

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

**Communications Division  
Carrier Oversight & Programs Branch**

**RESOLUTION T-17806  
January 11, 2024**

**R E S O L U T I O N**

**RESOLUTION T-17806. This Resolution Adopts \$31.877 million in California High Cost Fund-A Support for Ten Small Incumbent Local Exchange Carriers for Calendar Year 2024.**

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**S U M M A R Y**

This Resolution adopts a total of \$31.877 million in California High Cost Fund-A (CHCF-A) support for Calendar Year (CY) 2024, to be disbursed to ten Small Incumbent Local Exchange Carriers (Small ILECs) that draw from the fund:

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
10. Volcano Telephone Company

The ten Small ILECs requested a total of \$32.562 million. For reasons discussed below, we decreased support by \$685,309, and approve \$31.877 million, as shown in Table 2, columns B through D. The amounts adopted for the three companies with Test Year (TY) 2024 General Rate Cases (GRCs), Foresthill, Kerman, and Ponderosa, shall apply unless and until a Decision is adopted in their respective GRC proceedings.<sup>1</sup>

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<sup>1</sup> Foresthill, A.22-11-001; Kerman, A.22-11-002; and Ponderosa, A.22-10-004

## **BACKGROUND**

The California High Cost Fund was implemented by Decision (D.) 88-07-022, as modified by D.91-05-016 and D.91-09-042, to provide a source of supplemental revenues for Small ILECs whose basic exchange access line service rates would otherwise be increased to levels that would threaten universal service. These decisions provide foundational program guidelines. Of the 13 Small ILECs eligible for CHCF-A funding, the following ten currently request CHCF-A support:

1. Calaveras Telephone Company (Calaveras);
2. Cal-Ore Telephone Company (Cal-Ore);
3. Ducor Telephone Company (Ducor);
4. Foresthill Telephone Company (Foresthill);
5. Kerman Telephone Company (Kerman);
6. Pinnacles Telephone Company (Pinnacles);
7. The Ponderosa Telephone Company (Ponderosa);
8. Sierra Telephone Company (Sierra);
9. Siskiyou Telephone Company (Siskiyou);
10. Volcano Telephone Company (Volcano).

Three Small ILECs currently do not request CHCF-A support:

1. Happy Valley Telephone Company (Happy Valley);
2. Hornitos Telephone Company (Hornitos); and
3. Winterhaven Telephone Company (Winterhaven).

Public Utilities (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. To facilitate that opportunity, the CHCF-A program funding bridges the revenue differential between the basic service rate revenue paid by the Small ILECs' customers, federal high cost support, and other sources, and the revenue requirement needed by a Small ILEC to achieve its authorized rate-of-return. The CHCF-A program is scheduled to sunset on January 1, 2028.<sup>2</sup>

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<sup>2</sup> On September 28, 2022, the Governor signed into law Senate Bill 857, extending the program to January 1, 2028. The bill is codified in P.U. Code § 275.6(g).

**Notice of Advice Letters**

During September 2023, all 13 Small ILECs submitted their respective annual CHCF-A Advice Letters (ALs), in accordance with D.91-09-042. Ten of these 13 Small ILECs requested a total Calendar Year (CY) 2024 CHCF-A support of approximately \$32.562 million. Three of these 13 Small ILECs did not request CHCF-A support. Table 1 provides a summary of the AL requests:

<b>Table 1 - Advice Letter Requests</b>			
<b>Advice Letter No.</b>	<b>Filed By:</b>	<b>Date Filed:</b>	<b>CY 2024 CHCF-A Support Requested:</b>
397	Calaveras Telephone Company	9/15/2023	\$ 3,055,835.53
411	Cal-Ore Telephone Company	9/15/2023	\$ 1,471,776.44
413	Ducor Telephone Company	9/15/2023	\$ 1,333,743.89
380	Foresthill Telephone Company *	9/15/2023	\$ 2,851,041.06
406	Happy Valley Telephone Company	9/8/2023	\$ 0.00
373	Hornitos Telephone Company	9/8/2023	\$ 0.00
456	Kerman Telephone Company *	9/15/2023	\$ 3,645,268.54
316	Pinnacles Telephone Company	9/15/2023	\$ 437,231.24
510	The Ponderosa Telephone Company *	9/15/2023	\$ 3,633,559.83
499	Sierra Telephone Company	9/15/2023	\$ 7,294,332.45
459	Siskiyou Telephone Company	9/15/2023	\$ 5,891,322.29
439	Volcano Telephone Company	9/15/2023	\$ 2,948,124.37
295	Winterhaven Telephone Company	9/8/2023	\$ 0.00
		<b>TOTAL</b>	<b>\$ 32,562,235.64</b>
* The requested amounts for the 3 companies with TY 2024 GRCs would apply until a decision is adopted in their respective GRC proceedings. The companies have identified which adjustments they are requesting in addition to the CHCF-A support amounts that will be adopted in the GRC decisions.			

In their AL filings, the Small ILECs requested adjustments to their CHCF-A support amount related to regulatory changes of industry-wide effect: a) Pro-Rata Changes for High Cost Loop Support (HCLS); b) Reduction in Inter-carrier Compensation; c) Alternative-Connect America Fund support; and d) Net interstate expense adjustment (projected Universal Service Fund per the National Exchange Carrier Association (NECA)). The details of these additional amounts can be found in Appendix A for each of the Small ILECs.

The 13 Small ILECs' CY 2024 CHCF-A AL filings appeared in the Commission's Daily Calendar during September 2023.

### **Protests**

Neither the Public Advocates Office, nor any other entity, filed any protests to any of the 13 Small ILECs' CY 2024 CHCF-A ALs.

## **DISCUSSION**

### **CHCF-A Rules and Orders Analysis**

Staff recommends CHCF-A support of \$31.877 million, compared to the Small ILECs' cumulative request of \$32.562 million, due to final Net Interstate Expense Adjustment data provided by NECA, corrections to the calculation of the reduction in Intercarrier Compensation, and application of the means test. The amounts adopted for the three companies with TY 2024 GRCs, Foresthill, Kerman, and Ponderosa, will apply unless and until a Decision is adopted in their respective GRC proceedings.

Table 2 shows:

1. CY 2024 Small ILECs' requested CHCF-A support;
2. Staff's proposed adjustments; and
3. Staff's proposed annual and monthly support amounts for CHCF-A.

Staff's proposed support column includes CHCF-A support authorized by this Resolution for the ten Small ILECs that requested support for CY 2024.

<b>Table 2 - Small ILEC Requested Support and CD Proposed Support</b>				
<b>CY 2024</b>				
<b>(A)</b>	<b>(B)</b>	<b>(C)</b>	<b>(D)</b>	<b>(E)</b>
<b>Small ILECs</b>	<b>Small ILECs Requested Annual Support</b>	<b>CD Proposed Adjustments</b>	<b>CD Proposed Annual Support</b>	<b>CD Proposed Monthly Support</b>
Calaveras	\$ 3,055,835.53	\$ (89,204.55)	\$ 2,966,630.98	\$ 247,219.25
Cal-Ore	\$ 1,471,776.44	\$ 0.00	\$ 1,471,776.44	\$ 122,648.04
Ducor	\$ 1,333,743.89	\$ -	\$ 1,333,743.89	\$ 111,145.32
Foresthill *	\$ 2,851,041.06	\$ 89,408.96	\$ 2,940,450.02	\$ 245,037.50
Happy Valley	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Hornitos	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Kerman *	\$ 3,645,268.54	\$ 291,217.20	\$ 3,936,485.74	\$ 328,040.48
Pinnacles	\$ 437,231.24	\$ 0.00	\$ 437,231.24	\$ 36,435.94
Ponderosa *	\$ 3,633,559.83	\$ (81,745.42)	\$ 3,551,814.41	\$ 295,984.53
Sierra	\$ 7,294,332.45	\$ (677,354.61)	\$ 6,616,977.84	\$ 551,414.82
Siskiyou	\$ 5,891,322.29	\$ 119,383.20	\$ 6,010,705.49	\$ 500,892.12
Volcano	\$ 2,948,124.37	\$ (337,013.79)	\$ 2,611,110.58	\$ 217,592.55
Winterhaven	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
<b>Total</b>	<b>\$ 32,562,235.64</b>	<b>\$ (685,309.01)</b>	<b>\$ 31,876,926.63</b>	<b>\$ 2,656,410.55</b>
* The requested and CD proposed amounts for the 3 companies with TY 2024 GRCs would apply until a decision is adopted in their respective GRC proceedings. The companies have identified which adjustments they are requesting in addition to the CHCF-A support amounts that will be adopted in the GRC decisions.				

Staff's total recommended amount is also based on the following Federal Communications Commission (FCC) and Commission rulings and decisions:

### **Means Test**

The Appendix to D.91-09-042, Implementation Rules, requires that, except for the twelve (12) months after a decision or resolution is rendered by the Commission in a Small ILEC's rate case, each Small ILEC's CHCF-A support request shall be subject to a means test.

The Implementation Rules also state "Utilities shall be eligible for support from the fund limited to the amount which are forecasted to result in earnings not to exceed

authorized intrastate rates of return or to the current funding level amount for the year for which HCF is being requested, whichever amount is lower.”<sup>3</sup> Making such determinations is the purpose of the means test.

In administering the Commission’s means test, staff’s calculations indicate that Calaveras, Cal-Ore, Ducor, Kerman, Pinnacles, and Ponderosa) are not currently earning more than their authorized rates of return. The results of the Commission’s means test calculations indicate that Foresthill’s adjusted CHCF-A support would cause them to exceed their authorized rates of return; and therefore, Foresthill’s CHCF-A support for 2024 is reduced accordingly. Having just completed their respective GRC proceedings, CY 2023 is the year after the test year for Sierra, Siskiyou, and Volcano, hence these companies are not subject to the means test. Staff used the final NECA USF-HCLS data to determine the funding amount<sup>4</sup> and when performing the means test calculations.

The forecasted earnings must be based on at least seven months of recorded financial data, annualized for the year that the AL is filed.<sup>5</sup> The means test only evaluates recurring funding.

### **Net Interstate Expense Adjustment**

D.91-09-042 authorizes the Small ILECs to include any changes to their federal Universal Service Fund (USF) funding in the annual CHCF-A filings. In addition, Resolution T-16117 states that any change in 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-HCLS support is the amount adopted by the Commission for the current year CHCF-A revenue requirement. The coming year's forecasted USF-HCLS is the amount projected by the USF administrator, NECA.<sup>6</sup>

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<sup>3</sup> D.91-09-042, Appendix at p.2.

<sup>4</sup> The Small ILECs that have elected to receive Alternative-Connect America Fund (A-CAM) support in place of HCLS are not included in the NECA USF-HCLS data.

<sup>5</sup> 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.”

<sup>6</sup> NECA released the projected 2024 USF payment data on their website and the information was available in October 2023. These updated projections compared to the original estimates provided in the respective annual support ALs resulted in changes to the CHCF-A funding for seven of the Small ILECs.

In response to the NECA HCLS updated funding projections, Staff adjusted each Small ILEC's CHCF-A CY 2024 support by incorporating the final NECA adjustment data into the 2024 CHCF-A support calculations as described in Section B, titled "CHCF-A Support Summary by Carrier." The resulting adjustment, if any, is reflected in Line 5c of each carrier's Appendix A calculation sheet.

