PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Communications Division **RESOLUTION T-17336**
Carrier Oversight & Programs Branch **July 10, 2014**

R E S O L U T I O N

RESOLUTION T-17336. Response to Calaveras Telephone Company's Application for Rehearing (A. 09-03-006) of Resolution T-17184 on the Issue of Ratepayer Contribution to Employee Profit Sharing Plan.

By Advice Letter 303-B filed on December 1, 2009.

Summary

This Resolution responds to Decision (D.) 09-10-057, which addressed Calaveras Telephone Company's (Calaveras) Application for Rehearing of Resolution (R.) T-17184 in (A.) 09-03-006. Although D.09-10-057 denied Calaveras' Rehearing Application in large part, the Commission granted a limited rehearing on the issue related to the ratepayer funding of Calaveras' Employee Profit Sharing Plan (EPSP). This Resolution addresses the limited rehearing issue, and Communications Division (CD) proposes no change to the amount of ratepayer contribution to Calaveras' EPSP that was adopted in R.17184 for Test Year (TY) 2009 from the California High Cost Fund (CHCF)-A.

Background

Calaveras (U-1004-C) is a small incumbent local exchange carrier (ILEC) serving approximately 3,700 access lines in Calaveras County and areas contiguous thereto, furnishing local, toll and access telephone services. Calaveras' principal place of business is located in Copperopolis, California. Calaveras serves two exchanges, Copperopolis and Jenny Lind.

Calaveras filed its General Rate Case (GRC) on December 21, 2007, for TY 2009, through Advice Letter (AL) 303 in compliance with D.01-05-031. On January 29, 2009, the Commission adopted R.17184, which authorized Calaveras to receive $2,071,163 in California High Cost Fund (CHCF)-A support for TY 2009 beginning on January 1, 2009.

On March 2, 2009, Calaveras filed an Application for Rehearing (A.09-03-006) of R.17184 asserting that:

- The 38% benefits to salary ratio was not reasonably calculated;
- The Commission improperly eliminated compensable absences (sick leave and vacation) and medical insurance and other employee insurance programs and decreased worker compensation insurance;
- Language that refers to the adoption of a "cap" on benefits is objectionable;
- R.17184, Finding of Fact No. 9, which states that: "[T]he Commission finds CD's benefit adjustments to be reasonable for rulemaking purposes," is not supported by substantial evidence in the record, is not supported by findings, and is arbitrary and capricious;
- It will be impossible for Calaveras to provide meaningful medical insurance to its employees if the 38% ratio is adopted;
- There are no basic facts identified or discussed in the Resolution that can be derived directly from the record, to support the determination that the ratepayer funding to the EPSP (retirement plan) should be 10%, and not 15%;
- There are several due process issues.

In A.09-03-006, Calaveras also:

- Challenged the Resolution's non-adoption of a demand elasticity factor regarding basic rate increases;
- Requested oral arguments pursuant to Rule 16.3 of the Commission Rules of Practice and Procedure;
- Requested approval of a memorandum account to record any revenues not provided for by the resolution that the Commission orders as a result of the rehearing request.

On October 29, 2009, the Commission adopted D.09-10-057, denying a rehearing on all issues raised in A.09-03-006, except for the issue regarding the funding level for EPSP, and modified R.17184 for purposes of clarification, as follows:

- References to a "cap" on benefits should be removed from the language in the Resolution;
- Language used to explain the reasons expressed in adopting 38% benefits to salary ratio is modified;
- Granted a limited rehearing to reconsider the determination of the 10% ratepayer funding of the Employees Profit Sharing Plan, with Ordering Paragraph (O.P.) 3 (a) through (e) requiring Calaveras to respond to five questions;

- Allowed for the possibility of evidentiary hearings, pending CD staff recommendation in a Resolution addressing the Commission-ordered supplemental Advice Letter (AL 303-B), in which O.P. 5 set forth that Calaveras should explain why evidentiary hearings are necessary, and what material factual issues are in dispute warranting evidentiary hearings.

Additionally, Calaveras filed a Petition for Modification (A.09-06-017) of R.17184 on June 16, 2009, asserting among other things that CD staff made calculation and methodological errors in determining the CHCF-A draw. Upon review of the Petition, the Commission adopted D.10-09-007 on September 2, 2010, and increased Calaveras' draw for TY 2009 from 2,071,163 to $2,148,967, a net increase of $77,804,

Notice/Protests

Calaveras' AL 303-B appeared in the Commission's Daily Calendar on February 10, 2010. No protests to the AL filing were received.

