

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Carrier Oversight & Programs Branch**

**RESOLUTION T- 17273
January 27, 2011**

R E S O L U T I O N

Resolution T-17273 Addresses Adjustment Requests from Eight Small Local Exchange Carriers Requesting Modifications to their Draws From the California High Cost Fund-A Administrative Committee Fund for Calendar Year 2010.

Summary

This resolution adopts the Calendar Year (CY) 2010 California High Cost Fund-A (CHCF-A) adjustment requests and late interest, in the amount of \$2,297,963.10, for Calaveras Telephone Company (Calaveras), Foresthill Telephone Company (Foresthill), Kerman Telephone Company (Kerman), Pinnacles Telephone Company (Pinnacles), Ponderosa Telephone Company (Ponderosa), Sierra Telephone Company (Sierra), Siskiyou Telephone Company (Siskiyou), and Volcano Telephone Company (Volcano).

Background

On or about October 1, 2009, the 14 small Incumbent Local Exchange Carriers (ILECs) made their annual CHCF-A advice letter filings in accordance with Decision (D.) 91-09-042. The 14 small ILECs requested a total CY 2010 CHCF-A support of approximately \$38.886 million.

On January 21, 2010, Resolution T-17247 was approved by the California Public Utilities Commission (Commission) and authorized CY 2010 funding for the 14 Small ILECs in the amount of \$35.535 million and deferred a decision on carrier adjustments, in the amount of \$2.638 million, due to the complexity of the issues and the short time frame in which to review the adjustments.

The issues deferred in Resolution T-17247 are: 1. the revenue effect associated with National Exchange Carrier Association (NECA) separations methodology changes; 2.

REVISED DRAFT

the revenue effect associated with virtual NXX calls; and 3. the revenue effect associated with wireless intercarrier compensation.

Discussion

The Commission's Communications Division (CD) reviewed the annual advice letter filings made by the eight small ILECs in connection with their 2010 CHCF-A revenue requirement adjustment requests pursuant to the implementation rules and guidelines as set forth in D.88-07-022 and as modified by D.91-05-016, D.91-09-042, Resolution T-16117, D.00-09-072 and D.01-02-018¹.

Section B of the Implementation Rules states, "In each succeeding year, each rural and small metropolitan company shall file with the Commission an advice letter incorporating the net settlements effects upon such company of regulatory changes ordered by the Commission and the Federal Communications Commission."

D.91-09-042 also 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 (CHCF-A) is being requested, whichever amount is lower."

Each adjustment request item is further discussed below:

NECA Separations Methodology Changes

In their annual advice letter filing, Calaveras, Pinnacles and Ponderosa included adjustments in the amount of \$270,865, \$46,462.50, and \$145,010, respectively, in response to NECA separations methodology changes. The total amount of these adjustments is \$462,337.50.

The carriers state that in a memorandum dated December 29, 2008, NECA, a membership association of U.S. local telephone companies, announced that it, "will not accept cost studies where COE [Central Office Equipment] and CWF [Cable and Wire Facilities] cost allocation of plant which includes both voice services and data services is done using a voice grade equivalent or related capacity equivalent methodology ²."

Calaveras, Pinnacles and Ponderosa assert that they have, as of 2008, adopted the NECA approved methodology, "a circuit is a circuit". This change, carriers contend,

¹ D.88-07-022 was modified by D.91-05-016, D.91-09-042, Resolution T-16117, D.00-09-072, D.01-02-018, and D.01-05-031. These guidelines are summarized in the Appendix of D. 91-09-042, which are hereinafter referred to as the Implementation Rules.

² NECA Cost Guidelines Paper, 12/29/08, page 4.

REVISED DRAFT

has resulted in an increase to their intrastate revenue requirement and they are therefore, in response, requesting an increase to their CHCF-A draws.

CD had discussions with NECA to verify the authority delegated to them by the FCC. NECA's role is defined in Part 69 Access Charges ³ of the FCC Rules and Regulations.

Additionally, the FCC Safeguards Order⁴, states that "The NECA is an association of ILECs established in 1984, at the direction of the Federal Communications Commission, to administer important Commission programs". "In the Order, the Commission reiterates that, in preparing interstate access tariff filings and distributing interstate revenue, NECA must correct any data that it reasonably believes do not comply with our rules." "NECA, however, is an organization established at the Commission's direction, whose structure and principal functions are specified by Commission rules."

Based on information gathered from NECA and the FCC, the small ILECs requests for lost revenue adjustments due to NECA's separations methodologies are approved.

Virtual NXX Calls

In their annual advice letter filing, Foresthill and Kerman included adjustments, in the amount of \$35,261 and \$42,711, respectively, for the revenue loss associated with virtual NXX calls. The total amount of these adjustments is \$77,972.

This issue regards intercarrier compensation for traffic transported over the networks of small ILECs utilizing disparate rating and routing points. NXX refers to the three-digit prefix used to identify blocks of telephone numbers assigned to a central office "rate center". Virtual NXX refers to codes that are assigned throughout a Local Access and Transport Area without regard to the location of the end use customer.

In D.07-02-031, issued February 20, 2007, Opinion Regarding Treatment of Virtual NXX Calls, small ILECs and Competitive ILECs are each directed to interconnect, transport and terminate traffic, and to pay intercarrier compensation in a manner consistent with the Decision. Ordering Paragraph 4 of D.07-02-031 directs the carriers as follows, "carriers that are impacted by the intercarrier compensation provision in this decision are hereby authorized to enter into negotiations pursuant to Section 252, of the Act

³ FCC Rules and Regulations Part 69 Access Charges, Subpart G-Exchange Carrier Association § 69.601

⁴ FCC, 47 CFR Part 69, [CC Docket No. 93-6; FCC 95-94], as published in Federal Register Vol. 60, No. 75, Wednesday, April 19, 1995, pp. 19528, Safeguards to Improve the Administration of the Interstate Access Tariff and Revenue Distribution Process "Safeguards Order"

REVISED DRAFT

[Telecommunications Act of 1996] to reach agreement on the rates, terms, and conditions applicable to intercarrier compensation.”

