

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Carrier Oversight & Programs Branch**

**RESOLUTION T- 17461
January 15, 2015**

R E S O L U T I O N

Resolution T-17461. This Resolution Adopts \$32.995 Million in California High Cost Fund-A Support for Calendar Year 2015.

Summary

This Resolution adopts a total of \$32.995 million in California High Cost Fund-A (CHCF-A) support for Calendar Year (CY) 2015 to be disbursed to the following ten Small Incumbent Local Exchange Carriers (Small ILECs): 1) Calaveras Telephone Company; 2) Cal-Ore Telephone Company; 3) Ducor Telephone Company; 4) Foresthill Telephone Company; 5) Kerman Telephone Company; 6) Pinnacles Telephone Company; 7) The Ponderosa Telephone Company; 8) Sierra Telephone Company; 9) Siskiyou Telephone Company; and 10) Volcano Telephone Company. The remaining three Small ILECs, Happy Valley Telephone Company, Hornitos Telephone Company, and Winterhaven Telephone Company did not request any CHCF-A support for CY 2015. This compares to \$34.259 million in CHCF-A support for CY 2014, representing a 3.7% decrease in support between CYs 2014 and 2015.

Table 1 provides monthly and yearly CHCF-A support amounts that are authorized by this Resolution for the ten Small ILECs that requested CHCF-A support for CY 2015:

Table 1		
Small Incumbent Local Exchange Carrier	Monthly Support 2015	Yearly Support 2015
Calaveras Telephone Company	\$184,464.03	\$2,213,568.35
Cal-Ore Telephone Company	\$87,849.72	\$1,054,196.69
Ducor Telephone Company	\$197,291.57	\$2,367,498.83
Foresthill Telephone Company	\$205,819.42	\$2,469,833.04
Kerman Telephone Company	\$295,431.05	\$3,545,172.58
Pinnacles Telephone Company	\$21,591.74	\$259,100.85
The Ponderosa Telephone Company	\$308,916.53	\$3,706,998.34
Sierra Telephone Company	\$998,443.10	\$11,981,317.19
Siskiyou Telephone Company	\$168,602.91	\$2,023,234.88
Volcano Telephone Company	\$281,201.34	\$3,374,416.10
	\$2,749,611.41	\$32,995,336.85

This Resolution directs the Communications Division (CD) in concert with the Administrative Services Division (ASD) to issue the authorized support payments to each of Small ILECs on a monthly basis within 30 days after the close of each calendar month. The CY 2015 support payments are contingent on the availability of funds and the State adoption of the CHCF-A program budgets covering the payments authorized for CY 2015 CHCF-A support in this Resolution.

Background

The California High Cost Fund (HCF) was originally established in Decision (D.) 88-07-022, and subsequently modified in D.91-05-016 and D.91-09-042, to provide a source of supplemental revenues to three mid-size and seventeen Small ILECs whose basic exchange access line service rates would otherwise be increased to levels that would threaten universal service. These decisions adopted program rules and guidelines, including the requirement that each Small ILEC must submit an annual advice letter requesting high cost support, and appointed Pacific Bell as the administrator of the fund.

In D.96-10-066, the California Public Utilities Commission (Commission) changed the name of HCF to CHCF-A, and also created the California High Cost Fund-B (CHCF-B). This decision included Pacific Bell (now AT&T), GTE California Incorporated (now Verizon),¹ Roseville Telephone Company (now SureWest), and Citizens Telecommunications Company of California (now Frontier) in the CHCF-B for the purpose of determining universal service subsidy support and continued to maintain the CHCF-A for the 17 Small ILECs. This decision also directed the Commission to take over the administration of the CHCF-A from Pacific Bell.

¹ Verizon Telephone Company resulted from the merger of GTE of CA and GTE Contel.

In Resolution T-16092, the Commission approved the transfer of administrative control of the CHCF-A from Pacific Bell to the Commission effective January 1, 1998. In D.98-06-065, the Commission renamed the advisory committee as California High Cost Fund-A Administrative Committee (AC) and revised the governance of the CHCF-A consistent with state law.²

In October 1999, Public Utilities (P.U.) Code §§ 270-281 were codified pursuant to the enactment of Senate Bill (SB) 669 (Stats. 1999, Chapter 677). Section 270(b) requires that the monies in the CHCF-A be expended pursuant to §§ 270-281 and upon appropriation in the annual state Budget Act. Since Fiscal Year (FY) 2001-02, the CHCF-A fund expenditures have been authorized through the state's Annual Budget Act. P.U. Code § 275.6 requires the Commission to implement the CHCF-A program to reduce any rate disparity in rural areas charged by small telephone corporations that are subject to rate-of-return regulation. Rate-of-return regulation authorizes the Small ILECs the opportunity to earn up to a specific rate-of-return. To facilitate that opportunity, program funding bridges the revenue differential between the basic service rate revenue paid by Small ILEC customers, and the revenue requirement needed by a Small ILEC to achieve the authorized rate-of-return. The CHCF-A program is scheduled to sunset on January 1, 2019.³

In D.08-10-010, the Commission authorized the consolidation of three Small ILECs: Citizens Telecommunications Company of Tuolumne, Citizens Telecommunications Company of the Golden State and Global Valley Networks, Inc. with the midsize ILEC of Citizens Telecommunications Company of California Inc., which is now known as Frontier Communications, and subject to the CHCF-B Fund. This consolidation reduced the total number of Small ILECs eligible for CHCF-A support from 17 to 14. Additionally, D.13-05-028 authorized the consolidation of Frontier Communications West Coast Inc. into Citizens Telecommunications Company of California Inc. (doing business as Frontier Communications of California), reducing the number of Small ILECs from 14 to 13. Accordingly, 13 Small ILECs now provide service in rural areas of California and are eligible for CHCF-A funding.

In determining HCF guidelines, D.91-09-042 set forth a monthly basic residential flat rate for Small ILECs at 150% of AT&T's "urban basic rate", the minimum amount to be charged to customers to qualify for CHCF-A funding eligibility. After AT&T and other large carriers gained authority to implement pricing flexibility – giving the large carriers authority to increase basic service rates without submitting a formal filing – the Small ILECs submitted Application (A.)09-01-002 requesting modification of D.91-09-

² By D.01-09-064, the Commission revised the charter of CHCFA-AC to conform to SB 669.

³ On September 22, 2014, the Governor signed into law SB 1364, extending the program from January 1, 2015, to January 1, 2019. The bill is codified in Public Utilities Code § 275.6(g).

042 so that Small ILECs would no longer have to charge for basic service at the 150% urban basic rate threshold. D.10-02-016 denied the application to modify D.91-09-042, affirming that meeting the 150% threshold set forth in D.91-09-042 should be interpreted as a requirement to receive CHCF-A funding, but at the same time ordering a rulemaking to address issues raised by the application, and as an interim measure, suspending the 150% threshold by implementing a basic residential flat rate of \$20.25 per month, holding that this rate would remain in effect until the Commission changed the rate in the ordered rulemaking (CHCF-A Order Instituting Rulemaking (R.) 11-11-007). On December 18, 2014, the Commission adopted D.14-12-084 in R.11-11-007. Ordering Paragraph (O.P.) 9 states, "The Small Incumbent Local Exchange Carriers' Basic Residential Service Rates must be in a range of \$30, inclusive of additional charges, to \$37.00, inclusive of additional charges. This rate range of \$30.00 to \$37.00 will be presumptively reasonable and non-rebuttable. Actual rates will be set in the individual General Rate Cases of the Small Incumbent Local Exchange Carriers."

Notice of Advice Letters

Between September and October, 2014, the 13 Small ILECs submitted their annual CHCF-A advice letter filings in accordance with D.91-09-042. Ten of the 13 Small ILECs requested a total CY 2015 CHCF-A support of approximately \$33.143 million. Three carriers did not request any CHCF-A support: Happy Valley Telephone Company, Hornitos Telephone Company, and Winterhaven Telephone Company.

Table 2 provides a summary of the advice letter filings of the 13 Small ILECs:

Table 2				
By Advice Letter No.	Filed By:		Date Filed:	2015 Yearly Support Requested (in millions):
345	Calaveras Telephone Company	(Calaveras)	9/15/2014	\$2.422
360A	California -Oregon Telephone Company	(Cal-Ore)	10/23/2014	\$1.140
359	Ducor Telephone Company	(Ducor)	9/15/2014	\$2.265
324A	Foresthill Telephone Company	(Foresthill)	10/17/2014	\$2.452
347	Happy Valley Telephone Company	(Happy Valley)	9/18/2014	\$0.000
318	Hornitos Telephone Company	(Hornitos)	9/18/2014	\$0.000
401	Kerman Telephone Company	(Kerman)	9/15/2014	\$3.513
264	Pinnacles Telephone Company	(Pinnacles)	9/15/2014	\$0.239
439	The Ponderosa Telephone Company	(Ponderosa)	10/1/2014	\$3.707
429	Sierra Telephone Company	(Sierra)	9/11/2014	\$11.981
394	Siskiyou Telephone Company	(Siskiyou)	9/10/2014	\$2.009
384	Volcano Telephone Company	(Volcano)	9/15/2014	\$3.415
241	Winterhaven Telephone Company	(Winterhaven)	9/18/2014	\$0.000
			TOTAL	\$33.143

The 13 Small ILECs' 2015 CHCF-A advice letter filings appeared in the Commission's Daily Calendar during September and October 2014.

Protests

On September 30 and October 6, 7 and 20 of 2014, Office of Ratepayer Advocates (ORA) filed protests to ten of the thirteen advice letters: Calaveras' AL 345, Cal-Ore's AL 360, Ducor's AL 359, Foresthill's AL 324, Kerman's AL 401, Pinnacles' AL 264, Ponderosa's AL 439, Sierra's AL 429, Siskiyou's AL 394 and Volcano's AL 384. No other parties submitted protests.

