

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Commission Advisory and Compliance Division
Telecommunications Branch

RESOLUTION T-15827
December 20, 1995

R E S O L U T I O N

RESOLUTION T-15827. PACIFIC BELL. (U-1001-C). REQUEST FOR APPROVAL OF CUSTOMER NOTIFICATION AND EDUCATION PLAN (CNEP) IN COMPLIANCE WITH D.92-06-065 AND D.92-11-062 WHICH MUST BE IMPLEMENTED AND MUST THEREAFTER BE SHOWN TO BE EFFECTIVE TO THE COMMISSION'S SATISFACTION BEFORE PACIFIC BELL CAN OFFER CALLER ID SERVICE OR PASS CALLING PARTY NUMBERS (CPN) TO INTERCONNECTING CARRIERS.

BY ADVICE LETTER 17778, FILED ON OCTOBER 11, 1995

SUMMARY

Notice of this matter did not appear on the California Public Utilities Commission's (Commission's) public agenda No. 2936; however, an emergency exists in that Pacific Bell (Pacific) is presently required to comply with Federal Communications Commission (FCC) regulations requiring the passing of customers' calling party numbers (CPN) on June 1, 1996. Moreover, Pacific is required to educate customers about the passage of CPN and the available means of protecting their privacy before CPN is passed or Caller ID service offered through an extensive customer notification and education plan (CNEP) which the Commission must approve.

This resolution authorizes Pacific to implement a CNEP for the passage of CPN and the provision of Caller ID service subject to the conditions imposed in this resolution. Pacific is required to modify the CNEP filed in Advice Letter (AL) No. 17778 in order to create a public education program which focuses on customer privacy and informed consent. As modified and implemented, Pacific's CNEP must meet the Commission's mandate that the disclosure of CPN be the result of informed consent, as ordered in D. 92-06-065 and modified by D. 92-11-062 (44 CPUC 2d 694 and 46 CPUC 482). Through implementation of the modified CNEP, Pacific should initially attain the reasonably achievable customer awareness levels indicated in this resolution, with a target of 100% customer awareness for ongoing education efforts.

BACKGROUND

In 1992 the Commission authorized Pacific, GTE California Incorporated and Contel of California, Inc. to offer Caller ID service to their customers. In so doing, the Commission took

steps to assure that the service, which allows the calling party's telephone number to be displayed to the called party, would be offered consistent with constitutional and statutory rights of privacy of California citizens. The Commission authorized a choice of blocking options, free of charge, for all customers to prevent nonconsensual number disclosure. For customers dissatisfied with their initial assignment of a blocking option, it granted one free change of this blocking option. It also outlined requirements for rigorous CNEPs informing customers about the passage of CPN and the available blocking options.

Recognizing, however, that despite its thorough education requirements, some customers would necessarily remain unaware of the message or fail to understand it, the Commission added a per line blocking default safety net. It provided that any customer with a nonpublished or unlisted number and any emergency service organization which failed affirmatively to indicate a blocking choice to its local exchange carrier would automatically be assigned the option of per line blocking with per call enabling.

Under the Commission's decisions, each respondent local exchange carrier is required to file its proposed CNEP with and obtain approval of its CNEP from the Commission before implementing a CNEP. Additionally the Commission's decisions authorize the Commission Advisory and Compliance Division (CACD) to hire a consultant to assist it in evaluating the telephone company proposals. After the approval and subsequent implementation of a CNEP the utility must provide a showing to the Commission, subject to approval by the Commission, indicating compliance with the adopted customer notification and education requirements and providing evidence that all customers have been informed of pending Caller ID service, including the passage of CPN and the available blocking options.

Until recently the utilities have declined to offer Caller ID service, pursuing instead Federal preemption of certain aspects of the Commission's conditions for offering Caller ID service. On June 5, 1995 the FCC issued its interstate Caller ID rules in Common Carrier Docket No. 91-281. The FCC substantially deferred to California and all other states, stating that individual state blocking regimes should apply to interstate calls so long as minimum federal privacy standards are met. However, the FCC preempted California's per line blocking default safety net. This preemption is under appeal by the Commission. Regarding customer education, the FCC adopted the Commission's informed consent standard and deferred to states to determine, in light of special circumstances applicable to a particular state, appropriate requirements for achieving effective education.

