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Decision 98-02-015 February 4, 1998

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

Roseville Telephone Company, petition for modification of Resolution T-15987 denying Roseville Telephone Company's advice letter No. 370 requesting a 1997 California High Cost Fund-A funding.

Application 97-04-024  
(Filed April 10, 1997)

**ORIGINAL**

**O P I N I O N**

**1. Summary**

We grant the petition for modification of Resolution T-15987 filed by Roseville Telephone Company (Roseville), and authorize Roseville to draw \$300,292, plus interest, from the California High Cost Fund-A (CHCF-A) for the month of January 1997.

**2. Background**

On October 31, 1996, Roseville submitted Advice Letter No. 370, requesting \$3,603,514 from the CHCF-A for 1997. In accordance with our rules, the submission included a "means test," whereby Roseville asserted that the request would not cause Roseville's earnings to exceed authorized earnings levels.

On January 13, 1997, we issued Resolution T-15987, denying Roseville's CHCF-A funding request for 1997. On April 10, 1997, Roseville filed a petition for modification of Resolution T-15987. The petition was docketed as an application. No protests or responses were filed.

Roseville asks that Resolution T-15987 be modified to authorize Roseville to draw \$300,292 from the CHCF-A for the month of January 1997, or one-twelfth of its request for 1997. In support, Roseville says the resolution erroneously denied Roseville's request for any CHCF-A funding in 1997 based on D.96-12-074 (Roseville's general rate decision in Application 95-05-030, et al.) and D.96-10-066 (the Commission's universal service decision in Investigation (I.) 95-01-021, et al.).

Regarding the general rate case decision, Resolution T-15987 states that "the Commission set a new authorized rate of return for Roseville, and found that the adopted rates offered Roseville a fair opportunity to earn this authorized rate of return." (Resolution T-15987, p. 4.) Thus, having set rates which allowed Roseville a reasonable opportunity to earn its authorized rate of return, we denied Roseville's CHCF-A request. Roseville points out, however, that the general rate case tariffs became effective February 1, 1997, in accordance with Ordering Paragraph 1 of D.96-12-074. Roseville contends that implementation of the general rate case decision does not affect Roseville's CHCF-A eligibility for January 1997, and the means test demonstrates that the requested CHCF-A draw does not increase Roseville's earnings above authorized levels.

Regarding the universal service decision, the resolution states that "Roseville is no longer eligible for CHCF-A funding once CHCF-B funding becomes available, which is ordered to occur effective February 1, 1997." (Resolution T-15987, p. 5.)<sup>1</sup> Therefore, based on the resolution itself, Roseville contends it is eligible to receive CHCF-A funds for January 1997.

In further support, Roseville says that the current balance of CHCF-A funds is approximately \$17 million, and that no draws for 1997 have been authorized. Therefore, according to Roseville, approval of Roseville's request will not require the Commission to increase any rate or surcharge. Finally, in compliance with Rule 47(b) of the Commission's Rules of Practice and Procedure, Roseville makes specific recommendations for modifying Finding of Fact 7, and Ordering Paragraph 1, of Resolution T-15987.

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<sup>1</sup> California High Cost Fund-B (CHCF-B) was established by D.96-10-066 (universal service proceeding, I.95-01-021, et al.), to meet the high cost needs of large and mid-sized California local exchange carriers (LECs), including Roseville. CHCF-B became effective February 1, 1997. CHCF-A remains available for the seventeen small LECs.

The assigned Administrative Law Judge asked Roseville to update the means test to incorporate the adopted test year 1996 intrastate results of operations from D.96-12-074. On July 31, 1997, Roseville made a supplemental filing. The supplemental filing demonstrates that the \$300,292 requested draw for January 1997 will not cause its earnings to exceed levels authorized in D.96-12-074.

### **3. Discussion**

We grant Roseville's request. Roseville is correct that the two referenced decisions do not affect Roseville's CHCF-A eligibility for January 1997. We did not know with certainty on January 13, 1997, when we adopted Resolution T-15987, that Roseville's general rate case tariffs would become effective on February 1, 1997. Therefore, Roseville is correct that implementation of its general rate case decision did not affect Roseville's CHCF-A eligibility for January 1997. Moreover, the means test demonstrates that the requested draw will not cause Roseville's earnings to exceed authorized levels. Further, the conversion of Roseville's high cost funding to CHCF-B on February 1, 1997 does not affect Roseville's CHCF-A eligibility for January 1997.

Therefore, we authorize Roseville to draw \$300,292 from the CHCF-A for the month of January 1997. We also authorize interest on \$300,292, at the three-month commercial paper rate, from March 25, 1997 (the date Telecommunications Division would have authorized the CHCF-A administrator to make payment from the fund based on Resolution T-15987) to the date the payment is made.

### **Findings of Fact**

1. On April 10, 1997, Roseville filed a petition for modification of Resolution T-15987, seeking authorization to draw \$300,292 from CHCF-A for the month of January 1997.
2. No protests or responses were filed.
3. A hearing is not necessary.
4. D.96-10-066 and D.96-12-074 do not affect Roseville's eligibility for a draw from the CHCF-A for January 1997.

5. The means test demonstrates that the requested draw will not cause Roseville's earnings to exceed authorized levels.

#### **Conclusions of Law**

1. Roseville's application to modify Resolution T-15987 should be granted.
2. This decision should be effective today to allow Roseville to make this unopposed draw from the CHCF-A without unnecessary delay, and to minimize the interest on the draw.

### **O R D E R**

#### **IT IS ORDERED that:**

1. The application to modify Resolution T-15987 filed by Roseville Telephone Company (Roseville) is granted.
2. Finding of Fact 7 in Resolution T-15987 is deleted and replaced with:  

"7. Roseville's recently concluded GRC has established rates that allow it a reasonable opportunity to earn its authorized rate of return beginning February 1, 1997, and eliminates the need for Roseville to receive any further funds from the CHCF-A after February 1, 1997. It is reasonable to authorize Roseville to receive \$300,292 from the CHCF-A for January 1997, which is one-twelfth of the full-year CHCF-A draw requested by Roseville in its advice letter."
3. Ordering Paragraph 1 of Resolution T-15987 is deleted and replaced with:  

"1. Roseville Telephone Company is authorized to receive funding from the California High Cost Fund-A for the month of January 1997 in the amount of \$300,292."
4. Roseville's draw of \$300,292 from the California High Cost Fund-A shall include interest, at the three-month commercial paper rate. Interest shall be calculated from March 25, 1997 to the date the payment is made.
5. Within 15 days of the date of this order, Roseville shall file an advice letter, in accordance with General Order 96-A, showing its interest calculation. The advice letter shall be filed with the Commission's Telecommunications Division Director, and a copy

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shall be served on the assigned Administrative Law Judge. Within 30 days of the date of the advice letter, the Telecommunications Division Director shall authorize the CHCF-A administrator to pay Roseville \$300,292, plus interest from March 25, 1997 to the date of the payment.

6. Application 97-04-024 is closed.

This order is effective today.

Dated February 4, 1998, at San Francisco, California.

RICHARD A. BILAS  
President  
P. GREGORY CONLON  
JESSIE J. KNIGHT, JR.  
HENRY M. DUQUE  
JOSIAH L. NEEPER  
Commissioners