Also, Cal-Ore, Ducor, Pinnacles, Happy Valley, Hornitos, and Winterhaven transitioned to the federal Alternative Connect America Cost Model (A-CAM)<sup>7</sup>, which is voluntary and offers model-based support. A-CAM support amounts are predetermined and, therefore, NECA does not provide forecasted USF-HCLS amounts for these companies. Ducor and Pinnacles each receive a fixed amount of support each year during the term of their A-CAM election. Cal-Ore is a transitional A-CAM carrier, so their support was reduced by a fixed amount each year until 2022. Happy Valley, Hornitos, and Winterhaven do not request CHCF-A support, so any changes in the federal funding that they receive has no effect on the CHCF-A.<sup>8</sup>

#### **Revenue Adjustment Associated with Rate of Return Reform (Non-Recurring)**

There is one non-recurring revenue effect requested for CY 2024 discussed as follows. The impacts of this effect, if any, is shown on line 3a of each carrier's Appendix A calculation sheet.

##### ***1. High Cost Loop Support Reimbursement Rates (Pro Rata) (FCC 14-190, Section VI. A)***

Adjustments for this item are found in line 3a of each carrier's Appendix A calculation sheet. FCC 14-190, Section VI.A, the FCC's April 2014 Notice of Proposed Rulemaking (NPRM) sought comment on several proposals for near-term reform of high-cost universal service support for rate-of-return carriers. The FCC noted in the April 2014 NPRM that they have significant concerns regarding the structure and incentives created under the existing high-cost mechanisms for rate-of-return carriers, such as the "race to the top" incentives that exist under HCLS. Under the prior HCLS rules, rate-of-return carriers received reimbursement for a fixed percentage of their unseparated loop expenses to the

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<sup>7</sup> Federal Communications Commission DA 16-1422; DA 18-750; FCC Wireline Competition Bureau Docket 10-90. ACAM provides federal funding to Small ILECs that accept support calculated by a cost model to build broadband to a specific number of fixed, eligible locations.

<sup>8</sup> Happy Valley, Hornitos, and Winterhaven do not submit information about the amount of A-CAM support they receive, so Appendix A-5, A-6, and A-13 show \$0 for both the 2023 and 2024 A-CAM allocations (line 5a and 5b).

extent that they exceed a benchmark set in relation to the national average cost per loop (NACPL). Carriers with the highest loop costs relative to the national average had minimal incentive to reduce their expenses and eliminate waste. Carriers with costs close to the ever-rising NACPL risked losing all HCLS for prior investments, while carriers with higher cost per loop were sheltered from the impact of the HCLS cap.

The FCC adopted a revised methodology for applying the cap on high cost loop support so that support is distributed more equitably among all high-cost carriers, and to incentivize carriers with the highest loop costs to curb waste in the operation of their study areas. (FCC 14-190, Section VI. 99)

The Pro-Rata adjustments do not apply to the Small ILECs that have elected A-CAM support.<sup>9</sup>

#### **Revenue Adjustment Associated with Connect America Fund – Intercarrier Compensation (Recurring)**

The FCC's Connect America Fund instituted a comprehensive intercarrier compensation reform and established that "[f]or 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..."<sup>10</sup> The CHCF-A program allows for annual recovery of the difference in the reduction in intercarrier compensation.<sup>11</sup> The resulting adjustment, if any, is reflected in Line 4a (National Broadband Plan (5% reduction Intercarrier Compensation) of each carrier's Appendix A calculation sheet.

#### **Cost of Capital**

The most recent Cost of Capital proceeding concluded on December 15, 2016, with the issuance of D.16-12-035. In this decision, the Commission adopted company-specific cost of capital (or rate of return) to be applied in pending and future GRC applications initiated before the year 2021 for all ten of the Small ILECs that draw CHCF-A support.

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<sup>9</sup> Cal-Ore, Ducor, and Pinnacles have elected A-CAM support. Happy Valley, Hornitos, and Winterhaven have also elected A-CAM support but do not draw from the CHCF-A.

<sup>10</sup> FCC 11-161, Paragraph 39.

<sup>11</sup> D.91-09-042, Appendix, Part B: "Annual Settlements Effects and HCF Adjustments."



On September 1, 2022, the ten Independent Small LECs<sup>12</sup>, filed an application for determination of their cost of capital for ratemaking purposes for the current GRC cycle. The Independent Small LECs request that the authorized cost of capital that is determined in this proceeding (A.22-09-003) be implemented in each of the GRCs for TY 2023 through 2025, with any resulting changes in revenue requirement and CHCF-A support being applied prospectively for those carriers whose GRC decision has already been issued. A decision establishing the costs of capital for each of the Independent Small LECs will likely be adopted in 2024.

### **Waterfall**

Pursuant to the Implementation Rules in D.91-09-042 and D.15-06-048, the phase-down of the CHCF-A funding percentage 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 three 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, if no GRC application is submitted. This six-year phase down of funding level is known as the Waterfall.

In D.20-08-011, the Commission determined that the program and ratemaking changes from a pending Phase 2 decision in R.11-11-007 will require time to implement and therefore delayed the start of the next cycle of GRCs by one year. D.20-08-011 extended the filing deadlines for Group A companies to October 1, 2021, Group B companies to October 1, 2022, and Group C companies to October 1, 2023. This Decision also made changes to the composition of the groups<sup>13</sup>. Siskiyou, Sierra, and Volcano (Group A Companies) received extensions to file their applications on November 1, 2021. Also, Ponderosa (a Group B company) received an extension to file its application on November 1, 2022. Similarly, on August 2, 2023, the Commission's Executive Director granted Calaveras (Group C company) an extension of the application deadline for TY 2024 GRC to November 15, 2023, and on September 27, 2023 granted Pinnacles (Group C Company) an extension of the application deadline for TY 2024 to November 15, 2023..

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<sup>12</sup> The ten Independent Small LECs are Calaveras, Cal-Ore, Ducor, Foresthill, Kerman, Pinnacles, Ponderosa, Sierra, Siskiyou, and Volcano. All ten currently receive support from the CHCF-A.

<sup>13</sup> The following are the GRC groups as modified by D.20-08-011. Group A: Sierra, Siskiyou, and Volcano. Group B: Kerman, Foresthill, and Ponderosa. Group C: Ducor, Calaveras, Pinnacles, and Cal-Ore.

In addition, D. 20-08-011 froze the waterfall provision for each of the Independent Small LECs until their next filing deadline under the revised GRC schedule. The Independent Small LECs shall be subject to the waterfall provision beginning the year following their next GRC application deadline (i.e., beginning in 2022 for Group A carriers).

The funding percentage levels for the thirteen Small ILECs for CY 2024 are summarized in Table 3, as well as line 10 (Waterfall Effect) of each carrier's Appendix A calculation sheet:

<b>Table 3 - Waterfall</b>		
<b>Small ILEC</b>	<b>GRC Test Year</b>	<b>CY 2024</b>
Calaveras	2025	100%
Cal-Ore	2025	100%
Ducor	2025	100%
Foresthill	2024	100%
Happy Valley	1997	0%
Hornitos	1997	0%
Kerman	2024	100%
Pinnacles	2025	100%
Ponderosa	2024	100%
Sierra	2023	100%
Siskiyou	2023	100%
Volcano	2023	100%
Winterhaven	1997	0%

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 requested further support from the CHCF-A fund.

### **Tax Cuts and Jobs Act Impacts**

The Tax Cuts and Jobs Act (TCJA) was signed into law on December 22, 2017, and became effective January 1, 2018. Among other things, the TCJA reduced the top corporate income tax rate from 35% to 21%. Accordingly, the reduced federal income tax rate justified a reduction in the Small ILEC companies' respective revenue

requirements and CHCF-A support. This also justified adopting a methodology to ensure that ratepayers received the benefits of “normalized” excess deferred income tax for the four companies whose GRC proceedings were determined for TY 2018.<sup>14</sup>

In Resolution T-17616<sup>15</sup>, Staff postponed action on excess deferred income tax reserve for the six Small ILECs that were not subject to TY 2018 GRCs (Ducor, Foresthill, Kerman, Pinnacles, Siskiyou, and Volcano), as Staff recommended that such consideration be deferred until each company’s next GRC. The Ducor, Foresthill, and Pinnacles GRC proceedings for TY 2019 are closed, and excess deferred income tax reserve has been established for those companies. The Siskiyou, and Volcano GRC applications were filed on November 1, 2021, for TY 2023 and an equitable amount of excess deferred income tax and a reasonable method for their normalization (disposal) has been determined within their respective GRC proceedings.<sup>16</sup> Kerman’s application was filed in October 2022 for TY 2024, and this issue will be addressed within their GRC proceeding.

### *Modifications to Prior CHCF-A Support Resolutions Relating to the TCJA*

On November 19, 2020, the Commission approved D.20-11-051 and granted rehearing of Resolution T-17618. This Resolution reduced Ponderosa’s revenue requirement and CHCF-A support for 2018 (its GRC TY) as a result of changes resulting from the Tax Cut and Jobs Act of 2017. Then on May 11, 2021, the Commission approved Resolution T-17730, which supersedes T-17618 and adopted a modified revenue requirement and CHCF-A support amount for CY 2018 for Ponderosa. Resolution T-17730 also retroactively modified Ponderosa’s revenue requirements and CHCF-A support amounts for CY 2019, 2020, and 2021.

On September 9, 2021, the Commission adopted D. 21-09-018, which modified Resolution T-17637 and denied rehearing of that resolution, as modified. Resolution T-17637 set the CHCF-A support amounts for CY 2019 and modified the 2019 revenue requirement and CHCF-A support amounts for Kerman, Volcano, and Siskiyou to account for the normalization of excess deferred income taxes resulting from the TCJA. D. 21-09-018 modified Resolution T-17637 to defer consideration of deferred income taxes resulting from the TCJA until the companies’ respective GRCs and therefore

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<sup>14</sup> Cal-Ore (Resolution T-17617); Ponderosa (T-17618); Sierra (T-17619); and Calaveras (T-17626)

<sup>15</sup> Res T-17616 states that CD will use the new tax rates set by the TCJA retroactive to April 1, 2018, and modifies the CHCF-A support for Ducor, Foresthill, Kerman, Pinnacles, Siskiyou, and Volcano for April through December 2018.

<sup>16</sup> Resolution T-17616, adopted November 8, 2018, adjusted the federal income tax rate from 34% to 21% for these carriers, for April 2018 through December 2018, while also revising each carrier’s CHCF-A support. Prior to the TCJA, the Small ILECs’ GRC-adopted revenue requirements were based on a 34% federal income tax rate.

modified the revenue requirement and increases CHCF-A support for Kerman, Volcano, and Siskiyou for 2018.

In Res. T-17767, adopted August 25, 2022, the Commission adopted additional CHCF-A support for Kerman, Siskiyou, and Volcano for CY 2019, 2020, 2021, and 2022 resulting from the modifications to their 2019 support in D.21-09-018.

### **Results of GRCs affecting CHCF-A Support**

With the first cycle of Small ILEC rate cases completed as ordered by D.15-06-048 and the schedule for the next cycle of rate cases modified by D.20-08-011, the Group A companies filed their GRC applications on November 1, 2021, for TY 2023. Those applications were considered during 2022 for TY 2023 and completed in 2023. Additionally, the Group B companies filed their GRC applications by November 1, 2022 for TY 2024. Those applications are being considered during 2023 for TY 2024. Additionally, the Group C companies filed their GRC applications by October 2 and November 15<sup>17</sup>, 2023 for TY 2025. Therefore, there are pending Small ILEC GRC decisions that are scheduled to determine CHCF-A support for CY 2024 for Foresthill, Kerman, and Ponderosa.<sup>18</sup> However, since the Commission has not yet adopted decisions in the TY 2024 proceedings<sup>19</sup>, this resolution determines interim 2024 support amounts for Foresthill, Kerman, and Ponderosa that will apply from January 2024 until a decision is adopted in each GRC. Additionally, this Resolution determines CY 2024 CHCF-A support for the remaining Small ILECs.