The FCC's order required all local exchange carriers to begin passing CPN to interconnecting carriers on December 1, 1995. In response to this requirement Pacific filed on July 6, 1995 a Motion for Approval of Customer Notification and Education Plan. The assigned Commissioner issued a ruling on July 18, 1995 denying Pacific's motion, finding that its proposed CNEP, on its

face, did not comply with the Commission's CNEP requirements. The ruling stated its expectation that Pacific would file with the FCC a request for a six month waiver of the December 1, 1995 requirement to begin passing CPN.

Pacific provided staff a revised CNEP dated August 25, 1995. This draft was also submitted to community based organizations, public agencies and others for written comment, as well as participation in two workshops, held in San Francisco on October 3, 1995 and in Los Angeles on October 5, 1995. These workshops were required in the Commission's Caller ID decisions which stated that:

"applicants shall hold workshop(s) which will be open to all those interested, to review and comment on the [CNEP] plan prior to filing; we expect that applicants will modify their draft to reflect comments received, prior to filing." (D. 92-06-065, Ordering Paragraph 9; 46 CPUC 2nd 482, 491)

On October 4, 1995, CACD entered into a contract with an independent consultant to assist it in evaluating Pacific's and other respondent utilities' CNEPs. Pacific filed its current proposed CNEP with AL No. 17778 on October 11, 1995. The consultant issued its report to CACD on November 21, 1995. On December 1, 1995, in response to the filed waiver requests of Pacific and other California carriers, the FCC granted a six-month stay of its order requiring the passage of CPN on calls originating in California in order to allow California carriers sufficient time to complete required customer notification and education.

On November 29, 1995, CACD staff met with representatives of Pacific to discuss the procedures for the Commission's approval of its CNEP on December 20, 1995. At that meeting, representatives of Pacific suggested that the urgency of the CNEP approval included in the Advice Letter was no longer important given the FCC stay. Citing the need to expedite the approval process, CACD staff declined the offer of changing the approval to a later Commission agenda.

NOTICE/PROTESTS

Public notice of Pacific's Advice Letter appeared in the Commission's Daily Calendar on October 18, 1995. CACD received one protest, filed by Utility Consumers' Action Network (UCAN) on October 19, 1995, a limited protest filed by the Division of Ratepayer Advocates (DRA) on October 23, 1995 and comments submitted on October 19, 1995 by the Privacy Rights Clearinghouse (PRC).

UCAN

UCAN recommends that the Commission reject Pacific's CNEP, stating that Pacific's CNEP ignores the Commission's directive to educate the public about privacy impacts of Caller ID. Instead, UCAN states, the ads and other materials still appear

to promote Caller ID service and downplay the privacy concerns expressed by the Commission and endorsed by consumer groups. UCAN states the following reasons for finding the CNEP inadequate:

- o It fails to adequately convey the message that Caller ID impacts customer privacy.
- o Many media messages actually discourage consumers from electing blocking protections by portraying blocking as "sneaky" or "hiding something."
- o The CNEP outreach efforts are targeted to miss connecting with those who most need to understand Caller ID.

DRA

DRA's limited protest raises several issues. First, DRA finds that the CNEP is not in compliance with the Commission's Caller ID decisions as it fails to offer the ordered per line blocking default. DRA believes the Commission cannot approve Pacific's CNEP in violation of its own decision. DRA suggests the Commission might order Pacific to prepare an alternate CNEP with per line blocking as the default option, as required in its decisions. Alternatively, the Commission might conditionally approve both CNEPs, pending the outcome of the court appeal.

DRA also finds that Pacific's projected customer awareness of blocking options and number delivery, is too low. DRA recommends that the Commission adopt the 95% awareness level which DRA proposed in the proceeding and which it believes is consistent with the Commission's goal of informed consent by all customers allowing their numbers to be disclosed. DRA recommends that Pacific continue to offer its CNEP after the offering of Caller ID service and passing CPN until 100% unaided awareness of the service is achieved.

