

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Carrier Oversight and Programs Branch**

**RESOLUTION T-17728
February 11, 2021**

RESOLUTION

Resolution T-17728, Calaveras Telephone Company, Cal-Ore Telephone Company, The Ponderosa Telephone Company and Sierra Telephone Company. This Resolution adopts \$205,123.18 for Calaveras Telephone Company; \$51,006.19 for Cal-Ore Telephone Company; \$434,704.23 for The Ponderosa Telephone Company; and \$332,971.13 for Sierra Telephone Company in California High Cost Fund-A support for Calendar Year 2018 to compensate for Federal Communications Commission funding reductions during 2017 and reimbursement for LifeLine related administrative costs for end of 2016 and for 2017.

SUMMARY

By Advice Letter 357 filed September 15, 2017, Calaveras Telephone Company (Calaveras) requested recovery of \$195,599.52 in California High Cost Fund (CHCF)-A support for Calendar Year (CY) 2018 due to a reduction in the Federal Communications Commission's (FCC) non-recurring funding level in 2017, and LifeLine related administrative costs for end of 2016 and for 2017.

By Advice Letter 375, filed September 15, 2017, Cal-Ore Telephone Company (Cal-Ore) requested recovery of \$48,638.02 in CHCF-A support for 2018 for LifeLine related administrative costs for end of 2016 and for 2017.

By Advice Letter 463 filed September 15, 2017, The Ponderosa Telephone Company (Ponderosa) requested recovery of \$414,521.36 in CHCF-A support for 2018 due to a reduction in the FCC non-recurring funding level in 2017 and for LifeLine related administrative costs for end of 2016 and for 2017.

And by Advice Letter 447, filed September 15, 2017, Sierra Telephone Company (Sierra) requested recovery of \$317,511.62 in CHCF-A support for 2018 due to a reduction in the FCC non-recurring funding level for 2017 and for LifeLine related administrative costs

for end of 2016 and for 2017. These carriers filed their respective advice letters as part of their annual CHCF-A support filing, pursuant to D. 91-09-042.

This Resolution adopts recovery of \$205,123.18 (including \$9,523.66 in interest) for Calaveras; \$51,006.19 (including \$2,368.17 in interest) for Cal-Ore; \$434,704.23 (including \$20,182.87 in interest) for Ponderosa; and \$332,971.13 (including \$15,459.51 in interest) for Sierra in CHCF-A fund for CY 2018.

BACKGROUND

The CHCF-A was implemented in accordance with Public Utilities (P.U.) Code § 275.6 to provide universal service rate support to small independent telephone corporations (also known as Small Local Exchange Carriers, or Small LECs) in amounts sufficient to meet the revenue requirements established by the Commission through rate-of-return regulation in furtherance of the state's universal service commitment to the continued affordability and widespread availability of safe, reliable, high quality communications services in rural areas of the state.¹

The CHCF-A promotes customer access to advanced services and deployment of broadband-capable facilities in rural areas that is reasonably comparable to that in urban areas, consistent with national communications policy. The program is funded by an all-end user surcharge on intrastate telecommunications services collected by telecommunications carriers. Procedures for the administration of the annual CHCF-A filings are outlined in Commission Decision (D.)91-09-042.

On September 15, 2017, Calaveras, Cal-Ore, Ponderosa, and Sierra filed respectively, Advice Letters (ALs) 357, 375, 463 and 447 as part of their annual filing seeking adjustments² of \$195,599.52, \$48,638.02, \$414,521.36 and \$317,511.62 in CHCF-A funding for 2018 to recoup reductions in FCC non-recurring High Cost Loop Support (HCLS)

¹ P.U. Code § 275.6(c)(4) Provides universal service rate support from the CHCF-Administrative Committee Fund to small independent telephone corporations in an amount sufficient to supply the portion of the revenue requirement that cannot reasonably be provided by the customer of each small independent telephone corporation after receipt of federal universal service rate support.

