay.
           0
25
               Well, I quess, what was your
26
     starting point to create this Excel
27
     spreadsheet, what was your source?
2.8
           A
               I -- I think the best way to
```

approach this, your Honor, is to start "I," 1 2. and work your way down. So if you were to look at Attachment I of my testimony, which 3 is kind of the narrative description of each 5 of these formulas, it describes, at the very start, total revenues, which in this case is 6 7 regulated revenue plus imputed broadband revenues plus the California High Cost Fund-A 8 9 subsidy. And if you were to look back at Public Utilities Code Section 275.6 under the 10 11 term rate design in 275.6, subsection (b)(3), 12 it describes rate design as a mix of end user rates, high-cost support, and other revenue 13 14 sources, and you will see that that is 15 reflected in the formula for total revenues. 16 And similarly, you could work your way down 17 Attachment I, and -- and come to your own 18 conclusions there. 19 MR. ROSVALL: So, your Honor, my 20 question actually is where the -- where the It's -- I -- I think 21 formulas came from. 22 he's just repeating what's in there, which is 23 helpful. But, I'm asking -- and maybe he 24 just doesn't know, which is an answer. But, 25 I'm asking where did he get the formulas from. 26 27 ALJ MILES: Okay. Well, I understood 2.8 his answer to answer your question, but -- so

1	you may ask further clarifying questions, if
2	you would like.
3	MR. ROSVALL: Okay. Well, I'll just
4	ask maybe some more granular questions.
5	Q Did you create the formulas
6	yourself?
7	A I typed the formulas into Excel. I
8	don't I don't claim credit over defining
9	what, for example, total revenues are.
10	Q But but, I guess, when you typed
11	them in, what were you looking at that
12	allowed you to type them in? What was the
13	source?
14	A Your Honor, I believe I just gave
15	an example of how I came up with total
16	revenues in in in this case.
17	Q I don't think I'm getting an
18	answer, but I'll ask a few more questions.
19	So did you get them from Sierra,
20	the formulas?
21	MR. PARKER: Your Honor, I'm going to
22	object. He the witness has asked and
23	answered the question.
24	MR. ROSVALL: He asked and answered
25	ALJ MILES: I'm going to sustain the
26	objection, but I want to ask a couple of
27	clarifying questions myself of the witness.
28	Mr. Ahlstedt, I understood you to

1	say that in preparing your table, you used
2	Sierra's workpapers, and you started with
3	updated 2021 year-end data. Is that correct?
4	THE WITNESS: For the revenue portion,
5	that's correct, your Honor.
6	ALJ MILES: Okay. So are Sierra's 2021
7	year-end data workpapers where you got
8	information for the revenue portion of your
9	statement of operations?
10	THE WITNESS: It is for the if you
11	were to look at that
12	(Crosstalk.)
13	ALJ MILES: Operations. Pardon.
14	(Crosstalk.)
15	THE WITNESS: It would be for that
16	fourth row that's labeled Sierra's updated
17	workpapers. That's all just Sierra's
18	information. And then
19	ALJ MILES: Okay.
20	THE WITNESS: as you stated again,
21	your Honor, my own proposal is based, in
22	part, on Sierra's updated workpapers,
23	obviously with my proposed adjustments that
24	are detailed in my testimony applied.
25	ALJ MILES: Okay. Thank you. That
26	helps me.
27	Mr. Rosvall, you may continue.
28	MR. ROSVALL: Okay.

So I guess the question I was 1 2. asking is: Did Sierra -- I'm not talking 3 about the inputs. I'm asking about the formulas. Did Sierra give you the formulas? 4 5 I reviewed Sierra's workpapers for 6 how they calculated their numbers, I reviewed 7 the statute and the other documentation that I listed in my testimony, and I believe my 8 9 proposals accurately reflect how to calculate 10 Sierra's California High Cost Fund-A subsidy 11 amount for test year 2023. 12 MR. ROSVALL: So, your Honor, I -- I guess I'll just say, you know, we have a 13 14 right to know what the source was. 15 there's an error in the formulas, we have a 16 right to understand. And so he's not 17 answering where the formulas came from. I'm 18 trying to get at it from various angles. 19 I'll try more, but he's not answering. 2.0 ALJ MILES: Well, again, I'm not a 21 technical expert on this, but to my mind, I 22 hear an answer. He's giving them the logic 2.3 he used to arrive at the figures. So perhaps 24 I don't understand your question, 25 Mr. Rosvall. MR. ROSVALL: I think he's stated that 26 27 he didn't invent the formulas. He inputted 2.8 them. So I'm -- I'm trying to understand

```
where he inputted them from.
 1
                       Your Honor, if I may?
           MR. PARKER:
           ALJ MILES: Mr. Parker, let me first
 3
     ask Mr. Ahlstedt if he understands the
 4
     distinction that Mr. Rosvall's making as --
 5
 6
     and do you agree with the distinction
 7
     Mr. Rosvall's making, Mr. Ahlstedt?
           THE WITNESS: I appreciate --
 8
 9
               (Crosstalk.)
           ALJ MILES: Is there -- I don't know.
10
11
           THE WITNESS:
                         I appreciate you adding
12
     that second clarification, your Honor.
     think I understand what Mr. Rosvall was
13
14
     asking; however, it's not a simple answer.
15
               As I had explained to you, your
16
     Honor, there's multiple sources for how I
17
     inputted the formulas in -- and how I
     determined what formulas to input into the
18
19
     calculation of my Table 18. I don't think
2.0
     there's -- there's any one source I could
21
     point to which lists all of the formulas as I
22
          It's how I -- the list of formulas
2.3
     there is how I personally arrived at the High
2.4
     Cost Fund-A amount in my Table 18. And as
25
     far as I'm aware, Mr. Rosvall has not
26
     identified any error in that calculation.
27
     It's -- it's a little bit confusing to me,
2.8
     then, why we are discussing the formulas
```

18

19

2.0

21

22

2.3

24

25

26

27

2.8

483 July 29, 2022 themselves. 1 Well, your Honor, if we 2. MR. ROSVALL: do think there's an error in the formulas, I 3 don't necessarily have to bring that up; but, if we do think that, we're entitled to know 5 6 what the sources are. So I'll just --ALJ MILES: Mr. Rosvall, I don't want 7 you to -- I'm not asking you to engage in 8 9 argument with the witness, because I know 10 you'll be able to make distinctions in your briefing later. But, I want to ask a 11 12 clarifying question, because to my mind, the witness has answered he created these 13 14 formulas based on his understanding of what 15 either Commission decisions require or the 16 statute requires. 17

Are you asking when he input a number into his Excel sheet where that number came from? Because my understanding of the witness's answer is that he created the number based on his calculations. So at this point, I, too, am confused about what you're asking.

Well, actually, if he MR. ROSVALL: gave the answer you just said, I might be able to move on. I -- I mean, I'll -- I quess I'll ask again.

Did you create the formulas,

1	Mr. Ahlstedt?
2	A No, I didn't create the formulas.
3	The formulas are a product of of the
4	various decisions and statutes and whatnot,
5	as the ALJ had just stated.
6	Q Okay. So I mean where in 275.6
7	does it contain these formulas?
8	MR. PARKER: Your Honor, I'm going to
9	have to object. He he the witness has
10	made it clear that based on his understanding
11	of the statutes and the relevant decisions,
12	he input formulas into the spreadsheet. And
13	I don't understand why we're continuing to
14	get questions on the you know, did he
15	create the formulas, when he made it clear
16	that he didn't create them. He merely input
17	formulas based on his understanding of the
18	relevant decisions and statutes.
19	ALJ MILES: I'll sustain the objection.
20	I think you're saying asked and answered.
21	MR. PARKER: Yes, your Honor.
22	ALJ MILES: Because again, this isn't
23	the forum for argument.
24	Mr. Rosvall, can you ask another
25	question of the witness, proceed?
26	MR. ROSVALL: Yeah.
27	Q I think just one more clarifying
28	question on this, which is: Did you have a

template from any prior rate case that would 1 have contained these formulas? Excuse me. I was on mute. I don't 3 believe so. 4 Okay. And I quess -- I think 5 between the judge and maybe you, I think you 6 7 maybe said this. But, do you believe the formulas 8 are consistent with Section 275.6? 9 Yes, I do. 10 A 11 0 Okay. All right. 12 I note, just for our tracking purposes, that I'm going to go into some 13 14 discussion now in a different topic, and I --15 we could break early for lunch, because I'm 16 about to shift to something else, for just 17 ease, or I can just keep going. 18 ALJ MILES: Sorry. I had myself muted. 19 I'm going to ask the court reporter 2.0 what she prefers. Because we have had some 21 lengthy breaks already this morning. We could continue for about another 30 minutes, 22 2.3 unless, Mr. Rosvall, you feel that where 24 you're headed's going to take much more than 25 30 minutes. MR. ROSVALL: Yeah. 26 There's a --27 there's a cluster of questions. I mean this 2.8 is no secret. I'm going to ask about rates,