DRA also recommends that Pacific not be allowed to recover through the price cap mechanism any additional cost of continuing the CNEP and, if it does, Pacific should modify its rates and charges for Caller ID service to include this incremental cost.

Other issues raised by DRA include: (1) Pacific's CNEP should be modified to reflect Commission policy concerning charges for changing blocking options. After one free change, a customer should be charged for any additional changes. (2) Pacific should indicate that "private number" display may result in the called party not answering the phone. (3) With no supporting documentation for its proposed CNEP budget available, DRA was unable to review whether the proper budget amounts were allocated for various CNEP categories.

PRC

PRC believes the privacy message in the CNEP does not convey a sense of urgency. Second, PRC states the CNEP's consumer education texts neglect to provide sufficient information so people can understand why they would want to block their number.

PRC provides suggestions on how the bill insert, privacy brochure and choice ballot should be revised to provide more in-depth information about blocking options. Additionally PRC praises Pacific for including a "serious" message about Caller ID in its full-page newspaper ad and makes suggestions for making it more readable. It also recommends that Pacific consider statewide consumer education outreach programs for funding. Regarding the evaluation process, PRC suggests that Pacific probe for accuracy of customer information about Caller ID as well as awareness.

Pacific's Response

Pacific filed a response to UCAN, DRA and PRC's protests and comments on October 31, 1995. Pacific rejects the recommendations of UCAN and PRC concerning the focus of its campaign, i.e., that it needs to provide a greater focus on privacy issues. Pacific states that UCAN's suggestion that its CNEP should describe potential privacy problems presented by Caller ID would be inconsistent with the Commission's requirements for customer education as it would completely revise the structure of customer education. Pacific further justifies its proposed approach, which attempts to get the viewers' attention through humor and very specific informative messages, as being consistent with the Commission's original Caller ID decision. Pacific believes UCAN's proposed approach would not be as effective at capturing viewers' attention.

Regarding UCAN's belief that Pacific's media scripts are biased against blocking, Pacific states that it has not attempted to discourage blocking but rather has tried to make the scripts humorous, in an attempt to get the viewers' attention. Pacific's scripts were designed by advertising professionals who understand humor and are experienced at capturing the viewers' imagination.

Regarding PRC's recommendations, Pacific states that providing reasons why customers may want to block number delivery would significantly alter the approach that has been designed, and in order to provide this detail it would have to change the media plan to emphasize long public service announcements rather than attention getting spots.

Regarding DRA's suggestion that the Commission should require an alternate CNEP would, according to Pacific, invariably result in significant delay to passage of CPN, therefore, this suggestion should be dismissed.

Responding to DRA's recommendation concerning customer awareness levels, Pacific states that it is committed to undertake a

campaign that is significantly greater than all awareness efforts conducted in other states and at considerable cost (\$33 million). It also states that it is important to be realistic about the response it will get with its awareness survey, i.e., that consumers will only recall a limited amount of information about telephone service.

Pacific appears willing, however, to adopt certain specific recommendations on language proposed by the protestants, if the Commission agrees to such modifications.

ADDITIONAL PUBLIC COMMENT NOT BROUGHT TO THE COMMISSION

Comments on Caller ID education needs and on Pacific's proposed CNEP have also been provided to Pacific through its workshops and focus groups. Pacific has summarized them in a description of these events. Many of the comments reflect the concerns raised by protestants and the consultant.

CONSULTANT'S EVALUATION OF PACIFIC'S PROPOSED CNEP

The consultant evaluating Pacific's CNEP, Dr. Dervin, is an expert in public education communications. Dervin found that Pacific's CNEP will not succeed in satisfying the Commission's mandate as it is essentially an advertising/marketing based campaign, not a public communication/education campaign. Although Dr. Dervin found elements of Pacific's campaign which attempt to remain neutral and inform customers regarding privacy issues related to passing CPN, she believes that the CNEP, when taken as a whole, avoids, downplays and trivializes the emphasis on privacy and informed consent mandated by the Commission's and the FCC's orders.