In D.07-02-031, Conclusions of Law Paragraph 10, states, “Under provisions of Section 252 of the Act (FCC), VNXX carriers...have authority to demand negotiations with a Small LEC with whom traffic is exchanged through indirect interconnection...”

Foresthill and Kerman assert that they have entered into an agreement with O1 Communications as directed, and as a result of the newly agreed upon rates, have lost intrastate revenue due to the requirement to utilize negotiated rates rather than their previous tariffed rates. In response, the small ILECs are requesting an increase to their CHCF-A draw to make up their asserted lost revenue.

Foresthill and Kerman’s General Rate Case (GRC) Test Years were 2007 and 2008, respectively. Given the issue date of D.07-02-031, CD does not believe that these issues could have been included in their respective GRC’s and agree that the annual advice letter process is the appropriate venue to review these adjustment requests.

Since D.07-02-031 authorizes VNXX carriers to request negotiations of an intercarrier compensation agreement with Small ILECs, the Commission approves Foresthill’s and Kerman’s request for lost revenue related to the intercarrier compensation agreements with O1 Communications.

Wireless Intercarrier Compensation

In their annual advice letter filing, Foresthill, Kerman, Ponderosa, Sierra, Siskiyou and Volcano have submitted adjustment requests due to being required to enter into negotiated wireless intercarrier compensation agreements with Commercial Mobile Radio Service Providers (CMRS) and these negotiated agreements resulting in lower interconnection rates than their tariff rate. The carriers assert this has resulted in lost revenues which will require a larger draw from the CHCF-A fund. Below are the asserted impacts for each carrier:

- Foresthill requested \$341,456 for non-recurring lost revenues for the period of June 2005 through December 2009, and \$46,290 for recurring lost revenues.
- Kerman requested \$597,631 for non-recurring lost revenues from October 2003 through December 2009.

REVISED DRAFT

- Ponderosa requested \$618,593 for non-recurring lost revenues from October 2003 through December 2008.
- Sierra requested \$88,391 for non-recurring lost revenues from August 2006 through June 2009, and \$29,414 for recurring lost revenues.
- Siskiyou requested \$167,773 for non-recurring lost revenues from May 2003 through August 2009, and \$38,885 for recurring lost revenues. Their latest GRC will be for Test Year 2011.
- Volcano requested \$164,020 for non-recurring lost revenues prior to 2009, and \$5,300 for recurring lost revenues.
- The total non-recurring and recurring lost revenues requested is \$2,097,753.

The small ILECs included recovery of revenues attributable to the FCC Docket No. 01-92, Reciprocal Compensation Arrangements Between Local Exchange Carriers and CMRS Providers and Final Arbitrator's Report A.06-02-028 dated January 14, 2008.

FCC Docket No. 01-92⁵ states, "...the Commission also amends its rules to prohibit the use of tariffs in the future to impose compensation obligations with respect to non-access CMRS traffic." In addition, "...the Commission adds new rules to clarify that an incumbent local exchange carrier (LEC) may request interconnection from a CMRS provider and invoke the negotiation and arbitration procedures set forth in section 252 of the Communications Act..." The summary further states, "These rules will ensure that both incumbent and competitive carriers can obtain compensation terms consistent with the Act's standards through negotiated or arbitrated agreements." Finally, "The rule revisions adopted in this Declaratory Ruling and Report and Order shall become effective April 29, 2005."

In the Final Arbitrator's Report A.06-02-028, eleven rural ILECs filed petitions for arbitration of interconnection agreements between themselves and the entities comprising Cingular Wireless. The Commission arbitrated wireless interconnection rates between Cingular Wireless and the small ILECs.

Small ILECs seeking recovery of lost revenues from wireless intercarrier compensation shall receive recovery for lost revenues occurring on or after April 29, 2005, only if there

⁵ Federal Register Vol. 70, No. 60, Wednesday, March 30, 2005, page 16141, FCC 47 CFR Part 20, (CC Docket No. 01-92; FCC 05-42) Intercarrier Compensation.

REVISED DRAFT

is an agreement between the small LEC and the CMRS carrier, and the carrier is not currently in a GRC.

Carriers that meet these requirements and will be paid the full amount requested are Foresthill, Sierra, and Volcano.

Carriers that requested recovery for non-recurring lost revenues occurring prior to April 29, 2005, and whose request has been denied are as follows:

- Kerman's request for Verizon Wireless \$96,705.95 and Leap/Cricket \$1,504.47 for a total disallowance of \$98,210.42;
- Ponderosa's request for Verizon Wireless \$118,847.86;
- Siskiyou's request for Verizon Wireless \$26,120.59.

Kerman's request for recovery of wireless intercarrier compensation from T-Mobile for non-recurring lost revenues, in the amount of \$34,752.93, is disallowed as there is no contract between the parties.

Siskiyou's request for recurring lost revenue should have been addressed in their GRC for Test Year 2011, thus, that request is denied in the amount of \$38,885.