ORA's protests claim that the Small ILECs failed to adequately support the reasonableness of their CHCF-A fund requests for CY 2015 and raised the following points:

- Calaveras, Cal-Ore, Ducor, Kerman, Pinnacles, Ponderosa, Sierra and Siskiyou did not provide adequate California LifeLine Program (LifeLine) incremental administrative cost documentation demonstrating that expenditures underlying the claimed administrative costs are truly incremental for LifeLine customers only. Without supporting documentation, ORA states that the Commission and ORA cannot verify that the asserted numbers are accurate or verify their appropriateness under the Commission guidelines.
- Kerman and Pinnacles' claims for non-recurring LifeLine reimbursement were not adequately documented. In the absence of adequate supporting

documentation, ORA asserts that the Commission must use \$0.03 per customer per month as prescribed by D.10-11-033, Ordering Paragraph 18.

- Calaveras, Cal-Ore, Foresthill, Kerman, and Pinnacles failed to provide supporting data to substantiate the 2014 seven-months operating revenues and operating expenses for the means test calculation, and failed to provide supporting data to substantiate the total amount for operating revenues and operating expenses used in the means test calculation. Without adequate supporting data, ORA states it cannot verify that the asserted numbers are accurate and reasonable.
- Pinnacles' operating expenses for 2014 increased by more than 25% of 2013 expenses. Foresthill's and Kerman's operating expenses for 2014 versus 2013 were significantly higher while operating revenues decreased seven percent for the same period. ORA asserts that no supporting documentation was provided to substantiate these amounts.
- All ten of the Small ILECs drawing from the CHCF-A fund incorrectly claimed adjustments for FCC Inter-carrier Compensation for CY 2015. ORA claims that the Commission should support the FCC's efforts to encourage carrier efficiencies with the Connect America Fund adjustments for Inter-carrier Compensation. ORA further states that these adjustments were intended to induce carrier efficiencies and should not be recovered from the CHCF-A Program.
- An advice letter is not the appropriate method for Ducor to include the impact of the General Rate Case (GRC) Rehearing application (A.09-03-002). The Commission had previously denied the requested modification in the CY 2014 Resolution T-17427 adopted December 19, 2013.

Response to Protests

On October 17 and 27, 2014, the Small ILECs filed reply comments to the ORA protests of the CHCF-A annual advice letter filings. The Small ILECs responded that, contrary to ORA's claims, each of the Small ILECs advice letters were submitted in accordance with the plain language of the CHCF-A program requirements and the requested modifications to CHCF-A are consistent with both the program rules and longstanding historical practice. According to the Small ILECs, the adjustments for inter-carrier compensation and high cost loop support are squarely within the CHCF-A program rules, and that D.91-09-042 explicitly provides that "advice letter filings" will include "all other regulatory changes of industry-wide effect..."⁴

⁴ D.91-09-042 at Appendix, page 2

The Small ILECs further stated that ORA's recommendation to limit the Small ILECs LifeLine claims to \$0.03 (per customer per month) must be rejected as D.10-11-033 does not say what ORA purports to say. The Small ILECs cited D.10-11-033 at p. 91, which states that the Small ILECs are permitted to claim reimbursement for any costs above the allowable LifeLine administrative claim. Accordingly, the Small ILECs dismissed ORA's assertion that the LifeLine process does not provide for "double recovery" of LifeLine administrative costs as unwarranted, and argued that D.10-11-033 allowed rate of return carriers to recover expenses beyond the \$0.50 per customer until each carrier's next rate case.

The Small ILECs responded to the ORA protest of Pinnacles' operating expenses and stated that the expenses, for six out of eight expense categories, declined between 12.61% to 27.72%. The Small ILECs argued that Foresthill's and Kerman's operating expenses and/or revenues are nothing more than normal fluctuations that inform the means test calculation. And the Small ILECs responded that the CHCF-A advice letter process is not intended to involve a reasonableness review of individual cost/revenue items and that type of analysis is reserved for the rate case process.

The Small ILECs responded to ORA's protest regarding Ducor's GRC application for rehearing by stating that they wanted a placeholder in the CHCF-A CY Resolution in case the Commission ruled in their favor.

Finally, to address the FCC's efforts to encourage carrier efficiencies, O.P. 2 in D.14-12-084 requires Small ILECs that receive CHCF-A support to adhere to the FCC's standards for corporate expense limits in their respective rate cases. Additionally, O.P. 8 in this decision requires the Small ILECs to justify additional CHCF-A draws by meeting the federal cap on per line expense criteria, and the one network investment criterion of infrastructure serving to support both voice and broadband deployment.

Discussion

Ten of the thirteen Small ILECs requested a total of \$33.143 million in CHCF-A support for CY 2015. We have reviewed ORA's protests and the Small ILECs' responses and find that the federal reduction to intercarrier compensation and the state program reduction to LifeLine are the result of net settlement effects of regulatory changes to federal and state support mechanisms ordered by the Commission and the FCC, the reimbursement of which the Commission has allowed in past years (D.91-09-042, Appendix, Part B). As such, CD finds that these reimbursements to compensate for the respective federal change in intercarrier compensation and state program change in LifeLine reimbursement proposed by the Small ILECs are reasonable. Additionally, we deny Ducor's request for CHCF-A support modification resulting from its 2009 GRC rehearing application. CD finds that the numbers provided by the Small ILECs are

sufficiently clear. There is further discussion regarding these issues in the CHCF-A Rulemaking R.11-11-007 and/or upcoming GRCs, in Section A.

Accordingly, CD approves and recommends a total of \$32.995 million in CHCF-A fund support for CY 2015 as further discussed in Section A. The specific authorized amounts and the calculations for each of the Small ILECs are provided in the subsequent Section B (CHCF-A Support Summary by Carrier) of this Resolution.

A. 2015 CHCF-A Rules and Orders Considered

CD reviewed the advice letter filings made by the Small ILECs in connection with the CY 2015 CHCF-A revenue requirements and, in many cases, revised their respective requests after reviewing data updates. The \$0.148 million differential between the Small ILECs' cumulative request of \$33.143 million and CD's recommended CHCF-A support of \$32.995 million is due to final Net Interstate Expense Adjustment data provided by the National Exchange Carrier Association (NECA), other adjustments due to FCC and Commission Decisions and rulings, and calculation errors made by the Small ILECs.

CD's total recommended amount is also based on the following FCC and Commission rulings and decisions:

GRCs

On December 28, 2011, Kerman submitted a GRC application in A.11-12-011. The Commission's D.12-12-003 in this ongoing proceeding rejected a Joint Motion for Adoption of All-Party Settlement Agreement between Kerman and ORA. Subsequently, D.13-10-051 adopted a one-year freeze of A.11-12-011, retroactive to January 1 through December 31, 2013, and also adopted a one-year freeze of Kerman's "waterfall" (associated with CHCF-A funding levels between a small ILEC's GRC filing dates as described later this section) to December 31, 2013. This freeze has subsequently been extended.

At the same time, the Commission separately reviewed the CHCF-A program in the ongoing R.11-11-007. In D.13-02-005 on February 13, 2013, the Commission stayed the waterfall mechanism (and associated pending GRC applications) subject to a one-year freeze for all of the Small ILECs except for Kerman. The stay is retroactive to January 1, 2013 and originally extended to December 31, 2013. The decision stated that parties may seek a six-month freeze extension to June 30, 2014 if it appears that the CHCF-A review will not be concluded by December 31, 2013 and may seek another six-month freeze extension to December 31, 2014 if necessary.

On August 14, 2014, the Commission issued D.14-08-010, which extended the current stay of the general rate case schedules and freeze of the waterfall provisions for CHCF-A recipients adopted in D.13-02-005. The current stay of the general rate case schedules and freeze of the waterfall provisions for CHCF-A recipients was set to expire on August 29, 2014,⁵ and was extended. The stay of the general rate case schedules was extended until December 31, 2014. The freeze of the waterfall provisions for CHCF-A recipients was extended to April 2015. The Decision allowed for stay of the general rate case schedules to be extended for three months by a ruling of the assigned Administrative Law Judge if Phase 1 of this proceeding is not completed by December 31, 2014. On December 18, 2014, the Commission adopted D.14-12-084 in R.11-11-007.

Waterfall

Pursuant to the Implementation Rules in D.91-09-042, the phase-down of the CHCF-A funding level is reinitiated effective January 1 following the year after the completion of a Small ILEC's GRC, and follows a six-year course. A Small ILEC's CHCF-A funding level remains at 100% for the first 3 years after GRC completion; the funding level is then reduced to 80% during the fourth year if no subsequent GRC application is submitted. The funding level then drops to 50% during the fifth year if no GRC application is submitted, and the funding level is further reduced to 0% during the sixth year. This 6-year phase down of funding level is known as the Waterfall.

⁵ On April 29, 2014, the Commission's Executive Director granted a request for a 60-day extension of the general rate case deadline.

The funding levels for the 13 Small ILECs for CY 2015 are summarized in Table 3:

Table 3		
Small ILEC	GRC Test Year	CY 2015
Calaveras	2009	100%
Cal-Ore	2009	100%
Ducor	2009	100%
Foresthill	2012	100%
Happy Valley	1997	0%
Hornitos	1997	0%
Kerman	2008	100%
Pinnacles	2009	100%
Ponderosa	2009	100%
Sierra	2008	80%
Siskiyou	2011	100%
Volcano	2008	80%
Winterhaven	1997	0%

Sierra and Volcano did not file a GRC by December 31, 2012. Accordingly, their respective funding levels remain at 80%, because there is a GRC moratorium pending a decision in R.11-11-007. Happy Valley, Hornitos and Winterhaven do not draw support from the CHCF-A fund as their respective funding levels pursuant to the CHCF-A waterfall criteria have reached 0%, and none of these carriers have requested further support from the CHCF-A fund.