² For this Resolution, all references "adjustments" refer to a request for an increase in 2018 CHCF-A support.

funding in 2017,³ and for LifeLine related administrative cost for end of 2016 and CY 2017.⁴

The HCLS provides funding for the last mile of connection for rural companies in service areas where the cost to provide service exceeds 115 percent of the national average cost per line. This support is available to rural price-cap and rural rate of return incumbent carriers, which must be designated as eligible telecommunications carriers (ETCs) by their state commissions or the FCC.

By Resolution T-17585 dated January 11, 2018, the Commission disallowed the Calaveras, Cal-Ore, Ponderosa and Sierra AL requests, reasoning that these adjustments should have been requested in each company's respective General Rate Case (GRC) applications (A.16-10-02, A.16-10-004, A.16-10-001 and A.16-10-003 respectively) filed on October 03, 2016 for Test Year (TY) 2018. However, these adjustments were not requested in any of the GRC applications.

On February 14, 2018, Calaveras, Cal-Ore, Ponderosa, and Sierra filed an application (A. 18-02-014) for rehearing of Resolution T-17585⁵ challenging the denial of the requested adjustments. By D.20-08-026 on August 6, 2020, Order Granting Limited Rehearing, the Commission vacated the portion of Resolution T-17585 that related to denial of the Calaveras, Cal-Ore, Ponderosa, and Sierra ALs, and granted limited rehearing of Resolution T-17585 for the Commission's Communication Division to reconsider the requested AL adjustments in accordance with the direction given in this Decision.

DISCUSSION

Small LECs are required to file ALs annually to receive CHCF-A support pursuant to D.91-09-042.⁶ Calaveras, Cal-Ore, Ponderosa, and Sierra filed their respective ALs on September 15, 2017. In their ALs, the carriers requested adjustments of \$195,599.52, \$48,638.02, \$414,521.36 and \$317,511.62, respectively, for 2018 CHCF-A support to

³ For Calaveras, Ponderosa and Sierra, The FCC HCLS reductions included 1) a pro rata adjustment that decreased HCLS in order to maintain the budget under the frozen National Average Cost Per Loop as identified in FCC Order 14-190, Section VI.A; and 2) Budget Control Mechanism that resulted in reduced HCLS beginning September 2016, identified in FCC Order 16-33, Sections II.B.6 and III.B.6.

⁴ LifeLine administrative cost per D.10-11-033 for Calaveras, Cal-Ore, Ponderosa and Sierra.

⁵ Additional joint petitioners were Ducor Telephone Company, Foresthill Telephone Company, Kerman Telephone Company, Pinnacles Telephone Company, Siskiyou Telephone Company, and Volcano Telephone Company

⁶ This annual filing is required of all Small ILECs, whether or not a Small ILEC draws from the CHCF-A fund.

recover reductions in non-recurring Federal HCLS funding for 2017 and for LifeLine related administrative costs for end of 2016 and for 2017. Commission Resolution T-17585 denied the carriers' respective AL requests for recovery through 2018 support, reasoning that Calaveras, Cal-Ore, Ponderosa, and Sierra should have asked for this funding in their respective Test Year 2018 GRC applications.

However, upon reconsideration of the carriers' respective ALs pursuant to the Commission's directive in D.20-08-026, the Communications Division staff (Staff) determines that the requested adjustments are for FCC funding reductions that occurred during CY 2017, and reimbursement for LifeLine related administrative costs that occurred during the end of 2016 and CY 2017 and are appropriate. Calaveras, Cal-Ore, Ponderosa, and Sierra may request this recovery during 2018, as their requests conform with D.91-09-042. Staff therefore recommends that the Commission approve the adjustments of \$195,599.52, \$48,638.02, \$414,521.36 and \$317,511.62 requested respectively by Calaveras, Cal-Ore, Ponderosa, and Sierra plus interest.

