

Decision 11-07-005 July 14, 2011

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of Application of The
Siskiyou Telephone Company (U1017C) to
Review Intrastate Rates and Charges and
Rate of Return For Telephone Service
Furnished Within the State of California.

Application 09-10-004
(Filed October 1, 2009)

DECISION GRANTING PETITION FOR MODIFICATION

1. Summary

The February 14, 2011 petition for modification of Decision 10-11-007 filed by The Siskiyou Telephone Company is granted to the extent provided herein. Applicant is authorized an increase of \$47,619 in its calendar year 2011 California High Cost Fund-A support. This proceeding is closed.

2. Background

On October 1, 2009, The Siskiyou Telephone Company (Siskiyou or applicant) filed an application for a general rate increase. On November 23, 2010, we issued Decision (D.) 10-11-007, adopting an all-party settlement resolving all issues.

The adopted settlement included the following items as part of total operating revenues for test year 2011 (D.10-11-007 at Attachment 1):

Line No	Item	Adopted Revenues
1	Local Services - CHCF-A	\$4,158,094
2	Interstate USF	4,185,573

The decision also stated (D.10-11-007 at 5-6, footnote 4):

In the Settlement Agreement, Applicant and DRA [Division of Ratepayer Advocates] estimated that Applicant would receive \$4,185,573 in Universal Service Fund (USF) funding for test year 2011. On October 1, 2010, the Commission received 2011 USF funding amount information from the National Exchange Carrier Association, Inc. (NECA) for all the small rural local exchange carriers in California. According to the NECA data, Applicant will receive \$4,137,954 in USF funding in 2011. The decreased USF funding amount of \$47,619 should be made up by an equal increase in Siskiyou's 2011 CHCF-A [California High Cost Fund-A] funding amount.

In other words, the Settlement preceded the receipt of funding information from NECA, and D.10-11-007 contemplated that our CHCF-A funding resolution would make up the difference between anticipated and actual USF funding. Unfortunately, this did not happen. Specifically, on January 27, 2011, the Commission issued Resolution T-17298. The resolution sets forth CHCF-A support for each of 14 small incumbent Local Exchange Carriers for calendar year 2011, including Siskiyou. The adopted support for Siskiyou, however, was \$4,158,094. This is \$47,619 less than expected pursuant to D.10-11-007.

On February 14, 2011, Siskiyou filed a petition for modification of D.10-11-007.¹ Siskiyou asks that the Commission modify D.10-11-007 to increase its CHCF-A support by \$47,619, or provide some other mechanism to recover that amount.

No responses to the petition were filed.

¹ On February 28, 2011, Siskiyou filed an application for rehearing of Resolution T-17298. This decision does not address the application for rehearing.

3. Discussion

The petition is unopposed. Applicant is correct that it should be authorized additional calendar year 2011 revenue of \$47,619.

We do this by authorizing applicant an increase of \$47,619 in its calendar year 2011 support from CHCF-A, as intended in D.10-11-007. No change needs to be made to D.10-11-007.

We modify Resolution T-17298 to reflect an increase in calendar year 2011 CHCF-A support by \$47,619 (from \$4,158,094 to \$4,205,713). The monthly support for each of the first six months of 2011, as provided in Resolution T-17298, is \$346,507.83. We increase the monthly support for the last six months of 2011 by one-sixth of \$47,619. This increases the monthly support by \$7,936.50 for each of the last six months of 2011 (from \$346,507.83 to \$354,444.33).

As provided in Resolution T-17298, the monthly amounts are paid by Communications Division in concert with the Information and Management Services Division within 30 days after the close of each month. Prompt payment of monthly support is contingent upon the availability of funds, along with Commission and State adoption of budgets covering the payments for 2011 CHCF-A support.

As further provided in Resolution T-17298, Communications Division shall, in the event that the monthly support payments are not paid within 30 days after the close of each calendar month, include in those payments interest equal to the 3-month commercial paper rate. Proposed payment of the \$47,619 annual increase in this case should have begun with the first monthly support payment for the month of January 2011. Because it did not, Communications Division should include interest in the additional payments, beginning with the month of July 2011, reflecting the delay in the portion of these

payments not otherwise paid during the first six months of calendar year 2011, and do so in a manner consistent with the timing and other directions in Resolution T-17298.

4. Categorization and Need for Hearing

This proceeding is categorized as ratesetting with no need for hearings. (D.10-11-007 at 8-9 and Ordering Paragraph 4.)

5. Comments on Proposed Decision

On June 2, 2011, the proposed decision of Administrative Law Judge Burton W. Mattson was filed and served on parties in accordance with Pub. Util. Code § 311, and comments were allowed under Rule 14.3. On June 22, 2011, comments in support of the proposed decision were filed by the Siskiyou Telephone Company. No reply comments were filed.

6. Assignment of Proceeding

Michael R. Peevey is the assigned Commissioner and Burton W. Mattson is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. D.10-11-007 adopted an all-party settlement, including amounts agreed to by parties for test year 2011 operating revenues from CHCF-A and interstate USF.

2. D.10-11-007 stated that the deficit between actual and test year adopted interstate USF funding (\$47,619) should be made up by an equal increase in 2011 CHCF-A funding.

3. Resolution T-17298 authorized CHCF-A support for Siskiyou without including the additional amount of \$47,619 for calendar year 2011.

4. Resolution T-17298 authorizes Communications Division to include interest equal to the 3-month commercial paper rate in monthly support payments that are not paid within 30 days after the close of each calendar month.

Conclusions of Law

1. The February 14, 2011 petition for modification should be granted to the extent that applicant is authorized an increase of \$47,619 in calendar year 2011 CHCF-A support, with this amount collected over the last six months of calendar year 2011 and including interest at the 3-month commercial paper rate.

2. This order should be effective today so that the additional CHCF-A support is effective without delay, thereby providing certainty to applicant, shareholders, ratepayers and the public.

O R D E R

IT IS ORDERED that:

1. The February 14, 2011 petition for modification filed by The Siskiyou Telephone Company is granted to the extent provided herein and denied in all other respects.

2. The Siskiyou Telephone Company is authorized an increase of \$47,619 in calendar year 2011 California High Cost Fund-A support (from \$4,158,094 to \$4,205,713). This increase shall be paid each month in the last six months of calendar year 2011 by an adjustment of \$7,936.50 in the monthly support amount (increasing the total monthly support from \$346,507.83 to \$354,444.33). Communications Division shall include interest calculated in a manner consistent with the provisions of Resolution T-17298. Moreover, all other provisions of Resolution T-17298 continue to apply.

3. Application 09-10-004 is closed.

This order is effective today.

Dated July 14, 2011, at San Francisco, California.

MICHAEL R. PEEVEY

President

TIMOTHY ALAN SIMON

MICHEL PETER FLORIO

CATHERINE J.K. SANDOVAL

MARK J. FERRON

Commissioners