Net Interstate Expense Adjustment

Section B of the Implementation Rules in D.91-09-042 authorizes the Small ILECs to include the changes of their federal Universal Service Fund (USF) funding in the annual CHCF-A filings. Under Resolution T-16117, the change of USF funding level must be determined for each carrier by the difference between the forecasted USF support for the current year and the forecasted USF support for the coming year. The current year's forecasted USF support is the amount adopted by the Commission for the current year CHCF-A revenue requirement. The coming year's forecasted USF is the amount projected by NECA, the administrator of USF.⁶

In response to the NECA funding changes, each carrier's CHCF-A CY 2015 support has been adjusted by incorporating final NECA adjustment data in the means test, as

⁶ Data used is the NECA projected 2015 USF payments was provided by NECA on October 1, 2014. NECA updated Cal-Ore's USF payments, and its number was then updated by CD.

described in Section B, titled “CHCF-A Support Summary by Carrier.” In some cases, the final approved support amount exceeds the original support request submitted by a Small ILEC (see Column A versus Column B results for carriers in Appendix A). This may happen when a Small ILEC submits its original estimate for USF; however, CD uses the updated NECA USF projected funding amount when making final updates in preparing the Resolution. This process may cause Small ILECs to receive more or less funding than their original support request.

Revenue Effect Associated with Connect America Fund – Intercarrier Compensation

The FCC’s Connect America Fund (FCC 11-161) instituted comprehensive intercarrier compensation reform and the mechanism is described in Section 851 appeared in the Federal Register, Vol. 76, No. 229, page 73830 on Tuesday, November 29, 2011. In part 39, “For rate-of-return carriers, recovery will be calculated initially based on rate-of-return carriers’ fiscal year 2011 interstate switched access revenue requirement, intrastate access revenues that are being reformed as part of this Order, and net reciprocal compensation revenues. This baseline will decline at five percent annually...”

Revenue Effect Associated with California LifeLine Decision 10-11-033

The Commission by D.10-11-033 modified the California *LifeLine* program. In relation to the Small ILECs, the decision limited the amount carriers can receive for administration and bad debt losses. The Small ILECs are reimbursed for their administrative expenses at up to \$0.50 per weighted average customer count as provided monthly by the California *LifeLine* Administrator until their next GRC. This is reinforced in D.14-01-036, which states “Therefore, rate-of-return companies, operating under Commission-approved tariffs, may seek lost revenue recovery as limited by D.10-02-016 for monthly recurring residential basic telephone service rates from the CHCF-A through the general rate case process (or through an annual advice letter until the general rate case filing year) for monthly recurring residential basic telephone service rates that neither the California Lifeline participant nor the California LifeLine Program will reimburse.⁷ CD staff has reviewed the detail of each ILEC’s *LifeLine*-associated reimbursement request and finds these amounts reasonable. Contrary to ORA’s protest, the Small ILECs have adequately supported these costs and resulting means test calculations.

Revenue Effect Associated with GRC Modification

In its 2015 CHCF-A advice letter filing, Ducor included a proposed modification to its 2015 CHCF-A support for items that are currently pending in an ongoing Application

⁷ D.14-01-036 at page 39

for Rehearing filed in response to its GRC for Test Year 2009. Since this item is currently under review by the Commission, we will not address this matter in this Resolution. After the Commission issues a decision on this matter, CD will make the necessary adjustments to the carriers' CHCF-A support.

Means Test

Section B of the Implementation Rules in D.91-09-042 requires that each Small ILEC's CHCF-A support request be subject to a means test so that the support is limited to forecasted intrastate results of operations and does not exceed the authorized rate of return of 10%. Means test calculation results indicate that Cal-Ore, Ducor, Pinnacles, Ponderosa, Sierra and Volcano forecast earnings at various rates above a 10% rate of return. Therefore – and in those cases – the means test is designed to calculate CHCF-A support that limits those Small ILECs' resulting intrastate revenue requirements to an amount equal to no more than a 10% rate of return.

Additionally, the Small ILECs provide an estimate for Line 5b USF-HCLS (under Net Interstate Expense Adjustment in Attachment A) when submitting their respective ALs. CD uses these final NECA USF-HCLS numbers, which may result in the Small ILEC receiving more or less funding than originally requested.

The means test includes consideration for state operating fixed charges (interest), subject to review by the means test process.⁸ The forecasted earnings must be based on at least seven months of recorded financial data, annualized for the year that the advice letter is filed. D. 91-09-042 also provides that the means test is not required in determining a Small ILEC's CHCF-A funding for the first 12 months after a decision or Resolution is issued by the Commission in a GRC proceeding.

In response to ORA's claim and upon further analysis, we find that the means test supporting financial data provided by the CHCF-A carriers is consistent with past submitted data and is adequate for the purpose of administering the means test calculation.

B. CHCF-A Support Summary by Carrier

CD reviewed the advice letter filings made by the 13 Small ILECs in connection with CY 2015 CHCF-A support requirements. Program support and rate designs for each of the

⁸ D.91-09-042 amending D.91-05-016, replacing Conclusion of Law 3, stating: "The CHCF rules should be modified to limit CHCF support to amounts which would provide no more than the utility's authorized intrastate rate of return or to the current funding level for the year for which CHCF is being requested, whichever is lower, using a "means test" as proposed by DRA. The means test should be based on forecasted intrastate rate of return using at least seven months of recorded data annual for the year in which the CHCF advice letter is filed and adjusted for known Commission regulatory decisions for determining appropriate funding levels for the utility."

13 Small ILECs are summarized below. The detailed tables showing the CHCF-A support for the 13 Small ILECs are itemized in Appendix A.

Calaveras, Page A-1 of Appendix A

Calaveras has a CY 2015 CHCF-A revenue requirement of \$2,213,568.35 (at Line 6, Page A-1 of Appendix A). After the means test, Calaveras will receive \$2,213,568.35 (at Line 11, Page A-1 of Appendix A). Thus, Calaveras should receive monthly CHCF-A support in the amount of \$184,464.03, i.e. one-twelfth of \$2,213,568.35 for January through December 2015.

Cal-Ore, Page A-2 of Appendix A

Cal-Ore has a CY 2015 CHCF-A revenue requirement of \$1,110,113.94 (at Line 6, Page A-2 of Appendix A). After the means test, Cal-Ore has a revenue requirement of \$1,054,196.69 (at Line 11, Page A-2 of Appendix A). Thus, Cal-Ore should receive monthly CHCF-A support in the amount of \$87,849.72, i.e. one-twelfth of \$1,054,196.69, for January through December 2015.

Ducor, Page A-3 of Appendix A

Ducor has a CY 2015 CHCF-A revenue requirement of \$2,692,457.15 (at Line 6, Page A-3 of Appendix A). After applying the means test, Ducor has a revenue requirement of \$2,367,498.83 (at Line 11, Page A-3 of Appendix A). Thus, Ducor should receive monthly CHCF-A support in the amount of \$197,291.57, i.e. one-twelfth of \$2,367,498.83 for January through December 2015. It should be noted that the final results exclude any CHCF-A support for GRC modification as Ducor's GRC application for rehearing will be addressed in a separate Commission Resolution in early 2015.

Foresthill, Page A-4 of Appendix A

Foresthill has a CY 2015 CHCF-A revenue requirement of \$2,469,833.04 (at Line 6, Page A-4 of Appendix A). After the means test, Foresthill has a revenue requirement of \$2,469,833.04 (at Line 11, Page A-4 of Appendix A). Thus, Foresthill should receive monthly CHCF-A support in the amount of \$205,819.42, i.e. one-twelfth of \$2,469,833.04 for January through December 2015.

Happy Valley, Page A-5 of Appendix A

Happy Valley has a CY 2015 CHCF-A revenue requirement of \$2,816,019.27 (at Line 6, Page A-5 of Appendix A). In its advice letter, Happy Valley stated that it not requesting a draw from the CHCF-A. Its waterfall funding level is already 0%. Thus, Happy Valley will not receive any CHCF-A support for CY 2015.

Hornitos, Page A-6 of Appendix A

Hornitos has a CY 2015 CHCF-A revenue requirement of \$575,514.00 (at Line 6, Page A-6 of Appendix A). In its advice letter, Hornitos stated that it is not requesting a draw from the CHCF-A. Its waterfall funding level is already 0%. Thus, Hornitos will not receive any CHCF-A support for CY 2015.

Kerman, Page A-7 of Appendix A

Kerman has a CY 2015 CHCF-A revenue requirement of \$3,545,172.58 (at Line 6, Page A-7 of Appendix A). After the means test, Kerman has a revenue requirement of \$3,545,172.58 (at Line 11, Page A-7 of Appendix A). Thus, Kerman should receive monthly CHCF-A support in the amount of \$295,431.05, i.e. one-twelfth of \$3,545,172.58, for January through December 2015.

Pinnacles, Page A-8 of Appendix A

Pinnacles has a CY 2015 CHCF-A revenue requirement of \$393,825.44 (at Line 6, Page A-8 of Appendix A). After the means test, Pinnacles has a revenue requirement of \$259,100.85 (at Line 11, Page A-8 of Appendix A). Thus, Pinnacles should receive monthly CHCF-A support in the amount of \$21,591.74, i.e. one-twelfth of \$259,100.85, for January through December 2015.

Ponderosa, Page A-9 of Appendix A

Ponderosa has a CY 2015 CHCF-A revenue requirement of \$3,914,047.42 (at Line 6, Page A-9 of Appendix A). After the means test, Ponderosa has a revenue requirement of \$3,706,998.34 (at Line 11, Page A-9 of Appendix A). Thus, Ponderosa should receive monthly CHCF-A support in the amount of \$308,916.53, i.e. one-twelfth of \$3,706,998.34, for January through December 2015.

