

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298

March 9, 2026

Agenda ID: 24083  
RESOLUTION T-17908

TO: Small LECs and Service List for R.11-11-007

This Draft Resolution T-17908 of the Communications Division will appear on the agenda at the next Commission meeting to be held April 9, 2026, which is at least 30 days after the date of this letter. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting. When the Commission votes on a Draft Resolution, it may adopt all or part of it as written, amend, modify, or set it aside and prepare a different Resolution. The Resolution becomes binding on the parties only upon action by the Commission.

Any member of the public may serve comments on the Draft Resolution as provided in Public Utilities Code § 311(g) and Rule 14.5 of the Commission's Rules of Practice and Procedure (Rules).

Comments along with a certificate of service (COS) shall be sent via email to: [amy.lau@cpuc.ca.gov](mailto:amy.lau@cpuc.ca.gov) by March 30, 2026, at 5:00 PM. Also, copies must be served on the entire service list to which the Draft Resolution was originally served, on the same date that the comments are submitted to the Communications Division. Comments shall be limited to five pages in length.

Comments shall focus on factual, legal, or technical errors in the Draft Resolution and in citing such errors shall make specific references to the record or applicable law. Comments should list the recommended changes to the Draft Resolution.

Reply comments must be submitted no later than April 6, 2026. Replies shall be submitted and served in the same manner as opening comments and shall not exceed three pages in length.

Sincerely,

/s/ Robert Osborn, Director  
Communications Division  
California Public Utilities Commission

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Communications Division

RESOLUTION T-17908

April 9, 2026

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

Resolution T-17908. Small Local Exchange Carriers General Rate Case Schedule and Waterfall Provision

PROPOSED OUTCOME:

- Implement a two-year delay of the general rate case application cycle and freeze the Waterfall mechanism of Small Local Exchange Carriers (Small LECs).

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this resolution.

ESTIMATED COST:

- The costs associated with this resolution remain unchanged.

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**SUMMARY**

This Resolution implements a two-year delay in the general rate case schedule and freezes the waterfall mechanism for Small Local Exchange Carriers (Small LECs).

**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 LECs whose basic exchange access line service rates would otherwise be increased to levels that would threaten universal service. The following 13 Small LECs are eligible for the California High Cost Fund – A (CHCF-A) funding:

1. Cal-Ore Telephone Company (Cal-Ore);
2. Calaveras Telephone Company (Calaveras);
3. Ducor Telephone Company (Ducor);
4. Foresthill Telephone Company (Foresthill);
5. Happy Valley Telephone Company (Happy Valley);<sup>1</sup>
6. Hornitos Telephone Company (Hornitos);<sup>1</sup>
7. Kerman Telephone Company (Kerman);
8. Pinnacles Telephone Company (Pinnacles);
9. The Ponderosa Telephone Company (Ponderosa);
10. Sierra Telephone Company (Sierra);
11. Siskiyou Telephone Company (Siskiyou);
12. Volcano Telephone Company (Volcano); and
13. Winterhaven Telephone Company (Winterhaven).<sup>1</sup>

The California Public Utilities Commission (Commission) in D.91-09-042 summarized the current CHCF-A rules in Appendix A, Section D (Rate Proceedings and Funding Levels). Pursuant to these rules, Small LECs must periodically file General Rate Cases (GRCs) with the Commission if they want to receive CHCF-A support. Out of the 13 Small LECs, 10 Small LECs have requested CHCF-A support by filing a GRC application.

In D.15-06-048, the Commission adopted a Rate Case Plan, which divided the ten Small LECs receiving CHCF-A support into three groups (Group A, B, and C) and adopted a cycle in which each group submits a GRC application every five years.<sup>2</sup>

D.15-06-048, as modified by D.20-08-011, set forth the GRC cycle beginning in 2021. D.20-08-011 also reordered and modified the groupings of certain rate cases and directed a temporary freeze to the waterfall mechanism for the ten Small LECs.<sup>3</sup> (see Appendix A). All other deadlines associated with the GRC established in D.15-06-048, including the deadline for the Notice of Intent, remained unchanged.<sup>4</sup>

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<sup>1</sup> Currently do not receive CHCF-A support.

<sup>2</sup> See Appendix A to D.15-06-048 for CHCF-A Rate Case Plan.

<sup>3</sup> See Appendix C to D.20-08-011 for revised GRC filing schedule.

<sup>4</sup> D.20-08-011 (O.P. 8).