The primary starting point and focus of the entire CNEP, the consultant recommends, should be assisting customers in handling their privacy concerns, deciding when and how to protect their phone numbers and knowing how to implement their choices. Dr. Dervin recommends that this must be the focus of the entire CNEP, the foundational base on which all other campaign components must rest.

The consultant criticizes Pacific's plan for a lack of evidence of data-based decision making, particularly in designing strategies for reaching specific target groups. The consultant also observes that there is no mention of specific needs of unlisted and nonpublished subscribers nor a contingency plan, should default per line blocking be reimposed by a court decision overturning the FCC's preemption order.

Additionally, the consultant finds virtually no attention given to the education demands of the Commission's mandate. It is also observed that Pacific's proposed success measurement does not follow current thinking of what is possible for public communication campaigns as the goals are too modest. Additionally, the consultant believes that the CNEP's proposed orientation to measurement does not meet the spirit of the

Commission's mandate. Last, the CNEP lacks clear evidence of any openness to outside input from the workshops, focus groups, and letters.

In order to satisfy the Commission's informed consent mandate, the consultant's recommendations, as interpreted by CACD, include the following principles/actions to structure Pacific's CNEP as a public education campaign:

- o Establish the primary starting place and focus of the entire campaign as one of assisting customers in handling their privacy concerns, with deciding when, how and why to protect their phone numbers with CPN passage
- o Do analysis of all input, evaluations and testimonies submitted before and after CNEP development for development of customer information needs
- o Develop and test one set of core materials for use in all campaign materials, including a core set of terms and definitions
- o Develop an ordered set of component messages
- o Develop and test a foundational campaign message
- o Develop the bill insert based on foundational message, emphasizing privacy
- o With collaborative industry wide efforts, seek state wide use of message elements
- o Do a data-based discovery of target groups, including name, geographic distribution, demographic differences from general population, lifestyle differences from general population and culturally important factors relating to phone and privacy for use in developing strategies and evaluation criteria for community outreach effort
- o Increase the community outreach budget through reallocation of proposed media budget
- o Use awareness, understanding and action criteria for evaluation purposes
- o Set outcome goals of 70% aided awareness that numbers will be passed; 60% volunteered understanding of options for blocking and overrides; 30% submission of choice ballot
- o Focus on choice ballot as primary and most important evaluation tool
- o Send blocking option confirmation letters to all customers as soon as possible after choice is registered by customer or default option is assigned by carrier;

include information that if confirmed blocking option is unsatisfactory, customer may request one free change of blocking option

- o Develop iterative path for the campaign including expectations of where attention is focused, reevaluation points, planned outcome measurements
- o Expand 800# program to include both a comprehensive set of "answer my question" sub-tracks as well as interactive sub-tracks
- o Develop incentives for customer actions including sweepstakes
- o Install permanent message on bill which provides privacy status
- o Design customer-oriented phone interfaces between customers and employees and reallocate media budget to support this
- o Involve community representatives in co-production of messages and other key materials for their clients
- o Diversify the media program
- o Reorient general media advertising campaign to public service ads
- o Send letter to unlisted/nonpublished customers explaining privacy issues of CPN passage and status of per line blocking default
- o Include proposed letter to unlisted/nonpublished customers announcing reinstatement of per line blocking default as contingency pending outcome of litigation
- o In conducting awareness surveys, include nonpublished and unlisted subscribers as a separate and distinct survey subgroup

DISCUSSION

CACD's ultimate recommendation to the Commission is guided by our Caller ID decisions. It cites two aspects of these decisions as follows: (1) the emphasis we placed on notifying and educating customers to achieve "informed consent," and; (2) our direction that the "customer messages ordered by [the Caller ID] decision shall not be sales messages. They shall provide objective, neutral information on both the services themselves and how consumers can make informed choice about these changes." (D.92-11-062, Ordering Paragraph 7.e., 46 CPUC 2d 482, 492).