### **Test Year Funding**

The final decision in a GRC determines the revenue requirement threshold at which a Small ILEC may earn its authorized rate of return. If the Small ILEC received additional funding through the AL adjustment process, this would cause it to exceed its authorized rate of return. The Implementation Rules from D.91-09-042, Appendix, Page 2, states, “Utilities shall be eligible for support from the fund limited to the amount which are forecasted to result in earnings not to exceed authorized intrastate rates of return or to the current funding level amount for the year for which HCF is being requested, whichever amount is lower.” Additionally, D.17-09-016 states that

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<sup>17</sup> GRC applications for Group C companies were due October 2, 2023. However, two of the Group C companies (Calaveras and Pinnacles) requested and received an extension until November 15, 2023.

<sup>18</sup> GRC decisions are currently pending for Foresthill, Kerman, and Ponderosa in A.22-11-002, A.22-11-001, and A.22-11-004 respectively.

<sup>19</sup> Foresthill (A.22-11-001), Kerman (A.22-11-002), and Ponderosa (A.22-10-004)

“Annual support and/or adjustments cannot be used to boost utility earnings to levels which exceed those authorized by this Commission.”<sup>20</sup>

In the California Court of Appeal decision in *Calaveras Telephone Company et al., v. Public Utilities Commission* (2019)<sup>21</sup>, the court annulled the portions of Res. T-17559 denying Siskiyou and Volcano’s adjustment requests for 2016 nonrecurring revenue impacts because their CHCF-A support was being set in TY 2017 GRCs. While the Commission argued that the adjustments should have been addressed within the TY 2017 GRC proceeding, the court found that the CHCF-A rules do not prohibit adjustments for prior periods in a company’s TY. In response, the CPUC adopted D.20-08-026 which granted limited rehearing of Res. T-17585. Thus, for companies with TY 2024 GRCs, Communications Division will consider requests for adjustment related to non-recurring impacts for prior years.

#### **Calendar Year After Test Year**

D.91-09-042 states “Such a forecasted rate of return shall not be applied to determine a company’s HCF funding levels following 12 months after a decision or resolution is rendered by the Commission in a company’s general rate review proceeding.”<sup>22</sup> Staff will incorporate a means test limit when considering adjustments for CY 2024 for Small ILECs whose TY was 2022 or earlier, pending further Commission consideration.<sup>23</sup> Additionally, because decisions have not yet been adopted in the TY 2024 GRCs for Foresthill, Kerman, and Ponderosa,, Staff will apply the means test when considering adjustments to determine the interim 2024 support amounts for these companies that will apply until the Commission adopts decisions in their respective GRC proceedings. Staff will not apply the means test when considering adjustments that would apply to the new CHCF-A amount adopted in the upcoming TY 2024 GRC decisions for Foresthill, Kerman, and Ponderosa.

#### **CHCF-A Support Summary by Carrier**

Staff reviewed the AL filings made by the thirteen Small ILECs for CY 2024 CHCF-A funding. Staff’s recommended support amount for each of the Small ILECs is summarized below and itemized in column B of Appendix A-1 through A-13.

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<sup>20</sup> D.17-09-016 at p. 5.

<sup>21</sup> No. C085725

<sup>22</sup> D.91-09-042, Appendix at p. 3. However, the Commission issued a ruling in D.17-09-016 that granted a limited review to re-evaluate.

<sup>23</sup> This issue of means test applicability during the first year after a GRC is being considered in Phase 2 of the R.11-11-007 CHCF-A Rulemaking.

**Calaveras, Appendix A-1**

Calaveras' CY 2024 CHCF-A revenue requirement is \$2,966,630.98 (at Line 6 of Appendix A-1).

In AL 397, Calaveras requested adjustments totaling \$19,569.86 (the sum of lines 3 and 4 of Appendix A-1). The net interstate expense adjustment due to the difference between 2023 and 2024 projections is negative \$89,204.55 (at line 5c). Staff proposes allowing these adjustments.

CY 2024 is the sixth year after Calaveras' 2018 TY, and it is therefore subject to a means test. After applying the means test, Calaveras' revenue requirement is unchanged at \$2,966,630.98 (at Line 9, of Appendix A-1). Additionally, pursuant to D.91-09-042, Appendix Section D (§ D of the Implementation Rules ) and D.20-08-011, Calaveras' waterfall is set at 100%.

Thus, Calaveras should receive monthly CHCF-A support of \$247,219.25, i.e., one-twelfth of \$2,966,630.98, for January through December 2024.

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

Cal-Ore's CY 2024 CHCF-A revenue requirement is \$1,471,776.44 (at Line 6 of Appendix A-2).

In AL 411, Cal-Ore requested adjustments totaling \$1,717.40, excluding the adjustment for the change in A-CAM support (the sum of lines 3 and 4 of Appendix A-2). As a transitional A-CAM carrier, Cal-Ore's A-CAM support was reduced each year until 2022 and a portion of that reduction is assigned to the intrastate jurisdiction. Cal-Ore now receives its final A-CAM support amount annually without any additional transition payments. Therefore, Cal-Ore's AL reflects a net interstate expense adjustment of \$0 (line 5c). Staff proposes allowing the requested adjustments.

CY 2024 is the sixth year after Cal-Ore's 2018 TY, and it is therefore subject to a means test. After applying the means test, Cal-Ore's revenue requirement is unchanged at \$1,471,776.44 (at Line 9, of Appendix A-2). Additionally, pursuant to D.91-09-042, Appendix, Section D of the Implementation Rules and D.20-08-011, Cal-Ore's waterfall is set at 100%.

Thus, Cal-Ore should receive monthly CHCF-A support of \$122,648.04, i.e., one-twelfth of \$1,471,776.44 for January through December 2024.

**Ducor, Appendix A-3**

Ducor's CY 2024 CHCF-A revenue requirement is \$1,333,743.89 (at Line 6 of Appendix A-3).

In AL 413, Ducor requested adjustments totaling \$3,760.72, excluding the adjustment for the change in A-CAM support (the sum of lines 3 and 4 of Appendix A-3). Ducor's AL requested a net interstate expense adjustment of \$17,108.56 due to a difference in the intrastate allocation of A-CAM support between 2023 and 2024 (line 5c). Staff proposes allowing these adjustments for 2024.

CY 2024 is the fifth year after Ducor's 2019 TY, and it is therefore subject to a means test. Ducor's revenue requirement is unchanged at \$1,333,743.89 (at Line 9, of Appendix A-3). Additionally, pursuant to D.91-09-042, Appendix, Section D of the Implementation Rules and D.20-08-011, Ducor's waterfall is set at 100%.

Thus, Ducor should receive monthly CHCF-A support of \$111,145.32, i.e., one-twelfth of \$1,333,743.89 for January through December 2024.

**Foresthill, Appendix A-4**

Foresthill's CY 2024 CHCF-A revenue requirement is \$3,062,571.25 (at Line 6 of Appendix A-4) until the Commission adopts a decision in Foresthill's pending TY 2024 GRC.<sup>24</sup>

In AL 380, Foresthill requested adjustments of \$16,484.87 (the sum of lines 3 and 4 of Appendix A-4) unless and until a different level of CHCF-A support is established in Foresthill's pending GRC.<sup>25</sup> Foresthill submitted AL 380 to establish the CHCF-A support amount for 2024 in case the GRC is not resolved in time to take effect on January 1, 2024. Staff reviewed Foresthill's request and the following determinations will apply until the Commission adopts a decision in Foresthill's TY 2024 GRC, A.22-11-001. The net interstate expense adjustment due to the difference between 2023 and 2024 projections is \$89,409.48 (line 5c). Staff proposes allowing these adjustments.

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<sup>24</sup> A.22-11-001

<sup>25</sup> A.22-11-001

CY 2024 is the fifth year after Foresthill's 2019 TY and is therefore subject to a means test. After applying the means test, Foresthill's revenue requirement is \$2,940,450.02 (at Line 9, of Appendix A-4). Additionally, pursuant to D.91-09-042, Appendix, Section D of the Implementation Rules and D.20-08-011, Foresthill's waterfall is set at 100%.

Thus, Foresthill should receive monthly CHCF-A support of \$245,037.50, i.e., one-twelfth of \$2,940,450.02 for January through December 2024 unless and until the Commission adopts a different CHCF-A support amount in Foresthill's TY 2024 GRC.

Additionally, in AL 380, Foresthill requests to recover \$12,572.06 in non-recurring adjustments attributable to prior years regardless of the outcome of Foresthill's TY 2024 GRC.<sup>26</sup> Staff proposes allowing this adjustment because it applies to periods preceding the 2024 TY. This amount will not be subject to the means test because the means test does not apply in the 12 months following a decision in a rate case. Thus, after the Commission adopts 2024 CHCF-A support for Foresthill in A.22-11-001, Foresthill shall additionally receive monthly CHCF-A support in the amount of \$1,047.67, i.e., one-twelfth of \$12,572.06.

#### **Happy Valley, Appendix A-5**

Happy Valley's CY 2023 CHCF-A revenue requirement is \$2,900,216.96 (at Line 6 of Appendix A-5).

In AL 406, Happy Valley reflected an adjustment of \$6,303.49 for 5% recurring reduction Intercarrier Compensation.

Happy Valley stated in its AL that it is not requesting CHCF-A funding. Its waterfall funding level is already at 0%.<sup>27</sup> Thus, Happy Valley will not receive CHCF-A support for CY 2024.

#### **Hornitos, Appendix A-6**

Hornitos' CY 2024 CHCF-A revenue requirement is \$600,851.54 (at Line 6 of Appendix A-6).

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<sup>26</sup> Foresthill included this same adjustment in their request for support that would apply unless and until a decision is adopted in their GRC (line 3), but requests that only this adjustment apply to the CHCF-A support amount that will be adopted in their pending GRC (A.22-11-001).

<sup>27</sup> Happy Valley did not submit the 7 months of actual financial data necessary to conduct the means test. Therefore, since Happy Valley cannot receive any CHCF-A support because of the waterfall, Appendix A-5 shows \$0 on Line 9 (2024 Revenue Requirement after Means Test).



In AL 373, Hornitos reflected an adjustment of \$1701.67 for 5% recurring reduction Intercarrier Compensation.

In its AL, Hornitos stated that it is not requesting CHCF-A funding. Its waterfall funding level is already at 0%.<sup>28</sup> Thus, Hornitos will not receive CHCF-A support for CY 2024.

### **Kerman, Appendix A-7**

Kerman's CY 2024 revenue requirement is \$3,936,485.74 (at Line 6 of Appendix A-7) until the Commission adopts a decision in Kerman's pending TY 2024 GRC.<sup>29</sup>

In AL 456, Kerman requested adjustments totaling \$32,547.44 (the sum of lines 3 and 4 of Appendix A-7) unless and until a different level of CHCF-A support is established in Kerman's open GRC proceeding.<sup>30</sup> Kerman submitted AL 456 to establish the CHCF-A support amount for 2024 in case the GRC is not resolved in time to take effect on January 1, 2024. Staff reviewed Kerman's request and the following determinations will apply until the Commission adopts a decision in Kerman's TY 2024 GRC, A.22-11-002. The net interstate expense adjustment due to the difference between 2023 and 2024 projections is \$291,217.20 (line 5c). Staff proposes allowing these adjustments.