COMMENTS

In compliance with P.U. Code § 311(g), the Commission emailed a notice letter on January 8, 2021, informing Calaveras, Cal-Ore, Ponderosa, and Sierra, and all parties of record in Application 18-02-014 service list of the availability of this Resolution for public comments at the Commission's website www.cpuc.ca.gov. Comments are due within twenty (20) days of Daily Calendar notification. The notice letter also informed parties that the final conformed Resolution adopted by the Commission will be posted and available at the same website.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Calaveras Telephone Company filed Advice Letter 357 on September 15, 2017, as part of its annual CHCF-A support filing, requesting 2018 recovery of a 2017 reduction in non-recurring Federal Communications Commission (FCC) funding, and reimbursement for LifeLine related administrative costs for end of 2016 and for 2017.
2. Cal-Ore Telephone Company filed Advice Letter 375 on September 15, 2017, as part of its annual CHCF-A support filing, requesting 2018 recovery of a 2017 reduction in non-recurring FCC funding, and reimbursement for LifeLine related administrative costs for end of 2016 and for 2017.

3. The Ponderosa Telephone Company filed Advice Letter 463 on September 15, 2017, as part of its annual California High Cost-A support filing, requesting 2018 recovery of a 2017 reduction in non-recurring FCC funding and reimbursement for LifeLine related administrative costs for end of 2016 and for 2017.
4. Sierra Telephone Company filed Advice Letter 447 on September 15, 2017, as part of its annual California High Cost-A support filing, requesting 2018 recovery of a 2017 reduction in non-recurring FCC funding and reimbursement for LifeLine related administrative costs for end of 2016 and for 2017.
5. The Commission, by Resolution T-17585, denied Calaveras, Cal-Ore, Ponderosa, and Sierra's recovery of the 2017 reduction in federal funding requests and reimbursement of LifeLine administrative costs through the CHCF-A.
6. On February 14, 2018, Calaveras, Cal-Ore, Ponderosa, and Sierra Siskiyou and Volcano along with six joint petitioner Small Local Exchange carriers, filed an application for rehearing of Resolution T-17585.
7. On August 6, 2020, by D. 20-08-026, Order Granting Limited Rehearing of Resolution T-17585, the Commission vacated the portion of Resolution T-17585 that relates to denial of Calaveras's AL 357, Cal-Ore's AL 375, Ponderosa's AL 463, and Sierra's AL 447, and granted limited rehearing of T-17585 for the Commission's Communication Division to reconsider the requested adjustments in these Advice Letters, in accordance with the direction given in this decision.
8. The adjustments in CHCF-A support sought by Calaveras, Cal-Ore, Ponderosa, and Sierra conform with D.91-09-042.
9. Calaveras' requested adjustment of \$195,599.52 in CHCF-A support for 2018 is reasonable and should be adopted.
10. Cal-Or's requested adjustment of \$48,638.02 in CHCF-A support for 2018 is reasonable and should be adopted.
11. Ponderosa's requested adjustment of \$414,521.36 in CHCF-A support for 2018 is reasonable and should be adopted.
12. Sierra's requested adjustment of \$317,511.62 in CHCF-A support for 2018 is reasonable and should be adopted.
13. Calaveras' calculated interest amount of \$9,523.66 is reasonable and should be adopted
14. Cal-Ore's calculated interest amount of \$2,368.17 is reasonable and should be adopted
15. Ponderosa's calculated interest amount of \$20,182.87 is reasonable and should be adopted.