Pacific contends that changing its program to a public education campaign would completely undermine the structure of its proposed education plan. Pacific also states that it would have

to change the media plan to emphasize long public service announcements rather than attention getting spots. We view this as an admission that its CNEP design lacks the objectivity and neutral information content that we require of the Caller ID education campaigns.

However, we do not believe Pacific's proposed CNEP is so flawed as to have ignored our directive to provide objective, neutral information. Certain modifications can remedy such deficiencies. To that end, we adopt the recommendations of the protestants, commenter and consultant, as described more fully herein, with the following exceptions:

DRA's recommendation of a separate CNEP incorporating the per line blocking default either as an alternate CNEP or a replacement CNEP is rejected, as this would not be efficient in terms of the approval process or in meeting the current FCC deadlines for passing CPN. We believe that requiring Pacific to include a contingency plan in its revised CNEP, should the per line blocking default be reinstated, will satisfy DRA's concerns and meet our objectives.

Regarding DRA's recommendation that Pacific be required to obtain an initial 95% awareness level for its customers, we agree that the our informed consent standard applies to all customers affected by CPN passage. However, the expert consultant has indicated that, at least initially, 100% awareness is not reasonably attainable. Therefore we reject DRA's recommendation.

The consultant has indicated that initial awareness levels for CPN passage of 70% aided awareness, 60% volunteered understanding of blocking options and 30% action (affirmative choice by return of a ballot or order through an 800 number) are reasonably attainable. We therefore require Pacific to attain these initial awareness levels before CPN is passed or Caller ID service is offered. If it appears that these awareness levels will not be attained prior to June 1, 1996, the burden shall be on Pacific, well in advance of that date and in any event no later than May 1, 1996, to explain why the levels cannot be attained and to provide CACD with a plan for attaining those levels in a timely manner.¹ Moreover, we expect that Pacific

¹ While we are deeply concerned that the initial awareness standards we set herein may result in the nonconsensual disclosure of the CPN of a significant number of California citizens, we cannot require Pacific to do that which is not reasonably possible. The inability of any short-term education program to attain 100% awareness is the reason why we adopted our "safety net" per line blocking default for nonpublished and unlisted subscribers, who pay the local exchange carrier each month for heightened privacy.

can and will eventually attain a 100% level, or very close to it, through its ongoing public education effort.

We recognize that Pacific is committing itself to a large expenditure of money for its CNEP and has made several revisions of its draft CNEPs in order to improve it. Additionally, we are impressed by Pacific's commitment to subcontract with community based organizations. Unfortunately, however, the evaluations both of lay members of the public and of communications experts lead us to conclude that Pacific's proposed approach will not succeed in satisfying our informed consent goal. We concur with the observations and recommendations of the consultant and subcontractors that Pacific must develop and implement a public education campaign in order to be successful.

CACD set forth this opinion to Pacific in a deficiency letter written on November 22, 1995, urging Pacific to take action described in the attached consultant report in order to develop a CNEP which CACD could approve. We are pleased to note that Pacific agreed in writing to CACD to commit to adopt the consultant recommendations, although we are concerned that it did so asserting that its compliance would be subject to certain constraints.

Pacific is concerned that the consultant's recommendations would lead to a higher CNEP costs. We do not intend to dictate a budget level for Pacific or any utility complying with our orders. We will not agree, however, that any consultant recommendations or other measures identified by Pacific as necessary to attain minimum awareness levels be dismissed out of hand. Additionally we question Pacific's concern about exceeding its \$33 million budget when it will be receiving Z factor recovery for \$23.6 million of this budget. See today's Commission action regarding AL 17762.

The consultant report recommended that a statewide CNEP approach, whereby all utilities would utilize the same slogans, messages, and the like, should be developed. Our Caller ID decisions also require all utility education efforts to be as similar as possible (46 CPUC 2d 482, Attachment 1, 492, Ordering Paragraph 7.d.). We anticipate that the resources to develop and implement this statewide material, if such an approach proves feasible, may be shared, at least to some extent, by all utilities. Other cost saving approaches are recommended in the report.