Summary of adjustments review

The development of the CHCF-A adjustments for each of the eight small ILECs is shown in Appendix A and summarized below. The late interest calculation factors are shown in Appendix B. Late interest for the adjustments for the period January 1, 2010, through November 30, 2010, will be included in the December 2010 payment, to be paid in January 2011. The table below summarizes the CY 2010 CHCF-A adjustments approved in this resolution for each of the eight small ILECs seeking an adjustment:

REVISED DRAFT

Small LEC	Adjustment Support 2010		
	Current Year 2010	Late Interest	Total Current Year 2010
Calaveras Telephone Company	\$ 270,865.00	\$ 724.66	\$ 271,589.66
Foresthill Telephone Company	\$ 423,006.79	\$ 1,131.69	\$ 424,138.48
Kerman Telephone Company	\$ 507,378.23	\$ 1,357.42	\$ 508,735.65
Pinnacles Telephone Company	\$ 46,462.50	\$ 124.31	\$ 46,586.81
Ponderosa Telephone Company	\$ 644,755.56	\$ 1,724.92	\$ 646,480.48
Sierra Telephone Company	\$ 88,390.74	\$ 236.47	\$ 88,627.21
Siskiyou Telephone Company	\$ 141,652.84	\$ 378.98	\$ 142,031.82
Volcano Telephone Company	\$ 169,320.00	\$ 452.99	\$ 169,772.99
Total	\$ 2,291,831.66	\$ 6,131.44	\$ 2,297,963.10

Payment Process

This resolution directs the CD, in concert with the Information and Management Services Division, to pay the respective small ILECs support for adjustments as indicated above in January 2011. The prompt payment of support to the small ILECs is contingent on the availability of funds and the Commission and State adoption of the budgets covering the payment of the 2010 CHCF-A adjustment support. Should the monthly adjustment support payments due the small ILECs not be paid within 30 days after the close of each calendar month, CD shall include in those payments interest equal to the 3-month commercial paper rate.⁶

Comments on Draft Resolution

In compliance with PU Code § 311(g), a notice letter was emailed on December 28, 2010, informing the 14 small ILECs, CHCFA-AC, parties of record in Rulemaking 01-08-002 and parties on the service list of Application 99-09-044 of the availability of this draft Resolution on the Commission's web site <http://www.cpuc.ca.gov>. This letter also informed parties of the opportunity to comment and that the final Resolution adopted by the Commission will be posted and will be available at the same web site.

Cooper, White & Cooper LLP (Cooper) filed comments on October 13, 2010, in response to the Draft Resolution mailed out September 28, 2010, asserting the following points:

⁶ This is consistent with directives set forth in D.01-02-018 and D.01-09-064.

REVISED DRAFT

1. The Draft Resolution would disallow the claims of several Small ILECs for \$2,097,753 for wireless-related lost revenues. This amount represents the revenue effect of changes to the Small ILECs wireless intercarrier compensation arrangements.
2. The Draft Resolution would reject inclusion of the revenue impact of the shift in separations methodology implemented by NECA in its role as administrator of the interstate access pools, as defined in Part 69 of the FCC Rules.

The Commission has considered the comments of Cooper in response to the proposed resolution and upon further review addresses their comments as follows.

The Commission has carefully reviewed the FCC Decision for Intercarrier Compensation ⁷. The FCC Decision for Intercarrier Compensation, states that local exchange carriers may not impose compensation obligations for traffic not subject to access charges upon commercial mobile radio service providers pursuant to tariffs on or after April 29, 2005.

CD has agreed to approve claims for lost revenue on or after April 29, 2005, for wireless intercarrier compensation between the small ILECs and the wireless carriers. However, the small ILECs must have an agreement with the wireless carrier. In addition, carriers with GRC's for Test Year 2011 may not request recurring 2010 lost revenues, in this case, only Siskiyou. The proper venue to recover this revenue would have been in their Test Year 2011 GRC.

Upon further review of the revenue effects of recent changes in NECA's separations methodologies, CD had discussions with NECA to verify the authority delegated to them by the FCC.. NECA's role is defined in Part 69 Access Charges ⁸ of the FCC Rules and Regulations.

Additionally, the FCC Safeguards Order ⁴, states that "The NECA is an association of ILECs established in 1984, at the direction of the Federal Communications Commission, to administer important Commission programs". "In the Order, the Commission reiterates that, in preparing interstate access tariff filings and distributing interstate revenue, NECA must correct any data that it reasonably believes do not comply with our rules." "NECA, however, is an organization established at the Commission's direction, whose structure and principal functions are specified by Commission rules."

⁷ FCC, 47 CFR Part 20, [CC Docket No. 01-92; FCC 05-42], as published in Federal Register Vol. 70, No. 60, Wednesday, March 30, 2005, pp. 16141.

⁸ FCC Rules and Regulations Part 69 Access Charges, Subpart G-Exchange Carrier Association § 69.601

REVISED DRAFT

Based on information gathered from the meeting with NECA representatives and the directives of the Safeguards Order, the small ILECs request for lost revenue adjustments due to NECA's separations methodologies are approved.

