

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking into
the Review of the California High
Cost Fund-A Program.

Rulemaking 11-11-007

**OPENING COMMENTS
OF THE PUBLIC ADVOCATES OFFICE ON PROPOSED DECISION**

I. INTRODUCTION

Pursuant to Rule 14.3 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure (Rules), the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits these Opening Comments on the *Proposed Decision Allowing And Adopting Conditions For Wireline Competition In Small Local Exchange Carrier Service Territories* (Proposed Decision) in Rulemaking (R.)11-11-007.

Cal Advocates supports opening the Small Independent Local Exchange Carriers' (Small ILECs) service territories to wireline competition and providing customers with more choice beyond a single provider. In addition, the Proposed Decision reorders and replaces the groupings of the 10 Small ILECs¹ for the purpose of general rate case (GRC) submissions. Cal Advocates recommends the following alternative groupings of the 10 Small ILECs consistent with its previous recommendation:²

¹ The 10 Small ILECs are Calaveras Telephone Company, Cal-Ore 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.

² "Response Of The Public Advocates Office To Small ILECs Motion For One-Year Extension Of General Rate Case Filing Deadlines, Freeze Of California High Cost Fund -A Waterfall And Resequencing Of Certain Rate Cases," June 2, 2020, p.3.

- The Commission should place Kerman and Foresthill in Group A for the purpose of GRC application submissions instead of Group B.
- The Commission should keep Calaveras in its original Group B, instead of moving it to Group C, after moving Kerman and Foresthill to Group A.

II. DISCUSSION

A. The Commission should place Kerman and Foresthill in Group A for the purpose of GRC application submission.

The Proposed Decision adopts the Small ILECs' request to combine the GRC for Kerman and Foresthill and include them in Group B for the purpose of GRC application submission.³ Each group is comprised of the companies that will file their GRCs at the same time. The Proposed Decision adopts a schedule with Group A companies filing their GRC Applications on October 1, 2021, Group B companies on October 1, 2022, and Group C companies on October 1, 2023. Combining Kerman and Foresthill GRCs into a single application will streamline the GRC process and promote efficiency.⁴ However, the Commission errs by placing Kerman and Foresthill in Group B rather than in Group A.⁵ Reviewing the combined Kerman and Foresthill GRC in Group B would delay the Commission's decision on their GRC application to 2023. This means that the Commission would not review Kerman's expenses for seven years because Kerman's last GRC was in 2016.⁶ In D.15-06-048, the Commission determined that GRCs should be reviewed every three years.⁷ Furthermore, it is critical for the Commission to timely review the reasonableness of Kerman's expenses. California ratepayers, through end-

³ Proposed Decision of Commissioner Guzman Aceves, "Decision Allowing and Adopting Conditions For Wireline Competition In Small Local Exchange Carrier Service Territories," July 6, 2020, p.37.

⁴ "Response Of The Public Advocates Office To Small ILECs Motion For One-Year Extension Of General Rate Case Filing Deadlines, Freeze Of California High Cost Fund -A Waterfall And Resequencing Of Certain Rate Cases," June 2, 2020, pps.2 & 4.

⁵ "Response Of The Public Advocates Office To Small ILECs Motion For One-Year Extension Of General Rate Case Filing Deadlines, Freeze Of California High Cost Fund -A Waterfall And Resequencing Of Certain Rate Cases," June 2, 2020, p.3.

⁶ D.16-06-053.

⁷ D.15-06-048 at 18, Conclusion of Law 3.

user rates and surcharges, fund the California High-Cost Fund A (CHCF-A) that provides support to “supply the portion of the revenue requirement that cannot reasonably be provided by the customers” of the Small ILECs and thus it is critical to timely ensure Small ILECs’ expenses are reasonable.

The following chart reflects Cal Advocates’ proposed groupings of the Small ILECs compared to the Proposed Decision’s.

	Proposed Decision Proposed GRC Groupings	Cal Advocates Proposed GRC Groupings
Group A	Sierra, Siskiyou, Volcano	Siskiyou, Volcano, Combined Kerman/Foresthill
Group B	Combined Kerman/Foresthill, Ponderosa	Calaveras, Ponderosa, Sierra
Group C	Ducor, Calaveras, Pinnacles, Cal-Ore	Cal-Ore, Ducor, Pinnacles

Therefore, Ordering Paragraph Nos. 5 and 8 should be revised as follows:

5. The Commission reorders and replaces the groupings of Calaveras Telephone Company, Cal-Ore 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 for the purpose of general rate case application submission as follows: Group A: Sierra Telephone Company, Kerman Telephone Company, Foresthill Telephone Company, Siskiyou Telephone Company, and Volcano Telephone Company; Group B: Kerman Telephone Company, Foresthill Telephone Company, Calaveras Telephone Company, Sierra Telephone Company, and The Ponderosa Telephone Company; Group C: Calaveras Telephone Company, Pinnacles Telephone Company, Ducor Telephone Company, and Cal-Ore Telephone Company.
8. Calaveras Telephone Company, Cal-Ore 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 shall comply with the following revised schedule for filing general rate case (GRC) applications with the Commission: Group A companies ~~Sierra Telephone Company~~ Kerman Telephone Company, Foresthill Telephone Company, Siskiyou Telephone Company, and Volcano Telephone Company shall file by October 1, 2021, Group B companies ~~Kerman Telephone Company, Foresthill Telephone Company~~ Calaveras Telephone Company, Sierra Telephone Company, and The Ponderosa Telephone Company shall file by October 1, 2022, and Group C companies ~~Calaveras Telephone Company,~~ Pinnacles Telephone Company, Ducor Telephone Company, and Cal-Ore Telephone Company shall file by October 1, 2023. This revised GRC filing schedule shall be repeated every five years thereafter and is reflected in Appendix C to this decision. All other deadlines associated with the GRC established in Decision 15-06-048 remain unchanged.

Additionally, Appendix C should be revised as follows:

APPENDIX C

Group A: ~~Sierra Telephone Company~~ Kerman Telephone Company, Foresthill Telephone Company, Siskiyou Telephone Company, Volcano Telephone Company

Group B: ~~Kerman Telephone Company, Foresthill Telephone Company~~ Calaveras Telephone Company, Sierra Telephone Company, The Ponderosa Telephone Company

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

B. The Commission should keep Calaveras in its current Group B.

The Proposed Decision moves Calaveras' GRC to Group C with Cal-Ore, Ducor and Pinnacles. This reorder makes Group C the biggest group with a total of 4 Small

ILECs included in that cycle.⁸ If the Commission reorders and places Kerman and Foresthill in Group A, Calaveras should remain in its current Group B with Ponderosa and Sierra. The result would be an even distribution of GRC applications that will allow Commission staff and Cal Advocates to better allocate resources to each GRC.

III. CONCLUSION

The Proposed Decision will increase customer choice in the Small ILECs' service territories and contribute toward universal service. The Proposed Decision should be revised to reflect the following changes to the GRC review schedule:

1. The Commission should place Kerman and Foresthill in Group A for the purpose of GRC application submission instead of Group B.
2. The Commission should keep Calaveras in its original Group B, instead of moving it to Group C, after moving Kerman and Foresthill to Group A.

Respectfully submitted,

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⁸ Proposed Decision of Commissioner Guzman Aceves, "Decision Allowing and Adopting Conditions For Wireline Competition In Small Local Exchange Carrier Service Territories," July 6, 2020, p.37.