CY 2024 is the seventh year after Kerman's 2016 TY, and it is therefore subject to a means test. After applying the means test, Kerman's revenue requirement is unchanged at \$3,936,485.74 (at Line 9, of Appendix A-7). Additionally, pursuant to D.91-09-042, Appendix, Section D of the Implementation Rules and D.20-08-011, Kerman's waterfall is set at 100%.<sup>31</sup>

Thus, Kerman should receive monthly CHCF-A support of \$328,040.48, i.e., one-twelfth of \$3,936,485.74 for January through December 2024, unless and until the Commission adopts a different CHCF-A support amount in Kerman's TY 2024 GRC.

Additionally, in AL 456, Kerman requests to recover \$26,275.11 (line 3) in non-recurring adjustments attributable to prior years regardless of the outcome in Kerman's TY 2024

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<sup>28</sup> Hornitos did not submit the 7 months of actual financial data necessary to conduct the means test. Therefore, since Hornitos cannot receive any CHCF-A support because of the waterfall, Appendix A-6 shows \$0 on Line 9 (2024 Revenue Requirement after Means Test).

<sup>29</sup> A.22-11-002

<sup>30</sup> A.22-11-002

<sup>31</sup> See D.20-08-011, Ordering Paragraph 6, and Waterfall discussion in this document.

GRC.<sup>32</sup> Staff proposes allowing this adjustment because it applies to periods preceding the 2024 TY. This amount will not be subject to the means test because the means test does not apply in the 12 months following a decision in a rate case. Thus, after the Commission adopts 2024 CHCF-A support for Kerman in A.22-11-002, the Kerman shall additionally receive monthly CHCF-A support in the amount of \$2,189.59, i.e., one-twelfth of \$26,275.11.

### **Pinnacles, Appendix A-8**

Pinnacles' CY 2024 CHCF-A revenue requirement is \$437,231.24 (at Line 6 of Appendix A-8).

In AL 316, Pinnacles requested adjustments totaling \$212.29 (the sum of lines 3 and 4 of Appendix A-8). Staff proposes allowing these adjustments. Pinnacles receives a constant amount of A-CAM support and thus there is no difference between 2023 and 2024 support amounts, which results in a net interstate expense adjustment of \$0 (line 5c).

CY 2024 is the fifth year after Pinnacles' 2019 TY, and it is therefore subject to a means test. Pinnacles' revenue requirement is unchanged at \$437,231.24 (at Line 9, of Appendix A-8). Additionally, pursuant to D.91-09-042, Appendix, Section D of the Implementation Rules and D.20-08-011, Pinnacles' waterfall is set at 100%.

Thus, Pinnacles should receive monthly CHCF-A support of \$36,435.94, i.e., one-twelfth of \$437,231.24 for January through December 2024.

### **Ponderosa, Appendix A-9**

Ponderosa's CY 2023 CHCF-A revenue requirement is \$3,551,814.41 (at Line 6 of Appendix A-9) until the Commission adopts a decision in Ponderosa's pending TY 2024 GRC.<sup>33</sup>

In AL 510, Ponderosa requested adjustments totaling \$48,555.77 (the sum of lines 3 and 4 of Appendix A-9) unless and until a different level of CHCF-A support is established in Ponderosa's pending GRC.<sup>34</sup> Ponderosa submitted AL 510 to establish the CHCF-A

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<sup>32</sup> Kerman included this same adjustment in their request for support that would apply unless and until a decision is adopted in their GRC (line 3), but requests that only this adjustment apply to the CHCF-A support amount that will be adopted in their pending GRC (A.22-11-002).

<sup>33</sup> A.22-10-004

<sup>34</sup> A.22-10-004

support amount for 2024 in case the GRC is not resolved in time to take effect on January 1, 2024. Staff reviewed Ponderosa's request and the following determinations will apply until the Commission adopts a decision in Ponderosa's TY 2024 GRC, A.22-10-004.

The net interstate expense adjustment due to the difference between 2023 and 2024 projections is negative \$81,745.42 (line 5c). Staff proposes allowing these adjustments.

CY 2024 is the sixth year after Ponderosa's 2018 TY and thus it is subject to a means test. After applying the means test, Ponderosa's revenue requirement is unchanged at \$3,551,814.41 (at Line 9, of Appendix A-9). Additionally, pursuant to D.91-09-042, Appendix, Section D of the Implementation Rules and D.20-08-011, Ponderosa's waterfall is set at 100%.

Thus, Ponderosa should receive monthly CHCF-A support in the amount of \$295,984.53, i.e., one-twelfth of \$3,551,814.41 for January through December 2024, unless and until the Commission adopts a different CHCF-A support amount in Ponderosa's TY 2024 GRC.

Additionally, in AL 510, Ponderosa requests to recover \$40,698.89 (line 3) in non-recurring adjustments attributable to prior years regardless of the outcome of Ponderosa's TY 2024 GRC.<sup>35</sup> Staff proposes allowing this adjustment because it applies to periods preceding the 2024 TY. This amount will not be subject to the means test because the means test does not apply in the 12 months following a decision in a rate case. Thus, after the Commission adopts 2024 CHCF-A support for Ponderosa in A.22-10-004, Ponderosa shall additionally receive monthly CHCF-A support in the amount of \$3,391.57, i.e., one-twelfth of \$40,698.89

### **Sierra, Appendix A-10**

Sierra's CY 2023 CHCF-A revenue requirement is \$6,616,977.84 (at Line 6 of Appendix A-10).

In AL 499, Sierra requested adjustments totaling \$69,226.45 (the sum of lines 3 and 4 of Appendix A-10). The net interstate expense adjustment due to difference between 2023

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<sup>35</sup> Ponderosa included this same adjustment in their request for support that would apply unless and until a decision is adopted in their GRC (line 3), but requests that only this adjustment apply to the CHCF-A support amount that will be adopted in their pending GRC (A.22-10-004).

and 2024 projections of HCLS support is negative \$676,506.27 (line 5c). Staff proposes allowing these adjustments.

CY 2024 is the first year after Sierra's 2023 TY and thus it is not subject to a means test. Additionally, pursuant to D.91-09-042, Appendix, Section D of the Implementation Rules and D.20-08-011, Sierra's waterfall is set at 100%.

Thus, Sierra should receive monthly CHCF-A support of \$551,414.82, i.e., one-twelfth of \$6,616,977.84 for January through December 2024.

### **Siskiyou, Appendix A-11**

Siskiyou's CY 2024 CHCF-A revenue requirement is \$6,010,705.49 (at Line 6 of Appendix A-11).

In AL 459, Siskiyou requested adjustments totaling \$75,045.81 (the sum of lines 3 and 4 of Appendix A-11). The net interstate expense adjustment due to the difference between 2023 and 2024 projections is negative \$314,190.33 (line 5c). Staff proposes allowing these adjustments.

CY 2024 is the first year after Siskiyou's 2023 TY and thus it is not subject to a means test. Additionally, pursuant to D.91-09-042, Appendix, Section D of the Implementation Rules and D.20-08-011, Siskiyou's waterfall is set at 100%.

Thus, Siskiyou should receive monthly CHCF-A support in the amount of \$500,892.12, i.e., one-twelfth of \$6,010,705.49 for January through December 2024.

### **Volcano, Appendix A-12**

Volcano's CY 2024 revenue requirement is \$2,611,110.58 (at Line 6 of Appendix A-12).

In AL 439, Volcano requested adjustments totaling \$36,390.37 (the sum of lines 3 and 4 of Appendix A-7). The net interstate expense adjustment due to the difference between 2023 and 2024 projections is negative \$337,013.79 (line 5c). Staff proposes allowing these adjustments.

CY 2024 is the first year after Volcano's 2023 TY, and it is therefore not subject to a means test. Additionally, pursuant to D.91-09-042, Appendix, Section D of the Implementation Rules and D.20-08-011, Volcano's waterfall is set at 100%.

Thus, Volcano should receive monthly CHCF-A support of \$217,592.55, i.e., one-twelfth of \$2,611,110.58 for January through December 2024.

### **Winterhaven, Appendix A-13**

Winterhaven's CY 2024 CHCF-A revenue requirement is \$319,512.23 (at Line 6 of Appendix A-13).

In AL 295, Winterhaven reflected an adjustment of \$1,273.94 for 5% recurring reduction Intercarrier Compensation.

In its AL, Winterhaven stated that it is not requesting CHCF-A funding. Its waterfall funding level is already 0%.<sup>36</sup> Thus, Winterhaven will not receive any CHCF-A support for CY 2024.

### **Evaluation of CHCF-A Support Level to CHCF-A Budget**

In the Enacted Budget for FY 2023-24, the Legislature appropriated \$49.435 million for FY 2023-24. Of the appropriated amounts, \$47.913 million is allocated for Local Assistance to the Small ILECs for FY 2023-24. There are sufficient funds in both the FY 2023-24 budget and estimated FY 2024-25 budget to cover CY 2024 CHCF-A support payments to the Small ILECs. The adopted and proposed budgets and the associated program support payments are contingent on the availability of funds, and the FY 2024-25 is contingent on the State's adoption of the CHCF-A budget.

### **Summary**

As shown in Table 4 and Appendix A, the total approved CY 2024 CHCF-A draw for Calaveras, Cal-Ore, Ducor, Foresthill, Kerman, Pinnacles, Ponderosa, Sierra, Siskiyou, and Volcano is \$31,876,926.63\$.<sup>37</sup> Table 4 also shows Small ILECs customer counts as of January 1, 2023, and subsidy per customer for CY 2024. The Commission finds Staff's recommended CHCF-A support amounts for the ten Small ILECs for CY 2024 to be reasonable.

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<sup>36</sup> Winterhaven did not submit the 7 months of actual financial data necessary to conduct the means test. Therefore, since Winterhaven cannot receive any CHCF-A support because of the waterfall, Appendix A-13 shows \$0 on Line 9 (2022 Revenue Requirement after Means Test).

<sup>37</sup> For the companies with TY 2024 GRC (Foresthill, Kerman, and Ponderosa), this total reflects the interim 2024 support amounts that will be in place for each company until the Commission adopts a decision in their respective GRC proceeding.

<b>Table 4 - Subsidy per Customer for Small ILECs Receiving Support</b>			
<b>Small Incumbent Local Exchange Carrier</b>	<b>Yearly Support 2024</b>	<b>Number of Customers *</b>	<b>Subsidy per Customer</b>
Calaveras	\$ 2,966,630.98	3,497	\$ 848.34
Cal-Ore	\$ 1,471,776.44	1,716	\$ 857.68
Ducor	\$ 1,333,743.89	703	\$ 1,897.22
Foresthill ^	\$ 2,940,450.02	1,628	\$ 1,806.17
Kerman ^	\$ 3,936,485.74	2,777	\$ 1,417.53
Pinnacles	\$ 437,231.24	212	\$ 2,062.41
Ponderosa ^	\$ 3,551,814.41	8,059	\$ 440.73
Sierra	\$ 6,616,977.84	15,302	\$ 432.43
Siskiyou	\$ 6,010,705.49	3,838	\$ 1,566.10
Volcano	\$ 2,611,110.58	9,478	\$ 275.49
<b>Total</b>	<b>\$ 31,876,926.63</b>	<b>47,210</b>	
*Number of customers as of January 1, 2023 ^ The 2024 Yearly support amounts for the TY 2024 GRC companies reflect the interim amounts adopted in this Resolution that will apply until a decision is adopted in their respective GRC proceedings.			

Staff, in concert with 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 final appropriations adopted in the annual Budget Act.<sup>38</sup>

## **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 the Small ILECs with financial resources to provide safe, reliable, and affordable telephone service to their customers in rural, high cost areas.