As a result of D.20-08-011, the filing deadlines for the upcoming GRC application for Group A Small LECs<sup>5</sup> are October 1, 2026, Group B Small LECs<sup>6</sup> are October 1, 2027, and Group C LECs<sup>7</sup> are October 1, 2028, and then the cycle is repeated every five years.<sup>8</sup>

## **DISCUSSION**

The Commission is delaying the next GRC application cycle by two years and placing a freeze on the waterfall mechanism to assess whether the Commission should explore any changes needed to the existing GRC application requirements and Rate Case Plan established in D.15-06-048, and modified by D.20-08-011, unless an extension is granted or the cycle is changed through a proceeding.

### **Delay of General Rate Case Application Cycle**

The Commission in D.15-06-048 and modified by D.20-08-011, established the filing deadlines for the next GRC application for Group A Small LECs<sup>5</sup> on October 1, 2026, Group B Small LECs<sup>6</sup> on October 1, 2027, and Group C Small LECs<sup>7</sup> on October 1, 2028.

This Resolution adopts a two-year delay that extends the GRC application filing deadlines for Group A Small LECs<sup>5</sup> to October 1, 2028, Group B Small LECs<sup>6</sup> to October 1, 2029, and Group C Small LECs<sup>7</sup> to October 1, 2030 (Appendix B). All other Commission established deadlines associated with the GRC reflected in D.15-06-048, including the deadline for the Notice of Intent, remain unchanged.<sup>9</sup>

From 2011 to 2023, the Commission in Rulemaking (R.) 11-11-007 addressed changing conditions in the communication industry necessitating revisions to the CHCF-A program. Before a new cycle of GRCs begin, the Commission should assess areas of opportunity to increase efficiencies and other changes in the CHCF-A Program GRC process. To preserve the resources of Staff, the Group A, B, and C Small LECs, and other stakeholders, this delay and freeze is a reasonable response while assessing whether updates to the CHCF-A program GRC process are appropriate.

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<sup>5</sup> Sierra, Siskiyou, and Volcano.

<sup>6</sup> Foresthill, Kerman, and Ponderosa.

<sup>7</sup> Cal-Ore, Calaveras, Ducor and Pinnacles.

<sup>8</sup> D.20-08-011, Appendix C.

<sup>9</sup> D.20-08-011 (O.P. 8).

### **Temporary freeze on Waterfall Mechanism**

The delay of the GRC application cycle requires temporary modification to the waterfall mechanism.

The CHCF-A program rules are summarized in the Appendix, Section D of D.91-09-042. Under the current rules, CHCF-A subsidies are subject to a six-year phase down effect. The effect begins on January 1 after a GRC decision is issued. A Small LEC'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" mechanism.

Without temporary modification of the waterfall mechanism, the two-year delay of the GRC cycle would lead to reductions in CHCF-A support beginning in 2027. Therefore, this Resolution freezes CHCF-A support at the current waterfall levels for two years for the collective Small LECs.<sup>10</sup> The freeze to the waterfall mechanism is temporary and shall continue while Groups A through C submit their GRC applications according to the two-year delayed cycle. The Small LECs shall be subject to the waterfall provision beginning the year following their next GRC application deadline.

### **COMMENTS**

Public Utilities Code section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review. Any comments are due within 20 days of the date of its mailing and publication on the Commission's website and in accordance with any instructions accompanying the notice. Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day review and 20-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

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<sup>10</sup> The 10 Small LECs that currently receive CHCF-A support are Cal-Ore, Calaveras, Ducor, Foresthill, Kerman, Pinnacles, Ponderosa, Sierra, Siskiyou, and Volcano.

**FINDINGS AND CONCLUSIONS**

1. It is reasonable for the Commission to adopt a two-year delay of the GRC application cycle for the Small LECs.
2. It is reasonable for the Commission to impose a temporary freeze of the CHCF-A waterfall mechanism.
3. The revised GRC filing schedule is reflected in Appendix B of this Resolution, unless an extension is granted or the cycle is changed through a subsequent proceeding.
4. All other deadlines associated with the GRC established in Decision 15-06-048 remain unchanged.