Sierra, Page A-10 of Appendix A

Sierra has a CY 2015 CHCF-A revenue requirement of \$15,517,432.77 (at Line 6, Page A-10 of Appendix A). After the means test Sierra's revenue requirement is \$14,976,646.49 (at Line 11, Page A-10 of Appendix A). Sierra's waterfall will remain at 80% for CY 2015; therefore, its revenue requirement after incorporating the waterfall calculation is \$11,981,317.19 (at Line 13, Page A-10 of Appendix A). Thus, Sierra should receive monthly CHCF-A support in the amount of \$998,443.10, i.e. one-twelfth of \$11,981,317.19, for January through December 2015.

Siskiyou, Page A-11 of Appendix A

Siskiyou has a CY 2015 CHCF-A revenue requirement of \$2,023,234.88 (at Line 6, Page A-11 of Appendix A). After the means test, Siskiyou has a revenue requirement of

\$2,023,234.88 (at Line 11, Page A-11 of Appendix A). Thus, Siskiyou should receive monthly CHCF-A support in the amount of \$168,602.91, i.e. one-twelfth of \$2,023,234.88, for January through December 2015.

Volcano, Page A-12 of Appendix A

Volcano has a CY 2015 CHCF-A revenue requirement of \$4,345,712.39 (at Line 6, Page A-12 of Appendix A). After the means test Volcano's revenue requirement is \$4,218,020.13 (at Line 11, Page A-12 of Appendix A). Volcano's waterfall will remain at 80% for CY 2015; therefore, its revenue requirement after incorporating the waterfall calculation is \$3,374,416.10 (at Line 13, Page A-12 of Appendix A). Thus, Volcano should receive monthly CHCF-A support in the amount of \$281,201.34, i.e. one-twelfth of \$3,374,416.10, for January through December 2015.

Winterhaven, Page A-13 of Appendix A

Winterhaven has a CY 2015 CHCF-A revenue requirement of \$307,465.05 (at Line 6, Page A-13 of Appendix A). In its advice letter, Winterhaven stated that it is not requesting a draw from the CHCF-A. Its waterfall funding level is already 0%. Thus, Winterhaven will not receive any CHCF-A support for CY 2015.

Appendix A Summation

As shown in Appendix A, the total approved CY 2015 CHCF-A draw for Calaveras, Cal-Ore, Ducor, Foresthill, Happy Valley, Hornitos, Kerman, Pinnacles, Ponderosa, Sierra, Siskiyou, Volcano, and Winterhaven is \$32,995,336.85. The Commission finds CD's recommended CHCF-A support amounts for the 13 Small ILECs for CY 2015 to be reasonable.

CD, in concert with the Administrative Services Division, shall make the monthly support payments within 30 days after the close of each calendar month subject to the availability of CHCF-A funds and state adoption of the budgets covering the payment of the CY 2015 CHCF-A support.⁹ In the event that the monthly support payments due to the Small ILECs are not paid within 30 days after the close of each calendar month, CD shall include in those payments interest equal to the three-month commercial paper rate.

⁹ The January 2015 monthly support will be paid in February 2015 and the December 2015 monthly support will be paid in January 2016.

C. CHCF-A Budget for Fiscal Year (FY) 2014-15 and FY 2015-16

The Commission adopted \$39.548 million for FY 2014-15 (Resolution T-17400) and \$43.328 million for FY 2015-16 (Resolution T-17447) for program budgets. Of the budgeted amounts, \$37.838 million and \$41.813 million have been allocated as program payments to the Small ILECs for FY 2014-15 and FY 2015-16, respectively. There are sufficient funds in both the FY 2014-15 and FY 2015-16 budgets to cover CY 2015 CHCF-A support payments to the Small ILECs. These adopted budgets and the associated program support payments are contingent on the availability of funds, and the State's adoption of the adopted CHCF-A budgets.

Safety Considerations

The Small ILECs are required to adhere to all Commission rules, decisions, General Orders and statutes including P.U. Code § 451 by undertaking all actions "...necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public." The CHCF-A subsidy provides carriers with the resources to provide safe, reliable and affordable telephone service to their customers in rural, high cost areas.

Reliable telephone service is essential in these generally rural, remote and isolated areas. The CHCF-A program provides financial support to the Small ILECs to aid them in providing customers residing in these areas with access to 211 for essential community services, 311 for non-emergency municipal services, 511 for traffic and transportation information, 811 for public infrastructure underground location information, and 911 to reach police, fire and emergency medical responders when fire, natural disasters, medical emergencies, or other crises occur.

P.U. Code § 275.6 promotes customer access to advanced services and deployment of broadband-capable facilities in rate base, which benefits emergency response providers, educational institutions, teachers and students to have access to high speed broadband for their important uses.

CHCF-A funding has allowed the Small ILECs to locate their facilities underground and use fiber optic cable which protects equipment in case of fire and allows for the quicker deployment of broadband-capable facilities. In some Small ILEC territories, emergency responders set up emergency command centers and the Small ILECs must quickly provide responders with access to high quality voice communications and broadband. This Resolution ensures that the CHCF-A program continues to promote the goals of universal service by subsidizing essential communications links in high cost, rural communities.

Comments on Draft Resolution

In compliance with P.U. Code § 311(g), the Commission e-mailed a notice letter on December 9, 2014, informing the 13 Small ILECs, the CHCFA-Administrative Committee (AC), parties of record in Rulemaking 01-08-002 and parties on the service list of Application 99-09-044 of the availability of this draft Resolution 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.

On December 29, 2014, the Small ILECs filed comments on the draft Resolution. While the Small ILECs assert that the draft Resolution reaches proper overall conclusions, they cited three areas where text needs correction: 1) The Resolution discusses potential basic rate service increases in the proposed Decision in the CHCF-A Rulemaking R.11-11-007, noting that the proposed Decision was revised prior to its December 18, 2014 adoption (D.14-12-084) to defer any specific rate adjustments until subsequent rate cases. 2) Comments state that the draft Resolution contains incorrect references to the "150% rule" as discussed in D.10-02-016 and these references should be corrected or removed. 3) The Small ILECs refer to a discussion of Pinnacles in which there is an erroneous reference to Ponderosa.

After reviewing the comments on the draft Resolution, CD concurs with the Small ILECs and has addressed each of their concerns by revising text in this Resolution as appropriate. The Commission received no other comments.

Findings and Conclusions

1. The California High Cost Fund (HCF) was originally adopted in Decision (D.) 88-07-022, and subsequently modified by D.91-05-016 and D.91-09-042.
2. The purpose of the HCF was to provide a source of supplemental revenues to three mid-size Incumbent Local Exchange Carriers (ILECs) and seventeen Small ILECs whose basic exchange access line service rates would otherwise be increased to levels that would threaten federal universal service.
3. In October 1999, Public Utilities (P.U.) Codes §§ 270-281 were codified by the enactment of Senate Bill 669.
4. P.U. Code § 270(b) requires that the money in the CHCF-A fund be used only for the purpose of the program and upon appropriation in the annual Budget Act.
5. In D.08-10-010, the California Public Utilities Commission (Commission) authorized the consolidation of three Small ILECs: Citizens Telecommunications Company of Tuolumne, Citizens Telecommunications Company of the Golden State and Global Valley Networks, Inc. with the midsize ILEC of Citizens Telecommunications

Company of California Inc., which is now known as Frontier. This consolidation became effective on January 1, 2009 and reduced the total number of Small ILECs eligible for CHCF-A support from 17 to 14.

6. In D.13-05-028, the Commission authorized the consolidation of Frontier Communications West Coast Inc., into the midsize ILEC, Citizens Telecommunications Company of California Inc. doing business as Frontier Communications of California, reducing the total number of Small ILECs from 14 to 13.
7. D.10-02-016 denied the application to modify D.91-09-042, affirming that meeting the 150% threshold set forth in D.91-09-042 should be interpreted as a requirement to receive CHCF-A funding, but at the same time ordering a rulemaking to address issues raised by the application, and as an interim measure, suspending the 150% threshold by implementing a basic residential flat rate of \$20.25 per month, holding that this rate would remain in effect until the Commission changed the rate in the ordered rulemaking (CHCF-A Order Instituting Rulemaking (R.) 11-11-007).
8. On December 18, 2014, the Commission adopted D.14-12-084 in R.11-11-007. Ordering Paragraph 9 states, "The Small Incumbent Local Exchange Carriers' Basic Residential Service Rates must be in a range of \$30, inclusive of additional charges, to \$37.00, inclusive of additional charges. This rate range of \$30.00 to \$37.00 will be presumptively reasonable and non-rebuttable. Actual rates will be set in the individual General Rate Cases of the Small Incumbent Local Exchange Carriers."
9. P.U. Code § 275.6 was amended to extend the CHCF-A program to January 1, 2019.
10. The 13 Small ILECs' advice letter filings for 2014 CHCF-A fund requests appeared in the Commission's Daily Calendar in September and October 2014.
11. On September 30, and October 6, 7 and 20 of 2014, Office of Ratepayer Advocates (ORA) filed protests to Calaveras Telephone Company's (Calaveras) Advice Letter (AL) 345, Cal-Ore Telephone Company's (Cal-Ore) AL 360, Ducor Telephone Company's (Ducor) AL 359, Foresthill Telephone Company's (Foresthill) AL 324, Kerman Telephone Company's (Kerman) AL 401, Pinnacles Telephone Company's (Pinnacles) AL 264, Ponderosa Telephone Company's (Ponderosa) AL 439, Sierra Telephone Company's (Sierra) AL 429, Siskiyou Telephone Company's (Siskiyou) AL 394 and Volcano Telephone Company's (Volcano) AL 384.
12. On October 17 and 27, 2014, the Small ILECs filed reply comments to the ORA protests.
13. The differential between the Small ILECs' cumulative request of \$33.143 million and Communications Division's (CD) recommended CHCF-A support of \$32.995 million is attributed to updated estimates of the Net Interstate Expense Adjustment, provided by the National Exchange Carrier Association (NECA), and other

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adjustments by the Federal Communications Commission (FCC) and the Commission.