16. Sierra's calculated interest amount of \$15,459.51 is reasonable and should be adopted.

THEREFORE, IT IS ORDERED that:

1. In compliance with Decision 20-08-026 and Decision 91-09-042, Calaveras Telephone Company shall receive a one-time lump sum payment from the California High Cost Fund-A of \$195,599.52 within 45 days from the effective date of this Resolution.
2. In compliance with Decision 20-08-026 and Decision 91-09-042, Cal-Ore Telephone Company shall receive a one-time lump sum payment from the California High Cost Fund-A of \$48,638.02 within 45 days from the effective date of this Resolution.
3. In compliance with Decision 20-08-026 and Decision 91-09-042, The Ponderosa Telephone Company shall receive a one-time lump sum payment from the California High Cost Fund-A of \$414,521.36 within 45 days from the effective date of this Resolution.
4. In compliance with Decision 20-08-026 and Decision 91-09-042, Sierra Telephone Company shall receive a one-time lump sum payment from the California High Cost Fund-A of \$317,511.62 within 45 days from the effective date of this Resolution.
5. In compliance with D.01-02-018, Calaveras shall receive an additional amount of \$9,523.66 in interest from the California High Cost Fund-A.
6. In compliance with D.01-02-018, Cal-Ore shall receive an additional amount of \$2,368.17 in interest from the California High Cost Fund-A.
7. In compliance with D.01-02-018, Ponderosa shall receive an additional amount of \$20,182.87 in interest from the California High Cost Fund-A.
8. In compliance with D.01-02-018, Sierra shall receive an additional amount of \$15,459.51 in interest from the California High Cost Fund-A.

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 _____ the following Commissioners voting favorable thereon:

Rachel Peterson
Acting Executive Director

Appendix A-1

Late Interest Calculation - 90-Day Financial Commercial Paper Rate					
Calaveras Telephone Company (U 1004 C)					
(A)	(B)	(C)	(D)	(E)	(F)
Time Period	CHCF-A Support Shortfall	Cumulative Amount	Days	90-Day Financial Commercial Paper Rate	Late Interest
		(B) + Sum (Prior (F))			(C) * (D)/365 * (E)
Feb-18	\$ 195,599.52	\$ 195,599.52	28	1.78%	\$ 266.77
Mar-18		\$ 195,866.29	31	2.08%	\$ 346.24
Apr-18		\$ 196,212.53	30	2.20%	\$ 354.72
May-18		\$ 196,567.25	31	2.16%	\$ 360.38
Jun-18		\$ 196,927.63	30	2.19%	\$ 353.85
Jul-18		\$ 197,281.48	31	2.17%	\$ 363.35
Aug-18		\$ 197,644.83	31	2.19%	\$ 368.13
Sep-18		\$ 198,012.96	30	2.24%	\$ 365.07
Oct-18		\$ 198,378.04	31	2.37%	\$ 400.08
Nov-18		\$ 198,778.12	30	2.56%	\$ 418.16
Dec-18		\$ 199,196.28	31	2.69%	\$ 454.81
2019		\$ 199,651.09	365	2.22%	\$ 4,432.25
Jan-20		\$ 204,083.35	31	1.65%	\$ 285.48
Feb-20		\$ 204,368.82	29	1.59%	\$ 258.95
Mar-20		\$ 204,627.77	31	1.35%	\$ 235.13
Apr-20		\$ 204,862.90	30	0.00%	\$ -
May-20		\$ 204,862.90	31	0.17%	\$ 29.58
Jun-20		\$ 204,892.48	30	0.20%	\$ 34.35
Jul-20		\$ 204,926.84	31	0.18%	\$ 30.75
Aug-20		\$ 204,957.58	31	0.15%	\$ 26.11
Sep-20		\$ 204,983.70	30	0.13%	\$ 21.90
Oct-20		\$ 205,005.60	31	0.12%	\$ 20.89
Nov-20		\$ 205,026.49	30	0.16%	\$ 26.96
Dec-20 [^]		\$ 205,053.45	31	0.17%	\$ 29.61
Jan-21 [^]		\$ 205,083.06	31	0.17%	\$ 29.61
2/1-2/11/21 [^]		\$ 205,112.67	11	0.17%	\$ 10.51
Total		\$ 205,123.18			\$ 9,523.66

^ Interest data through 12/9/20. Applying the December estimated rate through 2/11/21.