Discussion

O.P. 2 of D.09-10-057 states, "A limited rehearing is granted on the issue regarding the Resolution's determination regarding the 10% ratepayer funding of the Employees Profit Sharing Plan." In granting the limited rehearing, the Commission in O.P. 3 ordered Calaveras to answer five questions addressing the issue of ratepayer funding of EPSP, and in O.P. 4 ordered that these responses be submitted by Calaveras as a supplement to AL 303.

Calaveras served responses to D.09-10-057, O.P. 3 (a) through (e) questions in supplemental AL 303-B on November 30, 2009, attaching reports dated January 15 and November 30, 2009, respectively, prepared by Dr. John S. Hekman, Ph.D of the Law and Economics Consulting Group (LECG; Hekman report); the Telergee Benchmarking Study of Rural ILEC Benefits and Application to 2008 California Small LEC General Rate Cases (Telergee Report); and the 2008 Northwest Utilities Salary, Wage & Benefits Survey (Milliman Report).

<u>D.09-10-057, O.P. 3 Questions and Calaveras' Response:</u>

O.P. 3 (a.) of D.09-10-057:

What is the basis for Calaveras' determination that a 15% ratepayer contribution towards the Employees Profit Sharing Plan (retirement plan) is reasonable? Please provide any documentation to support your response.

Calaveras Response to O.P. 3 (a.):

Calaveras responded to O.P. 3(a.) with five attachments:

- The November 30, 2009 report that compares the retirement plan offered by Calaveras, at a 15% annual employer contribution rate, to numerous other employers in Calaveras' geographic region that compete for the same employee skill sets as Calaveras.

- The January 15, 2009 report, which analyzed data used by CD Staff in determining the benefits to salaries ratio utilized in Resolution T-17184, and analyzed the Bureau of Labor Statistics (BLS) data referred to by CD Staff in connection with other telephone companies' draft General Rate Case resolutions. It also analyzed the results of two other benefits to salaries ratios studies of telephone companies throughout the United States and utilities in the Pacific Northwest; and data concerning benefits paid to employees of the state of California.

- A summary of the 2008 Telergee Benchmarking Study of 207 local exchange carriers throughout the United States. This study includes salaries and benefits data for each of the participating companies and yields an overall benefits (including employer contributions to employee retirement plans) to salaries ratio of 59.6%. The study included an analysis that shows how Calaveras utilized the Telergee data to arrive at the 59.6% ratio.

- The Milliman 2008 Northwest Utilities Salary, Wage & Benefits Survey of 75 major utility organizations in the Northwest United States, including rural telephone companies. This study includes salaries and benefits data for each of the participating organizations and yields an overall benefits to salaries ratio (including employer contributions to employee retirement plans) of 52.9%.

- The BLS data set utilized by Dr. Hekman in his report dated January 15, 2009.

Based on the above referenced data sources, Calaveras concludes that an employer contribution of 15% is both justified and appropriate to recruit and retain its skilled work force.

O.P. 3 (b.) of D.09-10-057:

What factors should the Commission consider in determining a reasonable amount of ratepayer funding to the employee retirement plan? Should the shareholders and/or employees participate in a share of the employer's contribution along with the ratepayers? Why or why not?

Calaveras Response to O.P. 3 (b.):

Calaveras states that the Commission should consider all relevant information, including benefits provided by public and private employers that employ staff with similar skill sets to Calaveras, and economic factors that influence the competition for skilled workers. These might include the potentially severe consequences of high turnover on both Calaveras and its customers, the inability of Calaveras to recruit and retain skilled employees, and the Commission's stated policy of protecting utility employees as described in the Application of Calaveras Telephone Company (U-1004-C) for Rehearing of Resolution T-17184 (Application 09-03-006, Filed March 2, 2009). The Commission should not consider information that is not relevant to Calaveras and its ability to recruit and retain skilled employees, including information related to the benefits of entities that are dissimilar to Calaveras such as fast food restaurants, motels, and small water companies that are barely solvent. Such data is included in the broad BLS data set utilized by CD Staff in its analysis.

Calaveras states that the question of "Should the shareholders and/or employees participate in a share of the employer's contribution along with the ratepayers?" is irrelevant. It states that the true question should be, "What level of benefits is necessary for Calaveras to recruit and retain skilled employees?" The answer to this question should determine the benefits to be borne by ratepayers, as Calaveras is authorized to recover its regulated expenses and earn a reasonable rate of return on its rate base from ratepayers.