Findings

1. Communications Division (CD) reviewed the 2010 CHCF-A adjustment requests submitted by the eight small Local Exchange Carriers (ILECs) in accordance with the Implementation Rules and Guidelines set forth in D.88-07-022 as modified by D.91-05-016, D.91-09-042, Resolution T-16117, D.00-09-072 and D.01-02-018.
2. Calaveras Telephone Company, Pinnacles Telephone Company, and Ponderosa Telephone Company included adjustments for lost revenues associated with the National Exchange Carriers Association (NECA) reinterpretation of the Federal Communications Commission (FCC) separations methodology.
3. CD conducted a telephone meeting with representatives of NECA and agree with NECA's role in interpreting the FCC rules correctly and implement those interpretations. FCC Rules and Regulations Part 69 Access Charges, Subpart G-Exchange Carrier Association § 69.601 explains NECA's role and responsibilities. This request is approved.
4. Foresthill Telephone Company (Foresthill) and Kerman Telephone Company (Kerman) included adjustments for lost revenue associated with virtual NXX calls. As this lost revenue is the result of a Commission Decision, this request is approved.
5. Foresthill, Kerman, Sierra Telephone Company (Sierra), Siskiyou Telephone Company (Siskiyou), and Volcano Telephone Company (Volcano) requested recovery of lost revenues attributable to Federal Communications Commission Docket CC 01-92 wireless intercarrier compensation rule changes.
6. The small ILECs can seek lost revenues occurring on or after April 29, 2005, from CMRS providers attributable to wireless intercarrier rule changes when there is an agreement between the parties. Siskiyou cannot seek recurring lost revenues as their General Rate Case for Test Year 2011 was the proper venue to address that request.
7. The Commission finds CD's recommended CHCF-A adjustment support for each of the eight small ILECs as summarized in Appendix A of this Resolution reasonable and consistent with Commission orders and should be adopted.

THEREFORE, IT IS ORDERED that:

REVISED DRAFT

1. The California High Cost Fund-A draws for calendar year 2010 adjustment support and late interest for Calaveras Telephone Company, Foresthill Telephone Company, Kerman Telephone Company, Pinnacles Telephone Company, Ponderosa Telephone Company, Sierra Telephone Company, Siskiyou Telephone Company and Volcano Telephone Company are shown below:

Small LEC	Adjustment Support 2010		
	Current Year 2010	Late Interest	Total Current Year 2010
Calaveras Telephone Company	\$ 270,865.00	\$ 724.66	\$ 271,589.66
Foresthill Telephone Company	\$ 423,006.79	\$ 1,131.69	\$ 424,138.48
Kerman Telephone Company	\$ 507,378.23	\$ 1,357.42	\$ 508,735.65
Pinnacles Telephone Company	\$ 46,462.50	\$ 124.31	\$ 46,586.81
Ponderosa Telephone Company	\$ 644,755.56	\$ 1,724.92	\$ 646,480.48
Sierra Telephone Company	\$ 88,390.74	\$ 236.47	\$ 88,627.21
Siskiyou Telephone Company	\$ 141,652.84	\$ 378.98	\$ 142,031.82
Volcano Telephone Company	\$ 169,320.00	\$ 452.99	\$ 169,772.99
Total	\$ 2,291,831.66	\$ 6,131.44	\$ 2,297,963.10

2. The respective California High Cost Fund-A support for each of the eight small Local Exchange Carriers, as described in the body and summarized in Appendix A of this Resolution, is adopted.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on January 27, 2011. The following Commissioners approved it:

Paul Clanon
Executive Director

DRAFT

APPENDIX A
Resolution T- 17273

Year 2010 CHCF-A Requirement

(On Annual Basis)

	(Col A) Calaveras <u>AL312</u>	(Col B) Staff <u>Proposed</u>	(Col C) Commission <u>Adopted</u>
1 2009 CHCF-A Requirement Resolution T-17184, Appendix D, line 17	\$2,071,163.00	\$2,071,163.00	\$2,071,163.00
2 Adjustments to 2009 CHCF-A Requirement (Non-Recurring)	\$0.00	\$0.00	\$0.00
3 Year 2009 Impacts (Non-Recurring)	<u>\$162,519.00</u>	<u>\$162,519.00</u>	<u>\$162,519.00</u>
a NECA Separations Methodology Changes	\$162,519.00	\$162,519.00	\$162,519.00
b VNXX Compensation (CPUC Decision 07-02-031)	\$0.00	\$0.00	\$0.00
c Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$0.00	\$0.00	\$0.00
4 Year 2010 Impacts (Recurring)	<u>\$108,346.00</u>	<u>\$108,346.00</u>	<u>\$108,346.00</u>
a NECA Separations Methodology Changes	\$108,346.00	\$108,346.00	\$108,346.00
b VNXX Compensation (CPUC Decision 07-02-031)	\$0.00	\$0.00	\$0.00
c Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$0.00	\$0.00	\$0.00
5 Net Interstate Expense Adjustment			
a Projected 2009 USF (Resolution T-17184, App C, line 4, col. E)	\$2,111,529.00	\$2,111,529.00	\$2,111,529.00
b Projected Year 2010 USF (Per NECA.)	<u>(\$2,118,233.00)</u>	<u>(\$2,033,647.74)</u>	<u>(\$2,033,647.74)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	(\$6,704.00)	\$77,881.26	\$77,881.26
6 2010 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$2,335,324.00	\$2,419,909.26	\$2,419,909.26
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2010 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2011)	\$2,335,324.00	\$2,419,909.26	\$2,419,909.26
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2010 Revenue Requirement eligible for CHCF-A Support	\$2,335,324.00	\$2,419,909.26	\$2,419,909.26
11 2010 Revenue Requirement after Means Test	\$2,335,324.00	\$2,419,909.26	\$2,419,909.26
12 Waterfall effect	100.00%	100.00%	\$1.00
13 2010 Revenue Requirement after Waterfall	\$2,335,324.00	\$2,419,909.26	\$2,419,909.26
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2010 CHCF-A Support with Adjustments Review	\$2,335,324.00	\$2,419,909.26	\$2,419,909.26
16 2010 CHCF-A Support Resolution T-17247		\$2,149,044.26	\$2,149,044.26
17 Support for Adjustments (Line 15 less Line 16)		\$270,865.00	\$270,865.00
18 Late Interest (see Appendix B-Line 17 times Monthly Factor)		\$ 724.66	\$ 724.66
19 Adjustments and Late Interest (Line 17 plus Line 18)		\$271,589.66	\$271,589.66