```
with rates. And so, you know, I -- I'm about
 1
     to embark on that, and we will not be done by
 2
 3
    noon with that topic. So I was just thinking
 4
    perhaps now would be a good time to stop.
 5
     But, it's not up to me.
                       I'm going to ask the court
 6
           ALJ MILES:
 7
     reporter, do you feel you need a break right
     now?
 8
 9
               (Reporter clarification.)
10
           ALJ MILES: So why don't we break now?
11
               I do have a question before we
12
             Mr. Rosvall, are we going to be in
     confidential session when we return, or no?
13
14
           MR. ROSVALL: No, we will not. The
15
     rates are not a secret, so no. I'm looking
     at my outline. If we go to confidential
16
17
     session, it would be much later on.
18
           ALJ MILES: Okay. So right now, it's
     11:35. Sorry. I apologize for not putting
19
20
     on my video. Okay. So it's 11:35. So let's
2.1
    break for lunch until 12:30. Is that enough
22
     time?
23
           MR. ROSVALL: Yeah.
24
           ALJ MILES: All right. We're -- we're
     off the record.
25
26
               (Whereupon, at the hour of 11:35
           a.m., a recess was taken until 12:30
27
           p.m.)
28
```

1	AFTERNOON SESSION - 12:30 P.M.
2	* * * *
3	ALJ MILES: So let's go back on the
4	record. And, Mr. Rosvall, you may resume
5	your cross-examination.
6	MR. ROSVALL: Thank you.
7	JAMES AHLSTEDT,
8	resumed the stand and testified further as
9	follows:
10	CROSS-EXAMINATION RESUMED
11	BY MR. ROSVALL:
12	Q Mr. Ahlstedt, I guess we'll
13	continue here. As I said before the break,
14	I'm going to ask you some questions about
15	Public Advocates Office's rate proposals.
16	So you can kind of start on page
17	1-9 of either Exhibit PAO-1 or PAO-C.
18	So the Public Advocates Office
19	proposal is raise basic residential rates for
20	Sierra by \$2.50 from \$25 to 27.50; is that
21	right?
22	A Yes. That is correct.
23	Q And would you agree that's a 10
24	percent increase over current rates?
25	A Yes.
26	Q Okay. But for Lifeline
27	customers I know you have background in
28	this area that's going to be a 40 percent

2.8

increase; isn't it? 1 I don't think I have that number in 2. A 3 my testimony. Could you point me to where I have that. 4 Yeah. You don't actually have it 5 6 in your testimony, but I know you have a 7 background in Lifeline, and would you agree that the way you calculated a Lifeline rate 8 9 is by taking the company's basic residential 10 rate, adding the subscriber line charge, and 11 then subtracting federal and state support for Lifeline? 12 MR. PARKER: Objection; your Honor. 13 Ιf 14 Mr. Rosvall would please -- he needs to show 15 in the testimony of Mr. Ahlstedt where 16 there's a calculation and where there might 17 be any calculation that specifically goes to 18 an increase for Lifeline. 19 MR. ROSVALL: Your Honor, Mr. Ahlstedt 2.0 is an expert for Lifeline. He stated that, 21 and it is directly impacted by the 22 residential rate. 2.3 ALJ MILES: Okay. I understand the 24 objection. I understand the point you're 25 trying to make, Mr. Rosvall, but I have a 26 question: Is there mention of Lifeline rates 27 in Mr. Ahlstedt's testimony; and, if not, is

it within the scope of cross-examination or

1 is it argument? MR. ROSVALL: Well, I think I can 2. establish a connection. 3 ALJ MILES: Okay. Then if you'd ask a 4 question about his testimony -- if you would 5 6 make a reference to testimony and put your 7 question in the context of that, then I think it's cross-examination. 8 BY MR. ROSVALL: 9 10 All right. Let's start in a 0 different place. 11 So, Mr. Ahlstedt, would you agree 12 13 that if the basic residential rate goes up, 14 it also goes up for Lifeline customers? If the basic residential rate 15 16 changes in any way, it also would change the 17 rate for Lifeline customers because Lifeline 18 customers -- the rate that is charged to 19 Lifeline customers is in part a function of 2.0 the basic residential rate offered to all 21 customers. 22 And you said it's in part a function. The other functions are whatever 2.3 24 the available federal support for Lifeline is 25 and the California Lifeline specific support amount; right? 26 27 Those are other parts of the formula to calculate a Lifeline customer's 2.8

basic residential rate. To be more specific, 1 it includes the basic residential rate, as we're discussing; it includes any applicable 3 State or federal Lifeline discounts. 4 5 I believe on page 1-14 of my 6 testimony, your Honor, at the time of filing this testimony, that combined state and 7 federal discount was up to \$25.48 per month 9 for a Lifeline customer. 10 And there's some caveats there, which I don't think I need to get into, but, 11 12 again, that's up to that amount per month, and I believe, as Mr. Rosvall has stated 13 14 before, you need to also include the federal 15 subscriber line charge, the calculation of 16 Lifeline customers' rates. 17 Lifeline customers may also be 18 eliqible for other state and/or federal 19 programs that they subsidize, their phone or 2.0 internet service such as the Federal 21 Affordable Connectivity Program. 22 So do you know what Sierra's current Lifeline rate is? 2.3 2.4 Their current Lifeline rate? A 25 0 Correct. I don't recall if that's in my 26 Α 27 testimony. Could you point me to where I discuss the current Lifeline rate in my 2.8

1 testimony? 2. Yeah. It's a question. The 3 question is, do you know? Off the top of my head, I don't. 4 5 Okay. So I think we can calculate, 6 though, based on what you said. So the way 7 that you would calculate, assuming we know the combined federal and state support, you 8 9 just stated at the time of the application 10 was 25.48; is that what you stated? 11 A Let me double-check. Yes, \$25.48 12 per month. So the way you would figure 13 Okav. 14 out the Lifeline rate is you would add 15 Sierra's \$25 basic rate to the subscriber 16 line charge and then subject the 25.48; 17 right? I should also note for your 18 A Yes. 19 Honor's knowledge that Lifeline's customers 2.0 are exempt from paying various other state 21 and federal taxes and surcharges for their 22 bill; whereas residential customers may --2.3 do have to pay those surcharges. 24 I'm sure we'll discuss this later 25 on in today's hearing, but to put it into 26 perspective based on a \$25 rate, you may 27 expect something in the order of eight to \$10 2.8 in taxes and surcharges -- and there's an

actual figure in my testimony -- on top of 1 2. that \$25; whereas Lifeline customers don't 3 have to pay any of those surcharges. And so just to follow up on that, 4 which I'm sure had nothing to do with my 5 6 question, but they don't pay any of those 7 surcharges? Lifeline customers don't pay 8 any? Aside from the subscriber line 9 10 charge, on the Lifeline service itself, no. 11 To my knowledge they don't, no. 12 Okay. So back to my question, which was how you calculated Sierra's 13 14 Lifeline rate. So I'm not sure I heard an 15 answer, but if --16 ALJ MILES: Mr. Rosvall, sorry to 17 interrupt you. Which page of his testimony 18 are we on now? 19 MR. ROSVALL: I'm asking about the 2.0 impact of his basic rate from page 1-9 on 21 Lifeline customers. So you can calculate the 22 Lifeline rate, as we're about to do and so 2.3 it's direct -- he's just testified that it's 24 directly related, but we're on page 1-9 and 25 then going on through that section to 1-14, which he described to us. 26 27 MR. PARKER: Your Honor, may I object? 2.8 ALJ MILES: What did you object to?

MR. PARKER: Your Honor, Mr. Rosvall 1 has made it clear that he's taking a figure from 1-9 in Mr. Ahlstedt's testimony, and 3 then in his own words they're going to calculate what the Lifeline rate is, but the 5 testimony itself does not calculate the 6 7 Lifeline rate. It does provide information as to 8 what the current rate is and also describes 9 10 certain exceptions from payment, but there is 11 no calculation of the Lifeline rate in Mr. Ahlstedt's testimony. So I don't see the 12 connection, and I think this is outside the 13 14 scope of cross-examination. ALJ MILES: 15 I'm going to give 16 Mr. Rosvall a little bit of leeway and see 17 where he's headed. I'll keep in mind your 18 objection. Thank you, Mr. Parker. 19 BY MR. ROSVALL: 2.0 Mr. Ahlstedt, again, you have 21 experience in the Lifeline area; correct? 22 Α Yes. And so if -- and I think you said 2.3 this earlier, but just to be clear, if you 24 25 raise rates for Lifeline customers -- if you 26 raise rates for basic customers, basic service customers, Lifeline goes up dollar 27 for dollar; correct? 2.8

I don't think I said that. I said 1 A it was a function of it. I'd have to 2. double-check if it was as you describe. 3 If the SSA and the federal lifeline 4 support are fixed, and the basic rate goes up 5 6 by \$2.50. Doesn't Lifeline also go up by 7 \$2.50? MR. PARKER: Objection, your Honor, 8 9 calls for speculation. 10 MR. ROSVALL: Your Honor, he's being 11 offered as an expert on Lifeline. It's a 12 pretty simple equation. ALJ MILES: Is he being offered as an 13 14 expert on Lifeline in this proceeding or in 15 another proceeding? That's the part where 16 I'm confused. 17 MR. ROSVALL: Well, he's been offered 18 as an expert on rates. I quess, I misspoke 19 slightly there, but he has also at least been 2.0 offered as an expert from his statement of calcifications on Lifeline. 21 22 ALJ MILES: And so my question, before 2.3 I rule on the objection, Mr. Rosvall, is it your contention that the Lifeline rate has a 24 25 bearing on the revenue in this case? 26 MR. ROSVALL: It has a bearing, your 27 Honor, on whether the rate itself is just and 2.8 reasonable.

ALJ MILES: Okay. But what I think I 1 2. hear you saying is in questioning whether the proposed rate of service by the public 3 advocate is reasonable, you're taking into 4 5 consideration the impact that rate will have 6 on Lifeline rates. 7 And to me that's in the nature of argument versus a cross-examination or Public 8 Advocates' determination about actual rates 9 10 in this case. Again, I'm asking, are 11 Lifeline rates part of the scenario in this case or is it --12 13 MR. ROSVALL: They necessarily are 14 because they go up dollar for dollar if it 15 goes up. 16 Okay. Well, I think I'm ALJ MILES: 17 going to sustain the objection because I 18 think what you're really seeking is to 19 discuss whether the proposals by Cal Advocate 2.0 are reasonable. And I understand that your concern is -- or Sierra's concern is the 21 22 impact on Lifeline, but let's focus on the 2.3 rates at issue here. 24 BY MR. ROSVALL: 25 Let me ask the question this way, I 26 guess, Mr. Ahlstedt: Did you consider the 27 impact on Lifeline customers when you recommended a \$2.50 increase in basic rates? 2.8

Your Honor, I want to be very 1 Α 2. careful about my response to Mr. Rosvall's question because of the portion of my 3 testimony that was stricken pertains to 4 Lifeline customers, and that's all I will 5 6 say. 7 So in the purview of my entire testimony, yes, I did focus heavily on the 8 rates charged to Lifeline customers. 9 10 than that, I'm not comfortable discussing 11 based on your Honor's instructions today. 12 BY MR. ROSVALL: Your Honor, I'll just clarify. 13 14 talking about voice Lifeline I haven't asked 15 anything about the topic. 16 ALJ MILES: Fair enough, Mr. Rosvall. 17 So can you point us to the portion of his 18 testimony where he discusses voice Lifeline 19 and then ask a question about that. 2.0 MR. ROSVALL: I quess I'll just maybe 21 ask a hypothetical question. He's an expert; 22 so he can be asked a hypothetical question, so I will ask him. 2.3 24 Let's assume Sierra's Lifeline rate 0 25 is \$6.00. If it goes up by \$2.50, that's 26 over a 40 percent increase; isn't it? 27 Sorry. Could you repeat what the hypothetical Sierra's current rate is. 2.8

So assume Sierra's current rate is 1 0 \$6.00. And if it rises to \$8.50, that is 2. 3 more than a 40 percent increase; right? MR. PARKER: Your Honor, I'm going to 4 That is going to require 5 object. Mr. Ahlstedt to basically do a calculation to 6 7 confirm whether or not he agrees with that calculation. 8 MR. ROSVALL: Well, your Honor, if we 9 10 were in person, I would hand him this 11 calculator. If, you know, there's a way he 12 can calculate, that's great. I can simplify 13 it by asking --14 Okay. I don't want to hear ALJ MILES: 15 argument between the counsel, but the bottom 16 line is, Mr. Ahlstedt, if you can answer the 17 question, if you can calculate it in your 18 head or otherwise, you may answer the 19 If not, you're not required to question. 2.0 speculate. 21 THE WITNESS: Your Honor, without a calculator in front of me, and not wanting to 22 2.3 interact with my phone, I'm not going to do 24 any calculations in my head. I don't feel 25 comfortable with it. BY MR. ROSVALL: 26 27 Okay. We'll move on. 0 28 So let's talk about where your

\$27.50 basic rate would fall in the 1 Commission's range of reasonableness. So based on the Phase 2 ratemaking 3 decision, which I believe is D.21-06-004, the 4 Commission established a range of 5 reasonableness for what it called "all 6 7 inclusive rates"; is that right? A That's correct, your Honor. 8 9 And I've touched on this briefly 10 before in my testimony earlier today, 10 minutes ago. The Commission established in 11 that decision a range of 30 to \$40 inclusive 12 13 of various tax and surcharges and fees, which 14 were listed, I believe, in that decision. 15 And, essentially, how you calculate 16 that range is you start off with the basic 17 residential rate, tally up all the additional 18 fees and whatnot that were listed in that 19 decision, and if that total rate, which is known as the all inclusive rate is within the 2.0 21 30 to \$40 range of reasonableness, then the 22 Commission considers it presumptively 2.3 reasonable. 24 Okay. So as to your \$27.50 rate, 25 I'll direct you to page 1-17 of your 26 testimony. There's a Table 9, that's where 27 you calculated the all-inclusive rate; 2.8 correct?

1	A That's correct, your Honor.
2	Table 9 in my testimony, as Mr. Rosvall just
3	stated, calculated the all-inclusive rate.
4	At the time I filed this testimony,
5	I believe these figures, if you start at the
6	top of the table, that's the basic
7	residential rate that I proposed \$27.50.
8	And pretty much all of the other
9	line items there, up until the final one,
10	"Total All-Inclusive Rate," those are the
11	various surcharges and fees that Decision
12	21-06-004 indicated should be included within
13	the all-inclusive range of reasonableness and
14	which I used to calculate what my
15	all-inclusive rate will be. The taxes and
16	surcharges there were up-to-date as of the
17	filing of my testimony.
18	I haven't checked if any of those
19	have changed with the intervening months.
20	Q Okay. So, I guess, to clarify,
21	there's a 38.29 at the bottom right of
22	Table 9. Would you agree that puts Sierra,
23	under your proposal, about exactly \$1.71
24	below the range the top of the range?
25	A If the range is \$40, it's certainly
26	within the range. Yeah, \$38.29 is within the
27	30 to \$40 range.
28	Q That wasn't the question, actually,