O.P. 3 (c.) of D.09-10-057:

Should the Commission consider the maximum and minimum ratepayer funding of employer contributions to employee retirement plans offered by other telecommunications companies in California such as Sprint, AT&T, Verizon, Qwest and Ponderosa? Why or why not?

Calaveras Response to O.P. 3 (c.):

Calaveras states that "The Commission should consider the benefits provided by employers in the industry and those that employ persons with similar skill sets. However, this comparison should focus on the entire benefits packages provided by these employers and not focus on a single element. It is the entire benefits package that a company utilizes to recruit and retain skilled employees. Individual benefits may vary significantly between employers. As an example, the question refers to The Ponderosa Telephone Company (Ponderosa), which Calaveras understands to provide a 10% employer contribution to its employee retirement plant (sic). However, Calaveras understands that Ponderosa also provides a matching contribution to employee 401(k) accounts. This is a retirement benefit that Calaveras does not offer but should be included in any comparison of the retirement benefits between the two companies.

O.P. 3 (d.) of D.09-10-057:

If the Commission were to determine, for example, that the average ratepayer funding of employer contributions to employee retirement plans offered by other telecommunications companies is 6%, why would 10% not be a reasonable amount to use for Calaveras?

Calaveras Response to O.P. 3 (d.):

Calaveras states that it is not "aware of any data that would support such a finding and will not respond to hypothetical data. It states that the Commission must determine the level of benefits, including employer contributions to employee retirement plans, necessary for Calaveras to recruit and retain employees in a competitive marketplace. Calaveras believes that the report prepared by Dr. Hekman, dated November 30, 2009, shows that the level of employer contributions to employee retirement plans necessary for Calaveras to recruit and retain a skilled work force falls in the range of 16% to 20%."

O.P. 3 (e.) of D.09-10-057:

What other sources of information should the Commission consider in determining the appropriate ratepayer funding for Calaveras' contribution to its Employee Profit Sharing Plan?

Calaveras Response to O.P. 3 (e.):

Calaveras responded that it "believes that the Commission should give strong consideration to the reports prepared by Dr. Hekman, and the underlying source data, in its determination. In particular, local County data comparisons provide particularly valuable, as Dr. Hekman demonstrates."

<u>Additional CD Discovery Requested through Data Request</u>

On April 15, 2010, CD sent a follow-up data request to Calaveras asking for more information because it did not adequately respond to the questions in D.09-10-057, O.P.3 (a.) through (e.) in its supplemental A/L.

On April 30, 2010, Calaveras submitted its reply to CD's data request as follows:

- Asserted that whether employees do or do not contribute to the EPSP is not relevant. Also, Calaveras stated that in order to attract a skilled workforce, the Calaveras contribution needs to be in the 16% to 20% of salary range.

- Asserted that the previous replies including the January 15, 2009 report are the sources of information the Commission should consider.

- Discussed the difference between a defined contribution plan such as is provided by Calaveras, and a defined benefit plan. Calaveras stated that the reasonableness of the Calaveras contribution to the retirement benefit, no matter how the plan is structured, is the relevant issue.

- Stated that the January 15 and November 30, 2009 reports and the narrative portion of AL 303-B refer to all of the data that Calaveras is familiar with. With reference to the additional discovery request excluding ILEC data in the response, Calaveras questioned why data from Ponderosa to answer this question could not be considered, when the second question allowed for Ponderosa data.
- Stated that the reason Calaveras encounters difficulties recruiting and retaining skilled workers is that these positions require special skills not generally possessed by the Calaveras County workforce at large or from those unemployed in the county. The last four employees hired by Calaveras came from outside of the county or state. While the data request referred to per-capita income, Calaveras believes that household income is a more relevant comparison and believed the 2008 median employee income of $58,240 approximates the 2008 (per United States Census data) county median for household income of $57,703.

- Responded that Calaveras employees are not covered by a collective bargaining agreement; in response to the second and third parts of the question, Calaveras asserted that it should be compared to unionized companies in the private sector because Calaveras competes with unionized companies for skilled employees.