**THEREFORE, IT IS ORDERED THAT:**

1. This Resolution delays the general rate case cycle for two years for the purpose of general rate case application submission as follows: Group A: Sierra Telephone Company, Siskiyou Telephone Company, and Volcano Telephone Company; Group B: Foresthill Telephone Company, Kerman Telephone Company, and The Ponderosa Telephone Company; Group C: Cal-Ore Telephone Company, Calaveras Telephone Company, Ducor Telephone Company, and Pinnacles Telephone Company.
2. The ten Small LECs shall comply with the following revised schedule for filing general rate case applications with the Commission: Group A Small LECs Sierra Telephone Company, Siskiyou Telephone Company, and Volcano Telephone Company shall file by October 1, 2028, Group B Small LECs Foresthill Telephone Company, Kerman Telephone Company, and The Ponderosa Telephone Company shall file by October 1, 2029, and Group C Small LECs Cal-Ore Telephone Company, Calaveras Telephone Company, Ducor Telephone Company, and Pinnacles Telephone Company shall file by October 1, 2030. This revised GRC filing schedule is reflected in Appendix B to this decision, unless an extension is granted or the cycle is changed through a proceeding. All other Commission established deadlines associated with the GRC reflected in Decision 15-06-048, including the Notice of Intent, remain unchanged.
3. This Resolution directs a temporary freeze to the waterfall mechanism for two years for Cal-Ore Telephone Company, Calaveras Telephone Company, Ducor Telephone Company, Foresthill Telephone Company, Kerman Telephone Company, Pinnacles Telephone Company, The Ponderosa Telephone Company,

Sierra Telephone Company, Siskiyou Telephone Company, and Volcano Telephone Company (Small LECs). This freeze shall continue while the Small LECs submit their respective first rounds of general rate case applications under the revised schedule. The Small LECs shall be subject to the waterfall provision beginning the year following their next GRC application deadline.

This Resolution is effective today.

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 favorably thereon:

Commissioner Signature blocks to be added  
upon adoption of the resolution.

# **APPENDIX A**

Appendix A: Current Schedule

| 2021                             | 2022   | 2023  | 2024  | 2025  | 2026                              | 2027   | 2028  | 2029  | 2030  |
|----------------------------------|--|---|---|---|-----------------------------------|--|---|---|---|
| Group A Files for GRC by 10/1/21 | GRC Work; 80% CHCF-A payment if no GRC filed | Test Year for Group A; 50% CHCF-A payment if no GRC filed | 0% CHCF-A payment if no GRC filed                         | 0% CHCF-A payment if no GRC filed                         | Group A Files for GRC by 10/1/26  | GRC Work; 80% CHCF-A payment if no GRC filed | Test Year for Group A; 50% CHCF-A payment if no GRC filed | 0% CHCF-A payment if no GRC filed                         | 0% CHCF-A payment if no GRC filed                         |
| 100%                             | Group B Files for GRC by 10/1/22             | GRC Work; 80% CHCF-A payment if no GRC filed              | Test Year for Group B; 50% CHCF-A payment if no GRC filed | 0% CHCF-A payment if no GRC filed                         | 0% CHCF-A payment if no GRC filed | Group B Files for GRC by 10/1/27             | GRC Work; 80% CHCF-A payment if no GRC filed              | Test Year for Group B; 50% CHCF-A payment if no GRC filed | 0% CHCF-A payment if no GRC filed                         |
| 100%                             | 100%   | Group C Files for GRC by 10/1/23                          | GRC Work; 80% CHCF-A payment if no GRC filed              | Test Year for Group C; 50% CHCF-A payment if no GRC filed | 0% CHCF-A payment if no GRC filed | 0% CHCF-A payment if no GRC filed            | Group C Files for GRC by 10/1/28                          | GRC Work; 80% CHCF-A payment if no GRC filed              | Test Year for Group C; 50% CHCF-A payment if no GRC filed |

Group A: Sierra Telephone Company, Siskiyou Telephone Company, Volcano Telephone Company

Group B: Foresthill Telephone Company, Kerman Telephone Company, Ponderosa Telephone Company

Group C: Cal-Ore Telephone Company, Calaveras Telephone Company, Ducor Telephone Company, Pinnacles Telephone Company

## **APPENDIX B**

Appendix B: Revised GRC Filing Schedule

| 2028  | 2029  | 2030  | 2031  |
|---|---|---|---|
| Group A<br>Files for<br>GRC by<br>10/1/2028 | GRC Work;<br>80% CHCF-A<br>payment if<br>no GRC filed | Test Year for<br>Group A;<br>50% CHCF-A<br>payment if<br>no GRC filed | 0% CHCF-A<br>payment if<br>no GRC filed                               |
| 100%  | Group B<br>Files for<br>GRC by<br>10/1/2029           | GRC Work;<br>80% CHCF-A<br>payment if<br>no GRC filed                 | Test Year for<br>Group B;<br>50% CHCF-A<br>payment if<br>no GRC filed |
| 100%  | 100%  | Group C<br>Files for<br>GRC by<br>10/1/2030                           | GRC Work;<br>80% CHCF-A<br>payment if<br>no GRC filed                 |

Group A: Sierra Telephone Company, Siskiyou Telephone Company, Volcano Telephone Company

Group B: Foresthill Telephone Company, Kerman Telephone Company, Ponderosa Telephone Company

Group C: Cal-Ore Telephone Company, Calaveras Telephone Company, Ducor Telephone Company, Pinnacles Telephone Company