```
Mr. Ahlstedt.
                    The question was, how close to
 1
     the top of the range is it?
 2.
 3
               It's $1.71; right?
           MR. PARKER: Objection, your Honor; no
 4
     foundation for the top of the range was
 5
 6
     established.
 7
           ALJ MILES: Okay.
                              There's no need to
     argue this point. I'll say that my math
 8
 9
     indicates that $38.29 is about one dollar and
10
     what was the number you gave, Mr. Rosvall?
11
               Your math is correct, Mr. Rosvall.
12
     Move on.
     BY MR. ROSVALL:
13
14
               So isn't there a new surcharge
15
     that's being proposed to the legislature
16
     right now?
17
           MR. PARKER: Objection, your Honor.
18
     bearing on the testimony itself. It's not
19
     mentioned in the testimony.
2.0
           MR. ROSVALL: Your Honor, again, he's
21
     being offered as an expert. He's made a
22
     proposal. He's just explained that the
23
     proposal is contingent upon being within a
     certain range of reasonableness.
24
                                        If the
25
     legislature is adding surcharges, that's
26
     relevant whether it's going to fall within
27
     the range.
2.8
                        If I may, your Honor?
           MR. PARKER:
```

That's speculative if they're going to 1 2. pass -- if the legislature will, in fact, 3 pass the surcharges. We have no way of knowing what the legislature will do. 4 5 ALJ MILES: That was going to be my 6 next question for Mr. Ahlstedt. I'm going to 7 allow him to answer if he can. Do you know if there is a new 8 9 surcharge that has been enacted since the 10 time you created your testimony, 11 Mr. Ahlstedt? No. I know of no such 12 THE WITNESS: 13 thing, your Honor. I didn't discuss that in 14 my testimony. 15 MR. ROSVALL: So, your Honor, I'd like 16 to introduce an exhibit. I circulated this 17 last night. This is a copy of a bill in the 18 legislature, AB 988, which pertains to this 19 and I did mark it. I think we pre-marked it 2.0 as Exhibit STC-22. So I would like the witness to look 21 22 at that. I have it. I'll note it's 30 2.3 Δ 24 I mean, I haven't read it, but I have pages. 25 it in front of me. 26 That's okay. I'll direct you to 27 the part I want to ask you about. 28 First of all, what is the name of

1	the bill?
2	A The name or the number?
3	Q I guess both.
4	A It says here on PDF page 2, it's
5	Assembly Bill 988. I don't see where there
6	is a specific name to the assembly bill
7	though.
8	Q Okay. Maybe scroll down to I'll
9	find the title for you. So it's under
10	parenthetical one, right under where it
11	describes AB 988 as amended, and then there's
12	a parenthetical one. The third paragraph
13	below that, it says: "This bill would
14	enact"; could you just read that sentence,
15	please. Just the one sentence.
16	ALJ MILES: Just a minute. Before he
17	reads that, Mr. Rosvall, may I ask what the
18	date of this AB would you read the bill
19	number again?
20	MR. ROSVALL: Do you want me to read
21	it?
22	ALJ MILES: Yes. And the date of the
23	bill.
24	MR. ROSVALL: It's AB 988. That's the
25	bill number. And I believe the exhibit shows
26	various dates, including the date that it was
27	originally presented.
28	ALJ MILES: And what's that date?

1	MR. ROSVALL: I'm just scrolling
2	through it now.
3	ALJ MILES: I have a lot of windows
4	open. So I apologize.
5	MR. ROSVALL: It's February 18, 2021.
6	ALJ MILES: Okay. And has this bill
7	been enacted to your knowledge, Mr. Rosvall?
8	MR. ROSVALL: I believe it has not, but
9	it is in our view subject to official notice
10	under Rule 1310 and Evidence Code 452.
11	It is an enactment or a
12	government document. Whether or not it's
13	actually been signed into law doesn't stop us
14	from getting officially noticed. So that's
15	our request.
16	ALJ MILES: Yeah, I just wanted to get
17	some particulars about it. Sorry to
18	interrupt. You can proceed.
19	BY MR. ROSVALL:
20	Q So, Mr. Ahlstedt, could you read
21	that sentence I directed you to about three
22	paragraphs down about the name of the bill.
23	A It says: "This bill would enact
24	the Miles Hall Lifeline and Suicide
25	Prevention Act."
26	Q And so scroll a little bit further
27	down, if you would. There's a parenthetical
28	two, and right after the parenthetical two,

there's a statement that says -- it's 1 2. actually three paragraphs down. It says: "This bill would create." 3 Could you just read -- I think it's just one, 4 long sentence, but could you just read that 5 sentence. 6 7 A It states: "This bill would create a separate surcharge beginning January 1st, 8 9 2023, on each access line for each month or 10 part thereof for which a service user 11 subscribes with a service supplier." 12 Would you like me to continue? 13 You can stop there my question 14 based on what you just read, isn't it true 15 that as of the test year 2023, if this is 16 enacted, there would be definitely an eight 17 cent increase --18 MR. PARKER: Objection, your Honor. 19 It's speculation. He's asking from the 2.0 witness if the bill was passed. No one can 21 say if the bill will be passed. 22 MR. ROSVALL: Again, it's a 2.3 hypothetical, and he's an expert. 24 I'd like to make two ALJ MILES: Okay. 25 No. 1, please wait until counsel requests: 26 asks his question before lodging an 27 objection; secondly, I will say that I sustain the objection because it does call 2.8

1 for speculation. 2. And I'll add my own uncertainty 3 about the language that the witness just read is whether the language this bill would 4 5 create a separate surcharge means that it's 6 being enacted to fund Lifeline with 7 surcharges on other subscribers or whether it's surcharging Lifeline; it's not clear, 8 9 and because the bill's not enacted, I'm not 10 even sure why we should spend time trying to 11 sort it out. 12 So, I mean, I agree the witness is an expert on Lifeline, but I don't think he 13 14 can get into the mind of what legislators intend to do. And this bill is not 15 16 finalized. It could go through many changes 17 and the language is uncertain. So on that 18 basis, I suggest you rephrase your question. 19 BY MR. ROSVALL: 2.0 Mr. Ahlstedt, does the language you 21 just read have any impact on Lifeline? Α Your Honor. I'm not even sure if 22 2.3 what I had read as the term "Lifeline" is even referring to the California Lifeline 24 25 program or, more specifically, the Universal 26 Lifeline Telephone Service program 27 administered by the Public Utilities Commission. 2.8

I think it's just using the same 1 word, "Lifeline," but I don't know for a fact 2. that this is even in relationship to the 3 telephone program. 4 Right. That's actually my 5 6 question, and I'll follow up on it. 7 This bill, as you just read it, it isn't related to the California Lifeline 8 9 program, it's an additional surcharge; right? I've read two lines. I have no 10 Δ 11 clue. 12 All right. Let's move on. Let's 13 move on to the surcharges that you do list in 14 Table 9. And, I guess, just to be clear you 15 don't include a surcharge that you just read 16 from the 988 bill of this list; right? 17 MR. PARKER: Objection, your Honor; 18 he's asking the witness whether or not he 19 included the surcharge, which doesn't even 2.0 exist, in testimony proffered months ago. ALJ MILES: I will overrule the 21 objection. I think the witness can answer 22 2.3 the question. 24 THE WITNESS: Your Honor, again, I 25 don't know what the surcharge is. Maybe it 26 relates to the California Lifeline program; 27 maybe it doesn't. So I cannot answer that 28 question accurately.

MR. ROSVALL: Your Honor, that's not 1 2. the question. Mr. Ahlstedt, the question is, is 3 that surcharge in your list on Table 9? 4 Your Honor, in my surcharge list, I 5 do have the Universal Lifeline Telephone 6 7 Service surcharge, which is about midway through that list, and so I do have the 8 9 surcharge on there for Lifeline. 10 But you do not have the suicide 11 prevention surcharge on there; correct? 12 MR. PARKER: Objection, your Honor. 13 Vaque and ambiquous. 14 ALJ MILES: I'm going to overrule the 15 objection, but I'm going to indicate that the 16 line items on the chart speak for themselves, 17 Mr. Rosvall. So we can all clearly see what is and isn't on there. I don't see anything 18 denoted as the suicide surcharge. 19 2.0 MR. ROSVALL: Fair enough. I'm going 21 to follow up and ask about some of the ones that are on the list. 22 So, Mr. Ahlstedt, we identified an 2.3 24 exhibit yesterday evening. It's a document 25 identified as STC-23. Would you pull up that document, please. 26 27 A I have it. 2.8 Great. And are you familiar with Q

1	what appears to be a portion of the website?
2	A I don't see a URL or a website
3	identification on this document; so I can't
4	say for certain what exactly this is.
5	Q I guess the question is, have you
6	seen this before?
7	MR. PARKER: Objection, your Honor.
8	The witness has already indicated that he
9	can't tell if this is from the website.
10	MR. ROSVALL: Your Honor, the question
11	is, has he seen this document before.
12	ALJ MILES: I think the witness
13	answered that he has it. So he has it in
14	front of him now, but when you say, has he
15	seen it before, do you mean before now?
16	MR. ROSVALL: Right.
17	THE WITNESS: I haven't seen this
18	particular document before. It is a list of
19	surcharge rates. I've seen lists of
20	surcharge rates before on the Commission
21	website. I don't know if this is it.
22	BY MR. ROSVALL:
23	Q And in the upper left, do you
24	recognize the Public Utilities Commission
25	seal?
26	A Yes.
27	MR. ROSVALL: Okay. So, your Honor, we
28	would like official notice of this document.

This is a portion of the Commission's website 1 under Rule 13.10 and Evidence Code 452. 2. is a document about which there can't be a 3 reasonable dispute. It's from the 4 Commission's website. 5 ALJ MILES: Is this -- what is the 6 7 number of this document? STC-23? MR. ROSVALL: Correct. 8 9 MR. PARKER: Your Honor, may I object? 10 ALJ MILES: If you're objecting to the 11 admission of the document, we'll do that at 12 the end of the day. 13 MR. PARKER: All right, your Honor. 14 Thank you. 15 ALJ MILES: You can proceed, 16 Mr. Rosvall. 17 BY MR. ROSVALL: Okay. So, Mr. Ahlstedt, I'm 18 19 looking again at the exhibit that's been 2.0 identified as STC-23. Let's just focus on a 21 couple of the surcharges. And do you see across the top row the chart that's in this 22 2.3 document? There are a series of acronyms 24 starting with UTLS, DDTP, and then so on to 25 the right. 26 Α I do. 27 So let's just focus on the Okay. 2.8 one that says "DDTP." Do you know what that

1 surcharge is? 2. Again, I'll reiterate that I can't confirm that this is a list of surcharges 3 from the CPUC website. I do know that DDTP with reference to surcharges under the 5 Commission's review stands for the "Deaf and 6 7 Disabled Telephone Program." And just to make the connection, 8 9 this is the surcharges listed in your chart 10 at Table 9. This is the fifth one down; 11 correct? MR. PARKER: Objection, your Honor. 12 13 Calls for speculation. He doesn't know if 14 what is there actually is the same as what is 15 in his testimony. 16 MR. ROSVALL: Your Honor, I'm just 17 asking is that the DDTP surcharge in this 18 testimony. 19 ALJ MILES: I'm going to overrule the 2.0 objection. Witness, if you can answer about 21 22 your chart and what it shows, I'd appreciate 2.3 it. 24 THE WITNESS: Of course, your Honor. 25 I'm more than willing to explain Table 9 of 26 my testimony. I'd rather not refer to STC-23 27 because again I can't confirm if that's from the Commission's website or when that was 2.8

pulled from the Commission's website. 1 There's no clear indication for me. But if you look at Table 9 in my 3 testimony -- and my apologies. It kind of 4 all blurs together in a giant block of text 5 But the -- I believe it's the sixth 6 7 row down from the top where it states "Deaf and Disabled Telephone Program/Telephone 9 Relay Service." And in parentheses that is 10 "DDTP/TRS." And you can see there in the 11 second column that the surcharge for that 12 program is 1.11 percent. 13 BY MR. ROSVALL: 14 Okay. So thanks for that clarification. 15 16 So on SDT-23 you also see a 17 1.11 percent effective February 2nd, 2022; 18 correct? 19 A Yes. 2.0 0 Okay. And my question was going to 21 be if you look at the DDTP surcharge on that -- on STC-23, would you agree that it 22 more than doubled from 2020 to 2022? 2.3 Again, your Honor, I'll reiterate I 24 Α 25 can't confirm that this is from the Commission's website. I don't know if that's 26 27 in fact what the surcharge was in December 1st of 2020, but I can state that 2.8

2.8

It's argumentative.

just looking at the document not knowing and 1 not being able to confirm what that document is, the DDTP surcharge or DDTP -- it doesn't 3 even say surcharge here -- goes from .5 4 5 percent to 1.11 percent. So for your answer --6 ALJ MILES: Hold on a minute. 7 I just want to comment that -- for the witness that 8 9 you're looking at a document. And if you can 10 answer questions about the document, you may. 11 You don't need to reiterate your question about the validity of the document. 12 13 something we'll take up at the end of the day 14 with counsel. But if you're asked a question 15 about the document that you can answer 16 looking at the face of the document, please 17 try to the best of your ability. You're not 18 required to speculate or engage in surmise. 19 THE WITNESS: Thank you for that 2.0 clarification, your Honor. BY MR. ROSVALL: 21 22 So I quess a more foundational 2.3 question here is are you saying that you 24 didn't consider the historical changes in 25 surcharges when you recommended your all-inclusive rate of 38.29? 26 27 MR. PARKER: Objection, your Honor.

1	MR. ROSVALL: Your Honor, it's a
2	question.
3	ALJ MILES: The witness may answer the
4	question.
5	THE WITNESS: Could you repeat your
6	question.
7	BY MR. ROSVALL:
8	Q Yeah. The question is you didn't
9	consider the historical changes in surcharges
10	in setting your all-inclusive rate of 38.29?
11	A Could you point me to where in my
12	testimony I discuss the historic surcharges.
13	MR. ROSVALL: Your Honor, I'd like to
14	get some instruction to the witness to answer
15	the question instead of every single time
16	asking for a page when the question is not
17	the question is about the chart and a
18	follow-up question on his answer.
19	MR. PARKER: If I may, your Honor.
20	ALJ MILES: Please, Mr. Parker. I will
21	comment first.
22	My comment is I believe the question
23	is for the witness "Did you consider
24	historical surcharge rates in preparing your
25	recommendation"?
26	MR. PARKER: Your Honor, that wasn't
27	the question. The question was framed as
28	"You didn't consider historic rates." That

was exactly the way Mr. Rosvall worded it. 1 It is worded in an argumentative way to get 3 an answer. ALJ MILES: Mr. Parker, Mr. Parker, you 4 and Mr. Rosvall have a habit of asking 5 6 questions as statements, as I noted 7 yesterday. And sometimes it's the way the question is posed that makes it sound 8 9 argumentative. I agree that is the case and 10 I agree that both counsel have a habit of doing that, which is why I indicated what I 11 12 understand the question to be. 13 Mr. Rosvall, you can correct me if 14 I'm wrong, but I believe the question is for 15 the witness Mr. Ahlstedt "Did you consider 16 historical . . ." Let's do this. Can the court 17 18 reporter read back the judge's rendition of 19 the question. 2.0 MR. ROSVALL: And, your Honor, that is 21 the question. What you said is the question. 22 ALJ MILES: Okay. But let the -- if 2.3 the court reporter can please read back what 2.4 I said. 25 THE REPORTER: "Did you consider 26 historical surcharge rates in preparing your 27 recommendation?" ALJ MILES: That's what I understood 2.8

the question to be. If the witness can 1 answer that question, then we can keep moving 3 on. THE WITNESS: Yes, your Honor. I don't 4 5 believe I included any reference to historical surcharge rates in my testimony, 6 7 no. ALJ MILES: Thank you. 8 9 Okay. Mr. Rosvall, you can 10 continue. 11 MR. ROSVALL: All right. Thank you, 12 your Honor. 13 So looking again at STC-23, I want 14 to point you to the -- what is listed as the CASF surcharge. That appears in your list on 15 16 Table 9 as well; correct? 17 Yes, your Honor. If you were to Α 18 look right underneath the Lifeline Telephone 19 service surcharge, you'll find the California 2.0 Advanced Services Fund or CASF surcharge 21 listed in my Table 9. 22 And so looking back at STC-23, just 2.3 if you could confirm under the column that is 24 entitled CASF, that surcharge went up based 25 on this document from .56 in 2018 to 26 1.019 percent in February 2022. Isn't that 27 right? 2.8 A According to this document, yes.

1	Q Okay. So are you aware of concerns
2	the Commission has raised about the dwindling
3	funding base for these surcharges?
4	A In a general sense I've heard of
5	it. I haven't actively participated in any
6	proceedings related to that though and I
7	didn't discuss it in my testimony.
8	Q Okay. So I'd like to point you to
9	another document. This is also something we
10	exchanged in advance. This is what's been
11	pre-marked as STC-25. It's an order
12	instituting rulemaking. We'd like to direct
13	the witness to STC-25.
14	So let me know when you have it in
15	front of you.
16	A I have it.
17	Q Great. And so what does this
18	appear to be?
19	A This appears to be an order
20	instituting rulemaking filed at the Public
21	Utilities Commission with the date of
22	issuance as of March 11th, 2021.
23	Q Okay. And are you aware of this
24	rulemaking?
25	MR. PARKER: Objection, your Honor.
26	I'm not quite sure what he means by "aware
27	of."
28	ALJ MILES: I'll sustain that

objection. 1 2. Can you rephrase your question. MR. ROSVALL: 3 Sure. Mr. Ahlstedt, are you aware that 4 0 the Commission opened this rulemaking? 5 6 I've never personally looked at 7 this document. I'm aware that the Commission was considering ways to address the various 8 9 public purpose surcharges on phone bills. 10 More then that, I can't say. 11 0 Okay. So I will just direct you to 12 page 5 of this document again marked as 13 STC-25. And I just want you to read the 14 heading that appears on page 5. 15 heading 2.1. If you could just read the 16 title. 17 Objection, your Honor. MR. PARKER: 18 There's no connection to Mr. Ahlstedt's 19 testimony and this document. This is a 2.0 rulemaking and a separate proceeding that 21 he's not even a party to or is not working 22 So I don't understand the connection to his testimony. 2.3 24 I'm going to sustain that ALJ MILES: 25 objection. I think ST-25 -- STC-25 is a document that we can take notice of if it's a 26 27 Commission document, but I don't think it's 2.8 appropriate to question the witness about an

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OIR that's not -- it's not within the scope
 1
     of this proceeding. I think it's not within
     the scope of this proceeding.
 3
               So would you like to offer the
 4
     relevancy to this proceeding, Mr. Rosvall.
 5
                         I would like official
 6
           MR. ROSVALL:
 7
     notice of this for the purpose of briefing
     and perhaps further questions.
 8
 9
           ALJ MILES: That's something we'll do
     at the end of day. But in terms of
10
11
     questions, I don't think it's appropriate to
12
     ask the witness a ton of questions about a
     Commission rulemaking which is open.
13
                                            I don't
14
     know if it's even concluded. I doubt it
15
     since it's dated March 11th, 2021.
16
           MR. ROSVALL: The question was actually
17
     just going to be what the heading of that
18
     paragraph says and then there was going to be
19
     a follow-up question relating to his
2.0
     surcharge calculations.
           ALJ MILES: Okay. Well, why don't you
21
     go to -- I think the heading is on the
22
2.3
                It speaks for itself and anyone
     document.
     can read it once -- if it's admitted into
24
25
               But why don't you go ahead to your
     evidence.
26
     question.
27
     BY MR. ROSVALL:
2.8
           Q
                      So I quess the question is
               Okay.
```

28

if the funding base for surcharges goes down 1 and the Commission doesn't take any action to address that, it means that the surcharges in 3 your chart aren't --- are going to be higher 4 than what are in your chart; right? 5 6 MR. PARKER: Objection, your Honor. 7 Calls for speculation. He has never seen this OIR before. 8 9 MR. ROSVALL: Your Honor, calls for 10 speculation is not an appropriate objection 11 as to someone being offered as an expert. MR. PARKER: It is if you offer an 12 expert a document to which he has never seen 13 14 before for a proceeding to which he is not 15 representing a party. 16 Okay. Well, I'm overruling ALJ MILES: 17 the objection because the question as it was 18 posed asked for an opinion. And if she is 19 able -- the court reporter is being asked to 2.0 do a lot of extra stuff today. But if you're 21 able to read back the original question 22 before the objection, please do. (Record read.) 2.3 24 MR. ROSVALL: I might need to clarify 25 based on what was just said. I think there 26 was -- I certainly intended it to be a little 27 different.