<u>CD Analysis of Calaveras Replies to D.09-10-057, O.P. 3(a.)-3(e.) and Subsequent Data Request</u>

O.P. 3 (a.) of D.09-10-057
Calaveras did not specifically address the question of why a 15% "ratepayer" contribution towards the EPSP is reasonable. Calaveras referred to Dr. Hekman's and Milliman's Reports to discuss the benefits to salary ratio, which was not part of the question. In the subsequent data request, CD asked Calaveras to provide names of employers and specific data that support a 15% ratepayer contribution to pension plans. However, Calaveras gave no specific data to support its position other than to assert that Dr. Hekman's report is all the data it is aware of. Since Calaveras provided no reasonable basis for ratepayers paying the entire amount of the retirement contribution, CD staff finds Calaveras' argument for a 15% ratepayer contribution to the EPSP to be unpersuasive and without merit.

O.P. 3 (b.) of D.09-10-057
The Commission asked Calaveras what factors should be considered in determining a reasonable amount of ratepayer funding of the EPSP. Calaveras, however, did not identify any factors that should be used to determine the amount of ratepayer funding. Instead, Calaveras asserted that the question asking whether shareholders and/or employees participation in a share of the employer's contribution along with ratepayers

is "irrelevant" as Calaveras believes the level necessary to recruit and retain skilled workers is the amount of ratepayer funding necessary. Calaveras asserted that it is authorized to recover its regulated expenses and earn a reasonable rate of return on its rate base. Calaveras failed to adequately respond to the question of how much shareholders and employees should contribute, but instead asserted that all funding should come from ratepayers. Therefore, Calaveras provided no compelling rationale as to why ratepayers should contribute more than 10% to EPSP.

In responding to the data request, Calaveras restated that shareholder and/or employee contributions to the Calaveras EPSP are not relevant to the AL; that the Commission should only consider information relevant to Calaveras' ability to recruit and retain skilled employees; and that the entire contribution should be borne by ratepayers as Calaveras is authorized to recover its regulated expenses and earn a reasonable rate of return. Calaveras discussed the EPSP plan structure in detail but failed to answer the question.

OP 3 (c.) of D.09-10-057
Calaveras did not address the question of whether the Commission should consider the maximum and minimum ratepayer funding of retirement plans offered by other telecommunications companies, including Ponderosa. Calaveras stated that the Commission should focus on the entire benefits package provided by these employers and not focus on a single element; this response is non-responsive.

Calaveras referred to Ponderosa's 10% employer contribution to its employee retirement plan, suggesting that this factor contributed to CD's decision to only permit 10% ratepayer funding of Calaveras' EPSP, and making anecdotal reference to Ponderosa's 401K plan that provides employer matching contributions. Calaveras provided no further detail about the Ponderosa benefits plan.

In response to the data request, Calaveras cited Dr. Hekman's reports, and provided information on the plan it offers employees. However, Calaveras did not discuss whether the Commission should consider the minimum and maximum ratepayer funding of employer contributions offered by other telecommunications companies and therefore its response is inadequate and unpersuasive.

OP 3 (d.) of D.09-10-057
Calaveras did not address the hypothetical question that if the Commission were to determine that the average ratepayer funding of employer contributions to employee retirement plans offered by other telecommunications companies is 6%, why would 10% ratepayer funding not be a reasonable percentage to use for Calaveras? Calaveras stated it was not aware of any data supporting such a finding and would not respond to hypothetical data. Instead, Calaveras stated that Dr. Hekman's report shows that in order to recruit and retain a skilled work force, the employer contribution should be

16%-20%. In response to CD's data request, Calaveras further supported its position by citing the report that (Summary of Opinions II, page 2) "The small LEC's benefits are also comparable to employees in the private sector who are covered by collective bargaining agreements." Calaveras also stated that its employees are not covered under a collective bargaining agreement, but justified its proposed benefit level by stating that competition for the services and loyalty of unionized employees requires comparable benefits and asserted that Calaveras must compete with unionized employers for skilled employees.

CD conducted a study of large telecommunications companies and water companies retirement plans in 2010. Table 1 reflects, with one possible exception, that the retirement plans offered by these companies are typically less generous than the Calaveras retirement plan.