Regarding the timing of the CNEP, we are very aware that the FCC has granted a stay of the requirement of passing CPN until June 1, 1996 and we will not intentionally permit Pacific to unreasonably delay this CPN passage date. However, it should be clear by now to Pacific that we consider our primary responsibility under the Caller ID decisions to assure development and implementation of a successful CNEP which informs customers of privacy concerns and rights attending CPN passage and Caller ID service offerings.

A final issue is whether we should establish target levels for customer awareness, understanding and action. Our goal, stated repeatedly in our decisions, is that that disclosure of a calling party's telephone number be the result of informed consent. This means that all customers understand the implications of calling number identification services and are able to take any needed actions to protect their privacy under statutory and constitutional law.

As indicated above, 100% initial awareness is not reasonably attainable. We will require initial awareness levels for CPN passage of 70% aided awareness, 60% volunteered understanding of blocking options and 30% action. Consistent with the consultant's recommendation, we believe that these are reasonably attainable awareness levels.

If these awareness levels are not attained prior to June 1, 1996, the burden shall be on Pacific to explain why and to provide CACD with a plan for attaining those levels by that date. Moreover, we expect that Pacific can and will attain a 100% level, or very close to it, through its ongoing public education effort.

We adopt these levels as minimum levels, particularly given the potential loss of the Commission's safety net per line blocking default included in our Caller ID decisions. Moreover, we find that the responsibility for attaining these awareness levels must be on the carrier. If Pacific believes for any reason that the program, as modified by the consultants' recommendations, will not succeed in attaining these levels on or before June 1, 1996, it will be Pacific's burden to take such additional steps as it deems necessary to assure that those awareness levels are met on a timely basis.

We will not allow Pacific or any other utility to go forward in offering Caller ID or passing CPN, if the carrier's showing fails to meet the standards herein stated.

We believe that Pacific's plan will succeed if the company revises its CNEP to a public education rather than a product marketing campaign, aggressively implements its program, and takes such additional steps as the company believes necessary to achieve the required awareness levels.

We concur with the consultant's and protestant's recommendations and direct Pacific to submit a revised CNEP to CACD. This revised CNEP should reflect Pacific's consideration and adoption, if feasible, of all the report recommendations, summarized in the above discussion of the consultant report, as well as all steps which Pacific believes necessary to attain the awareness standards herein adopted.

FINDINGS

1. Pacific Bell filed its proposed Customer Notification and Education Plan (CNEP) on October 11, 1995 as required by Decision 92-06-065 and Decision 92-11-062 before it may offer

Caller ID service or pass calling party number (CPN) to interexchange carriers.

2. The Federal Communications Commission (FCC) in its reconsideration order of Rules governing interstate Caller ID (Docket 99-11) granted states discretion to adopt customer notification and education plans prior to the passage of CPN.

3. The Caller ID decisions (D. 92-11-065, 44 CPUC 2d 694, and D. 92-11-062, 46 CPUC 2d 482) authorizes the Commission Advisory and Compliance Division (CACD) to hire an independent consultant to assist it in the evaluation of utility filed CNEPs.

4. CACD hired a consultant on October 4, 1995 to assist it in evaluating Pacific Bell's CNEP.

5. The consultant's report evaluating Pacific's CNEP was provided to CACD on November 21, 1995.

6. We concur in findings that Pacific's CNEP would fail to satisfy the Commission's and the FCC's mandate for educating customers about intra- and interstate Caller ID service unless it were revised to constitute a public education campaign with a focus on privacy rather than a product marketing campaign.

7. We believe that the consultant's report recommendations will result in a successful CNEP.

8. Protestants' comments to Pacific's Advice Letter are approved or rejected as discussed.

9. In a deficiency letter CACD sent Pacific on November 22, 1995, CACD informed Pacific that it agreed with the consultant's report findings and summarized the report recommendations. CACD advised Pacific to implement the recommendations in order to successfully educate its customers about privacy issues related to Caller ID service.

10. Pacific's written response to CACD on December 4, 1995 indicated its willingness to revise its proposed CNEP under certain conditions.

11. Pacific must include in its revised CNEP all steps it believes are necessary to attain the initial awareness standards set forth in this resolution.