May I just ask it again.

Okay. I want to thank the 1 ALJ MILES: court reporter for reading back. 2. Mr. Rosvall, you can restate your 3 question, but I want to say the question 4 asked an opinion. It is an opinion based on 5 6 a hypothetical that could occur. And I do 7 think it's appropriate. It does not ask for any specialized knowledge about the OIR. 8 9 Go ahead, Mr. Rosvall. BY MR. ROSVALL: 10 11 Yeah. And it's really about your 12 chart, Mr. Ahlstedt. So I'll just ask another foundational question. 13 14 And I think you said this but just 15 to make sure, the surcharges that you list 16 where it says "percentage per dollar," those 17 were percentages in place at the time of your 18 testimony; right? 19 A Yes. 2.0 And so just to understand, when 0 21 something is a percentage, that percentage is 22 applied to the interest state billing base 2.3 that generates the amount that a customer 24 actually pays monthly for that surcharge; 25 correct? 26 Α Yes, with a caveat for the federal 27 universal surcharge at the bottom. 28 Q Right. Okay. And then I quess the

question is if the billing base goes down, it 1 2. means the surcharges have to go up to support the same level of support for the program; 3 right? 4 I can't speculate as to what the 5 Commission will or won't do to address 6 7 decreasing or increasing billing base. Ι just don't know. 9 But if the billing base goes down 10 and they need to generate the same amount of 11 money from a smaller pot, they have to increase the rate, don't they? 12 I think he has answered the 13 ALJ MILES: 14 question. Can we move on. 15 MR. ROSVALL: Yes. 16 So the follow-up question is what 17 percent increase in all of these surcharges 18 that are listed in your chart would it take 19 to put Sierra over the \$40? Do you know? 2.0 Your Honor, I do not know. I will 21 say that what the Commission approves here for the rates and for this rate case in 22 2.3 general we're looking at a snapshot in time 24 for a forward-looking test year. So, you 25 know, what it's going to be in two years, 26 five years, ten years I don't know how 27 pertinent that is to the rate case today. 2.8 So but I quess suffice to say if

Q

the total number in the far right column of 1 your Table 9, if that were to go up, for 2. example, by \$2.50, Sierra would be 3 significantly over the range of 4 5 reasonableness; correct? MR. PARKER: Objection, your Honor. 6 7 He's using the word "significantly over." That's a characterization. 8 9 ALJ MILES: I'm going to overrule the 10 objection. If the witness understands the 11 12 question, can you answer. 13 THE WITNESS: I can try, your Honor. 14 And to give you some more context into how 15 the Commission established this 30 to \$40 16 range of reasonableness, it didn't start off 17 like that. It started off, I believe, as a 18 30 to \$37 range of reasonableness. But in 19 this prior decision that we've been 2.0 referencing quite a bit in the California 21 High-Cost Fund-A reform proceeding, I think 22 it was decision 21-05-006, I believe. that decision the Commission decided to 2.3 expand the range of reasonableness and 24 25 specify which surcharge and fees are included 26 in the range. 27 So that was one way the Commission 2.8 addressed changes to the formula and how to

calculate an all-inclusive rate. There's 1 2. nothing to say that the Commission can't do 3 that again. Again, I will reiterate we're 4 5 looking at a shot in time here. I don't know 6 how relevant speculating on this issue is. 7 The issue you have in front of you, your Honor, is are -- is Cal Advocates' proposal 8 of \$27.50 currently within the all-inclusive 9 10 range of reasonableness? 11 MR. ROSVALL: Your Honor, I'd like an 12 answer to the question. The witness is not 13 answering the question. He's saying a lot of 14 other things. 15 ALJ MILES: Well, if I can be blunt, 16 what the witness is doing is exactly what 17 Mr. Duval did yesterday when I asked "If the 18 income tax changes, doesn't that make your 19 calculation incorrect or --" 2.0 So my point is witnesses often 21 discuss rationales that are not directly 22 responsive to the question, but I do think 2.3 the question was clear. And the question was 24 simply something like "If the surcharges go 25 up by -- " I forget the amount Mr. Rosvall indicated -- "wouldn't that put the rate over 26 27 \$40?" 28 Do we need the court reporter to

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read back that question or do you want to
 1
     restate it, Mr. Rosvall?
 3
           MR. ROSVALL: Your Honor, it was
     exactly what you said accept it was $2.50.
 4
 5
           ALJ MILES:
                      Okay. So again, I'm not
 6
     the expert, but I think the question is:
                                                Is
     38 -- let me look at the figure.
 7
     question is: If $38.29 has $2.50 added to
 9
     it, is that more than $40? That's the way I
10
     understand the question. And I think that's
11
     math. And if you can answer it, please do.
12
           THE WITNESS:
                        Sure, your Honor. I
     believe earlier today we discussed the
13
14
     difference between Cal Advocates' current
15
     proposed all-inclusive rate of $38.29 and the
16
     cap of $40 for the range of reasonableness
17
     which was a dollar and 70 in change.
18
     $2.50 is greater than a $1.70 which indicates
19
     to me that that would put it over the $40 cap
2.0
     in this hypothetical, which isn't reality.
21
           ALJ MILES:
                      That's my understanding
22
     about the hypothetical.
2.3
               Can we proceed, Mr. Rosvall?
24
           MR. ROSVALL:
                        Yes.
25
               So just one last question.
26
     Sierra's rates will be in place until its
27
     next rate case; correct?
               Yes, unless it for some reason
28
           A
```

28

Q

comes to the Commission and the Commission 1 2. changes its rate in between rate cases for 3 some reason. So in order for Sierra's rates to 4 stay at or below the \$40 range of 5 reasonableness ceiling, the surcharge rates 6 7 would have to remain the same or decline or only go up by \$1.71 from now until 2028; is 8 9 that right? 10 A Sorry. That was a little bit long 11 of a question. Can you repeat it. 12 I can just ask you a simple If any time between 2023 and 2028 13 question. 14 the \$38.29 goes up by more than a \$1.71, in 15 any time in that five years Sierra will be 16 over the range of reasonableness; right? 17 Α As we had just discussed, if that 18 difference is a \$1.70, which I'm sure it 19 is -- if the rate was to increase -- the rate 2.0 and the surcharges and everything else was to increase above \$1.71, it would put you over 21 22 the \$40 cap. 23 To my knowledge, it's not a requirement for the rates to stay within the 24 25 cap in perpetuity. It's to set rates today 26 or in this rate case is the purpose of the 30 27 to \$40 range of reasonableness.

But you agree that the range of

reasonableness defines what the Commission 1 2. believes would be the prudent range of rates; 3 correct? Д It's my understanding that the 4 Commission views that if rates --5 all-inclusive rates fall within the 6 all-inclusive range in reasonableness, then 7 they are presumptively reasonable when they 8 9 are adopted. 10 Okay. So let's back up actually, 0 11 and I'll ask you a few more questions about kind of the structure of this section of your 12 13 testimony. And so I quess backing up to 14 pages 1.91 -- 1-9 where you begin talking about the basic residential rate. 15 16 On that page for the 27 you cite 17 again to a section of Public Utilities Code 18 275.6. Do you see that? 19 I do. It cites Public Utilities 2.0 Code Section 275.6(c)(3). 21 Great. And if you still have it in front of you, could you just read -- it's not 22 2.3 very long. Could you just read that section 24 from the statute. 25 Just give me a moment. А Yes. So Public Utilities Code Section 26 27 275.6(c) states "In administering the California High-Cost Fund-A Program, the 2.8

1	Commission shall do all of the following."
2	And if you skip to subsection (3) of that, it
3	goes and says "Ensure that rates charged to
4	customers of small independent telephone
5	corporations are just and reasonable and are
6	reasonably comparable to rates charged to
7	customers of urban telephone corporations."
8	Q Okay. So based on that statute the
9	Commission has a responsibility to ensure
10	that end-user rates are both just and
11	reasonable and reasonably comparable;
12	correct?
13	A Yes. That's what it says in that
14	statute.
15	Q And so isn't it possible that
16	something could be reasonably comparable and
17	yet still not be just and reasonable?
18	MR. PARKER: Objection, your Honor.
19	Calls for speculation on a legal
20	interpretation of a statute.
21	MR. ROSVALL: Your Honor, that's just
22	not correct. I'm asking for his
23	understanding of the standard that he's
24	applying in his own testimony on 1.9.
25	ALJ MILES: I'm overruling the
26	objection sorry. I didn't unmute fast
27	enough.
28	I'm overruling the objection. And

the witness may answer if he has an opinion. 1 2. THE WITNESS: So if I can restate your 3 question, it was can a rate be separately just and reasonable and also reasonably 4 comparable or --5 BY MR. ROSVALL: 6 7 It was the other way around actually. I'll try to ask it again. 8 9 The question was isn't is possible 10 that a rate could be reasonably comparable to 11 urban rates but yet be just -- but yet not be 12 just and reasonable? 13 Α In my eyes the two are very much 14 linked. If you review my testimony, your 15 Honor, you'll find that the rate I proposed 16 is both just and reasonable and reasonably 17 comparable to urban rates. 18 But as far as the standard, you 19 regard this as one in the same? ALJ MILES: It's been asked and 2.0 21 answered, and I think counsel may wish to arque the point in briefing. 22 BY MR. ROSVALL: 2.3 24 So let's turn to your -- this kind 25 of structure of this section. You discussed 26 your residential rate proposal. I believe it 27 starts on page 1-9. There's a heading that says "B" and then there's a "B-1" there. And 2.8

so B-1 says -- refers to the reasonably 1 comparable standard and then B-2 on page 1-12 says "The basic residential rate of 27.50 is 3 just and reasonable." 4 So would you agree that it's that 5 6 second heading where you discuss the just and 7 reasonable standard? A Yeah. In the second heading which 8 9 says "Basic residential rate of \$27.50 is 10 just and reasonable, " I do discuss the just 11 and reasonable standard to the statute. 12 again, just because they're in separate 13 sections for legibility and ease of reading 14 doesn't mean I think that they aren't 15 interlinked. I do think they are 16 interlinked. 17 Okay. But the two subheadings 18 under number two, the heading you just read, 19 are income level comparability. That appears 2.0 on page 1-12. And then on page 1-15 the 21 other subheading is "Inflation level 22 comparability." Is that right? Those are 2.3 the two arguments being made to support just 2.4 and reasonableness? 25 Those are the two arguments that I'm putting forward in the subsection. 26 27 Again, I think all of these issues are very

much interlinked.

2.8

Well, let me follow up on that. 1 0 So 2. if just and reasonableness and comparability are interlinked and AT&T raises its rates 3 using its price flexibility to a level that 4 exceeds the range of reasonableness --5 6 So let's say AT&T were to raise its 7 rate to \$42. In that scenario wouldn't the rate be no longer just and reasonable if you 8 9 were to set Sierra at that rate? That's not how I arrived at the 27 10 A 11 dollar and 50 cent rate, so I'm not sure it's 12 applicable to hypothesize about -- about that 13 methodology. 14 So you don't have an opinion as to 15 whether or not 40 -- \$42 would be just and 16 reasonable? I don't even think AT&T's rate in 17 Α 18 my testimony is \$42; so in that hypothetical, 19 no. 2.0 I guess, Mr. Ahlstedt, what I'm 21 trying to get at here is if AT&T's raised the basis for comparability, and you set Sierra's 22 2.3 rate at a 42-dollar rate just because AT&T 24 has that rate, it could still be true that 25 that rate is comparable, because it's AT&T's 26 rate, but it could also be no longer just and 27 reasonable, because it's above the cap. I'm trying to get your opinion on that 28

subject.

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Your Honor, if you were to go to page 1-11 of my testimony, Table 6, you know, I -- I offer a methodology which has been used in the past in other rate cases to help assess what is a reasonably comparable urban rate, and I list some of the major urban carriers in California as of May of -- of this year and what their rates are, and I do a little bit of a weighted average to help account for the size of the various companies and the rates they charge, and -- and the result there is that I found the weighted average monthly basic residential rate of the large urban carriers in California was \$29.77, and that's my point of comparison to my 27 dollar and 50 cent rate. You know, the 27 dollar and 50 cent rate is fairly close to the 29 dollar and 77 cent rate; in fact, according to my testimony, it is \$2.27 less, which I think is reasonably comparable. 0 Okav. So let's -- let's actually

Q Okay. So let's -- let's actually focus on your discussion of inflation. So this is page 1-15. So -- of your -- either of PAO-1 or PAO-1-C.

Can you explain why inflation has anything to do with whether a rate is -- is just and reasonable? Why -- why does

2.0

2.3

2.8

inflation have anything to do with what the rate should be?

A Your Honor, in addition to the other topics that I've discussed in my testimony related to the just and reasonableness and reasonably comparableness of the basic residential rate that I'm proposing, I offer this very simple inflationary calculation as a reference point for yourself to help contextualize what my rate proposal is, and how it compares to, in this case, inflation over the period starting with when Sierra adopted its current basic residential rate of \$25; and I believe that was in 2018.

So again, to put a point on it, I'm simply showcasing to you what inflation has been since that point in time as a reference to help you understand my proposal.

Q So Mr. Ahlstedt, I guess the question I have on that is you're not saying, are you, that raising rates by inflation would always be just and reasonable, are you?

A I don't believe I stated that in my testimony, and I think, as we all know, the current state of the world and -- and the state of inflation, I think it was somewhere around nine percent since the last year,

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which is certainly not reflected in the
 1
 2.
     inflationary calculation that I provided in
 3
     my testimony. It was an estimate, the best
     case estimate that I could use at my time
 4
     that I filed my testimony, and again, it's
 5
     simply a point of comparison for your Honor
 6
 7
     to help contextualize what my rate proposals
     actually mean.
 8
 9
               So you were the rate witness in the
10
     CHCF-A Phase 2 proceeding. Correct?
11
               Again, I -- I believe so. I would
12
     have to look at my testimony to -- to give
13
     you an accurate assessment of all of the
14
     issues that I testified on in that
15
     proceeding.
16
               Okay. Well, yeah. Let -- we
17
     provided your testimony as an exhibit, so
18
     let's -- let's take a look at it.
19
               So this was identified as -- I
2.0
     believe this is STC-26. It's the testimony
21
     of James Ahlstedt in the Phase 2 CHCF-A
22
     proceeding, and I have the specific page I
2.3
     wanted to ask you about. So do you have that
24
     in front of you?
25
           А
               I do.
26
               Okay. So I'm looking at page 3-2
27
     of -- of that testimony, and there's a
     heading --
28
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1	MR. PARKER: Your Honor, if I may, I
2	notice that the document the document is
3	marked confidential. Do we need to go into a
4	confidential session to discuss this
5	document?
6	MR. ROSVALL: Thank you for asking,
7	Mr. Parker.
8	ALJ MILES: Does this I I have a
9	question. Is this proceeding still underway?
10	MR. ROSVALL: It is underway, but
11	there's no current activity that I know of.
12	ALJ MILES: Okay. Does the witness
13	recall when he okay. So I think what
14	Mr
15	We can go off the record, Miss Court
16	Reporter.
17	(Off the record.)
18	(Whereupon, the following material was placed under seal by direction of
19	ALJ Miles.)
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16	6	
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20	(End sealed material)
21	ALJ MILES: Let's go back on the
22	record.
23	We're now in public session.
24	Mr. Rosvall, you may continue your
25	questions of this witness.
26	MR. ROSVALL: It keeps switching me
27	back to muted when you go back and forth.
28	Sorry. Okay. So so I'll start over.