Table 1
CD Survey of Large Telecommunications Companies and Water Companies Retirement Plans

Entity	Employee Contribution	Employer Contribution
Telco 1	Voluntary up to 75% of eligible compensation	Match up to 3% of eligible compensation
Telco 2	Voluntary up to Internal Revenue Service maximum %	Below 12% of hourly wage on a per capita basis
Telco 3	0%	0%
Telco 4	Voluntary up to 16% of eligible compensation	Match up to 4.9% of eligible compensation
Large water company	Voluntary up to IRS maximum	5%-11% depending upon number of service years
Small Water Companies	Not applicable	Not a standard practice

OP 3 (e.) of D.09-10-057
This question asked for "other sources" of information in order for the Commission to make a decision about the appropriate level of ratepayer contribution to the Calaveras EPSP. Calaveras did not provide any other sources and merely restated Dr. Hekman's report and, in particular, local Calaveras County data in the report. Moreover, the Dr. Hekman report does not discuss the level of ratepayer funding versus the amount that should come from shareholders.

<u>Evidentiary Hearings</u>
O.P. 5 of D.09-10-057 reads, "Should it be determined that evidentiary hearings are necessary, CD staff should make this recommendation in the Resolution. Calaveras

may also request evidentiary hearings by making such a request in the Supplemental AL. Calaveras should explain why evidentiary hearings are necessary, and what material factual issues are in dispute, warranting evidentiary hearings before an Administrative Law Judge."

Calaveras requested evidentiary hearings in AL 303-B, but did not identify any issues of material fact in dispute that would warrant evidentiary hearings. Since Calaveras did not offer any material factual issues, CD does not recommend evidentiary hearings in this Resolution.

Comments on Draft Resolution

In compliance with PU Code § 311(g), the Commission e-mailed on, June 10, 2014, a notice letter informing the 13 Small ILECs, the CHCFA-Administrative Committee, parties of record in Rulemaking 01-08-002 and parties on the service list of Application 99-09-044 of the availability of this draft Resolution for comments, as well as the availability of the conformed resolution, if adopted by the Commission, on the Commission's website www.cpuc.ca.gov.

Safety Considerations

It is Calaveras' responsibility to adhere to all Commission rules, decisions, General Orders and statutes including Public Utilities Code § 451 and to take all actions "…necessary to promote the safety, health, comfort and convenience of its patrons, employees, and the public." The CHCF-A program helps to promote universal service in remote rural areas by subsidizing telephone rates, which enhances the safety of customers in those areas by providing access to 911 and other emergency services.

Conclusion

After detailed review of this matter, CD finds that the information Calaveras submitted in response to the questions above failed to provide sufficient evidence that would support a finding that the ratepayer funding to the EPSP (retirement plan) should be 15%, and not 10%; CD finds that a 10% ratepayer contribution to the Calaveras EPSP is reasonable and therefore, recommends no change in CHCF-A support amount for Calaveras to GRC Resolution T-17184. Calaveras' draw from CHCF-A Fund for TY 2009 will remain unchanged at $2,148,967.

Findings and Conclusions

1. Calaveras Telephone Company (Calaveras) filed its General Rate Case (GRC) for Test Year (TY) 2009, by Advice Letter 303, on December 21, 2007.
2. On January 29, 2009, the California Public Utilities Commission adopted Resolution T-17184, approving the Calaveras GRC for TY 2009 California High Cost Fund (CHCF)-A support of $2,071,163.
3. On March 2, 2009, Calaveras filed an Application for Rehearing (A.) 09-03-006 of Resolution T-17184, asserting several legal errors.
4. On October 29, 2009, the Commission adopted Decision (D.)09-10-057, denying a rehearing on all issues raised in A.09-03-006, modifying Resolution T-17184 for purposes of clarification, and granting a limited rehearing to reconsider the determination of the 10% ratepayer funding of the Employees Profit Sharing Plan (EPSP). In granting the limited rehearing, the Commission in Ordering Paragraph 3 (a) through (e) ordered Calaveras to answer five questions regarding EPSP funding and submit a supplement to AL 303.
5. On June 16, 2009, Calaveras filed a Petition for Modification of Resolution T-17184 in A.09-06-017, asserting calculation and methodological errors in determining Calaveras' CHCF-A draw.
6. On September 2, 2010, the Commission adopted Decision 10-09-007, granting, in part, Calaveras' Petition for Modification to correct calculation errors and approved a $77,804 increase in the Calaveras CHCF-A draw for TY 2009, increasing the total draw from $2,071,163 to $2,148,967 and closing A.09-06-017.
7. On November 30, 2009, Calaveras filed AL 303-B in response to O.P. 3 (a) through (e) of D.09-10-057. The supplemental AL included attachments: a report commissioned by Calaveras, written by John Hekman Ph.D (Dr. Hekman report); the 2008 Telergee Benchmarking Study (Telergee Study); and 2008 Northwest Utilities Salary, Wage & Benefits Survey (Milliman Report).
8. D.09-10-057, O.P. 3 (a) requested that Calaveras provide the basis for its determination that a 15% ratepayer contribution to the retirement plan is reasonable. Calaveras' response asserted that a 16% to 20% employer contribution to the retirement plan is necessary to compete with other employers in the geographical area.
9. D.09-10-057, O.P 3. (b) asked Calaveras which factors should be considered in determining a reasonable amount of ratepayer funding to the retirement plan. Calaveras responded that the Commission should consider all relevant information, including benefits provided by employers requiring similar skill sets, and questioned whether shareholder/employee participation in contributing is relevant.
10. D.09-10-057, O.P. 3 (c) asked Calaveras if the Commission should consider the maximum and minimum ratepayer funding of employer contributions to