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<sup>38</sup> The January 2024 CHCF-A monthly support will be paid in February 2024 and the December 2024 CHCF-A monthly support will be paid in January 2025.

Reliable telephone service is essential in rural, remote, and isolated areas that the Small ILECs serve. The CHCF-A fund provides rural customers 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.

The CHCF-A fund also promotes customer access to advanced services and deployment of broadband-capable facilities. It 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 addresses safety by continuing the application of CHCF-A program subsidies to promote the goals of universal service by funding essential communications links in high cost, rural communities.

## **COMMENTS**

Public Utilities Code section 311(g)(1) requires that a draft resolution be served on all parties and be subject to a public review and comment period of 30 days or more, prior to a vote of the Commission on the resolution. A draft of today's resolutions was distributed for comment to the utilities and other interested parties.

## **FINDINGS AND CONCLUSIONS**

1. The California High Cost Fund (HCF) was implemented by Decision (D.) 88-07-022, as modified by D.91-05-016 and D.91-09-042, to provide a source of supplemental revenues for Small Incumbent Local Exchange Carriers (ILECs) whose basic exchange access line service rates would otherwise be increased to levels that would threaten universal service.
2. Currently there are 13 Small ILECs eligible for California High Cost Fund-A (CHCF-A) funding, of which ten currently request CHCF-A support.
3. During September 2023, all 13 Small ILECs submitted their respective annual CHCF-A Advice Letters (ALs), in accordance with D.91-09-042. Ten of these 13 Small ILECs requested a total Calendar Year (CY) 2024 CHCF-A support of approximately \$32.562 million.
4. Neither the Public Advocates Office, nor any other entity, filed any protests to any of

the 13 Small ILECs' CY 2024 CHCF-A ALs.

5. Official supporting documentation from the Federal Communications Commission (FCC), Universal Administrative Company (USAC), or National Exchange Carrier Association (NECA) is necessary to validate the accuracy of requests for adjustments related to Pro-Rata Changes.
6. Each Small ILEC that requests adjustments due to Pro-Rata Changes or the Budget Control Mechanism must submit official supporting documentation from Federal Communications Commission (FCC), Universal Administrative Company (USAC), or National Exchange Carrier Association (NECA) as required by Res T-17710.
7. The \$685,309.01 differential between the ten Small ILECs' cumulative request of CY 2024 support of \$32.562 million and Communications Division's (Staff) recommended CHCF-A support of \$31.877 million is due to the final Net Interstate Expense Adjustment data provided by the National Exchange Carrier Association, application of the means test, and corrections to calculation of the reduction in Intercarrier Compensation.
8. The Implementation Rules from D.91-09-042, Appendix, states, "Utilities shall be eligible for support from the fund limited to the amount which are forecasted to result in earnings not to exceed authorized intrastate rates of return or to the current funding level amount for the year for which HCF is being requested, whichever amount is lower."
9. D.17-09-016 states that "Annual support and/or adjustments cannot be used to boost utility earnings to levels which exceed those authorized by this Commission."
10. D. 20-08-011 froze the waterfall provision for each of the Independent Small LECs until their next filing deadline under the revised GRC schedule.
11. There are sufficient funds from the Fiscal Year (FY) 2023-24 and estimated FY 2024-25 budgets to cover CY 2024 CHCF-A support payments to the Small ILECs.
12. Communications Division Staff's recommended CHCF-A support for CY 2024 of \$31.877 million for the ten Small ILECs as summarized in Appendix A of this Resolution is reasonable and should be adopted, pending approval of decisions in the TY 2024 GRCs.
13. Once decisions are adopted in the TY 2024 GRCs for Foresthill, Kerman, and Ponderosa, the CHCF-A support amount approved in those decisions will replace the amounts adopted in this resolution. Only the non-recurring adjustments for prior periods (2023) approved in this resolution will be applied to the CHCF-A support amounts adopted in those decisions.



14. The CHCF-A support payments are subject to the availability of CHCF-A funds and final appropriations in the annual Budget Act.
15. This Resolution addresses safety by continuing the application of CHCF-A program subsidies to promote the goals of universal service by funding essential communications links in high cost, rural communities.
16. In compliance with Public Utilities (P.U.) Code § 311(g), the Commission emailed a notice letter on December 6, 2023 , and provided notice to the thirteen Small ILECs, the CHCF-A Administrative Committee, parties of record in R.11-11-007, informing them that this proposed Resolution is available at the Commission's website <https://www.cpuc.ca.gov> and is available for public comment.

**THEREFORE, IT IS ORDERED that:**

1. The California High Cost Fund-A support for the Small Incumbent Local Exchange Carriers presented in Appendix A of this Resolution and summarized in the table below, is adopted. For Foresthill, Kerman, and Ponderosa, the adopted amounts shown in the table below shall apply to each company unless and until decisions are adopted in their respective Test Year 2024 General Rate Case proceedings.

<b>Adopted Calendar Year 2024 CHCF-A Support</b>		
<b>Small Incumbent Local Exchange Carrier</b>	<b>Monthly Support Calendar Year 2024</b>	<b>Yearly Support Calendar Year 2024</b>
Calaveras Telephone Company	\$ 247,219.25	\$ 2,966,630.98
Cal-Ore Telephone Company	\$ 122,648.04	\$ 1,471,776.44
Ducor Telephone Company	\$ 111,145.32	\$ 1,333,743.89
Foresthill Telephone Company *	\$ 245,037.50	\$ 2,940,450.02
Kerman Telephone Company *	\$ 328,040.48	\$ 3,936,485.74
Pinnacles Telephone Company	\$ 36,435.94	\$ 437,231.24
The Ponderosa Telephone Company *	\$ 295,984.53	\$ 3,551,814.41
Sierra Telephone Company	\$ 551,414.82	\$ 6,616,977.84
Siskiyou Telephone Company	\$ 500,892.12	\$ 6,010,705.49
Volcano Telephone Company	\$ 217,592.55	\$ 2,611,110.58
<b>Total</b>	<b>\$ 2,656,410.55</b>	<b>\$ 31,876,926.63</b>
* For the 3 Small ILECs with TY 2024 GRCs, these adopted amounts shall apply until a decision is adopted in their respective GRC proceedings.		

2. When the Commission adopts decisions in the Test Year 2024 General Rate Case proceedings for Foresthill (A.22-11-001), Kerman (A.22-11-002), and Ponderosa (A.22-10-004), the California High Cost Fund-A support amounts adopted in those decisions shall replace the amounts adopted in the 1<sup>st</sup> Ordering Paragraph of this Resolution.
3. This Resolution adopts the following adjustments to 2024 California High Cost Fund-A support for Kerman Telephone Company, Foresthill Telephone Company, and Ponderosa Telephone Company that shall apply after the Commission adopts a decision in their respective Test Year 2024 General Rate Cases. The amounts in the following table shall be added to the amounts adopted in their respective Test Year

2024 General Rate Cases to determine the total support amount for Calendar Year 2024.

<b>Adopted Calendar Year 2024 CHCF-A Support Adjustments for Small ILECs with Test Year 2024 General Rate Cases</b>		
<b>Small Incumbent Local Exchange Carrier</b>	<b>Monthly Support Adjustment Calendar Year 2024</b>	<b>Yearly Support Adjustment Calendar Year 2024</b>
Foresthill Telephone Company	\$ 1,047.67	\$ 12,572.06
Kerman Telephone Company	\$ 2,189.59	\$ 26,275.11
The Ponderosa Telephone Company	\$ 3,391.57	\$ 40,698.89
<b>Total</b>	<b>\$ 6,628.83</b>	<b>\$ 79,546.07</b>

4. Communications Division, in concert with the Administrative Services Division, shall pay monthly support payments to the ten Small Incumbent Local Exchange Carriers as shown in the above table for January 2024 through December 2024 within 30 days after the close of each calendar month.

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:

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Rachel Peterson  
Executive Director

# Appendix A

## APPENDIX A-1

Year 2024 CHCF-A Requirement				
		(Col A)	(Col B)	(Col C)
		Calaveras		
		Calaveras AL 397	Staff Proposed	Commission Adopted
<b>1</b>	<b>2023 CHCF-A Requirement</b> (Resolution T-17776, Appendix A-1, Line 7)	\$ 3,060,502.81	\$ 3,060,502.81	\$ 3,060,502.81
<b>2</b>	<b>Reverse Prior Year Non-Recurring Adjustments</b>	\$ (24,237.14)	\$ (24,237.14)	\$ (24,237.14)
<b>3</b>	<b>Year 2023 Impacts (Non-Recurring)</b>	\$ 16,156.64	\$ 16,156.64	\$ 16,156.64
a	Pro-Rata Changes (FCC 14-190, VI.A)	\$ 16,156.64	\$ 16,156.64	\$ 16,156.64
<b>4</b>	<b>Year 2024 Impacts (Recurring)</b>	\$ 3,413.22	\$ 3,413.22	\$ 3,413.22
a	FCC National Broadband Plan(5% reduction Intercarrier Compensation (FCC11-161, Paragraph 851)	\$ 3,413.22	\$ 3,413.22	\$ 3,413.22
<b>5</b>	<b>Net Interstate Expense Adjustment</b>			
a	Projected 2023 USF-HCLS (Per NECA)	\$ 1,333,689.79	\$ 1,333,689.79	\$ 1,333,689.79
b	Projected 2024 USF-HCLS (Per NECA)	\$ (1,333,689.79)	\$ (1,422,894.34)	\$ (1,422,894.34)
c	Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$ 0.00	\$ (89,204.55)	\$ (89,204.55)
<b>6</b>	<b>2024 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$ 3,055,835.53	\$ 2,966,630.98	\$ 2,966,630.98
<b>7</b>	<b>Total 2024 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2025)	\$ 3,055,835.53	\$ 2,966,630.98	\$ 2,966,630.98
<b>8</b>	<b>2024 Revenue Requirement eligible for CHCF-A Support</b>	\$ 3,055,835.53	\$ 2,966,630.98	\$ 2,966,630.98
<b>9</b>	<b>2024 Revenue Requirement after Means Test</b>	\$ 3,055,835.53	\$ 2,966,630.98	\$ 2,966,630.98
<b>10</b>	<b>Waterfall effect</b>	100.00%	100.00%	100.00%
<b>11</b>	<b>2024 Revenue Requirement after Waterfall</b>	\$ 3,055,835.53	\$ 2,966,630.98	\$ 2,966,630.98
<b>12</b>	<b>2024 CHCF-A Support</b>	\$ 3,055,835.53	\$ 2,966,630.98	\$ 2,966,630.98
<b>13</b>	<b>Monthly Payment for Periods Jan - Dec 2024</b> (Line 12/12 months)	\$ 254,652.96	\$ 247,219.25	\$ 247,219.25