```
So Mr. Ahlstedt, I was going to ask
 1
           0
     you about Decision 21-06-004, which I think
 2.
     is the decision you just described, and I
 3
     believe it's one of two exhibits that
 4
     Mr. Parker identified yesterday. It's 18 or
 5
 6
     19.
 7
               Do we know which one that is?
           MR. PARKER: Hold on, sir. I'm trying
 8
 9
     to find it right now. I've gotta -- I've got
10
     to close out a -- something here to find my
11
     list of exhibits.
           BY MR. ROSVALL:
12
               And Mr. Ahlstedt, do you have that
13
14
     decision? You may already have it.
15
               Yeah, I -- I do have that decision
16
     opened. It's not the one that was marked,
17
     though, but it's the same decision. I just
18
     don't have the cover page --
19
               Yeah.
           0
2.0
           A
              -- so I can't tell you what the
     number is.
21
22
               Okay. Maybe we could --
2.3
                        Mr. -- Mr. Rosvall, you
           MR. PARKER:
     said, "21-06-004"?
24
25
           MR. ROSVALL: Correct.
           MR. PARKER: Yes. That was marked as
26
27
     Exhibit PAO-18.
28
           MR. ROSVALL: Great. Thank you.
```

2.8

This

That agrees with my 1 ALJ MILES: records. Thank you. BY MR. ROSVALL: 3 So Mr. Ahlstedt, just to complete 4 5 the -- the thought here, I wanted to go to 6 page 15, middle of the -- middle of the page. 7 There's a paragraph that said -- that starts with "We are not persuaded." Could you just 8 9 read that, and then we'll ask a couple more 10 questions. 11 Δ Sure. The sentence states: We are 12 not persuaded that automatic inflation 13 adjustment to basic residential rates is 14 merited. 15 Okay. And then I mean could you 16 read the rest of the paragraph? There's two 17 more sentences, I think. 18 Sure. It states: We agree with A 19 the small ILECs that affordability and price 2.0 sensitivity are important factors that the 21 Commission must take into account. We are 22 also not persuaded that any general index of 2.3 inflation is a better gauge of reasonableness 24 of the rate to be charged than consideration 25 of the small ILECs' actual costs as part of 26 the GRC process. 27 Thank you. Okav. I want to turn

to another statement that you make now.

is on page 1-10. So we've been looking at 1 1-9 a little bit, and going back now to 1-10 of Exhibit PAO-1 or 1-C. 3 So there's a -- a statement in 4 here, line 8, where you say -- you're 5 describing your rating methodology, and you 6 7 say the Commission accepted this methodology in the most recent ILEC's GRC decision for 9 the Foresthill Telephone Company. 10 I'd like you to look at -- and then 11 there's a footnote that leads to, I believe, Decision 19-04-017. That's footnote 32. 12 Is that the decision where you're 13 14 stating that you believe the Commission 15 adopted your rating methodology? 16 Α Let me check. 17 It's the footnote attached to that 0 18 sentence, so thinking it is. 19 Yes, I believe it is. Α 2.0 Okav. So we provided that decision 21 to you in an exhibit, which I believe is Exhibit STC-30. So I wanted you to take a 22 look at that decision. You reference 2.3 24 page 18, so let's just go to page 18, once 25 you have it open. 26 Α I'm there. 27 Okay. So the -- the question is, 0 2.8 looking at page 18 -- and if you need a

second to look at it, that's fine. 1 2. The Commission doesn't actually endorse any kind of rating methodology on 3 this page, does it? 4 Not specifically. But, your Honor, 5 6 I would point you to the paragraph that 7 starts "Second" in -- in this explanation for why it adopts Cal Advocates' basic 9 residential rate in that proceeding. Ιt 10 states: Second, Cal Advocates' basic 11 residential rate of \$25 is reasonably 12 comparable to rates charged by carriers in urban areas, and further, the statutory 13 14 object -- objectives, excuse me, of Public 15 Utilities Code Section 275.6 (f), Cal 16 Advocates' 25-dollar basic residential rate 17 is below the 27-dollar rate charged by AT&T, 18 and above the rate charged by Frontier 19 California. 2.0 And to add some additional context 21 for you, your Honor, in that rate case where 22 we went to hearings and I offered testimony 2.3 on revenues and rate design, as I am doing 24 today for Sierra, I used this methodology of 25 a weighted average, and presented it to the Commission. 26 27 Okay. So but, on this page, and -and I'm -- I believe I've read it, also. 2.8

1	But, on this page, they don't talk			
2	about the rating methodology?			
3	MR. PARKER: Objection, your Honor,			
4	asked and answered.			
5	ALJ MILES: I know I have noise in the			
6	background.			
7	I'm going to sustain the objection.			
8	But, Mr. Rosvall, you can ask			
9	another question.			
10	MR. ROSVALL: Your Honor, at this time,			
11	I'll move on to the next topic.			
12	Q So the I want to talk a little			
13	bit about business rates.			
14	So your proposal for business			
15	rates, I believe is is starts on 1-20,			
16	and then continues on from there until, I			
17	believe, the sort of very top of 1-22 in your			
18	testimony.			
19	So I guess, just as a as an			
20	initial clarifying question, the just and			
21	reasonableness standard that you read from			
22	Public Utilities Code 275.6 (c)(3), that			
23	applies to business rates, as well. Correct?			
24	A It's my understanding that Public			
25	Utilities Code Section 275.6 (c)(3), and in			
26	general, applies to all the rates charged by			
27	Sierra.			
28	Q Okay. And so your proposal for the			

basic business rate is 43.25. Correct? 1 That's correct. 2. A Okay. And as part of your argument 3 0 supporting the adoption of the 43.25 rate, 4 5 you, on page 1-20, state that -- you suggest that residential and business rates must 6 increase by the same percentage, and then I'm 7 going to quote you here, to avoid 8 9 disproportionately burdening one class of 10 customers over another. 11 So do you -- do you see that 12 statement, lines 19 and 20? Yes, I do. 13 Α 14 Okay. So is it your contention 15 that the Commission has always increased 16 business rates by the same percentage that it 17 increases residential rates? 18 MR. PARKER: Objection, your Honor. 19 That's not what the testimony states. 2.0 MR. ROSVALL: Your Honor, counsel is 21 engaging in some speaking objections here, and I -- I think there needs to be an actual 22 2.3 objection stated. 24 MR. PARKER: That's not -- your Honor, 25 I'm -- I'm not trying to be argumentative. 26 It's just that he's misconstruing the 27 testimony when he quotes the testimony and then asks a question that clearly is trying 2.8

to get an answer that is not based on the 1 2 wording of the testimony. ALJ MILES: Okay. I'm going to sustain 3 the objection which indicates that this 4 5 misstates the testimony on page -- what page 6 are we on? 1-20. 7 But, Mr. Rosvall, if you want to ask a question about page 1-20, please do. 8 BY MR. ROSVALL: 9 10 So you're -- you're saying there 11 that -- that one class of customers can't be burdened relative to another. 12 13 I quess my question is: Is it 14 always the case -- in other rate cases that 15 you've worked on, is it always the case that 16 the Commission increases business rates by 17 the same percentage as residential rates? 18 Your Honor, I've worked on several 19 rate cases, at this point. Honestly, I can't 2.0 recall exactly the methodology used. I know 21 in my testimony, if you look at the following 22 line on page 1-20, it says, "Additionally, 2.3 the Commission adopted this approach in 24 Sierra's last test year 2018 GRC in Decision 25 17-11-016." 26 So let me -- let me ask you a 27 different question. So -- and I'm again 2.8 referencing your statement on page 1-20, the

concern that you're raising about 1 2. disproportionately burdening one group of customers over another. 3 So my question is: Isn't it true 4 that the cost of providing a basic voice 5 connection to residential and business 6 customers is -- is more or less the same? 7 A I don't know. 8 9 Okay. But, you agree that the 10 business rate you're proposing is -- in your 11 proposal, it's about -- it's more than six --12 it's almost \$16 greater for the business line, \$15 and some number of cents. 13 14 Yes, your Honor. Cal Advocates' 15 proposed business -- basic residential --16 excuse me, basic business rate is higher than 17 Cal Advocates' proposed basic residential 18 rate, as are Sierra's current rates. 19 Sierra's current basic business rate is higher than Sierra's current basic 2.0 21 residential rate. 22 And I will also point out that Sierra's rates have no relation to their 2.3 24 costs. And again, I'm not certain what 25 exactly costs is, if that encompasses all 26 expenses and -- and -- and return on rate 27 base that the company needs to recuperate. But, their rates are not associated with 2.8

1	their expenses.			
2	ALJ MILES: Okay. But, as I understood			
3	the question, the question is simply: Is			
4	\$43.25 about \$16 higher than \$27.50?			
5	Wasn't that the question?			
6	MR. ROSVALL: Yes.			
7	ALJ MILES: Okay. So when I pull out			
8	my abacus and do the math, that's a yes or no			
9	answer.			
10	THE WITNESS: It's higher, yes.			
11	ALJ MILES: Is there can we proceed			
12	with another question?			
13	MR. ROSVALL: Oh, I thought you were			
14	adding something up, your Honor. Sorry.			
15	ALJ MILES: I'm just observing on the			
16	record that 43.25 is higher I'm not going			
17	to try to do math without a calculator			
18	than 27.50.			
19	But, I think your question was:			
20	Isn't that about \$16 higher? It seems like			
21	that's true.			
22	MR. ROSVALL: Okay.			
23	Q Okay. So Mr. Ahlstedt, did you			
24	did you look at Mr. Rule's testimony on the			
25	same subject, the subject of rates?			
26	A I did, yes.			
27	Q And do you recall and I could			
28	pull up the exhibit, but do you recall that			

he had a list of all of the small ILEC rates, 1 2. business rates, in Exhibit DR-1 to his -- to 3 his rebuttal testimony? Honestly, I -- I don't recall if 4 that was in Mr. Rule's testimony, and I don't 5 have it in front of me. I can try and pull 6 7 it up, though. Yeah, if you would. I believe that 8 that's Exhibit 5, "S" -- STC-5. 9 10 A Okay. I think I have STC-5 in front of me. 11 And so I believe there's a -- an 12 13 exhibit, an internal exhibit to that exhibit, which is DR-1. Do you -- do you see that? 14 15 Yes, starting on page 14 of the 16 PDF. 17 That sounds right. 0 18 So my question is: Again, with 19 reference to your statement about 2.0 disproportionately burdening certain customers over others, it -- based on this 21 22 list, isn't it true that Sierra would have 2.3 a -- Sierra's customers would pay at least 24 six dollars over the next highest small ILEC? 25 That -- is that what you understand from this 26 chart? ALJ MILES: Mr. Rosvall, I'm confused 27 about which list when you say, "this list." 2.8