14. The Small ILECs provide detailed adjustments and support calculations along with source numbers from NECA and FCC to CD and ORA concurrently, for the advice letter review process.
15. CD reviewed the filings made by the 13 Small ILECs in connection with the 2015 CHCF-A payment requirements.
16. As part of their calendar year 2015 annual CHCF-A advice letter filings, Ducor included a modification to their test year 2009 General Rate Case. This modification request is not addressed in the Resolution because it is being addressed in their rehearing proceeding.
17. The total approved calendar year 2015 CHCF-A draw for Calaveras, Cal-Ore, Ducor, Foresthill, Happy Valley Telephone Company, Hornitos Telephone Company, Kerman, Pinnacles, Ponderosa, Sierra, Siskiyou, Volcano and Winterhaven Telephone Company is \$32,995,336.85.
18. CD's recommended CHCF-A support for each of the 13 Small ILECs as summarized in Appendix A of this Resolution is reasonable and should be adopted.
19. The monthly support payments for January 2015 through December 2015 shall be paid by CD in concert with the Administrative Services Division within 30 days after the close of each calendar month subject to the availability of CHCF-A funds and State adoption of the budget of 2015 CHCF-A support.
20. If monthly support payments due to the Small ILECs are not paid within 30 days after the close of each calendar month, CD should include in those payments interest equal to the three-month commercial paper rate.
21. In Resolution T- 17400, the Commission adopted a CHCF-A program budget of \$39.548 million for Fiscal Year (FY) 2014-15.
22. In Resolution T-17447, the Commission adopted a CHCF-A program of budget \$43.328 million FY 2015-16.
23. There are sufficient funds from the FY 2014-15 and FY 2015-16 budgets to cover calendar year 2015 CHCF-A support payments to the Small ILECs.
24. P.U. Code § 275.6 promotes customer access to advanced services and deployment of broadband-capable facilities in rate base, which benefits emergency response providers, educational institutions, teachers and students to have access to high speed broadband for their important uses.
25. The CHCF-A program promotes universal service by subsidizing essential communications links in high cost, rural communities.
26. In compliance with P.U. Code § 311(g), the Commission e-mailed a notice letter on December 9, 2014, informing the 13 Small ILECs, the CHCF-A Administrative

Committee (AC), parties of record in Rulemaking 01-08-002 and parties on the service list of Application 99-09-044 of the availability of this draft Resolution 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.

27. On December 29, 2014, the Small ILECs commented on the draft Resolution.

THEREFORE, IT IS ORDERED that:

1. The respective California High Cost Fund-A support for each of the 13 Small Incumbent Local Exchange Carriers, as described in this Resolution and summarized in Appendix A of this Resolution, is adopted.
2. The total approved California High Cost Fund-A support of \$32.995 million for the Small Incumbent Local Exchange Carriers for Calendar Year 2015 is itemized in Table 4:

Table 4		
Small Incumbent Local Exchange Carrier	Monthly Support 2015	Yearly Support 2015
Calaveras Telephone Company	\$184,464.03	\$2,213,568.35
Cal-Ore Telephone Company	\$87,849.72	\$1,054,196.69
Ducor Telephone Company	\$197,291.57	\$2,367,498.83
Foresthill Telephone Company	\$205,819.42	\$2,469,833.04
Kerman Telephone Company	\$295,431.05	\$3,545,172.58
Pinnacles Telephone Company	\$21,591.74	\$259,100.85
The Ponderosa Telephone Company	\$308,916.53	\$3,706,998.34
Sierra Telephone Company	\$998,443.10	\$11,981,317.19
Siskiyou Telephone Company	\$168,602.91	\$2,023,234.88
Volcano Telephone Company	\$281,201.34	\$3,374,416.10
	\$2,749,611.41	\$32,995,336.85

3. Communications Division, in concert with the Administrative Services Division, shall pay the monthly support payments to the ten Small Incumbent Local Exchange Carriers in Table 4 for January 2015 through December 2015 within 30 days after the close of each calendar month. Late payments shall accrue interest at the three-month commercial paper rate.
4. The program support payments totaling \$32,995,336.85 for the 13 Small Incumbent Local Exchange Carriers shall be paid out of the California High Cost Fund-A, contingent on the availability of funds and the state's adoption of the California High Cost Fund-A program budgets covering the payments authorized for Calendar Year 2015 California High Cost Fund-A support.

Appendix A

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	(Col A)	(Col B)	(Col C)
	Calaveras AL 345	Staff Proposed	Commission Adopted
1 2014 CHCF-A Requirement (Resolution T-17427, Appendix A line 8)	\$2,438,399.95	\$2,438,399.95	\$2,438,399.95
2 Prior Year Adjustments (Non-Recurring)	(\$40,905.93)	(\$40,905.93)	(\$40,905.93)
a Lifeline Reimbursement (D.10-11-033, Section 5.5.3)	(\$40,905.93)	(\$40,905.93)	(\$40,905.93)
b FCC National Broadband Plan(Limits on Capex and Opex)(FCC DA12-646)	\$0.00	\$0.00	\$0.00
c FCC National Broadband Plan(5% reduction Intercarrier Comp(FCC11-161, Paragraph 851)			
3 Year 2015 Impacts (Non-Recurring)	\$19,603.35	\$16,292.57	\$16,292.57
a LifeLine Reimbursement (D.10-11-033, Section 5.5.3)	\$19,603.35	\$16,292.57	\$16,292.57
4 Year 2015 Impacts (Recurring)	\$5,415.66	\$5,415.66	\$5,415.66
a FCC National Broadband Plan(5% reduction Intercarrier Comp(FCC11-161, Paragraph 851)	\$5,415.66	\$5,415.66	\$5,415.66
5 Net Interstate Expense Adjustment			
a Projected 2014 USF-HCLS (Resolution T-17427, Appendix A line 5b)	\$1,986,126.72	\$1,986,126.72	\$1,986,126.72
b Projected 2015 USF-HCLS (Per NECA)	(\$1,986,126.72)	(\$2,191,760.62)	(\$2,191,760.62)
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$0.00	(\$205,633.90)	(\$205,633.90)
6 2015 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$2,422,513.03	\$2,213,568.35	\$2,213,568.35
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2015 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2016)	\$2,422,513.03	\$2,213,568.35	\$2,213,568.35
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2015 Revenue Requirement eligible for CHCF-A Support	\$2,422,513.03	\$2,213,568.35	\$2,213,568.35
11 2015 Revenue Requirement after Means Test	\$2,422,513.03	\$ 2,213,568.35	\$2,213,568.35
12 Waterfall effect	100.00%	100.00%	100.00%
13 2015 Revenue Requirement after Waterfall	\$2,422,513.03	\$2,213,568.35	\$2,213,568.35
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2015 CHCF-A Support	\$2,422,513.03	\$2,213,568.35	\$2,213,568.35
16 Monthly Payment for Periods Jan - Dec 2015 (Line 15/12)	\$201,876.09	\$184,464.03	\$184,464.03

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	(Col A)	(Col B)	(Col C)
	Cal-Ore	Staff	Commission
	<u>AL 360A</u>	<u>Proposed</u>	<u>Adopted</u>
1 2014 CHCF-A Requirement (Resolution T-17427, Appendix A line 8)	\$1,207,413.71	\$1,207,413.71	\$1,207,413.71
2 Prior Year Adjustments (Non-Recurring)	<u>(\$29,797.64)</u>	<u>(\$31,047.87)</u>	<u>(\$31,047.87)</u>
a Lifeline Reimbursement (D.10-11-033, Section 5.5.3)	<u>(\$29,797.64)</u>	<u>(\$29,797.64)</u>	<u>(\$29,797.64)</u>
b FCC National Broadband Plan(Limits on Capex and Opex)(FCC DA12-646)	\$0.00	\$0.00	\$0.00
c FCC National Broadband Plan(5% reduction Inter-carrier Comp(FCC11-161, Paragraph 851)	\$0.00	<u>(\$1,250.23)</u>	<u>(\$1,250.23)</u>
3 Year 2015 Impacts (Non-Recurring)	<u>\$17,711.59</u>	<u>\$17,711.55</u>	<u>\$17,711.55</u>
a LifeLine Reimbursement (D.10-11-033, Section 5.5.3)	\$17,711.59	\$17,711.55	\$17,711.55
4 Year 2015 Impacts (Recurring)	<u>\$1,397.41</u>	<u>\$1,397.41</u>	<u>\$1,397.41</u>
a FCC National Broadband Plan(5% reduction Inter-carrier Comp(FCC11-161, Paragraph 851)	\$1,397.41	\$1,397.41	\$1,397.41
5 Net Interstate Expense Adjustment			
a Projected 2014 USF-HCLS (Resolution T-17427, Appendix A line 5b)	\$812,027.14	\$812,027.14	\$812,027.14
b Projected 2015 USF-HCLS (Per NECA)	<u>(\$812,027.14)</u>	<u>(\$897,388.00)</u>	<u>(\$897,388.00)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$0.00	<u>(\$85,360.86)</u>	<u>(\$85,360.86)</u>
6 2015 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$1,196,725.07	\$1,110,113.94	\$1,110,113.94
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2015 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2016)	\$1,196,725.07	\$1,110,113.94	\$1,110,113.94
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2015 Revenue Requirement eligible for CHCF-A Support	\$1,196,725.07	\$1,110,113.94	\$1,110,113.94
11 2015 Revenue Requirement after Means Test	\$1,139,565.74	\$1,054,196.69	\$1,054,196.69
12 Waterfall effect	100.00%	100.00%	100.00%
13 2015 Revenue Requirement after Waterfall	\$1,139,565.74	\$1,054,196.69	\$1,054,196.69
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2015 CHCF-A Support	\$1,139,565.74	\$1,054,196.69	\$1,054,196.69
16 Monthly Payment for Periods Jan - Dec 2015 (Line 15/12)	\$94,963.81	\$87,849.72	\$87,849.72