## APPENDIX A-2

Year 2024 CHCF-A Requirement				
		(Col A)	(Col B)	(Col C)
		Cal-Ore		
		Cal-Ore AL 411	Staff Proposed	Commission Adopted
<b>1</b>	<b>2023 CHCF-A Requirement</b>	\$ 1,470,059.04	\$ 1,470,059.04	\$ 1,470,059.04
	(Resolution T-17776, Appendix A-2, Line 7)			
<b>2</b>	<b>Reverse Prior Year Non-Recurring Adjustments</b>	\$ 0.00	\$ 0.00	\$ 0.00
<b>3</b>	<b>Year 2023 Impacts (Non-Recurring)</b>	\$ 0.00	\$ 0.00	\$ 0.00
a	Pro-Rata Changes (FCC 14-190, VI.A)	\$ 0.00	\$ 0.00	\$ 0.00
<b>4</b>	<b>Year 2024 Impacts (Recurring)</b>	\$ 1,717.40	\$ 1,717.40	\$ 1,717.40
a	FCC National Broadband Plan(5% reduction Intercarrier Compensation (FCC11-161, Paragraph 851)	\$ 1,717.40	\$ 1,717.40	\$ 1,717.40
<b>5</b>	<b>Net Interstate Expense Adjustment</b>			
a	Projected 2023 USF A-CAM Allocation	\$ 620,249.78	\$ 620,249.78	\$ 620,249.78
b	Projected 2024 USF A-CAM Allocation	\$ (620,249.78)	\$ (620,249.78)	\$ (620,249.78)
c	Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$ 0.00	\$ 0.00	\$ 0.00
<b>6</b>	<b>2024 CHCF-A Revenue Requirement</b>	\$ 1,471,776.44	\$ 1,471,776.44	\$ 1,471,776.44
	(sum of lines 1, 2, 3 and 4 and 5c)			
<b>7</b>	<b>Total 2024 Revenue Requirement</b>	\$ 1,471,776.44	\$ 1,471,776.44	\$ 1,471,776.44
	(Beginning CHCF-A Revenue Requirement for 2025)			
<b>8</b>	<b>2024 Revenue Requirement eligible for CHCF-A Support</b>	\$ 1,471,776.44	\$ 1,471,776.44	\$ 1,471,776.44
<b>9</b>	<b>2024 Revenue Requirement after Means Test</b>	\$ 1,471,776.44	\$ 1,471,776.44	\$ 1,471,776.44
<b>10</b>	<b>Waterfall effect</b>	100.00%	100.00%	100.00%
<b>11</b>	<b>2024 Revenue Requirement after Waterfall</b>	\$ 1,471,776.44	\$ 1,471,776.44	\$ 1,471,776.44
<b>12</b>	<b>2024 CHCF-A Support</b>	\$ 1,471,776.44	\$ 1,471,776.44	\$ 1,471,776.44
<b>13</b>	<b>Monthly Payment for Periods Jan - Dec 2024</b>	\$ 122,648.04	\$ 122,648.04	\$ 122,648.04
	(Line 12/12 months)			

## APPENDIX A-3

Year 2024 CHCF-A Requirement				
		(Col A)	(Col B)	(Col C)
		Ducor		
		Ducor AL 413	Staff Proposed	Commission Adopted
<b>1</b>	<b>2023 CHCF-A Requirement</b> (Resolution T-17776, Appendix A-3, Line 7)	\$ 1,312,874.61	\$ 1,312,874.61	\$ 1,312,874.61
<b>2</b>	<b>Reverse Prior Year Non-Recurring Adjustments</b>	\$ 0.00	\$ 0.00	\$ 0.00
<b>3</b>	<b>Year 2023 Impacts (Non-Recurring)</b>	\$ 0.00	\$ 0.00	\$ 0.00
a	Pro-Rata Changes (FCC 14-190, VI.A)	\$ 0.00	\$ 0.00	\$ 0.00
<b>4</b>	<b>Year 2024 Impacts (Recurring)</b>	\$ 3,760.72	\$ 3,760.72	\$ 3,760.72
a	FCC National Broadband Plan(5% reduction Intercarrier Compensation (FCC11-161, Paragraph 851)	\$ 3,760.72	\$ 3,760.72	\$ 3,760.72
<b>5</b>	<b>Net Interstate Expense Adjustment</b>			
a	Projected 2023 USF A-CAM Allocation	\$ 619,096.35	\$ 619,096.35	\$ 619,096.35
b	Projected 2024 USF A-CAM Allocation	\$ (601,987.79)	\$ (601,987.79)	\$ (601,987.79)
c	Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$ 17,108.56	\$ 17,108.56	\$ 17,108.56
<b>6</b>	<b>2024 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$ 1,333,743.89	\$ 1,333,743.89	\$ 1,333,743.89
<b>7</b>	<b>Total 2024 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2025)	\$ 1,333,743.89	\$ 1,333,743.89	\$ 1,333,743.89
<b>8</b>	<b>2024 Revenue Requirement eligible for CHCF-A Support</b>	\$ 1,333,743.89	\$ 1,333,743.89	\$ 1,333,743.89
<b>9</b>	<b>2024 Revenue Requirement after Means Test</b>	\$ 1,333,743.89	\$ 1,333,743.89	\$ 1,333,743.89
<b>10</b>	<b>Waterfall effect</b>	100.00%	100.00%	100.00%
<b>11</b>	<b>2024 Revenue Requirement after Waterfall</b>	\$ 1,333,743.89	\$ 1,333,743.89	\$ 1,333,743.89
<b>12</b>	<b>2024 CHCF-A Support</b>	\$ 1,333,743.89	\$ 1,333,743.89	\$ 1,333,743.89
<b>13</b>	<b>Monthly Payment for Periods Jan - Dec 2024</b> (Line 12/12 months)	\$ 111,145.32	\$ 111,145.32	\$ 111,145.32

## APPENDIX A-4

The Commission adopted amounts in Appendix A-4 shall apply until and unless a decision is adopted in Foresthill's TY 2024 GRC (A.22-11-001). After the Commission adopts a revised CHCF-A support amount for 2024 in A.22-11-001, only the adjustment in Line 3 shall apply<sup>39</sup>.

Year 2024 CHCF-A Requirement				
		(Col A)	(Col B)	(Col C)
		Foresthill		
		Foresthill AL 380	Staff Proposed	Commission Adopted
<b>1 2023 CHCF-A Requirement</b>		\$ 2,934,043.59	\$ 2,934,043.59	\$ 2,934,043.59
(Resolution T-17776, Appendix A-4, Line 7)				
<b>2 Reverse Prior Year Non-Recurring Adjustments</b>		\$ (22,633.31)	\$ 22,633.31	\$ 22,633.31
<b>3 Year 2023 Impacts (Non-Recurring)</b>		\$ 12,572.06	\$ 12,572.06	\$ 12,572.06
a Pro-Rata Changes (FCC 14-190, VI.A)		\$ 12,572.06	\$ 12,572.06	\$ 12,572.06
<b>4 Year 2024 Impacts (Recurring)</b>		\$ 3,912.81	\$ 3,912.81	\$ 3,912.81
a FCC National Broadband Plan(5% reduction Intercarrier Compensation (FCC11-161, Paragraph 851)		\$ 3,912.81	\$ 3,912.81	\$ 3,912.81
<b>5 Net Interstate Expense Adjustment</b>				
a Projected 2023 USF-HCLS (Per NECA)		\$ 952,636.18	\$ 952,636.18	\$ 952,636.18
b Projected 2024 USF-HCLS (Per NECA)		\$ (952,636.18)	\$ (863,226.70)	\$ (863,226.70)
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)		\$ 0.00	\$ 89,409.48	\$ 89,409.48
<b>6 2024 CHCF-A Revenue Requirement</b>		\$ 2,927,895.16	\$ 3,062,571.25	\$ 3,062,571.25
(sum of lines 1, 2, 3 and 4 and 5c)				
<b>7 Total 2024 Revenue Requirement</b>		\$ 2,927,895.16	\$ 3,062,571.25	\$ 3,062,571.25
(Beginning CHCF-A Revenue Requirement for 2025)				
<b>8 2024 Revenue Requirement eligible for CHCF-A Support</b>		\$ 2,927,895.16	\$ 3,062,571.25	\$ 3,062,571.25
<b>9 2024 Revenue Requirement after Means Test</b>		\$ 2,851,041.06	\$ 2,940,450.02	\$ 2,940,450.02
<b>10 Waterfall effect</b>		100.00%	100.00%	100.00%
<b>11 2024 Revenue Requirement after Waterfall</b>		\$2,851,041.06	\$2,940,450.02	\$2,940,450.02
<b>12 2024 CHCF-A Support</b>		\$ 2,851,041.06	\$ 2,940,450.02	\$ 2,940,450.02
<b>13 Monthly Payment for Periods Jan - Dec 2024</b>		\$ 237,586.76	\$ 245,037.50	\$ 245,037.50
(Line 12/12 months)				

<sup>39</sup> The Line 3 adjustment will apply after the GRC decision is adopted because it is related to non-recurring impacts for a prior year.



## APPENDIX A-5

Year 2024 CHCF-A Requirement				
		(Col A)	(Col B)	(Col C)
		Happy Valley		
		Happy Valley AL 406	Staff Proposed	Commission Adopted
<b>1</b>	<b>2023 CHCF-A Requirement</b> (Resolution T-17776, Appendix A-5, Line 7)	\$ 2,893,913.47	\$ 2,893,913.47	\$ 2,893,913.47
<b>2</b>	<b>Reverse Prior Year Non-Recurring Adjustments</b>	\$ 0.00	\$ 0.00	\$ 0.00
<b>3</b>	<b>Year 2023 Impacts (Non-Recurring)</b>	\$ 0.00	\$ 0.00	\$ 0.00
a	Pro-Rata Changes (FCC 14-190, VI.A)	\$ 0.00	\$ 0.00	\$ 0.00
<b>4</b>	<b>Year 2024 Impacts (Recurring)</b>	\$ 6,303.49	\$ 6,303.49	\$ 6,303.49
a	FCC National Broadband Plan(5% reduction Inter-carrier Compensation (FCC11-161, Paragraph 851)	\$ 6,303.49	\$ 6,303.49	\$ 6,303.49
<b>5</b>	<b>Net Interstate Expense Adjustment</b>			
a	Projected 2023 USF A-CAM Allocation	\$ 0.00	\$ 0.00	\$ 0.00
b	Projected 2024 USF A-CAM Allocation	\$ 0.00	\$ 0.00	\$ 0.00
c	Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$ 0.00	\$ 0.00	\$ 0.00
<b>6</b>	<b>2024 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$ 2,900,216.96	\$ 2,900,216.96	\$ 2,900,216.96
<b>7</b>	<b>Total 2024 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2025)	\$ 2,900,216.96	\$ 2,900,216.96	\$ 2,900,216.96
<b>8</b>	<b>2024 Revenue Requirement eligible for CHCF-A Support</b>	\$ 2,900,216.96	\$ 2,900,216.96	\$ 2,900,216.96
<b>9</b>	<b>2024 Revenue Requirement after Means Test</b>	\$ 0.00	\$ 0.00	\$ 0.00
<b>10</b>	<b>Waterfall effect</b>	0.00%	0.00%	0.00%
<b>11</b>	<b>2024 Revenue Requirement after Waterfall</b>	\$ 0.00	\$ 0.00	\$ 0.00
<b>12</b>	<b>2024 CHCF-A Support</b>	\$ 0.00	\$ 0.00	\$ 0.00
<b>13</b>	<b>Monthly Payment for Periods Jan - Dec 2024</b> (Line 12/12 months)	\$ 0.00	\$ 0.00	\$ 0.00