```
Are you looking at something in Mr. Rule's
 1
 2.
     testimony or --
           MR. ROSVALL: Yes.
 3
           ALJ MILES: -- in the witness's
 4
 5
     testimony?
 6
           MR. ROSVALL: In Mr. Rule's testimony.
 7
     I believe the witness has it. It's -- it's
     an exhibit to Mr. Rule's testimony, DR-1. I
 8
 9
     can give you a second to get there, if you
10
     need it.
11
           ALJ MILES:
                      No.
                            I just want you to
12
     express in the record we're looking at
13
     Exhibit DR-1. Page what?
14
           MR. ROSVALL: Well, it's -- it's an --
15
     it's an exhibit. It's DR-1. I think he was
16
     listing a page in the PDF; but, it's at the
17
     end.
18
           ALJ MILES: And so what page is it in
19
     the PDF?
2.0
           MR. ROSVALL: Mr. Ahlstedt would
21
     probably have to tell me that. I have a hard
22
     copy. So --
           THE WITNESS: Yeah. So your Honor,
2.3
24
     we're looking at Sierra's Exhibit STC-5,
25
     which is Mr. Rule's rebuttal testimony.
26
           ALJ MILES: Right.
27
           THE WITNESS: In his rebuttal
2.8
     testimony, the entire document, it includes
```

some internal exhibits separate from the STC 1 nomenclature, and this one internal exhibit 2. is listed as DR-1, which is on page -- starts 3 on page 14 of Exhibit STC-5. 4 5 ALJ MILES: Okay. Thank you. 6 BY MR. ROSVALL: 7 And I guess, now that we're there, this -- this exhibit, it -- it contains a 8 list of all the small ILECs and their 9 10 business rates. Correct? 11 A I see that it does contain a list 12 of the small ILECs. They are one party single line business monthly rate as well as 13 14 a list of Commission authorities for those 15 rates. Subject to check, yes, it does appear 16 to be that list. 17 So I quess again, with reference to 18 your statement and your concern about 19 disproportionately burdening a class of 2.0 customers over another, if your proposal for 21 business rates is adopted, aren't Sierra's 22 business customers being disproportionately 2.3 burdened relative to every other small ILEC 24 business customer? 25 А Would you repeat your question, 26 please? 27 My question is just, if your Yeah. 2.8 proposal is adopted, and you can see on the

page here your proposal would be 43.25, the 1 2. next closest business rate is Ponderosa, at 37.10, I believe, and the rest of them are 3 all much lower than that, doesn't adopting a 4 43.25 rate for Sierra disproportionately 5 burden Sierra's business customers relative 6 7 to other business customers of small ILECs? I didn't discuss that in my 8 9 testimony. 10 MR. ROSVALL: Your Honor, I'd like the 11 witness to answer the question. 12 ALJ MILES: It calls for speculation, but is the witness willing to agree that 13 14 four -- \$43.25 is higher than the list of 15 rates shown in Mr. Rule's testimony for small 16 ILECs? 17 THE WITNESS: Yes, your Honor. 18 ALJ MILES: That's a -- that's --19 THE WITNESS: Cal Advocates' proposal is -- is higher, and Sierra's current rate is 2.0 21 higher than those on this list, some of which were adopted in 2016. 22 2.3 BY MR. ROSVALL: 24 So I'll move on to another exhibit, 25 which is -- I believe it's what's been marked as STC-29. This is the statute that you're 26 27 referencing in that statement, the Public Utilities Code four -- 453 (c). So could you 2.8

1	just take a quick look at that?			
2	A Yes, I have it.			
3	Q Okay.			
4	ALJ MILES: Okay. Hold on a minute. I			
5	think I misunderstood. Did you say, "STE			
6	(sic) 29," Mr. Rosvall?			
7	MR. ROSVALL: I believe so. But, it			
8	is is it a different exhibit? That's what			
9	I think it is.			
10	ALJ MILES: That must be the one you			
11	were provided this morning, not from			
12	yesterday?			
13	MR. ROSVALL: From last night, yes.			
14	ALJ MILES: Okay. I'm sorry. Please,			
15	proceed.			
16	MR. ROSVALL: Thank you.			
17	Q I guess, it's a short enough			
18	statute. Could you just read it briefly.			
19	A Sure. Public Utilities Code			
20	Section 453			
21	Q And I'm just talking about (c), not			
22	the rest of it. Just (c).			
23	A Yeah, that's where I was going.			
24	Subsection (c) states:			
25	No public utility shall establish			
26	or maintain any unreasonable			
	or marifearif arry arrivations			
27	difference as to rates, charges,			

other respects either as between 1 localities or as between classes of service. 3 Okay. So my question is just to 4 confirm: This statute is referring to things 5 that -- differences that cannot exist in 6 7 rates or they'd be unreasonable, and it does include localities in there -- right -- not 8 9 just classes of service? It does say "localities." 10 A 11 0 I have another question about your 12 testimony regarding business rates. So I'm going to direct you to page 1-21, and in that 13 14 chart, there's a table in the middle of the 15 page, Table 11, which states that it's a 16 comparison of urban ILEC, Cal Advocates' 17 proposed and Sierra's current business rates 18 as of May 9, 2022. I just want to point you to a very 19 2.0 large rate in the middle of the page there. 21 AT&T is stated as having \$755 measured 22 business rate; do you see that there? 2.3 A Yes. 24 So my question to you is this: 25 That isn't a tariff rate; is it? 26 To the best of my knowledge that's 27 the rate that AT&T currently charges for its 2.8 measured rate service.

1	Q Okay. But that's not the question.
2	The question is, is it a tariff?
3	A I believe it's in AT&T's publicly
4	accessible guidebook on its website. That's
5	at least where I found the rate.
6	Q Right. So the guidebook isn't
7	approved by the Commission; is that correct?
8	A I'm not sure.
9	MR. ROSVALL: Your Honor, I just want
10	to have the witness look at a document. This
11	is a document identified as STC-35. It's a
12	Commission resolution. I would just like to
13	ask for official notice of it and ask the
14	witness to confirm what it is.
15	Q So, Mr. Ahlstedt, could you look at
16	that, please.
17	A I have it open. It is a Commission
18	Resolution T-17203, and it is dated April
19	16th, 2009.
20	Q Got it. And I'll give you a second
21	to look at this if you'd like, but just based
22	on what appears on the title page there, this
23	is a resolution granting AT&T's request for
24	tariff services; correct?
25	A That's what it says in the title,
26	yes.
27	Q Okay. And at the very last line of
28	the title, it includes business services;

1	correct?			
2	A Yes. And for clarity, the full			
3	resolution title is:			
4	AT&T California (U-1001-C) in			
5	accordance with Decision			
6	07-09-018, this resolution			
7	approves AT&T California's Advice			
8	Letter 33423 filed on August 29th,			
9	2008, seeking to de-tariff various			
10	retail residential and business			
11	services.			
12	MR. ROSVALL: Okay. So, your Honor, I			
13	have one or two more subjects I'd like to			
14	address. They're not related to rates. I'm			
15	only asking and pointing this out because			
16	this may be a good time for a break. I'm			
17	also happy to keep going, so but I also			
18	really want to finish with Mr. Ahlstedt today			
19	for obvious reasons, and so I want to make			
20	sure we make time for that as well.			
21	ALJ MILES: Okay. I just want to be			
22	guided by the court reporter, whether she			
23	needs a break.			
24	(Off the record.)			
25	ALJ MILES: Okay. Then let's keep			
26	moving.			
27	MR. PARKER: Your Honor, Wayne Parker,			
28	Cal Advocates. Mr. Ahlstedt has been			

```
testifying without break since 12:30.
 1
     now 2:10.
                We should allow him at least 10
 2.
     minutes to sort of just relax a little bit.
 3
     It's been a very long time for him to sit
     there --
 5
 6
           ALJ MILES:
                       Okay. Let's take a break.
 7
     It's now 2:10 and let's return at 2:20.
     Thank you, everyone.
 8
 9
               (Recess taken.)
10
           ALJ MILES:
                       All right. We've taken a
11
     brief break of 10 minutes. We're back on the
     record. And, Mr. Rosvall, you may proceed
12
     with your cross-examination of Mr. Ahlstedt.
13
14
                         Thank you, your Honor.
           MR. ROSVALL:
15
               So I did have one other question
16
     relating to rates, and this is something that
17
     you address on pages 1-19 of your testimony,
18
     again, Exhibit PAO-1 or 1-C, and there is a
19
     confidential number on that page, but I'm not
2.0
     going to ask you about it.
21
               So the question is just making sure
     I understand your position about the
22
2.3
     structural change to Sierra's rates that it's
     proposing, and Cal Advocates -- and, I quess,
24
25
     I'm asking you specifically as the proffered
26
     expert on this subject: You support the
27
     inclusion of customer calling features in the
2.8
     basic rate?
```

Yes, your Honor. If you look on 1 Α page 1-19 of my testimony, starting on 1-18 2. of my testimony, I state that Sierra should 3 provide custom calling and voicemail services 4 at no charge to subscribers of their basic 5 residential or basic business services. 6 And what advantages do you see from 7 that approach? 8 9 Excuse me. I'm looking through my 10 testimony. 11 Your Honor, if you would look on 12 page 1-19 in my testimony starting on line 17, I describe some of the advantages, 13 14 benefits to offering these services at no cost to Sierra's basic residential and basic 15 16 business customers, including public safety 17 benefits among others. 18 Okay. So with that clarification, 19 I'll just move on to another topic. So I 2.0 want to ask you about the effect that 21 broadband imputation has on Sierra CHCF-A 22 draw. And as a parting point, based on your statement of qualifications, you've worked on 2.3 24 four prior formal rate cases for small 25 telephone companies; correct? And I'm currently working on 26 Yes. 27 three more including Sierra. 2.8 Okay. But aside from the ones that Q

are pending today, in those prior cases for, 1 I think it was, Cal Ore, Calaveras, and 3 Foresthill, there was no broadband imputation on that. 4 (Reporter clarification.) 5 6 THE WITNESS: And Ponderosa. 7 BY MR. ROSVALL: The question was just in those 8 9 cases, there wasn't broadband imputation; 10 right? 11 Α No, your Honor. Those cases were 12 prior to the Commission's adoption of Decision 21-05-004, I think is the correct 13 14 one, which described the process for imputing 15 broadband numbers, which was set to begin in 16 this round of rate cases with Sierra. 17 So I want to just try to understand 18 how the rate design calculation differs from 19 those cases to this one. 2.0 So in those cases the CHCF-A was 21 computed by starting with the revenue 22 requirement, subtracting the other regulated 2.3 revenue sources, and then that would produce 24 the CHCF-A; right? 25 ALJ MILES: I have a question. to interrupt. We're comparing this case, 26 27 Sierra, to which cases, Mr. Rosvall? 2.8 MR. ROSVALL: There are four cases that