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	(Col A)	(Col B)	(Col C)
	Ducor	Staff	Commission
	<u>AL 359</u>	<u>Proposed</u>	<u>Adopted</u>
1 2014 CHCF-A Requirement (Resolution T-17427, Appendix A line 8)	\$2,595,525.05	\$2,595,525.05	\$2,595,525.05
2 Prior Year Adjustments (Non-Recurring)	(\$24,460.64)	(\$24,460.64)	(\$24,460.64)
a Lifeline Reimbursement (D.10-11-033, Section 5.5.3)	(\$24,460.64)	(\$24,460.64)	(\$24,460.64)
b FCC National Broadband Plan(Limits on Capex and Opex)(FCC DA12-646)			
c FCC National Broadband Plan(5% reduction Intercarrier Comp(FCC11-161, Paragraph 851)			
3 Year 2015 Impacts (Non-Recurring)	\$13,170.42	\$13,170.42	\$13,170.42
a LifeLine Reimbursement (D.10-11-033, Section 5.5.3)	\$13,170.42	\$13,170.42	\$13,170.42
4 Year 2015 Impacts (Recurring)	\$1,057,550.45	\$5,967.03	\$5,967.03
FCC National Broadband Plan(5% reduction Intercarrier Comp(FCC11-161, Paragraph 851)	\$5,967.03	\$5,967.03	\$5,967.03
b GRC Rehearing (Resolution T-17157, D.10-05-022, Application for Rehearing)	\$1,051,583.42	\$0.00	\$0.00
5 Net Interstate Expense Adjustment			
a Projected 2014 USF-HCLS (Resolution T-17427, Appendix A line 5b)	\$874,413.75	\$874,413.75	\$874,413.75
b Projected 2015 USF-HCLS (Per NECA)	(\$874,413.75)	(\$772,158.46)	(\$772,158.46)
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$0.00	\$102,255.29	\$102,255.29
6 2015 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$3,641,785.28	\$2,692,457.15	\$2,692,457.15
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2015 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2016)	\$3,641,785.28	\$2,692,457.15	\$2,692,457.15
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2015 Revenue Requirement eligible for CHCF-A Support	\$3,641,785.28	\$2,692,457.15	\$2,692,457.15
11 2015 Revenue Requirement after Means Test	\$2,265,272.42	\$2,367,498.83	\$2,367,498.83
12 Waterfall effect	100.00%	100.00%	100.00%
13 2015 Revenue Requirement after Waterfall	\$2,265,272.42	\$2,367,498.83	\$2,367,498.83
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2015 CHCF-A Support	\$2,265,272.42	\$2,367,498.83	\$2,367,498.83
16 Monthly Payment for Periods Jan - Dec 2015 (Line 15/12)	\$188,772.70	\$197,291.57	\$197,291.57

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	(Col A)	(Col B)	(Col C)
	Foresthill	Staff	Commission
	<u>AL 324A</u>	<u>Proposed</u>	<u>Adopted</u>
1 2014 CHCF-A Requirement (Resolution T-17427, Appendix A line 8)	\$2,537,035.79	\$2,537,035.79	\$2,537,035.79
2 Prior Year Adjustments (Non-Recurring)	\$0.00	\$0.00	\$0.00
a Lifeline Reimbursement (D.10-11-033, Section 5.5.3)	\$0.00	\$0.00	\$0.00
b FCC National Broadband Plan(Limits on Capex and Opex)(FCC DA12-646)	\$0.00	\$0.00	\$0.00
c FCC National Broadband Plan(5% reduction Inter-carrier Comp(FCC11-161, Paragraph 851)			
3 Year 2015 Impacts (Non-Recurring)	\$0.00	\$0.00	\$0.00
a LifeLine Reimbursement (D.10-11-033, Section 5.5.3)	\$0.00	\$0.00	\$0.00
4 Year 2015 Impacts (Recurring)	\$6,208.36	\$6,208.36	\$6,208.36
a FCC National Broadband Plan(5% reduction Inter-carrier Comp(FCC11-161, Paragraph 851)	\$6,208.36	\$6,208.36	\$6,208.36
5 Net Interstate Expense Adjustment			
a Projected 2014 USF-HCLS (Resolution T-17427, Appendix A line 5b)	\$1,884,316.21	\$1,884,316.21	\$1,884,316.21
b Projected 2015 USF-HCLS (Per NECA)	<u>(\$1,975,622.00)</u>	<u>(\$1,957,727.32)</u>	<u>(\$1,957,727.32)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	<u>(\$91,305.79)</u>	<u>(\$73,411.11)</u>	<u>(\$73,411.11)</u>
6 2015 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$2,451,938.36	\$2,469,833.04	\$2,469,833.04
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2015 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2016)	\$2,451,938.36	\$2,469,833.04	\$2,469,833.04
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2015 Revenue Requirement eligible for CHCF-A Support	\$2,451,938.36	\$2,469,833.04	\$2,469,833.04
11 2015 Revenue Requirement after Means Test	\$2,451,938.36	\$2,469,833.04	\$2,469,833.04
12 Waterfall effect	100.00%	100.00%	100.00%
13 2015 Revenue Requirement after Waterfall	\$2,451,938.36	\$2,469,833.04	\$2,469,833.04
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2015 CHCF-A Support	\$2,451,938.36	\$2,469,833.04	\$2,469,833.04
16 Monthly Payment for Periods Jan - Dec 2015 (Line 15/12)	\$204,328.20	\$205,819.42	\$205,819.42

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	(Col A)	(Col B)	(Col C)
	Happy Valley	Staff	Commission
	<u>AL 347</u>	<u>Proposed</u>	<u>Adopted</u>
1 2014 CHCF-A Requirement (Resolution T-17427, Appendix A line 8)	\$2,800,875.27	\$2,800,875.27	\$2,800,875.27
2 Prior Year Adjustments (Non-Recurring)	\$0.00	\$0.00	\$0.00
a Lifeline Reimbursement (D.10-11-033, Section 5.5.3)	\$0.00	\$0.00	\$0.00
b FCC National Broadband Plan(Limits on Capex and Opex)(FCC DA12-646)	\$0.00	\$0.00	\$0.00
c FCC National Broadband Plan(5% reduction Intercarrier Comp(FCC11-161, Paragraph 851)			
3 Year 2015 Impacts (Non-Recurring)	\$0.00	\$0.00	\$0.00
a LifeLine Reimbursement (D.10-11-033, Section 5.5.3)	\$0.00	\$0.00	\$0.00
4 Year 2015 Impacts (Recurring)	\$15,144.00	\$15,144.00	\$15,144.00
a FCC National Broadband Plan(5% reduction Intercarrier Comp(FCC11-161, Paragraph 851)	\$15,144.00	\$15,144.00	\$15,144.00
5 Net Interstate Expense Adjustment			
a Projected 2014 USF-HCLS (Resolution T-17427, Appendix A line 5b)	\$0.00	\$0.00	\$0.00
b Projected 2015 USF-HCLS (Per NECA)	\$0.00	\$0.00	\$0.00
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$0.00	\$0.00	\$0.00
6 2015 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$2,816,019.27	\$2,816,019.27	\$2,816,019.27
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2015 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2016)	\$2,816,019.27	\$2,816,019.27	\$2,816,019.27
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2015 Revenue Requirement eligible for CHCF-A Support	\$2,816,019.27	\$2,816,019.27	\$2,816,019.27
11 2015 Revenue Requirement after Means Test	\$0.00	\$0.00	\$0.00
12 Waterfall effect	0.00%	0.00%	0.00%
13 2015 Revenue Requirement after Waterfall	\$0.00	\$0.00	\$0.00
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2015 CHCF-A Support	\$0.00	\$0.00	\$0.00
16 Monthly Payment for Periods Jan - Dec 2015 (Line 15/12)	\$0.00	\$0.00	\$0.00

APPENDIX A
Resolution T- 17461

	(Col A)	(Col B)	(Col C)
	Hornitos	Staff	Commission
	<u>AL 318</u>	<u>Proposed</u>	<u>Adopted</u>
1 2014 CHCF-A Requirement (Resolution T-17427, Appendix A line 8)	\$570,564.00	\$570,464.00	\$570,464.00
2 Prior Year Adjustments (Non-Recurring)	\$0.00	\$0.00	\$0.00
a Lifeline Reimbursement (D.10-11-033, Section 5.5.3)	\$0.00	\$0.00	\$0.00
b FCC National Broadband Plan(Limits on Capex and Opex)(FCC DA12-646)	\$0.00	\$0.00	\$0.00
c FCC National Broadband Plan(5% reduction Intercarrier Comp(FCC11-161, Paragraph 851)			
3 Year 2015 Impacts (Non-Recurring)	\$0.00	\$0.00	\$0.00
a LifeLine Reimbursement (D.10-11-033, Section 5.5.3)	\$0.00	\$0.00	\$0.00
4 Year 2015 Impacts (Recurring)	\$5,050.00	\$5,050.00	\$5,050.00
a FCC National Broadband Plan(5% reduction Intercarrier Comp(FCC11-161, Paragraph 851)	\$5,050.00	\$5,050.00	\$5,050.00
5 Net Interstate Expense Adjustment			
a Projected 2014 USF-HCLS (Resolution T-17427, Appendix A line 5b)	\$0.00	\$0.00	\$0.00
b Projected 2015 USF-HCLS (Per NECA)	<u>\$0.00</u>	\$0.00	<u>\$0.00</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$0.00	\$0.00	\$0.00
6 2015 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$575,614.00	\$575,514.00	\$575,514.00
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2015 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2016)	\$575,614.00	\$575,514.00	\$575,514.00
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2015 Revenue Requirement eligible for CHCF-A Support	\$575,614.00	\$575,514.00	\$575,514.00
11 2015 Revenue Requirement after Means Test	\$0.00	\$0.00	\$0.00
12 Waterfall effect	0.00%	0.00%	0.00%
13 2015 Revenue Requirement after Waterfall	\$0.00	\$0.00	\$0.00
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2015 CHCF-A Support	\$0.00	\$0.00	\$0.00
16 Monthly Payment for Periods Jan - Dec 2015 (Line 15/12)	\$0.00	\$0.00	\$0.00