DRAFT
APPENDIX A
Resolution T- 17273

Year 2010 CHCF-A Requirement

(On Annual Basis)

	(Col A) Foresthill <u>AL 293</u>	(Col B) Staff <u>Proposed</u>	(Col C) Commission <u>Adopted</u>
1 2009 CHCF-A Requirement (Resolution T-17181, Appendix A line 8)	\$1,902,161.00	\$1,902,161.09	\$1,902,161.09
2 Adjustments to 2009 CHCF-A Requirement (Non-Recurring)	(\$171,037.00)	(\$171,037.00)	(\$171,037.00)
3 Year 2009 Impacts (Non-Recurring)	<u>\$374,635.00</u>	<u>\$374,634.63</u>	<u>\$374,634.63</u>
a NECA Separations Methodology Changes	\$0.00	\$0.00	\$0.00
b VNXX Compensation (CPUC Decision 07-02-031)	\$33,179.00	\$33,179.00	\$33,179.00
c Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$341,456.00	\$341,455.63	\$341,455.63
4 Year 2010 Impacts (Recurring)	<u>\$48,372.00</u>	<u>\$48,372.16</u>	<u>\$48,372.16</u>
a NECA Separations Methodology Changes	\$0.00	\$0.00	\$0.00
b VNXX Compensation (CPUC Decision 07-02-031)	\$2,082.00	\$2,082.00	\$2,082.00
c Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$46,290.00	\$46,290.16	\$46,290.16
5 Net Interstate Expense Adjustment			
a Projected 2009 USF (Resolution T-17181, Appendix A line 5b)	\$1,855,020.00	\$1,855,019.91	\$1,855,019.91
b Projected Year 2010 USF (Per NECA.)	<u>(\$1,600,000.00)</u>	<u>(\$1,563,176.34)</u>	<u>(\$1,563,176.34)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$255,020.00	\$291,843.57	\$291,843.57
6 2010 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$2,409,151.00	\$2,445,974.45	\$2,445,974.45
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2010 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2011)	\$2,409,151.00	\$2,445,974.45	\$2,445,974.45
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2010 Revenue Requirement eligible for CHCF-A Support	\$2,409,151.00	\$2,445,974.45	\$2,445,974.45
11 2010 Revenue Requirement after Means Test	\$2,409,151.00	\$2,445,974.45	\$2,445,974.45
12 Waterfall effect	100.00%	100.00%	100.00%
13 2010 Revenue Requirement after Waterfall	\$2,409,151.00	\$2,445,974.45	\$2,445,974.45
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2010 CHCF-A Support with Adjustments Review	\$2,409,151.00	\$2,445,974.45	\$2,445,974.45
16 2010 CHCF-A Support Resolution T-17247		\$2,022,967.66	\$2,022,967.66
17 Support for Adjustments (Line 15 less Line 16)		\$423,006.79	\$423,006.79
18 Late Interest (see Appendix B-Line 17 times Monthly Factor)		\$ 1,131.69	\$ 1,131.69
19 Adjustments and Late Interest (Line 17 plus Line 18)		\$424,138.48	\$424,138.48

DRAFT

APPENDIX A
Resolution T- 17273

Year 2010 CHCF-A Requirement

(On Annual Basis)

	(Col A) Kerman AL 372	(Col B) Staff Proposed	(Col C) Commission Adopted
1 2009 CHCF-A Requirement (Resolution T-17181, Appendix A line 8)	\$4,639,001.00	\$4,639,000.96	\$4,639,000.96
2 Adjustments to 2009 CHCF-A Requirement (Non-Recurring)	(\$977,425.00)	(\$977,425.00)	(\$977,425.00)
3 Year 2009 Impacts (Non-Recurring)	<u>\$633,581.00</u>	<u>\$500,617.23</u>	<u>\$500,617.23</u>
a NECA Separations Methodology Changes	\$0.00	\$0.00	\$0.00
b VNXX Compensation (CPUC Decision 07-02-031)	\$35,950.00	\$35,950.00	\$35,950.00
c Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$597,631.00	\$464,667.23	\$464,667.23
4 Year 2010 Impacts (Recurring)	<u>\$6,761.00</u>	<u>\$6,761.00</u>	<u>\$6,761.00</u>
a NECA Separations Methodology Changes	\$0.00	\$0.00	\$0.00
b VNXX Compensation (CPUC Decision 07-02-031)	\$6,761.00	\$6,761.00	\$6,761.00
c Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$0.00	\$0.00	\$0.00
5 Net Interstate Expense Adjustment			
a Projected 2009 USF (Resolution T-17181, Appendix A line 5b)	\$2,049,613.00	\$2,049,613.04	\$2,049,613.04
b Projected Year 2010 USF (Per NECA.)	<u>(\$2,007,000.00)</u>	<u>(\$2,037,603.24)</u>	<u>(\$2,037,603.24)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$42,613.00	\$12,009.80	\$12,009.80
6 2010 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$4,344,531.00	\$4,180,963.99	\$4,180,963.99
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2010 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2011)	\$4,344,531.00	\$4,180,963.99	\$4,180,963.99
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2010 Revenue Requirement eligible for CHCF-A Support	\$4,344,531.00	\$4,180,963.99	\$4,180,963.99
11 2010 Revenue Requirement after Means Test	\$4,344,531.00	\$4,180,963.99	\$4,180,963.99
12 Waterfall effect	100.00%	100.00%	100.00%
13 2010 Revenue Requirement after Waterfall	\$4,344,531.00	\$4,180,963.99	\$4,180,963.99
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2010 CHCF-A Support with Adjustments Review	\$4,344,531.00	\$4,180,963.99	\$4,180,963.99
16 2010 CHCF-A Support Resolution T-17247		\$3,673,585.76	\$3,673,585.76
17 Support for Adjustments (Line 15 less Line 16)		\$507,378.23	\$507,378.23
18 Late Interest (see Appendix B-Line 17 times Monthly Factor)		\$ 1,357.42	\$ 1,357.42
19 Adjustments and Late Interest (Line 17 plus Line 18)		\$508,735.65	\$508,735.65