retirement plans offered by other telecommunications companies in California. Calaveras responded that a comparison should focus on the aggregate of a benefits package.

11. D.09-10-057, O.P. 3 (d) asked Calaveras that if average ratepayer funding of employer contributions to retirement plans offered by other telecommunications companies is 6%, why would 10% not be a reasonable amount to use for Calaveras? Calaveras responded that it is not aware of any data to support such a finding. and cited previously submitted documentation asserting that the level of employer contributions to the retirement plan must be 16% to 20%.

12. D.09-10-057, O.P. 3 (e) asked Calaveras to provide additional sources of information that the Commission should consider in determining Calaveras' contribution to its EPSP. Calaveras cited the Dr. Hekman report.

13. On April 15, 2010, citing unacceptable responses to O.P.3 (a) through (e), CD sent a data request asking Calaveras to answer six questions to gather further information responding to the questions as asked in the Ordering Paragraphs.

14. On April 30, 2010, Calaveras submitted its response to all questions posed in the data request.

15. As to D.09-10-057, O.P. 3 (a), in the data request CD asked Calaveras to provide names of employers and specific data that support a ratepayer-funded 15% contribution to pension plans. Calaveras cited Dr. Hekman's report in response, but provided no basis for the reasonableness of ratepayers paying the entire amount of the retirement contribution. .

16. As to D.09-10-057, O.P. 3 (b), Calaveras' data request response stated that shareholder and/or employee contributions to the Calaveras EPSP are not relevant to the AL; that the Commission should only consider information relevant to the ability to recruit and retain skilled employees; and that the entire contribution should be borne by ratepayers. Calaveras discussed the EPSP plan structure in detail but did not answer the question.

17. As to D.09-10-057, O.P. 3 (c), and in response to the data request, Calaveras cited Dr. Hekman's reports, and provided information on the plan it offers employees, but did not discuss minimum and maximum ratepayer funding of employer contributions for the listed telecommunications companies and therefore did not answer the question.

18. In its response to D.09-10-057, O.P. 3 (d), Calaveras supported its position by stating that "The small LEC's benefits are also comparable to employees in the private sector who are covered by collective bargaining agreements." Calaveras stated that its employees are not covered under a collective bargaining

agreement, but asserted that Calaveras must compete with unionized employers for skilled employees. Table 1 in the discussion reflects that benefit plans of several telecommunications companies are typically less generous than the Calaveras plan.

19. In D.09-10-057, O.P. 3 (e), Calaveras asserted in the data request that it has difficulty attracting and retaining employees, yet it was able to fill its last four positions, and there was no discussion regarding concern over employee retention issues. Overall, CD is not persuaded by the rationale Calaveras used to justify recruiting and retaining its workforce locally.

20. Calaveras failed to provide sufficient evidence that would support a finding that the ratepayer funding to the EPSP (retirement plan) should be 15%, and not 10%.

21. CD recommends that ratepayer funding of Calaveras' EPSP remain unchanged at 10%.

22. Calaveras requested evidentiary hearings in response to O.P. 5 of D.09-10-057, but failed to identify any issues of material fact in dispute.

23. CD does not recommend evidentiary hearings in this Resolution.

THERFORE, IT IS ORDERED that:

1. Calaveras Telephone Company's request for a 15% ratepayer funding to its Employee Profit Sharing Plan is denied.

2. Calaveras Telephone Company's Test Year 2009 California High Cost Fund-A support is $2,148,967.

3. Application 09-03-006 is closed.

This Resolution is effective today.

I certify that the foregoing Resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on July 10, 2014, with the following Commissioners voting in support thereof:

PAUL CLANON
Executive Director