## APPENDIX A-6

Year 2024 CHCF-A Requirement				
		(Col A)	(Col B)	(Col C)
		Hornitos		
		Hornitos AL 373	Staff Proposed	Commission Adopted
<b>1 2023 CHCF-A Requirement</b>		\$ 599,149.87	\$ 599,149.87	\$ 599,149.87
	(Resolution T-17776, Appendix A-6, Line 7)			
<b>2 Reverse Prior Year Non-Recurring Adjustments</b>		\$ 0.00	\$ 0.00	\$ 0.00
<b>3 Year 2023 Impacts (Non-Recurring)</b>		\$ 0.00	\$ 0.00	\$ 0.00
a Pro-Rata Changes (FCC 14-190, VI.A)		\$ 0.00	\$ 0.00	\$ 0.00
<b>4 Year 2024 Impacts (Recurring)</b>		\$ 1,701.67	\$ 1,701.67	\$ 1,701.67
a FCC National Broadband Plan(5% reduction Intercarrier Compensation (FCC11-161, Paragraph 851)		\$ 1,701.67	\$ 1,701.67	\$ 1,701.67
<b>5 Net Interstate Expense Adjustment</b>				
a Projected 2023 USF A-CAM Allocation		\$ 0.00	\$ 0.00	\$ 0.00
b Projected 2024 USF A-CAM Allocation		\$ 0.00	\$ 0.00	\$ 0.00
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)		\$ 0.00	\$ 0.00	\$ 0.00
<b>6 2024 CHCF-A Revenue Requirement</b>		\$ 600,851.54	\$ 600,851.54	\$ 600,851.54
	(sum of lines 1, 2, 3 and 4 and 5c)			
<b>7 Total 2024 Revenue Requirement</b>		\$ 600,851.54	\$ 600,851.54	\$ 600,851.54
	(Beginning CHCF-A Revenue Requirement for 2025)			
<b>8 2024 Revenue Requirement eligible for CHCF-A Support</b>		\$ 600,851.54	\$ 600,851.54	\$ 600,851.54
<b>9 2024 Revenue Requirement after Means Test</b>		\$ 0.00	\$ 0.00	\$ 0.00
<b>10 Waterfall effect</b>		0.00%	0.00%	0.00%
<b>11 2024 Revenue Requirement after Waterfall</b>		\$ 0.00	\$ 0.00	\$ 0.00
<b>12 2024 CHCF-A Support</b>		\$ 0.00	\$ 0.00	\$ 0.00
<b>13 Monthly Payment for Periods Jan - Dec 2024</b>		\$ 0.00	\$ 0.00	\$ 0.00
	(Line 12/12 months)			

## APPENDIX A-7

The Commission adopted amounts in Appendix A-7 shall apply until and unless a decision is adopted in Kerman's TY 2024 GRC (A.22-11-002). After the Commission adopts a revised CHCF-A support amount for 2024 in A.22-11-002, only the adjustment in Line 3 shall apply.<sup>40</sup>

Year 2024 CHCF-A Requirement				
		(Col A)	(Col B)	(Col C)
		Kerman		
		Kerman AL 456	Staff Proposed	Commission Adopted
<b>1</b>	<b>2023 CHCF-A Requirement</b> (Resolution T-17776, Appendix A-7, Line 7)	\$ 3,652,519.04	\$ 3,652,519.04	\$ 3,652,519.04
<b>2</b>	<b>Reverse Prior Year Non-Recurring Adjustments</b>	\$ (39,797.94)	\$ (39,797.94)	\$ (39,797.94)
<b>3</b>	<b>Year 2023 Impacts (Non-Recurring)</b>	\$ 26,275.11	\$ 26,275.11	\$ 26,275.11
a	Pro-Rata Changes (FCC 14-190, VI.A)	\$ 26,275.11	\$ 26,275.11	\$ 26,275.11
<b>4</b>	<b>Year 2024 Impacts (Recurring)</b>	\$ 6,272.33	\$ 6,272.33	\$ 6,272.33
a	FCC National Broadband Plan(5% reduction Inter-carrier Compensation (FCC11-161, Paragraph 851)	\$ 6,272.33	\$ 6,272.33	\$ 6,272.33
<b>5</b>	<b>Net Interstate Expense Adjustment</b>			
a	Projected 2023 USF-HCLS (Per NECA)	\$ 2,158,371.56	\$ 2,158,371.56	\$ 2,158,371.56
b	Projected 2024 USF-HCLS (Per NECA)	\$ (2,158,371.56)	\$ (1,867,154.36)	\$ (1,867,154.36)
c	Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$ 0.00	\$ 291,217.20	\$ 291,217.20
<b>6</b>	<b>2024 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$ 3,645,268.54	\$ 3,936,485.74	\$ 3,936,485.74
<b>7</b>	<b>Total 2024 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2025)	\$ 3,645,268.54	\$ 3,936,485.74	\$ 3,936,485.74
<b>8</b>	<b>2024 Revenue Requirement eligible for CHCF-A Support</b>	\$ 3,645,268.54	\$ 3,936,485.74	\$ 3,936,485.74
<b>9</b>	<b>2024 Revenue Requirement after Means Test</b>	\$ 3,645,268.54	\$ 3,936,485.74	\$ 3,936,485.74
<b>10</b>	<b>Waterfall effect</b>	100.00%	100.00%	100.00%
<b>11</b>	<b>2024 Revenue Requirement after Waterfall</b>	\$ 3,645,268.54	\$ 3,936,485.74	\$ 3,936,485.74
<b>12</b>	<b>2024 CHCF-A Support</b>	\$ 3,645,268.54	\$ 3,936,485.74	\$ 3,936,485.74
<b>13</b>	<b>Monthly Payment for Periods Jan - Dec 2024</b> (Line 12/12 months)	\$ 303,772.38	\$ 328,040.48	\$ 328,040.48

<sup>40</sup> The Line 3 adjustment will apply after the GRC decision is adopted because it is related to non-recurring impacts for a prior year.

## APPENDIX A-8

Year 2024 CHCF-A Requirement				
		(Col A)	(Col B)	(Col C)
		Pinnacles		
		Pinnacles AL 316	Staff Proposed	Commission Adopted
<b>1 2023 CHCF-A Requirement</b>		\$ 437,018.95	\$ 437,018.95	\$ 437,018.95
	(Resolution T-17776, Appendix A-8, Line 7)			
<b>2 Reverse Prior Year Non-Recurring Adjustments</b>		\$ 0.00	\$ 0.00	\$ 0.00
<b>3 Year 2023 Impacts (Non-Recurring)</b>		\$ 0.00	\$ 0.00	\$ 0.00
a	Pro-Rata Changes (FCC 14-190, VI.A)			\$ 0.00
<b>4 Year 2024 Impacts (Recurring)</b>		\$ 212.29	\$ 212.29	\$ 212.29
a	FCC National Broadband Plan(5% reduction Inter-carrier Compensation (FCC11-161, Paragraph 851)	\$ 212.29	\$ 212.29	\$ 212.29
<b>5 Net Interstate Expense Adjustment</b>				
a	Projected 2023 USF A-CAM Allocation	\$ 144,920.00	\$ 144,920.00	\$ 144,920.00
b	Projected 2024 USF A-CAM Allocation	\$ (144,920.00)	\$ (144,920.00)	\$ (144,920.00)
c	Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$ 0.00	\$ 0.00	\$ 0.00
<b>6 2024 CHCF-A Revenue Requirement</b>		\$ 437,231.24	\$ 437,231.24	\$ 437,231.24
	(sum of lines 1, 2, 3 and 4 and 5c)			
<b>7 Total 2024 Revenue Requirement</b>		\$ 437,231.24	\$ 437,231.24	\$ 437,231.24
	(Beginning CHCF-A Revenue Requirement for 2025)			
<b>8 2024 Revenue Requirement eligible for CHCF-A Support</b>		\$ 437,231.24	\$ 437,231.24	\$ 437,231.24
<b>9 2024 Revenue Requirement after Means Test</b>		\$ 437,231.24	\$ 437,231.24	\$ 437,231.24
<b>10 Waterfall effect</b>		100.00%	100.00%	100.00%
<b>11 2024 Revenue Requirement after Waterfall</b>		\$ 437,231.24	\$ 437,231.24	\$ 437,231.24
<b>12 2024 CHCF-A Support</b>		\$ 437,231.24	\$ 437,231.24	\$ 437,231.24
<b>13 Monthly Payment for Periods Jan - Dec 2024</b>		\$ 36,435.94	\$ 36,435.94	\$ 36,435.94
	(Line 12/12 months)			

## APPENDIX A-9

The Commission adopted amounts in Appendix A-9 shall apply until and unless a decision is adopted in Ponderosa's TY 2024 GRC (A.22-10-004). After the Commission adopts a revised CHCF-A support amount for 2024 in A.22-10-004, only the adjustment in Line 3 shall apply.<sup>41</sup>

Year 2024 CHCF-A Requirement				
	(Col A)	(Col B)	(Col C)	
	Ponderosa			
	Ponderosa AL 510	Staff Proposed	Commission Adopted	
<b>1 2023 CHCF-A Requirement</b> (Resolution T-17776, Appendix A-9, line7)	\$ 3,646,579.93	\$ 3,646,579.93	\$ 3,646,579.93	
<b>2 Reverse Prior Year Non-Recurring Adjustments</b>	\$ (61,575.87)	\$ (61,575.87)	\$ (61,575.87)	
<b>3 Year 2023 Impacts (Non-Recurring)</b>	\$ 40,698.89	\$ 40,698.89	\$ 40,698.89	
a Pro-Rata Changes (FCC 14-190, VI.A)	\$ 40,698.89	\$ 40,698.89	\$ 40,698.89	
<b>4 Year 2024 Impacts (Recurring)</b>	\$ 7,856.87	\$ 7,856.87	\$ 7,856.87	
a FCC National Broadband Plan(5% reduction Inter-carrier Compensation (FCC11-161, Paragraph 851)	\$ 7,856.87	\$ 7,856.87	\$ 7,856.87	
<b>5 Net Interstate Expense Adjustment</b>				
a Projected 2023 USF-HCLS (Per NECA)	\$ 3,350,922.93	\$ 3,350,922.93	\$ 3,350,922.93	
b Projected 2024 USF-HCLS (Per NECA)	\$ (3,350,922.93)	\$ (3,432,668.35)	\$ (3,432,668.35)	
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$ 0.00	\$ (81,745.42)	\$ (81,745.42)	
<b>6 2024 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$ 3,633,559.83	\$ 3,551,814.41	\$ 3,551,814.41	
<b>7 Total 2024 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2025)	\$ 3,633,559.83	\$ 3,551,814.41	\$ 3,551,814.41	
<b>8 2024 Revenue Requirement eligible for CHCF-A Support</b>	\$ 3,633,559.83	\$ 3,551,814.41	\$ 3,551,814.41	
<b>9 2024 Revenue Requirement after Means Test</b>	\$ 3,633,559.83	\$ 3,551,814.41	\$ 3,551,814.41	
<b>10 Waterfall effect</b>	100.00%	100.00%	100.00%	
<b>11 2024 Revenue Requirement after Waterfall</b>	\$ 3,633,559.83	\$ 3,551,814.41	\$ 3,551,814.41	
<b>12 2024 CHCF-A Support</b>	\$ 3,633,559.83	\$ 3,551,814.41	\$ 3,551,814.41	
<b>13 Monthly Payment for Periods Jan - Dec 2024</b> (Line 12/12 months)	\$ 302,796.65	\$ 295,984.53	\$ 295,984.53	

<sup>41</sup> The Line 3 adjustment will apply after the GRC decision is adopted because it is related to non-recurring impacts for a prior year.