Appendix A-2

Late Interest Calculation - 90-Day Financial Commercial Paper Rate					
Cal-Ore Telephone Co. (U 1006 C)					
(A)	(B)	(C)	(D)	(E)	(F)
Time Period	CHCF-A Support Shortfall	Cumulative Amount	Days	90-Day Financial Commercial Paper Rate	Late Interest
		(B) + Sum (Prior (F))			(C) * (D)/365 * (E)
Feb-18	\$ 48,638.02	\$ 48,638.02	28	1.78%	\$ 66.34
Mar-18		\$ 48,704.36	31	2.08%	\$ 86.10
Apr-18		\$ 48,790.45	30	2.20%	\$ 88.20
May-18		\$ 48,878.66	31	2.16%	\$ 89.61
Jun-18		\$ 48,968.27	30	2.19%	\$ 87.99
Jul-18		\$ 49,056.26	31	2.17%	\$ 90.35
Aug-18		\$ 49,146.61	31	2.19%	\$ 91.54
Sep-18		\$ 49,238.15	30	2.24%	\$ 90.78
Oct-18		\$ 49,328.93	31	2.37%	\$ 99.48
Nov-18		\$ 49,428.41	30	2.56%	\$ 103.98
Dec-18		\$ 49,532.40	31	2.69%	\$ 113.09
2019		\$ 49,645.49	365	2.22%	\$ 1,102.13
Jan-20		\$ 50,747.62	31	1.65%	\$ 70.99
Feb-20		\$ 50,818.61	29	1.59%	\$ 64.39
Mar-20		\$ 50,883.00	31	1.35%	\$ 58.47
Apr-20		\$ 50,941.46	30	0.00%	\$ -
May-20		\$ 50,941.46	31	0.17%	\$ 7.36
Jun-20		\$ 50,948.82	30	0.20%	\$ 8.54
Jul-20		\$ 50,957.36	31	0.18%	\$ 7.65
Aug-20		\$ 50,965.01	31	0.15%	\$ 6.49
Sep-20		\$ 50,971.50	30	0.13%	\$ 5.45
Oct-20		\$ 50,976.95	31	0.12%	\$ 5.20
Nov-20		\$ 50,982.14	30	0.16%	\$ 6.70
Dec-20 [^]		\$ 50,988.85	31	0.17%	\$ 7.36
Jan-21 [^]		\$ 50,996.21	31	0.17%	\$ 7.36
2/1-2/11/21 [^]		\$ 51,003.57	11	0.17%	\$ 2.61
Total		\$ 51,006.19			\$ 2,368.17

^ Interest data through 12/9/20. Applying the December estimated rate through 2/11/21.

Appendix A-3

Late Interest Calculation - 90-Day Financial Commercial Paper Rate					
The Ponderosa Telephone Co. (U 1014 C)					
(A)	(B)	(C)	(D)	(E)	(F)
Time Period	CHCF-A Support Shortfall	Cumulative Amount (B) + Sum (Prior (F))	Days	90-Day Financial Commercial Paper Rate	Late Interest (C) * (D)/365 * (E)
Feb-18	\$ 414,521.36	\$ 414,521.36	28	1.78%	\$ 565.35
Mar-18		\$ 415,086.71	31	2.08%	\$ 733.76
Apr-18		\$ 415,820.47	30	2.20%	\$ 751.73
May-18		\$ 416,572.21	31	2.16%	\$ 763.73
Jun-18		\$ 417,335.93	30	2.19%	\$ 749.90
Jul-18		\$ 418,085.83	31	2.17%	\$ 770.03
Aug-18		\$ 418,855.86	31	2.19%	\$ 780.15
Sep-18		\$ 419,636.02	30	2.24%	\$ 773.68
Oct-18		\$ 420,409.70	31	2.37%	\$ 847.86
Nov-18		\$ 421,257.55	30	2.56%	\$ 886.19
Dec-18		\$ 422,143.74	31	2.69%	\$ 963.86
2019		\$ 423,107.60	365	2.22%	\$ 9,392.99
Jan-20		\$ 432,500.59	31	1.65%	\$ 604.99
Feb-20		\$ 433,105.58	29	1.59%	\$ 548.77
Mar-20		\$ 433,654.34	31	1.35%	\$ 498.30
Apr-20		\$ 434,152.65	30	0.00%	\$ -
May-20		\$ 434,152.65	31	0.17%	\$ 62.68
Jun-20		\$ 434,215.33	30	0.20%	\$ 72.81
Jul-20		\$ 434,288.14	31	0.18%	\$ 65.16
Aug-20		\$ 434,353.30	31	0.15%	\$ 55.34
Sep-20		\$ 434,408.63	30	0.13%	\$ 46.42
Oct-20		\$ 434,455.05	31	0.12%	\$ 44.28
Nov-20		\$ 434,499.33	30	0.16%	\$ 57.14
Dec-20 [^]		\$ 434,556.47	31	0.17%	\$ 62.74
Jan-21 [^]		\$ 434,619.21	31	0.17%	\$ 62.75
2/1-2/11/21 [^]		\$ 434,681.96	11	0.17%	\$ 22.27
Total		\$ 434,704.23			\$ 20,182.87
[^] Interest data through 12/9/20. Applying the December estimated rate through 2/11/21.					