```
were prior to the broadband imputation
 1
     decision, I think, as the witness just
 2.
     testified. So I'm asking how the calculation
 3
     is now different.
           MR. PARKER: Your Honor, I was going to
 5
 6
     object because I don't see how that's
 7
     relevant given the fact that we have a
     decision that changed things substantially.
 8
 9
           ALJ MILES: Well, first of all, I just
     want to be clear about what cases we're
10
11
     talking about. Have -- and I was looking at
     an e-mail from Communications Division
12
     unrelated to this question, but the point is,
13
14
     did we discuss which cases those are or are
15
     you referring to the cases mentioned in the
16
     qualifications that Mr. Ahlstedt --
           MR. ROSVALL: Yeah, they are just
17
18
     qualifications. So he stated that's a part
19
     of his background.
2.0
           ALJ MILES: Okay. And what years were
21
     those proceedings at least and what companies
22
     did they pertain to?
2.3
           THE WITNESS: I can read for you, your
             In my Statement of Qualifications,
24
25
     which is Attachment A to my testimony, and if
26
     you're looking at the PDF, it should be page
27
     56 of the PDF --
2.8
           ALJ MILES: I did look at your
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```
qualifications, but can you just tell me
 1
 2
     which proceedings Mr. Rosvall is asking about
 3
     that you worked on in the past.
           THE WITNESS: Yes, your Honor.
 4
 5
               On that Statement of Qualifications,
 6
     it actually lists them on the third paragraph
 7
     there; so it says --
           ALJ MILES: I just want it in the
 8
 9
     record.
10
           THE WITNESS: Yes. A.16-10-001, which
11
     is the Ponderosa Telephone Company General
     Rate Case; A.16-10-002, which is Calaveras
12
     General Rate Case; A.16-10-004, which is the
13
14
     Cal Ore Telephone General Rate Case, and then
15
     finally, A.17-10-004, which is the Foresthill
16
     Telephone Company General Rate Case.
17
           ALJ MILES: Okay. So with that
18
     background in the record now, the question,
19
     Mr. Rosvall, is how does the Sierra
2.0
     proceeding A.21-11-005 differ from these four
21
     in what respect? That's the question I want
22
     to understand.
2.3
           MR. ROSVALL: Yeah, so we talked
     earlier about the broadband imputation
24
25
     equation he has experienced from a prior rate
26
     case. I'm just trying to ask him how it's
27
     different now.
2.8
           ALJ MILES: All right. And then the
```

1	objection was that the law or the			
2	Commission's position has changed since these			
3	four proceedings were adopted by the			
4	Commission; was that the objection?			
5	MR. PARKER: Yes, your Honor.			
6	Mr. Ahlstedt in response to a question from			
7	Mr. Rosvall noted the decision, and I think			
8	he was trying to refer to Decision 16-04-006.			
9	It wasn't clear because he was kind of fuzzy			
10	on the numbers. It's easy to do that.			
11	But he did note that there was an			
12	intervening decision, and that, therefore,			
13	was the decision he applied in his current			
14	methodology in this GRC.			
15	So prior GRCs and the methodologies			
16	and his testimony in those prior GRCs are			
17	even less relevant than they would be			
18	otherwise.			
19	ALJ MILES: Okay.			
20	Mr. Ahlstedt, would you go ahead and			
21	answer the question now that I understand			
22	what the question is.			
23	THE WITNESS: Sure. Could I hear the			
24	question again, please.			
25	ALJ MILES: Mr. Rosvall or do you want			
26	the court reporter to			
27	MR. ROSVALL: No, No. I can do it.			
28	Q So back in those cases, the CHCF-A			

was computed by determining revenue 1 requirement, subtracting the regulated 2. 3 revenue sources other than CHCF-A, and that would produce the CHCF-A draw; correct? 4 I believe so. 5 А Yes. Okay. And so based on the decision 6 7 you've mentioned from 2021, now there's an You take the revenue 8 extra step: 9 requirement, subtract the regulated revenue 10 sources, other than CHCF-A, and then you subtract the net ISP profit, and that 11 12 produces the CHCF-A; does that sound right to 13 you? 14 I actually have this laid out in my Α 15 testimony on page 3-2. In there, under the 16 analysis heading, it describes kind of the 17 three tenants used to calculate the 18 California High Cost Fund-A subsidy. 19 It describes the components of 2.0 total intrastate revenues, which you'll note 21 include broadband revenue imputation and 22 intrastate revenue requirement, and then the 2.3 third bullet there is that High Cost Fund-A 24 subsidy is sufficient to ensure that the 25 total intrastate revenues equals the 26 intrastate revenue requirement. 27 Okay. So I want to go back to --2.8 I'm glad you said that. I want to go back to

1	your Attachment I that we talked about			
2	earlier. I want to look at a specific part			
3	of the equation.			
4	And just to confirm, you explained			
5	that your Attachment I is where the CHCF-A			
6	calculation is explained in sort of			
7	mathematical clauses?			
8	A That's correct.			
9	Q So let's go to that attachment. I			
10	have a few more questions.			
11	A I'm there.			
12	Q So let's just walk through the			
13	components of the equation. I'm looking at			
14	now page 2 of Attachment I to Mr. Ahlstedt's			
15	testimony. So at the very bottom of page 2			
16	there's something that says, "CHCF-A			
17	subsidy"; are you with me?			
18	A Yes.			
19	Q I just want to walk-through the			
20	components of the equation so it's clear how			
21	that equation works.			
22	So the first component in the first			
23	parenthetical there is "operating expenses			
24	plus property tax." So, in essence, this is			
25	the expense portion of the revenue			
26	requirement; is that right?			
27	A Yes.			
28	Q Okay. And then the next thing in			

the equation is a bracketed formula that 1 starts with "8.84 percent" on the first line of the equation, and ends with a "one minus 3 8.84 percent" on a second line; do you see 4 that? 5 I do. 6 A And so that's a calculation of 7 0 interest expense; correct? 8 9 Α Sorry. I may have been getting 10 tripped up in this formula here. You'll excuse me. It's not exactly the most 11 user-friendly to talk about. 12 It's much easier to look at on an Excel spreadsheet 13 14 than it is in Word. 15 Could you repeat which portion of 16 that three-line formula you're referring to. 17 Yeah, I'm getting to the second 0 18 component of the equation, which starts with 19 a bracket, and the question was: There's an 20 equation in the bracket formula that starts 21 with an 8.84 and ends with a one minus 8.84, that whole bracketed clause. 22 2.3 Α Okay. 24 And my question was going to be: 25 Doesn't that bracket -- that's a calculation of interest expense; is that what that is? 26 27 A I believe so. 28 And, again, your Honor -- excuse

me -- the formula is getting a little fuzzy 1 in my head after being on the stand for this I think the formula stands on its own. 3 lona. I can read the formula if you'd like if that would make it more clear to you. 5 I don't 6 think it would to me though, even though I 7 did write the formula here or I did write the formula here. 8 MR. ROSVALL: Your Honor, I'm just 9 10 trying to understand the components because 11 there's a lot of things in here; so I'll just 12 ask the next question. 13 So the interest expense is used to 14 calculate a tax calculation, which is a 15 component of revenue requirement; is that 16 right? 17 Α The interest expense is used to 18 calculate, you said the tax portion? 19 Yeah. 0 2.0 A Let me try and explain this in my 21 own words without using this very number-heavy formula for you, your Honor. 22 2.3 The California High Cost Fund-A 24 subsidy is, essentially, a function of the 25 company's total revenues and their total 26 expenses, which include things like we're 27 discussing here: Interest expense, income 28 expense, operating expense, all these

26

27

2.8

different expense categories. 1 2. The bottom line, the High Cost Fund-A subsidy is the difference between 3 revenues and expenses. It makes up that 4 difference so that Sierra's revenues equal 5 its revenue requirement of which the expenses 6 are a factor in Sierra's revenue requirement. I don't think that answered Okav. 9 my question. The question was about whether 10 interest expense is used to calculate tax. 11 Α Again, I don't recall. I'm trying 12 to make this easier on your Honor and to your 13 clarity so you can understand how California 14 High Cost Fund-A is calculated. 15 The revenue requirement does 16 include interest expenses, income taxes, all 17 those things are included in the revenue 18 requirement, and all of that is represented 19 in these very complicated formulas here. 2.0 So, Mr. Ahlstedt, I quess I just 21 want to understand the components. So you're 22 giving me a general description; I understand 2.3 that, but I want to understand the components 2.4 of the formula. 25 Let's just turn to the next one.

SAN FRANCISCO, CALIFORNIA

There's a parenthetical that says: Amortized

UEDTB plus return on rate base minus imputed

broadband revenue. So that's kind of on --

of these three lines, it's the second line 1 2. heading to the third line. 3 So I just want to ask you about that for a moment. That component is 4 reflecting a way of grossing up the revenue 5 6 requirement for taxes; correct? That's the 7 gross-up, that part of the equation? A I believe so. 8 9 And for your Honor's clarity, UEDTB 10 stands for -- I have this actually defined, 11 so let me find it in my testimony. 12 If you look on page 3-2 of my testimony, it describes the intrastate 13 14 revenue requirement and the components of 15 that of which amortized -- Unamortized Excess 16 Deferred Tax Basis, or UEDTB, is a component, 17 which is reflected in that formula -- term, 18 that is. 19 ALJ MILES: Wait a minute. I'm looking 2.0 at 3.2. 21 THE WITNESS: Yes. ALJ MILES: I'm looking at 3.2. Okay. 22 And I do see under the bullet heading, 2.3 24 "Intrastate Revenue Requirement," it says, 25 "Equals operating expenses, plus property 26 tax, plus amortized, quote, Unamortized 27 Excess Deferred Tax Basis, and then in parens 2.8 UEDTB."

Is this the same thing you're 1 referring to in Exhibit I -- or Attachment I. 2. THE WITNESS: That is the same 3 terminology, yes. 4 All right. 5 ALJ MILES: 6 Okay. Mr. Rosvall, go ahead. 7 MR. ROSVALL: So I'll try -- I think we can clarify with a couple more questions. 8 9 Where it says "return on rate 10 base, " that is a revenue requirement 11 component that we already discussed from Public Utilities Code 275.6(b)(5); that's one 12 13 of the components? 14 Α Yes. Return on rate base is a 15 component of the revenue requirement, and for 16 your Honor's insight, if you were to look at 17 Table 18 in my testimony on page 3-4, that is 18 listed as line 7, which is the authorized 19 rate of return. 2.0 You'll see there also it lists Decision 16-12-035, which I believe is the 21 decision that authorized Sierra's 9.22 22 2.3 percent rate of return on its rate base. 24 So my question about this formula 25 is if you look at it as a whole, you've got 26 expenses and property taxes first, and then 27 you've got tax calculation grossing up the 2.8 rate base, the return on rate base.

So is it fair to say that 1 2. everything leading up to -- there's a thing that says, "minus regulated revenues." 3 Everything leading up to that point is the 4 5 revenue requirement; right? 6 A Yes. 7 Okay. And I kind of talked over 0 Sorry about that. The answer was yes? 9 Α Yes. 10 So let's go back to -- do you still 11 have that spreadsheet that we looked at 12 earlier. It's your Appendix A-3. I'll give 13 you a second to get there. 14 Α I'm there. 15 So the end result in cell -- and, 16 again, this is Exhibit A-3 to Mr. Ahlstedt's 17 testimony, which exists in Excel. I think we 18 all have it from earlier. 19 So I want to ask you about the 2.0 number on line 66. So in cell F-66, that's 21 the end result of your CHCF-A calculation; 22 correct? Yes. 2.3 A Okay. And if you put your cursor 24 25 on that cell -- and, actually, I'll ask you to put your cursor on two cells above it, 26 27 which is F-64. That's where, if you can look at the formula -- and matching up against 2.8

1	Attachment I, that's where the revenue
2	requirement component of the equation is
3	performed; correct?
4	A It's listed as cell 60, I believe
5	is the actual revenue requirement. That's
6	calculating total revenues.
7	Q I'm looking at cell F-64 and the
8	heading of that, which is cell C-64 says,
9	"Total revenue equals regulated and imputed
10	revenue, plus CHCF-A." That's what that's
11	signifying; right?
12	A Yes.
13	Q I'm trying to see if I can do this
14	without saying the number because this is a
15	confidential number.
16	ALJ MILES: It's very easy to go into
17	confidential session.
18	MR. ROSVALL: I think we need to do
19	that because I might have to say the number.
20	ALJ MILES: Okay. Could we go into
21	confidential?
22	(Whereupon, the following material was placed under seal by direction of
23	ALJ Miles.)
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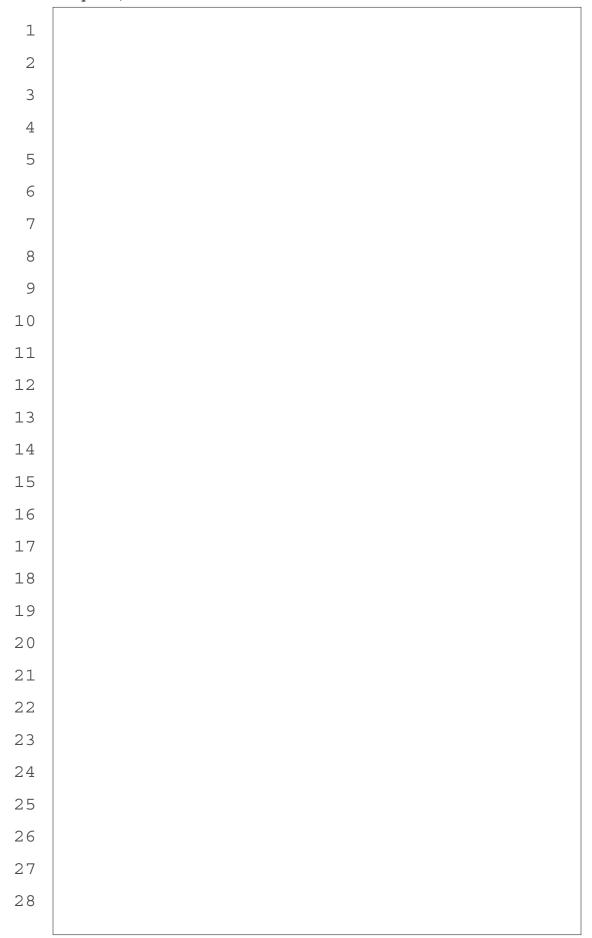
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3	(End sealed material)
4	(Recess taken.)
5	ALJ MILES: So we've just returned from
6	a short break, and we've been in confidential
7	session for financial questions or questions
8	related to figures that are subject to
9	confidential treatment.
10	At this point, Mr. Rosvall has
11	completed his cross-examination of the
12	witness, Mr. Ahlstedt. Is that correct?
13	MR. ROSVALL: It is.
14	ALJ MILES: Okay. And Mr. Parker, do
15	you have any redirect for Mr. Ahlstedt?
16	MR. PARKER: Wayne Parker, attorney for
17	Cal Advocates.
18	Cal Advocates has no questions on
19	redirect for Mr. Ahlstedt.
20	ALJ MILES: Okay. So then counsel
21	agree that Mr. Ahlstedt can be excused?
22	MR. ROSVALL: Yes, your Honor.
23	MR. PARKER: Yes, your Honor.
24	ALJ MILES: Okay. So it's 3:17. We're
25	scheduled to proceed until 4:30.
26	Does Cal Advocates want to begin
27	with its next witness and present that
28	witness for cross-examination?

```
MR. PARKER:
                        No, your Honor.
 1
 2.
     preferring to wait 'til Monday. She -- I
 3
     don't know that she's even really ready to
     testify today.
 4
 5
           ALJ MILES:
                       Okav.
           MR. PARKER:
                        I could introduce her.
 6
 7
           ALJ MILES: I forgot it's Friday.
 8
     Okay.
 9
               So we can, then, go ahead and
10
     proceed to the question of exhibits, and for
11
     that, I'm hoping that Mr. Gutierrez, our
12
     analyst, can remain with us.
13
           MR. GUTIERREZ: Right here, your Honor.
14
     I'm not going anywhere.
15
           ALJ MILES: Okay. Great. We'll be
16
     doing this on the record. Let me look back
17
     and see what we've handled today.
18
           MR. ROSVALL: And your Honor, I wanted
19
     to remind you that we had a -- an agreement
2.0
     about an earlier exhibit. I believe it's
21
     PAO-16. So I just -- I don't need to address
22
     it now, but wanted to flag that for you as
2.3
     something to be addressed here.
24
           ALJ MILES:
                      That's not the testimony of
25
     Mr. Ahlstedt, is it?
           MR. ROSVALL:
26
                        No.
27
           ALJ MILES: Okay. Okay. So --
28
           MR. PARKER: Your Honor, that was a
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cross-exam exhibit from yesterday.
 1
           ALJ MILES: I don't remember what the
 2.
     issue was with that one.
 3
               But, what is Mr. Ahlstedt's exhibit
 4
              Because I don't see that I wrote
 5
     number?
 6
     that down.
 7
           MR. PARKER:
                        Yes, your Honor.
     Mr. Ahlstedt's opening testimony, public, is
 8
 9
     marked as PAO-01.
10
           ALJ MILES: Okay. That's public.
11
           MR. PARKER: And his confidential
     testimony is marked as PAO-02.
12
                      Okay. Well, just to be
13
           ALJ MILES:
14
     consistent with what we did with STCs, I'm
15
     going to call it PAO-01-C.
16
           MR. PARKER: Yes, your Honor.
17
           ALJ MILES:
                       I'm going to --
18
           MR. PARKER:
                        I'd also add, your Honor,
19
     that we also offer into evidence exhibits to
2.0
     the opening testimony. Specifically, all the
21
     exhibits to Mr. Ahlstedt's opening testimony,
22
     the public opening testimony, are to be
2.3
     marked as PAO-02, and all the exhibits to his
     confidential testimony, opening testimony, I
24
25
     should say, would be marked as PAO-02-C, just
26
     so we keep that same methodology with regard
27
     to naming.
2.8
           ALJ MILES: Okay. And I'll just note
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1	on the record that pursuant to an earlier
2	discussion that we had off the record, PAO-01
3	and PAO-01-C are marked for identification,
4	but not admitted, subject to Public Advocates
5	Office providing a properly redacted
6	document, pursuant to my ruling.
7	(Exhibit No. PAO-01 was marked for
8	identification.)
9	(Exhibit No. PAO-01-C was marked for
10	identification.)
11	ALJ MILES: Just to be complete, I'll
12	put the date of my ruling on the record; my
13	ruling dated July 13, 2022. Okay.
14	MR. ROSVALL: Your Honor, I just had a
15	question about the timing of of that part
16	of it, and maybe it's for Mr. Parker, but
17	when are so so those exhibits are not
18	admitted right now, but there will be a
19	correction made. I'm just not sure when
20	we're doing that.
21	ALJ MILES: I think they can be ready
22	by Monday.
23	MR. PARKER: Yes, your Honor, I think
24	we can get it done. If Mr. Ahlstedt is
25	done. He already knows that because of
26	conversations after this morning's discussion
27	among the three attorneys that we need to
28	revise or redact, in full, in accordance with

1	your order. I don't know that he started
2	doing it yet, but knowing Mr. Ahlstedt, he
3	probably already has started working on it.
4	ALJ MILES: All right. Okay. What
5	else do we have to mark and put into evidence
6	today?
7	MR. ROSVALL: We have Dr. Lehman. We
8	have a some number of cross exhibits from
9	us, which I I I can represent is a much
10	smaller subset of what we circulated. I'm
11	only going to move some of them.
12	ALJ MILES: Okay. Are you prepared to
13	read those into the record?
14	MR. ROSVALL: I think so, but I I
15	would want to maybe start with Dr. Lehman.
16	So let me let me identify that.
17	So so Dr. Lehman's testimony was
18	Exhibits STC-10 and Exhibit STC-11. So we
19	move those in into evidence.
20	ALJ MILES: And these are both public?
21	MR. ROSVALL: Correct.
22	ALJ MILES: And Mr. Parker, do you have
23	any objection to moving these exhibits into
24	evidence?
25	MR. PARKER: Wayne Parker for Cal
26	Advocates.
27	Cal Advocates does not object to
28	admitting these into evidence.