APPENDIX A
Resolution T- 17461

	(Col A)	(Col B)	(Col C)
	Kerman	Staff	Commission
	AL 401	Proposed	Adopted
1 2014 CHCF-A Requirement (Resolution T-17427, Appendix A line 8)	\$3,662,090.97	\$3,662,090.97	\$3,662,090.97
2 Prior Year Adjustments (Non-Recurring)	(\$40,527.00)	(\$40,527.00)	(\$40,527.00)
a Lifeline Reimbursement (D.10-11-033, Section 5.5.3)	(\$40,527.00)	(\$40,527.00)	(\$40,527.00)
b FCC National Broadband Plan(Limits on Capex and Opex)(FCC DA12-646)	\$0.00	\$0.00	\$0.00
c FCC National Broadband Plan(5% reduction Intercarrier Comp(FCC11-161, Paragraph 851)			
3 Year 2015 Impacts (Non-Recurring)	\$31,592.80	\$27,131.28	\$27,131.28
a LifeLine Reimbursement (D.10-11-033, Section 5.5.3)	\$31,592.80	\$27,131.28	\$27,131.28
4 Year 2015 Impacts (Recurring)	\$9,952.14	\$9,952.14	\$9,952.14
FCC National Broadband Plan(5% reduction Intercarrier Comp(FCC11-161, Paragraph 851)	\$9,952.14	\$9,952.14	\$9,952.14
5 Net Interstate Expense Adjustment			
a Projected 2014 USF-HCLS (Resolution T-17427, Appendix A line 5b)	\$1,918,701.47	\$1,918,701.47	\$1,918,701.47
b Projected 2015 USF-HCLS (Per NECA)	(\$2,069,280.00)	(\$2,032,176.28)	(\$2,032,176.28)
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	(\$150,578.53)	(\$113,474.81)	(\$113,474.81)
6 2015 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$3,512,530.38	\$3,545,172.58	\$3,545,172.58
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2015 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2016)	\$3,512,530.38	\$3,545,172.58	\$3,545,172.58
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2015 Revenue Requirement eligible for CHCF-A Support	\$3,512,530.38	\$3,545,172.58	\$3,545,172.58
11 2015 Revenue Requirement after Means Test	\$3,512,530.38	\$ 3,545,172.58	\$3,545,172.58
12 Waterfall effect	100.00%	100.00%	100.00%
13 2015 Revenue Requirement after Waterfall	\$3,512,530.38	\$3,545,172.58	\$3,545,172.58
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2015 CHCF-A Support	\$3,512,530.38	\$3,545,172.58	\$3,545,172.58
16 Monthly Payment for Periods Jan - Dec 2015 (Line 15/12)	\$292,710.87	\$295,431.05	\$295,431.05

APPENDIX A
Resolution T- 17461

	(Col A)	(Col B)	(Col C)
	Pinnacles	Staff	Commission
	<u>AL 264</u>	<u>Proposed</u>	<u>Adopted</u>
1 2014 CHCF-A Requirement (Resolution T-17427, Appendix A line 8)	\$377,720.83	\$377,720.83	\$377,720.83
2 Prior Year Adjustments (Non-Recurring)	(\$9,757.08)	(\$9,757.08)	(\$9,757.08)
a Lifeline Reimbursement (D.10-11-033, Section 5.5.3)	(\$9,757.08)	(\$9,757.08)	(\$9,757.08)
b FCC National Broadband Plan(Limits on Capex and Opex)(FCC DA12-646)	\$0.00	\$0.00	\$0.00
c FCC National Broadband Plan(5% reduction Intercarrier Comp(FCC11-161, Paragraph 851)			
3 Year 2015 Impacts (Non-Recurring)	\$5,268.15	\$5,268.13	\$5,268.13
a LifeLine Reimbursement (D.10-11-033, Section 5.5.3)	\$5,268.15	\$5,268.13	\$5,268.13
4 Year 2015 Impacts (Recurring)	\$336.84	\$336.84	\$336.84
a FCC National Broadband Plan(5% reduction Intercarrier Comp(FCC11-161, Paragraph 851)	\$336.84	\$336.84	\$336.84
5 Net Interstate Expense Adjustment			
a Projected 2014 USF-HCLS (Resolution T-17427, Appendix A line 5b)	\$301,872.45	\$301,872.45	\$301,872.45
b Projected 2015 USF-HCLS (Per NECA)	(\$301,872.45)	(\$281,615.73)	(\$281,615.73)
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$0.00	\$20,256.72	\$20,256.72
6 2015 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$373,568.74	\$393,825.44	\$393,825.44
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2015 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2016)	\$373,568.74	\$393,825.44	\$393,825.44
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2015 Revenue Requirement eligible for CHCF-A Support	\$373,568.74	\$393,825.44	\$393,825.44
11 2015 Revenue Requirement after Means Test	\$238,846.15	\$ 259,100.85	\$259,100.85
12 Waterfall effect	100.00%	100.00%	100.00%
13 2015 Revenue Requirement after Waterfall	\$238,846.15	\$259,100.85	\$259,100.85
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2015 CHCF-A Support	\$238,846.15	\$259,100.85	\$259,100.85
16 Monthly Payment for Periods Jan - Dec 2015 (Line 15/12)	\$19,903.85	\$21,591.74	\$21,591.74

APPENDIX A
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	(Col A)	(Col B)	(Col C)
	Ponderosa	Staff	Commission
	<u>AL 439</u>	<u>Proposed</u>	<u>Adopted</u>
1 2014 CHCF-A Requirement (Resolution T-17427, Appendix A line 8)	\$4,574,240.14	\$4,574,240.14	\$4,574,240.14
2 Prior Year Adjustments (Non-Recurring)	(\$30,291.70)	(\$30,291.70)	(\$30,291.70)
a Lifeline Reimbursement (D.10-11-033, Section 5.5.3)	(\$30,291.70)	(\$30,291.70)	(\$30,291.70)
b FCC National Broadband Plan(Limits on Capex and Opex)(FCC DA12-646)	\$0.00	\$0.00	\$0.00
c FCC National Broadband Plan(5% reduction Intercarrier Comp(FCC11-161, Paragraph 851)			
3 Year 2015 Impacts (Non-Recurring)	\$23,796.41	\$23,796.41	\$23,796.41
a LifeLine Reimbursement (D.10-11-033, Section 5.5.3)	\$23,796.41	\$23,796.41	\$23,796.41
4 Year 2015 Impacts (Recurring)	\$12,466.29	\$12,466.29	\$12,466.29
FCC National Broadband Plan(5% reduction Intercarrier Comp(FCC11-161, a Paragraph 851)	\$12,466.29	\$12,466.29	\$12,466.29
5 Net Interstate Expense Adjustment			
a Projected 2014 USF-HCLS (Resolution T-17427, Appendix A line 5b)	\$6,337,634.68	\$6,337,634.68	\$6,337,634.68
b Projected 2015 USF-HCLS (Per NECA)	(\$7,003,798.40)	(\$7,003,798.40)	(\$7,003,798.40)
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	(\$666,163.72)	(\$666,163.72)	(\$666,163.72)
6 2015 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$3,914,047.42	\$3,914,047.42	\$3,914,047.42
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2015 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2016)	\$3,914,047.42	\$3,914,047.42	\$3,914,047.42
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2015 Revenue Requirement eligible for CHCF-A Support	\$3,914,047.42	\$3,914,047.42	\$3,914,047.42
11 2015 Revenue Requirement after Means Test	\$3,707,020.41	\$3,706,998.34	\$3,914,047.42
12 Waterfall effect	100.00%	100.00%	100.00%
13 2015 Revenue Requirement after Waterfall	\$3,707,020.41	\$3,706,998.34	\$3,706,998.34
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2015 CHCF-A Support	\$3,707,020.41	\$3,706,998.34	\$3,706,998.34
16 Monthly Payment for Periods Jan - Dec 2015 (Line 15/12)	\$308,918.37	\$308,916.53	\$308,916.53