Appendix A-4

Late Interest Calculation - 90-Day Financial Commercial Paper Rate					
Sierra Telephone Company, Inc. (U 1016 C)					
(A)	(B)	(C)	(D)	(E)	(F)
Time Period	CHCF-A Support Shortfall	Cumulative Amount	Days	90-Day Financial Commercial Paper Rate	Late Interest
		(B) + Sum (Prior (F))			(C) * (D)/365 * (E)
Feb-18	\$ 317,511.62	\$ 317,511.62	28	1.78%	\$ 433.04
Mar-18		\$ 317,944.66	31	2.08%	\$ 562.04
Apr-18		\$ 318,506.70	30	2.20%	\$ 575.81
May-18		\$ 319,082.51	31	2.16%	\$ 584.99
Jun-18		\$ 319,667.50	30	2.19%	\$ 574.40
Jul-18		\$ 320,241.90	31	2.17%	\$ 589.82
Aug-18		\$ 320,831.73	31	2.19%	\$ 597.58
Sep-18		\$ 321,429.30	30	2.24%	\$ 592.62
Oct-18		\$ 322,021.92	31	2.37%	\$ 649.43
Nov-18		\$ 322,671.35	30	2.56%	\$ 678.80
Dec-18		\$ 323,350.15	31	2.69%	\$ 738.29
2019		\$ 324,088.43	365	2.22%	\$ 7,194.76
Jan-20		\$ 331,283.20	31	1.65%	\$ 463.41
Feb-20		\$ 331,746.60	29	1.59%	\$ 420.34
Mar-20		\$ 332,166.94	31	1.35%	\$ 381.68
Apr-20		\$ 332,548.63	30	0.00%	\$ -
May-20		\$ 332,548.63	31	0.17%	\$ 48.01
Jun-20		\$ 332,596.64	30	0.20%	\$ 55.77
Jul-20		\$ 332,652.41	31	0.18%	\$ 49.91
Aug-20		\$ 332,702.32	31	0.15%	\$ 42.39
Sep-20		\$ 332,744.71	30	0.13%	\$ 35.55
Oct-20		\$ 332,780.26	31	0.12%	\$ 33.92
Nov-20		\$ 332,814.18	30	0.16%	\$ 43.77
Dec-20^		\$ 332,857.95	31	0.17%	\$ 48.06
Jan-21^		\$ 332,906.00	31	0.17%	\$ 48.07
2/1-2/11/21^		\$ 332,954.07	11	0.17%	\$ 17.06
Total		\$ 332,971.13			\$ 15,459.51

^ Interest data through 12/9/20. Applying the December estimated rate through 2/11/21.