DRAFT

APPENDIX A
Resolution T- 17273

Year 2010 CHCF-A Requirement

(On Annual Basis)

	(Col A) Pinnacles AL 237	(Col B) Staff Proposed	(Col C) Commission Adopted
1 2009 CHCF-A Requirement Resolution T-17158, Appendix D, line 17	\$234,490.00	\$234,490.00	\$234,490.00
2 Adjustments to 2009 CHCF-A Requirement (Non-Recurring)	\$0.00	\$0.00	\$0.00
3 Year 2009 Impacts (Non-Recurring)	<u>\$27,877.50</u>	<u>\$27,877.50</u>	<u>\$27,877.50</u>
a NECA Separations Methodology Changes	\$27,877.50	\$27,877.50	\$27,877.50
b VNXX Compensation (CPUC Decision 07-02-031)	\$0.00	\$0.00	\$0.00
c Wireless Intercarrier Compensation (FCC Docket 01-92)	\$0.00	\$0.00	\$0.00
4 Year 2010 Impacts (Recurring)	<u>\$18,585.00</u>	<u>\$18,585.00</u>	<u>\$18,585.00</u>
a NECA Separations Methodology Changes	\$18,585.00	\$18,585.00	\$18,585.00
b VNXX Compensation (CPUC Decision 07-02-031)	\$0.00	\$0.00	\$0.00
c Wireless Intercarrier Compensation (FCC Docket 01-92)	\$0.00	\$0.00	\$0.00
5 Net Interstate Expense Adjustment			
a Projected 2009 USF (Resolution T-17158, App C, line 3, col. E)	\$415,842.00	\$415,842.00	\$415,842.00
b Projected Year 2010 USF (Per NECA.)	<u>(\$434,247.00)</u>	<u>(\$428,198.32)</u>	<u>(\$428,198.32)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	<u>(\$18,405.00)</u>	<u>(\$12,356.32)</u>	<u>(\$12,356.32)</u>
6 2010 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$262,547.50	\$268,596.18	\$268,596.18
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2010 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2011)	\$262,547.50	\$268,596.18	\$268,596.18
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2010 Revenue Requirement eligible for CHCF-A Support	\$262,547.50	\$268,596.18	\$268,596.18
11 2010 Revenue Requirement after Means Test	\$262,547.50	\$268,596.18	\$268,596.18
12 Waterfall effect	100.00%	100.00%	100.00%
13 2010 Revenue Requirement after Waterfall	\$262,547.50	\$268,596.18	\$268,596.18
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2010 CHCF-A Support with Adjustments Review	\$262,547.50	\$268,596.18	\$268,596.18
16 2010 CHCF-A Support Resolution T-17247		\$222,133.68	\$222,133.68
17 Support for Adjustments (Line 15 less Line 16)		\$46,462.50	\$46,462.50
18 Late Interest (see Appendix B-Line 17 times Monthly Factor)		\$ 124.31	\$ 124.31
19 Adjustments and Late Interest (Line 17 plus Line 18)		\$46,586.81	\$46,586.81

DRAFT

APPENDIX A
Resolution T-17273

Year 2010 CHCF-A Requirement

(On Annual Basis)

	(Col A) Ponderosa AL 392	(Col B) Staff Proposed	(Col C) Commission Adopted
1 2009 CHCF-A Requirement R. T-17181, App. A, line 8 plus R. T-17132, App. D, line 17	\$4,648,518.00	\$4,648,518.00	\$4,648,518.00
2 Adjustments to 2009 CHCF-A Requirement (Non-Recurring)	(\$967,524.00)	(\$967,524.00)	(\$967,524.00)
3 Year 2009 Impacts (Non-Recurring)	<u>\$705,599.00</u>	<u>\$586,751.56</u>	<u>\$586,751.56</u>
a NECA Separations Methodology Changes	\$87,006.00	\$87,006.00	\$87,006.00
b VNXX Compensation (CPUC Decision 07-02-031)	\$0.00	\$0.00	\$0.00
c Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$618,593.00	\$499,745.56	\$499,745.56
4 Year 2010 Impacts (Recurring)	<u>\$58,004.00</u>	<u>\$58,004.00</u>	<u>\$58,004.00</u>
a NECA Separations Methodology Changes	\$58,004.00	\$58,004.00	\$58,004.00
b VNXX Compensation (CPUC Decision 07-02-031)	\$0.00	\$0.00	\$0.00
c Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$0.00	\$0.00	\$0.00
5 Net Interstate Expense Adjustment			
a Projected 2009 USF (Resolution T-17132, App C, line 3, col. E)	\$6,997,308.00	\$6,997,308.00	\$6,997,308.00
b Projected Year 2010 USF (Per NECA.)	<u>(\$7,160,065.00)</u>	<u>(\$6,772,608.50)</u>	<u>(\$6,772,608.50)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	(\$162,757.00)	\$224,699.50	\$224,699.50
6 2010 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$4,281,840.00	\$4,550,449.06	\$4,550,449.06
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2010 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2011)	\$4,281,840.00	\$4,550,449.06	\$4,550,449.06
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2010 Revenue Requirement eligible for CHCF-A Support	\$4,281,840.00	\$4,550,449.06	\$4,550,449.06
11 2010 Revenue Requirement after Means Test	\$4,281,840.00	\$4,550,449.06	\$4,550,449.06
12 Waterfall effect	100.00%	100.00%	100.00%
13 2010 Revenue Requirement after Waterfall	\$4,281,840.00	\$4,550,449.06	\$4,550,449.06
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2010 CHCF-A Support with Adjustments Review	\$4,281,840.00	\$4,550,449.06	\$4,550,449.06
16 2010 CHCF-A Support Resolution T-17247		\$3,905,693.50	\$4,550,449.06
17 Support for Adjustments (Line 15 less Line 16)		\$644,755.56	\$644,755.56
18 Late Interest (see Appendix B-Line 17 times Monthly Factor)		\$ 1,724.92	\$ 1,724.92
19 Adjustments and Late Interest (Line 17 plus Line 18)		\$646,480.48	\$646,480.48