APPENDIX A
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	(Col A)	(Col B)	(Col C)
	Sierra <u>AL 429</u>	Staff <u>Proposed</u>	Commission <u>Adopted</u>
1 2014 CHCF-A Requirement (Resolution T-17427, Appendix A line 8)	\$15,850,737.92	\$15,850,737.92	\$15,850,737.92
2 Prior Year Adjustments (Non-Recurring)	(\$701,704.00)	(\$701,704.00)	(\$701,704.00)
a Lifeline Reimbursement (D.10-11-033, Section 5.5.3)	(\$61,205.00)	(\$61,205.00)	(\$61,205.00)
b FCC National Broadband Plan(Limits on Capex and Opex)(FCC DA12-646)	(\$640,499.00)	(\$640,499.00)	(\$640,499.00)
c FCC National Broadband Plan(5% reduction Intercarrier Comp(FCC11-161, Paragraph 851)			
3 Year 2015 Impacts (Non-Recurring)	\$47,775.86	\$47,775.85	\$47,775.85
a LifeLine Reimbursement (D.10-11-033, Section 5.5.3)	\$47,775.86	\$47,775.85	\$47,775.85
4 Year 2015 Impacts (Recurring)	\$25,574.81	\$25,574.81	\$25,574.81
FCC National Broadband Plan(5% reduction Intercarrier Comp(FCC11-161, Paragraph 851)	\$25,574.81	\$25,574.81	\$25,574.81
5 Net Interstate Expense Adjustment			
a Projected 2014 USF-HCLS (Resolution T-17427, Appendix A line 5b)	\$3,023,643.25	\$3,023,643.25	\$3,023,643.25
b Projected 2015 USF-HCLS (Per NECA)	(\$2,728,595.06)	(\$2,728,595.06)	(\$2,728,595.06)
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$295,048.19	\$295,048.19	\$295,048.19
6 2015 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$15,517,432.78	\$15,517,432.77	\$15,517,432.77
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2015 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2016)	\$15,517,432.78	\$15,517,432.77	\$15,517,432.77
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2015 Revenue Requirement eligible for CHCF-A Support	\$15,517,432.78	\$15,517,432.77	\$15,517,432.77
11 2015 Revenue Requirement after Means Test	\$14,976,646.39	\$14,976,646.49	\$14,976,646.49
12 Waterfall effect	80.00%	80.00%	80.00%
13 2015 Revenue Requirement after Waterfall	\$11,981,317.11	\$11,981,317.19	\$11,981,317.19
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2015 CHCF-A Support	\$11,981,317.11	\$11,981,317.19	\$11,981,317.19
16 Monthly Payment for Periods Jan - Dec 2015 (Line 15/12)	\$998,443.09	\$998,443.10	\$998,443.10

APPENDIX A
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	(Col A)	(Col B)	(Col C)
	Siskiyou	Staff	Commission
	<u>AL 394</u>	<u>Proposed</u>	<u>Adopted</u>
1 2014 CHCF-A Requirement (Resolution T-17427, Appendix A line 8)	\$2,322,587.99	\$2,322,587.99	\$2,322,587.99
2 Prior Year Adjustments (Non-Recurring)	(\$40,715.65)	(\$40,715.65)	(\$40,715.65)
a Lifeline Reimbursement (D.10-11-033, Section 5.5.3)	(\$40,715.65)	(\$40,715.65)	(\$40,715.65)
b FCC National Broadband Plan(Limits on Capex and Opex)(FCC DA12-646)	\$0.00	\$0.00	\$0.00
c FCC National Broadband Plan(5% reduction Intercarrier Comp(FCC11-161, Paragraph 851)			
3 Year 2015 Impacts (Non-Recurring)	\$17,531.36	\$17,531.36	\$17,531.36
a LifeLine Reimbursement (D.10-11-033, Section 5.5.3)	\$17,531.36	\$17,531.36	\$17,531.36
4 Year 2015 Impacts (Recurring)	\$14,222.52	\$14,222.52	\$14,222.52
FCC National Broadband Plan(5% reduction Intercarrier Comp(FCC11-161, Paragraph 851)	\$14,222.52	\$14,222.52	\$14,222.52
5 Net Interstate Expense Adjustment			
a Projected 2014 USF-HCLS (Resolution T-17427, Appendix A line 5b)	\$6,093,486.66	\$6,093,486.66	\$6,093,486.66
b Projected 2015 USF-HCLS (Per NECA)	(\$6,398,167.00)	(\$6,383,878.00)	(\$6,383,878.00)
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	(\$304,680.34)	(\$290,391.34)	(\$290,391.34)
6 2015 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$2,008,945.88	\$2,023,234.88	\$2,023,234.88
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2015 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2016)	\$2,008,945.88	\$2,023,234.88	\$2,023,234.88
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2015 Revenue Requirement eligible for CHCF-A Support	\$2,008,945.88	\$2,023,234.88	\$2,023,234.88
11 2015 Revenue Requirement after Means Test	\$2,008,945.88	\$2,023,234.88	\$2,023,234.88
12 Waterfall effect	100.00%	100.00%	100.00%
13 2015 Revenue Requirement after Waterfall	\$2,008,945.88	\$2,023,234.88	\$2,023,234.88
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2015 CHCF-A Support	\$2,008,945.88	\$2,023,234.88	\$2,023,234.88
16 Monthly Payment for Periods Jan - Dec 2015 (Line 15/12)	\$167,412.16	\$168,602.91	\$168,602.91

APPENDIX A
Resolution T- 17461

	(Col A)	(Col B)	(Col C)
	Volcano AL 384	Staff Proposed	Commission Adopted
1 2014 CHCF-A Requirement (Resolution T-17427, Appendix A line 8)	\$4,005,322.05	\$4,005,322.05	\$4,005,322.05
2 Prior Year Adjustments (Non-Recurring)	\$0.00	\$0.00	\$0.00
a Lifeline Reimbursement (D.10-11-033, Section 5.5.3)	\$0.00	\$0.00	\$0.00
b FCC National Broadband Plan(Limits on Capex and Opex)(FCC DA12-646)	\$0.00	\$0.00	\$0.00
c FCC National Broadband Plan(5% reduction Intercarrier Comp(FCC11-161, Paragraph 851)			
3 Year 2015 Impacts (Non-Recurring)	\$0.00	\$0.00	\$0.00
a LifeLine Reimbursement (D.10-11-033, Section 5.5.3)	\$0.00	\$0.00	\$0.00
4 Year 2015 Impacts (Recurring)	\$16,116.00	\$16,116.00	\$16,116.00
a FCC National Broadband Plan(5% reduction Intercarrier Comp(FCC11-161, Paragraph 851)	\$16,116.00	\$16,116.00	\$16,116.00
5 Net Interstate Expense Adjustment			
a Projected 2014 USF-HCLS (Resolution T-17427, Appendix A line 5b)	\$1,243,686.81	\$1,243,686.81	\$1,243,686.81
b Projected 2015 USF-HCLS (Per NECA)	(\$868,805.00)	(\$919,412.47)	(\$919,412.47)
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$374,881.81	\$324,274.34	\$324,274.34
6 2015 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$4,396,319.86	\$4,345,712.39	\$4,345,712.39
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2015 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2016)	\$4,396,319.86	\$4,345,712.39	\$4,345,712.39
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2015 Revenue Requirement eligible for CHCF-A Support	\$4,396,319.86	\$4,345,712.39	\$4,345,712.39
11 2015 Revenue Requirement after Means Test	\$4,268,660.00	\$ 4,218,020.13	\$4,218,020.13
12 Waterfall effect	80.00%	80.00%	80.00%
13 2015 Revenue Requirement after Waterfall	\$3,414,928.00	\$3,374,416.10	\$3,374,416.10
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2015 CHCF-A Support	\$3,414,928.00	\$3,374,416.10	\$3,374,416.10
16 Monthly Payment for Periods Jan - Dec 2015 (Line 15/12)	\$284,577.33	\$281,201.34	\$281,201.34

APPENDIX A
Resolution T- 17461

	(Col A)	(Col B)	(Col C)
	Winterhaven	Staff	Commission
	<u>AL 241</u>	<u>Proposed</u>	<u>Adopted</u>
1 2014 CHCF-A Requirement (Resolution T-17427, Appendix A line 8)	\$171,442.17	\$179,442.17	\$179,442.17
2 Prior Year Adjustments (Non-Recurring)	\$0.00	\$0.00	\$0.00
a Lifeline Reimbursement (D.10-11-033, Section 5.5.3)	\$0.00	\$0.00	\$0.00
b FCC National Broadband Plan(Limits on Capex and Opex)(FCC DA12-646)	\$0.00	\$0.00	\$0.00
c FCC National Broadband Plan(5% reduction Intercarrier Comp(FCC11-161, Paragraph 851)			
3 Year 2015 Impacts (Non-Recurring)	\$0.00	\$0.00	\$0.00
a LifeLine Reimbursement (D.10-11-033, Section 5.5.3)	\$0.00	\$0.00	\$0.00
4 Year 2015 Impacts (Recurring)	\$9,912.00	\$9,912.00	\$9,912.00
a FCC National Broadband Plan(5% reduction Intercarrier Comp(FCC11-161, Paragraph 851)	\$9,912.00	\$9,912.00	\$9,912.00
5 Net Interstate Expense Adjustment			
a Projected 2014 USF-HCLS (Resolution T-17427, Appendix A line 5b)	\$176,522.33	\$176,522.33	\$176,522.33
b Projected 2015 USF-HCLS (Per NECA)	(\$58,411.45)	(\$58,411.45)	(\$58,411.45)
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$118,110.88	\$118,110.88	\$118,110.88
6 2015 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$299,465.05	\$307,465.05	\$307,465.05
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2015 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2016)	\$299,465.05	\$307,465.05	\$307,465.05
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2015 Revenue Requirement eligible for CHCF-A Support	\$299,465.05	\$307,465.05	\$307,465.05
11 2015 Revenue Requirement after Means Test	\$0.00	\$0.00	\$0.00
12 Waterfall effect	0.00%	0.00%	0.00%
13 2015 Revenue Requirement after Waterfall	\$0.00	\$0.00	\$0.00
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2015 CHCF-A Support	\$0.00	\$0.00	\$0.00
16 Monthly Payment for Periods Jan - Dec 2015 (Line 15/12)	\$0.00	\$0.00	\$0.00

End of the Appendix