## APPENDIX A-10

Year 2024 CHCF-A Requirement				
		(Col A)	(Col B)	(Col C)
		Sierra AL 499	Sierra Staff Proposed	Commission Adopted
<b>1</b>	<b>2023 CHCF-A Requirement</b>	\$ 7,295,625.25	\$ 7,295,625.25	\$ 7,295,625.25
a	(Decision 23-01-004, Appendix A, Line 1.c)	\$ 7,225,106.00	\$ 7,225,106.00	\$ 7,225,106.00
b	(Resolution T-17776, OP 3)	\$ 70,519.25	\$ 70,519.25	\$ 70,519.25
<b>2</b>	<b>Reverse Prior Year Non-Recurring Adjustments</b>	\$ (70,519.25)	\$ (70,519.25)	\$ (70,519.25)
<b>3</b>	<b>Year 2023 Impacts (Non-Recurring)</b>	\$ 52,259.60	\$ 52,259.60	\$ 52,259.60
a	Pro-Rata Changes (FCC 14-190, VI.A)	\$ 52,259.60	\$ 52,259.60	\$ 52,259.60
<b>4</b>	<b>Year 2024 Impacts (Recurring)</b>	\$ 16,966.85	\$ 16,118.51	\$ 16,118.51
a	FCC National Broadband Plan(5% reduction Inter-carrier Compensation (FCC11-161, Paragraph 851)	\$ 16,966.85	\$ 16,118.51	\$ 16,118.51
<b>5</b>	<b>Net Interstate Expense Adjustment</b>			
a	Projected 2023 USF-HCLS (Per NECA)	\$ 4,401,576.00	\$ 4,401,575.65	\$ 4,401,575.65
b	Projected 2024 USF-HCLS (Per NECA)	\$ (4,401,576.00)	\$ (5,078,081.92)	\$ (5,078,081.92)
c	Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$ 0.00	\$ (676,506.27)	\$ (676,506.27)
<b>6</b>	<b>2024 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$ 7,294,332.45	\$ 6,616,977.84	\$ 6,616,977.84
<b>7</b>	<b>Total 2024 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2025)	\$ 7,294,332.45	\$ 6,616,977.84	\$ 6,616,977.84
<b>8</b>	<b>2024 Revenue Requirement eligible for CHCF-A Support</b>	\$ 7,294,332.45	\$ 6,616,977.84	\$ 6,616,977.84
<b>9</b>	<b>2024 Revenue Requirement after Means Test</b>	\$ 7,294,332.45	\$ 6,616,977.84	\$ 6,616,977.84
<b>10</b>	<b>Waterfall effect</b>	100.00%	100.00%	100.00%
<b>11</b>	<b>2024 Revenue Requirement after Waterfall</b>	\$ 7,294,332.45	\$ 6,616,977.84	\$ 6,616,977.84
<b>12</b>	<b>2024 CHCF-A Support</b>	\$ 7,294,332.45	\$ 6,616,977.84	\$ 6,616,977.84
<b>13</b>	<b>Monthly Payment for Periods Jan - Dec 2024</b> (Line 12/12 months)	\$ 607,861.04	\$ 551,414.82	\$ 551,414.82

## APPENDIX A-11

Year 2024 CHCF-A Requirement				
		(Col A)	(Col B)	(Col C)
		Siskiyou		
		Siskiyou AL 459	Staff Proposed	Commission Adopted
<b>1</b>	<b>2023 CHCF-A Requirement</b>	\$ 6,349,808.61	\$ 6,349,808.61	\$ 6,349,808.61
a	(Decision 23-03-012, OP 2)	\$ 6,249,850.00	\$ 6,249,850.00	\$ 6,249,850.00
b	(Resolution T-17776, OP 3)	\$ 99,958.61	\$ 99,958.61	\$ 99,958.61
<b>2</b>	<b>Reverse Prior Year Non-Recurring Adjustments</b>	\$ (99,958.61)	\$ (99,958.61)	\$ (99,958.61)
<b>3</b>	<b>Year 2023 Impacts (Non-Recurring)</b>	\$ 66,082.08	\$ 66,082.08	\$ 66,082.08
a	Pro-Rata Changes (FCC 14-190, VI.A)	\$ 66,082.08	\$ 66,082.08	\$ 66,082.08
<b>4</b>	<b>Year 2024 Impacts (Recurring)</b>	\$ 8,963.73	\$ 8,963.73	\$ 8,963.73
a	FCC National Broadband Plan(5% reduction Inter-carrier Compensation (FCC11-161, Paragraph 851)	\$ 8,963.73	\$ 8,963.73	\$ 8,963.73
<b>5</b>	<b>Net Interstate Expense Adjustment</b>			
a	Projected 2023 USF-HCLS (Per NECA)	\$ 5,367,230.47	\$ 5,367,230.47	\$ 5,367,230.47
b	Projected 2024 USF-HCLS (Per NECA)	\$ (5,800,804.00)	\$ (5,681,420.80)	\$ (5,681,420.80)
c	Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$ (433,573.53)	\$ (314,190.33)	\$ (314,190.33)
<b>6</b>	<b>2024 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$ 5,891,322.29	\$ 6,010,705.49	\$ 6,010,705.49
<b>7</b>	<b>Total 2024 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2025)	\$ 5,891,322.29	\$ 6,010,705.49	\$ 6,010,705.49
<b>8</b>	<b>2024 Revenue Requirement eligible for CHCF-A Support</b>	\$ 5,891,322.29	\$ 6,010,705.49	\$ 6,010,705.49
<b>9</b>	<b>2024 Revenue Requirement after Means Test</b>	\$ 5,891,322.29	\$ 6,010,705.49	\$ 6,010,705.49
<b>10</b>	<b>Waterfall effect</b>	100.00%	100.00%	100.00%
<b>11</b>	<b>2024 Revenue Requirement after Waterfall</b>	\$ 5,891,322.29	\$ 6,010,705.49	\$ 6,010,705.49
<b>12</b>	<b>2024 CHCF-A Support</b>	\$ 5,891,322.29	\$ 6,010,705.49	\$ 6,010,705.49
<b>13</b>	<b>Monthly Payment for Periods Jan - Dec 2024</b> (Line 12/12 months)	\$ 490,943.52	\$ 500,892.12	\$ 500,892.12

## APPENDIX A-12

Year 2024 CHCF-A Requirement				
		(Col A)	(Col B)	(Col C)
		Volcano		
		Volcano AL 439	Staff Proposed	Commission Adopted
<b>1</b>	<b>2023 CHCF-A Requirement</b>	<b>\$ 2,947,478.37</b>	<b>\$ 2,947,478.37</b>	<b>\$ 2,947,478.37</b>
a	(Decision 23-02-008, Appendix A, Line 1.a(6))	\$ 2,911,734.00	\$ 2,911,734.00	\$ 2,911,734.00
b	(Resolution T-17776, OP 3)	\$ 35,744.37	\$ 35,744.37	\$ 35,744.37
<b>2</b>	<b>Reverse Prior Year Non-Recurring Adjustments</b>	<b>\$ (35,744.37)</b>	<b>\$ (35,744.37)</b>	<b>\$ (35,744.37)</b>
<b>3</b>	<b>Year 2023 Impacts (Non-Recurring)</b>	<b>\$ 26,233.96</b>	<b>\$ 26,233.96</b>	<b>\$ 26,233.96</b>
a	Pro-Rata Changes (FCC 14-190, VI.A)	\$ 26,233.96	\$ 26,233.96	\$ 26,233.96
<b>4</b>	<b>Year 2024 Impacts (Recurring)</b>	<b>\$ 10,156.41</b>	<b>\$ 10,156.41</b>	<b>\$ 10,156.41</b>
a	FCC National Broadband Plan(5% reduction Intercarrier Compensation (FCC11-161, Paragraph 851)	\$ 10,156.41	\$ 10,156.41	\$ 10,156.41
<b>5</b>	<b>Net Interstate Expense Adjustment</b>			
a	Projected 2023 USF-HCLS (Per NECA)	\$ 2,227,988.00	\$ 2,227,987.83	\$ 2,227,987.83
b	Projected 2024 USF-HCLS (Per NECA)	<u>\$ (2,227,988.00)</u>	<u>\$ (2,565,001.62)</u>	<u>\$ (2,565,001.62)</u>
c	Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$ 0.00	\$ (337,013.79)	\$ (337,013.79)
<b>6</b>	<b>2024 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$ 2,948,124.37	\$ 2,611,110.58	\$ 2,611,110.58
<b>7</b>	<b>Total 2024 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2025)	\$ 2,948,124.37	\$ 2,611,110.58	\$ 2,611,110.58
<b>8</b>	<b>2024 Revenue Requirement eligible for CHCF-A Support</b>	\$ 2,948,124.37	\$ 2,611,110.58	\$ 2,611,110.58
<b>9</b>	<b>2024 Revenue Requirement after Means Test</b>	\$ 2,948,124.37	\$ 2,611,110.58	\$ 2,611,110.58
<b>10</b>	<b>Waterfall effect</b>	100.00%	100.00%	100.00%
<b>11</b>	<b>2024 Revenue Requirement after Waterfall</b>	\$ 2,948,124.37	\$ 2,611,110.58	\$ 2,611,110.58
<b>12</b>	<b>2024 CHCF-A Support</b>	<b>\$ 2,948,124.37</b>	<b>\$ 2,611,110.58</b>	<b>\$ 2,611,110.58</b>
<b>13</b>	<b>Monthly Payment for Periods Jan - Dec 2024</b> (Line 12/12 months)	<b>\$ 245,677.03</b>	<b>\$ 217,592.55</b>	<b>\$ 217,592.55</b>



## APPENDIX A-13

Year 2024 CHCF-A Requirement				
		(Col A)	(Col B)	(Col C)
		Winterhaven		
		Winterhaven AL 295	Staff Proposed	Commission Adopted
<b>1 2023 CHCF-A Requirement</b>		\$ 318,238.29	\$ 318,238.29	\$ 318,238.29
	(Resolution T-17758, Appendix A-13, Line 7)			
<b>2 Reverse Prior Year Non-Recurring Adjustments</b>		\$ 0.00	\$ 0.00	\$ 0.00
<b>3 Year 2023 Impacts (Non-Recurring)</b>		\$ 0.00	\$ 0.00	\$ 0.00
a Pro-Rata Changes (FCC 14-190, VI.A)		\$ 0.00	\$ 0.00	\$ 0.00
<b>4 Year 2024 Impacts (Recurring)</b>		\$ 1,273.94	\$ 1,273.94	\$ 1,273.94
a FCC National Broadband Plan(5% reduction Intercarrier Compensation (FCC11-161, Paragraph 851)		\$ 1,273.94	\$ 1,273.94	\$ 1,273.94
<b>5 Net Interstate Expense Adjustment</b>				
a Projected 2023 USF A-CAM Allocation		\$ 0.00	\$ 0.00	\$ 0.00
b Projected 2024 USF A-CAM Allocation		\$ 0.00	\$ 0.00	\$ 0.00
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)		\$ 0.00	\$ 0.00	\$ 0.00
<b>6 2024 CHCF-A Revenue Requirement</b>		\$ 319,512.23	\$ 319,512.23	\$ 319,512.23
	(sum of lines 1, 2, 3 and 4 and 5c)			
<b>7 Total 2024 Revenue Requirement</b>		\$ 319,512.23	\$ 319,512.23	\$ 319,512.23
	(Beginning CHCF-A Revenue Requirement for 2025)			
<b>8 2024 Revenue Requirement eligible for CHCF-A Support</b>		\$ 319,512.23	\$ 319,512.23	\$ 319,512.23
<b>9 2024 Revenue Requirement after Means Test</b>		\$ 0.00	\$ 0.00	\$ 0.00
<b>10 Waterfall effect</b>		0.00%	0.00%	0.00%
<b>11 2024 Revenue Requirement after Waterfall</b>		\$ 0.00	\$ 0.00	\$ 0.00
<b>12 2024 CHCF-A Support</b>		\$ 0.00	\$ 0.00	\$ 0.00
<b>13 Monthly Payment for Periods Jan - Dec 2024</b>		\$ 0.00	\$ 0.00	\$ 0.00
	(Line 12/12 months)			