DRAFT

APPENDIX A
Resolution T- 17273

Year 2010 CHCF-A Requirement

(On Annual Basis)

	(Col A) Sierra AL 377	(Col B) Staff Proposed	(Col C) Commission Adopted
1 2009 CHCF-A Requirement (Resolution T-17181, Appendix A line 8)	\$12,104,196.00	\$13,086,249.81	\$13,086,249.81
2 Adjustments to 2009 CHCF-A Requirement (Non-Recurring)	(\$75,251.00)	(\$75,251.00)	(\$75,251.00)
3 Year 2009 Impacts (Non-Recurring)	<u>\$88,391.00</u>	<u>\$88,390.74</u>	<u>\$88,390.74</u>
a NECA Separations Methodology Changes	\$0.00	\$0.00	\$0.00
b VNXX Compensation (CPUC Decision 07-02-031)	\$0.00	\$0.00	\$0.00
c Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$88,391.00	\$88,390.74	\$88,390.74
4 Year 2010 Impacts (Recurring)	<u>\$29,414.00</u>	<u>\$29,413.61</u>	<u>\$29,413.61</u>
a NECA Separations Methodology Changes	\$0.00	\$0.00	\$0.00
b VNXX Compensation (CPUC Decision 07-02-031)	\$0.00	\$0.00	\$0.00
c Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$29,414.00	\$29,413.61	\$29,413.61
5 Net Interstate Expense Adjustment			
a Projected 2009 USF (Resolution T-17181, Appendix A line 5b)	\$5,498,903.00	\$5,498,903.19	\$5,498,903.19
b Projected Year 2010 USF (Per NECA.)	<u>(\$4,752,022.00)</u>	<u>(\$4,749,194.73)</u>	<u>(\$4,749,194.73)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$746,881.00	\$749,708.46	\$749,708.46
6 2010 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$12,893,631.00	\$13,878,511.62	\$13,878,511.62
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2010 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2011)	\$12,893,631.00	\$13,878,511.62	\$13,878,511.62
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2010 Revenue Requirement eligible for CHCF-A Support	\$12,893,631.00	\$13,878,511.62	\$13,878,511.62
11 2010 Revenue Requirement after Means Test	\$12,893,631.00	\$13,218,292.13	\$13,218,292.13
12 Waterfall effect	100.00%	100.00%	100.00%
13 2010 Revenue Requirement after Waterfall	\$12,893,631.00	\$13,218,292.13	\$13,218,292.13
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2010 CHCF-A Support with Adjustments Review	\$12,893,631.00	\$13,218,292.13	\$13,218,292.13
16 2010 CHCF-A Support Resolution T-17247		\$13,129,901.39	\$13,129,901.39
17 Support for Adjustments (Line 15 less Line 16)		\$88,390.74	\$88,390.74
18 Late Interest (see Appendix B-Line 17 times Monthly Factor)		\$ 236.47	\$ 236.47
19 Adjustments and Late Interest (Line 17 plus Line 18)		\$88,627.21	\$88,627.21

DRAFT
APPENDIX A
Resolution T- 17273

Year 2010 CHCF-A Requirement

(On Annual Basis)

	(Col A) Siskiyou AL 357	(Col B) Staff Proposed	(Col C) Commission Adopted
1 2009 CHCF-A Requirement (Resolution T-17181, Appendix A line 8)	\$3,617,063.00	\$3,617,062.93	\$3,617,062.93
2 Adjustments to 2009 CHCF-A Requirement (Non-Recurring)	(\$41,860.00)	(\$41,860.00)	(\$41,860.00)
3 Year 2009 Impacts (Non-Recurring)	<u>\$167,773.00</u>	<u>\$141,652.84</u>	<u>\$141,652.84</u>
a NECA Separations Methodology Changes	\$0.00	\$0.00	\$0.00
b VNXX Compensation (CPUC Decision 07-02-031)	\$0.00	\$0.00	\$0.00
c Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$167,773.00	\$141,652.84	\$141,652.84
4 Year 2010 Impacts (Recurring)	<u>\$38,885.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
a NECA Separations Methodology Changes	\$0.00	\$0.00	\$0.00
b VNXX Compensation (CPUC Decision 07-02-031)	\$0.00	\$0.00	\$0.00
c Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$38,885.00	\$0.00	\$0.00
5 Net Interstate Expense Adjustment			
a Projected 2009 USF (Resolution T-17181, Appendix A line 5b)	\$3,125,363.00	\$3,125,363.07	\$3,125,363.07
b Projected Year 2010 USF (Per NECA.)	<u>(\$3,325,399.00)</u>	<u>(\$3,324,811.49)</u>	<u>(\$3,324,811.49)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	(\$200,036.00)	(\$199,448.42)	(\$199,448.42)
6 2010 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$3,581,825.00	\$3,517,407.35	\$3,517,407.35
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2010 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2011)	\$3,581,825.00	\$3,517,407.35	\$3,517,407.35
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2010 Revenue Requirement eligible for CHCF-A Support	\$3,581,825.00	\$3,517,407.35	\$3,517,407.35
11 2010 Revenue Requirement after Means Test	\$3,581,825.00	\$3,517,407.35	\$3,517,407.35
12 Waterfall effect	100.00%	100.00%	100.00%
13 2010 Revenue Requirement after Waterfall	\$3,581,825.00	\$3,517,407.35	\$3,517,407.35
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2010 CHCF-A Support with Adjustments Review	\$3,581,825.00	\$3,517,407.35	\$3,517,407.35
16 2010 CHCF-A Support Resolution T-17247		\$3,375,754.51	\$3,375,754.51
17 Support for Adjustments (Line 15 less Line 16)		\$141,652.84	\$141,652.84
18 Late Interest (see Appendix B-Line 17 times Monthly Factor)		\$ 378.98	\$ 378.98
19 Adjustments and Late Interest (Line 17 plus Line 18)		\$142,031.82	\$142,031.82