Okay. You indicated 1 ALJ MILES: earlier, but I said we'd discuss it this 2. 3 afternoon, that you wanted to make some comment about Cal Advocates' position with 4 respect to the document. 5 6 MR. PARKER: Yes, your Honor. I wanted 7 to note that we do not stipulate to its accuracy or any accuracy of its contents. 8 9 merely do not object to admitting it to the 10 record. 11 ALJ MILES: All right. And is that the 12 same posture for the earlier documents? MR. PARKER: Yes, your Honor. If you 13 14 want, I can go back and look at those exhibit 15 numbers, if you want to read them into the 16 record. 17 ALJ MILES: No. I think it's fine. 18 Because I asked on the record, "Do you 19 stipulate to their accuracy?" You said, "Yes." Now, you're saying you don't 2.0 21 stipulate to the accuracy, but you don't 22 object to their admission into evidence? 2.3 That is correct, your MR. PARKER: 24 Honor. 25 ALJ MILES: Okay. So Mr. Gutierrez, 26 since you are on the line, I don't recall 27 that your exhibit listing has a column, anyway, for stipulated. You just show marked 28

```
1
     and admit --
 2
           MR. GUTIERREZ: Actually, your Honor,
 3
     if you note, in between the link of
     supporting documents column and the
 4
     marked/identified column, there is -- there
 5
 6
     are probably a significantly large list of
 7
     "Ns." Those are indicating stipulation.
     Currently, I have --
 8
 9
           ALJ MILES: "N" is indicating no
10
     stipulation?
11
               (Crosstalk.)
12
           MR. GUTIERREZ: I'm sorry?
           ALJ MILES: "N" is indicating no
13
14
     stipulation, is it not?
15
           MR. GUTIERREZ: Correct. And -- and
16
     "Y" is -- and "Y" indicates, yes, stipulated.
17
           ALJ MILES: Okay. So what I'm looking
18
     at --
19
               (Crosstalk.)
20
           ALJ MILES: What I'm looking at -- and
21
     I didn't realize this is what you prepared,
     Mr. Gutierrez. I thought this came from
22
     Sierra.
2.3
24
               But, I see Exhibit 1 through 12, all
25
     for Sierra, on the page I'm looking at, and
26
     they all have "N's."
27
           MR. GUTIERREZ: That -- that is
28
     partially -- that may have been lost in
```

translation or something like that, your 1 Honor, because I have STC's 8, 9 and 12 2. listed as stipulated. 3 Does that correlate, Mr. --4 Mr. Parker? 5 6 ALJ MILES: Okay. So basically, I can 7 answer that question. There should be no stipulation to any of the documents. 8 MR. GUTIERREZ: Understood. I will 9 10 correct that. 11 ALJ MILES: Okay. And I think the list 12 I'm looking at came from counsel for Sierra. It's different than your own list, 13 14 Mr. Gutierrez. 15 All right. So now we have 10 and 16 11, which are both public, not confidential. 17 12 was Mr. Thompson. We already got 18 I don't remember, honestly, if we got 19 that in yesterday or today. I think he 20 appeared yesterday for a quick -- okay. So 12 is in. 21 22 Okay. So then other than Mr. Lehman's exhibits, or testimony, 2.3 24 Mr. Rosvall, you have some cross-exam 25 exhibits which pertain to Mr. Ahlstedt. 26 Correct? 27 MR. ROSVALL: Yes, your Honor. And I could read what I think is the total list 2.8

that we would like to move, which is not 1 2. everything, and then maybe we could go one by one from there. Should I do it that way? 3 ALJ MILES: When you say the total list 4 which we want to move, which is not 5 6 everything, that suggests you don't want to 7 move into evidence everything on the cross-exam list? 8 MR. ROSVALL: Correct. We circulated a 9 10 number of things last night. We didn't use 11 all of them. So I -- I would focus on the ones that we actually talked about. 12 ALJ MILES: Yes. And as a matter of 13 14 fact, we don't need to mark for 15 identification anything that we didn't talk 16 about, because it doesn't exist, if nobody's 17 discussed it, unless you plan to use it in 18 briefing. 19 MR. ROSVALL: Well, this is a feature, 2.0 I guess, of the virtual environment. We already marked them, and I identified them 21 that way, because we have to circulate them 22 2.3 the night before. So there -- we were 24 already calling them certain things. It'll 25 create mass confusion if we call them 26 something else. So I mean there's not that 27 many, but --2.8 ALJ MILES: I don't think you

understand my comment. If you circulated 1 2. them and identified them, that's fine. But, nobody's referred to them, and if you don't 3 plan to refer to them in briefing, we don't 4 need them in the record. 5 MR. ROSVALL: Oh, right. They don't 6 7 need -- right. They don't need to be in the record, but they do need to stay numbered as 8 9 they are. 10 ALJ MILES: Right. But, do we need to 11 even mention them, if they're not going to be used at all? 12 13 MR. ROSVALL: My preference is not to, 14 simply because it would take a long time. 15 ALJ MILES: Okay. So --16 MR. ROSVALL: But, I -- I'd rather just 17 tell you which ones we're moving, and then go 18 one by one. 19 ALJ MILES: Yes. That's what I'm 2.0 asking. I want to know what we're marking 21 for identification and we plan to move into evidence. And I understand all we're going 22 2.3 to hear about are the cross-examination 24 exhibits that are relevant, because somebody 25 asked a question about them or was asked to 26 look at them. 27 MR. ROSVALL: Yeah. So --ALJ MILES: So why don't we list those? 28

1	MR. ROSVALL: Okay. I guess a point of
2	protocol, three of these that we did talk
3	about are statutes. We did talk about them.
4	We identified some Commission decisions
5	yesterday. I'm just going to include those,
6	because that's what we did yesterday.
7	ALJ MILES: All right.
8	MR. ROSVALL: So okay.
9	ALJ MILES: We marked them, but we
10	didn't move them into evidence, because we
11	thought it was unnecessary.
12	MR. ROSVALL: Okay. So so here we
13	go, then.
14	So 17 STC-17 is Public Utilities
15	Code 275.6, obviously a statute, but we'd
16	like to identify that.
17 18	(Exhibit No. STC-17 was marked for identification.)
19	ALJ MILES: Okay. And don't go very
20	fast, because the court reporter's still
21	taking it down.
22	MR. ROSVALL: Okay. Yeah.
23	The next one we'd like to identify
24	is STC-22, which is the bill, AB 988.
25	
26	(Exhibit No. STC-22 was marked for
27	identification.)
28	MR. ROSVALL: The next one is STC-23,

1	which is the Commission's surcharge list from
2	the website.
3	(Exhibit No. STC-23 was marked for identification.)
4	identification.)
5	ALJ MILES: Okay. Hold on just a
6	minute. I got because I don't want to
7	talk over you, since the court reporter's
8	taking this down.
9	So STC-23 is the surcharge list from
10	website. I get that.
11	AB 988, what was the number for that
12	one?
13	MR. ROSVALL: That's STC-22.
14	ALJ MILES: All right. Because I
15	didn't have that as a STC number.
16	And then the statute?
17	MR. ROSVALL: The the statute was
18	STC-17, 270 Public Utilities Code 275.6.
19	ALJ MILES: STC-17. Okay. Proceed.
20	MR. ROSVALL: Okay. So the next one is
21	STC-25, which was the Order Instituting
22	Rulemaking, R.21-03-002.
23	(Exhibit No. STC-25 was marked for identification.)
24	
25	MR. ROSVALL: And then, just for
26	Mr. Parker's benefit, I I wanted to
27	clarify this. I'm not going to move STC-26.
28	This was the the testimony from Phase 1.

1 We talked about it. He read the heading. 2 I'm not going to move it. 3 But, I will move STC-30, which is the Foresthill decision referenced by 4 Mr. Ahlstedt. 5 (Exhibit No. STC-30 was marked for 6 identification.) 7 ALJ MILES: Okay. Just a second. 8 That's the D.21-06-004? 9 10 MR. ROSVALL: No, that's D.19-04-017, I 11 think. 12 ALJ MILES: Okay. Oh, yeah, he mentioned -- Foresthill, I think, is 13 14 17-10-004, is it not? 15 MR. ROSVALL: That's the proceeding number. 16 17 ALJ MILES: Oh, okay. What's the decision? 18 MR. ROSVALL: I have --19 20 ALJ MILES: I don't see that in my 2.1 notes. MR. ROSVALL: I -- from memory, it's 22 D.19-04-017, but I'm trying to find it. 23 24 MR. GUTIERREZ: If it's -- if it's any help, that is what I have on my end, as well. 25 MR. ROSVALL: Yeah. 26 ALJ MILES: Okay. And what's --27 28 MR. PARKER: And that's also what I

1	show in my notes, as well.
2	ALJ MILES: What number are we giving
3	it, though? STC?
4	MR. ROSVALL: That one's STC-30.
5	ALJ MILES: All right. Thank you.
6	MR. ROSVALL: And then I only have one
7	more, unless my notes are incorrect, but I
8	think they're right.
9	I only have one more, which is
10	STC-35, and that's the detariffing
11	resolution; so Resolution 17203.
12	ALJ MILES: T-17203.
13	MR. ROSVALL: Right.
14	ALJ MILES: Right. Okay.
15	(Exhibit No. STC-35 was marked for identification.)
16	identification.)
17	ALJ MILES: So now I'll hear
18	objections, if any, from Mr. Parker.
19	MR. PARKER: I'm sorry, your Honor. I
20	was on mute. I want to
21	ALJ MILES: Let me preempt let me
22	preempt one thing. I'm not going to sustain
23	an objection to the surcharge list from our
24	website, ST-23 STC-23, because I did allow
25	in excerpts from the Sierra website, which
26	were of questionable clarity. Now, I don't
27	know if we need this surcharge list in the
28	record, or if it's can be simply marked.

1	But, I understand you made a number of
2	objections during testimony about the
3	website. I don't need to hear those again,
4	because I'm going to
5	MR. PARKER: Yeah.
6	ALJ MILES: allow it to be marked.
7	And I don't think we need it well, do we
8	need it in evidence?
9	MR. ROSVALL: Yes, we we do.
10	ALJ MILES: Okay. Well, I'm going to
11	allow it, notwithstanding the witness's
12	repeated protestations that he wasn't sure
13	what it was, because I allowed other websites
14	in in this proceeding, despite repeated
15	protestations. Okay?
16	But, please proceed with any
17	objections to other exhibits.
18	MR. PARKER: All right, your Honor.
19	I'll make this easy for everyone. Cal
20	Advocates has no objections to admitting
21	STC-25, STC-30, or STC-35.
22	ALJ MILES: Okay.
23	(Exhibit No. STC-25 was received into evidence.)
24	
25	(Exhibit No. STC-30 was received into evidence.)
26	(Exhibit No. STC-35 was received into evidence.)
27	IIICO evidence.)
28	MR. PARKER: However, we do object

Cal Advocates does object, for reasons that 1 we stated earlier, so I won't beat the -- the horse any deader than it is, STC-22, which is 3 the text of the legislative bill AB 998. 4 Is it 998 or 988? 5 ALJ MILES: 6 MR. ROSVALL: I think the latter. 7 MR. PARKER: It's 988. I'm sorry, your Honor. I should have made it clearer. 8 9 ALJ MILES: Okay. And I'm going to 10 sustain the objection, and I'm not going to 11 admit that, because -- well, let me say I'll mark it. It -- whether it's admitted or not, 12 I can take notice of it as a government 13 14 document, or as a document, and counsel for 15 Sierra is free to use it in argument and 16 briefing. But, I'm not going to move it in 17 as, quote unquote, evidence, because we don't 18 know if it'll ever become law. So it's of 19 limited value, in my opinion. But, it's very 2.0 useful for argument, if you want to use it 21 for argument. It may be persuasive, even, 22 okay, for the point you were trying to make. 23 So we can mark that. 24 So -- so what does it MR. ROSVALL: 25 mean to mark it? I just -- I just want to understand our parameters here. We're just 26 27 marking it to acknowledge its existence, but 2.8 it will not be part of the evidentiary

That's what you're saying, I think. 1 record. Is it --ALJ MILES: I'm saying I'm marking it 3 for -- I'm marking it for identification, and 4 it's been objected to, and I'm sustaining the 5 objection in terms of putting it in as 6 evidence. But, as you know, because it is a 7 document issued by a legislative body, I can 8 9 take notice of it, as I can take notice of the statutes and other decisions of the 10 11 Commission; and accordingly, whether it's in 12 evidence or not, you could also reference it 13 in your briefing. 14 MR. ROSVALL: I understand now. Thank 15 you. 16 ALJ MILES: I just don't want to give 17 somebody the impression that I don't 18 understand that something that's not a final 19 statute is, quote unquote, evidence. 2.0 Okay. Anything else? 21 MR. ROSVALL: Only the stipulated item that I mentioned earlier, which is that --22 2.3 and I can address this by sending the 24 document to you. 25 But, Mr. Parker and I were able to meet and confer about PAO-16. It's another 26 27 one of these scenarios where there's a 2.8 narrative in front of the document, and we

1	just put the narrative in front of the
2	document. And so I think he's on board with
3	that.
4	ALJ MILES: Okay. And it makes me very
5	happy, and gives me a warm fuzzy feeling that
6	you guys can agree on something. So very
7	good, gentlemen, going into the weekend.
8	MR. ROSVALL: So who should I send that
9	to? I can do it right now.
10	ALJ MILES: Maybe to Mr. Gutierrez. I
11	think he's compiling all the exhibits.
12	Am I misspeaking, Mr. Gutierrez?
13	MR. ROSVALL: I'll send it to your
14	you, your Honor, Mr. Parker, and
15	Mr. Gutierrez. We'll handle it that way.
16	ALJ MILES: Okay. All right. So I
17	think we've come to the end of our business,
18	and there being no further business, we can
19	officially go off the record, Madam Court
20	Reporter.
21	(Whereupon, at the hour of 3:38
22	p.m., this matter having been continued to 9:30 a.m., August 1, 2022, the
23	Commission then adjourned.)
24	* * * *
25	
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1	BEFORE THE PUBLIC UTILITIES COMMISSION
2	OF THE
3	STATE OF CALIFORNIA
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5	
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14	EVENTS OF THE MATTER OR THE OUTCOME OF THE PROCEEDING.
15	EXECUTED THIS AUGUST 11, 2022.
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