DRAFT

APPENDIX A
Resolution T- 17273

Year 2010 CHCF-A Requirement
(On Annual Basis)

	(Col A) Volcano AL 352	(Col B) Staff Proposed	(Col C) Commission Adopted
1 2009 CHCF-A Requirement (Resolution T-17181, Appendix A line 8)	\$4,467,413.45	\$4,467,413.45	\$4,467,413.45
2 Adjustments to 2009 CHCF-A Requirement (Non-Recurring)	(\$1,213,977.00)	(\$1,213,977.00)	(\$1,213,977.00)
3 Year 2009 Impacts (Non-Recurring)	<u>\$164,020.00</u>	<u>\$164,020.00</u>	<u>\$164,020.00</u>
a NECA Separations Methodology Changes	\$0.00	\$0.00	\$0.00
b VNXX Compensation (CPUC Decision 07-02-031)	\$0.00	\$0.00	\$0.00
c Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$164,020.00	\$164,020.00	\$164,020.00
4 Year 2010 Impacts (Recurring)	<u>\$5,300.00</u>	<u>\$5,300.00</u>	<u>\$5,300.00</u>
a NECA Separations Methodology Changes	\$0.00	\$0.00	\$0.00
b VNXX Compensation (CPUC Decision 07-02-031)	\$0.00	\$0.00	\$0.00
c Wireless Inter-carrier Compensation (FCC Docket 01-92)	\$5,300.00	\$5,300.00	\$5,300.00
5 Net Interstate Expense Adjustment			
a Projected 2009 USF (Resolution T-17181, Appendix A line 5b)	\$2,292,980.55	\$2,292,980.55	\$2,292,980.55
b Projected Year 2010 USF (Per NECA.)	<u>(\$1,896,165.00)</u>	<u>(\$1,671,958.67)</u>	<u>(\$1,671,958.67)</u>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$396,815.55	\$621,021.88	\$621,021.88
6 2010 CHCF-A Revenue Requirement (sum of lines 1, 2, 3 and 4 and 5c)	\$3,819,572.00	\$4,043,778.33	\$4,043,778.33
7 Rate Increase (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
8 Total 2010 Revenue Requirement (Beginning CHCF-A Revenue Requirement for 2011)	\$3,819,572.00	\$4,043,778.33	\$4,043,778.33
9 Temporary Surcredit	0.00%	0.00%	0.00%
10 2010 Revenue Requirement eligible for CHCF-A Support	\$3,819,572.00	\$4,043,778.33	\$4,043,778.33
11 2010 Revenue Requirement after Means Test	\$3,819,572.00	\$4,043,778.33	\$4,043,778.33
12 Waterfall effect	100.00%	100.00%	100.00%
13 2010 Revenue Requirement after Waterfall	\$3,819,572.00	\$4,043,778.33	\$4,043,778.33
14 Adjustments	\$0.00	\$0.00	\$0.00
15 2010 CHCF-A Support with Adjustments Review	\$3,819,572.00	\$4,043,778.33	\$4,043,778.33
16 2010 CHCF-A Support Resolution T-17247		\$3,874,458.33	\$3,874,458.33
17 Support for Adjustments (Line 15 less Line 16)		\$169,320.00	\$169,320.00
18 Late Interest (see Appendix B-Line 17 times Monthly Factor)		\$ 452.99	\$ 452.99
19 Adjustments and Late Interest (Line 17 plus Line 18)		\$169,772.99	\$169,772.99

DRAFT

APPENDIX B

Late Interest Calculation Factor

Month	Federal Reserve Bank 3-month commercial paper rate ²	Days in Month / 365	Monthly Factor
January 2010	0.18%	0.0849	0.0001529
February 2010	0.20%	0.0767	0.0001534
March 2010	0.24%	0.0849	0.0002038
April 2010	0.30%	0.0822	0.0002466
May 2010	0.44%	0.0849	0.0003737
June 2010	0.46%	0.0822	0.0003781
July 2010	0.37%	0.0849	0.0003142
Aug-10	0.27%	0.0849	0.0002293
Sep-10	0.25%	0.0822	0.0002055
Oct-10	0.25%	0.0849	0.0002123
November ¹	0.25%	0.0822	0.0002055
December			

¹ Estimated using October 2010 actual

² Federal Reserve Statistical Release H.15 Selected Interest Rates
FRB Commercial Paper 3-month Financial - Monthly
<http://www.federalreserve.gov/releases/h15/data.htm>