12. Pacific bears the responsibility for attaining on or before June 1, 1996, the initial awareness standards set forth in this resolution.

13. Pacific's revised CNEP shall include a timeline demonstrating how it will implement its CNEP and attain the required initial awareness levels prior to June 1, 1996.

THEREFORE, IT IS ORDERED that:

1. Pacific Bell (Pacific) is authorized to implement its Customer Notification and Education Plan (CNEP) upon satisfactory compliance with the following conditions:

2. Pacific shall provide the Commission Advisory and Compliance Division (CACD) with a revised CNEP for its approval. The revised CNEP shall constitute a public education campaign with a focus on privacy as recommended in the consultant's report provided to CACD. Pacific's revised CNEP shall contain the recommendations made in the report, as summarized in this resolution, as well as a description of any additional steps which Pacific believes necessary to attain the initial awareness levels herein stated. Pacific's revised CNEP shall also include a timeline demonstrating how it will implement its CNEP and attain the required initial awareness levels prior to June 1, 1996.

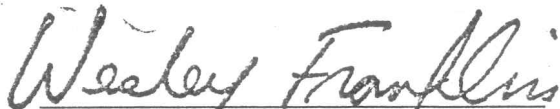
3. Pacific shall provide to CACD within 10 days after the effective date of this resolution a timetable for revising and filing its CNEP. In order to facilitate completion of its CNEP, Pacific shall provide CACD with weekly progress reports.

4. As Pacific revises its CNEP it shall consult with the Public Advisor on its proposed bill insert.

5. Pacific shall modify its CNEP to allow only one free blocking change per customer consistent with the Commission's decisions.

Because it is necessary to facilitate expeditious implementation of customer education relating to Caller ID service and the passage of calling party number (CPN), this resolution is effective today.

I hereby certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on December 20, 1995. The following Commissioners approved it:



Wesley M. Franklin
Executive Director

DANIEL Wm. FESSLER
President
P. GREGORY CONLON
JESSIE J. KNIGHT, Jr.
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

TELECOMMUNICATIONS DIVISION

RESOLUTION T-15987
January 13, 1997

R E S O L U T I O N

RESOLUTION T-15987. EIGHTEEN SMALL AND MID-SIZE LOCAL EXCHANGE TELEPHONE COMPANIES. ORDER REVISING INTRASTATE HIGH COST FUND DRAWS, INTRALATA BILLING SURCHARGES/SURCREDITS, AND HIGH COST FUND SURCHARGE COLLECTED BY ALL TELECOMMUNICATIONS CARRIERS.

| BY ADVICE | | | |
|-------------------|--|------------------|-------------------|
| <u>LETTER NO.</u> | <u>FILED BY</u> | | <u>DATE FILED</u> |
| 182 | CALAVERAS TELEPHONE COMPANY | (Calaveras) | 11/01/96 |
| 202 | CALIFORNIA-OREGON TELEPHONE CO. | (Cal-Oregon) | 11/01/96 |
| 13 | CITIZENS TELECOMMUNICATIONS COMPANY OF THE GOLDEN STATE | (Golden State) | 11/01/96 |
| 12 | CITIZENS TELECOMMUNICATIONS COMPANY OF TUOLUMNE | (Tuolumne) | 11/01/96 |
| 202 | DUCOR TELEPHONE COMPANY | (Ducor) | 11/01/96 |
| 254 | EVANS TELEPHONE COMPANY | (Evans) | 11/01/96 |
| 168 | FORESTHILL TELEPHONE COMPANY | (Foresthill) | 11/01/96 |
| 426 | GTE WEST COAST INCORPORATED | (GTE West Coast) | 11/01/96 |
| 171 | HAPPY VALLEY TELEPHONE COMPANY | (Happy Valley) | 11/01/96 |
| 153 | HORNITOS TELEPHONE COMPANY | (Hornitos) | 11/01/96 |
| 235 | KERMAN TELEPHONE COMPANY | (Kerman) | 11/01/96 |
| 120 | PINNACLES TELEPHONE COMPANY | (Pinnacles) | 11/04/96 |
| 229 | THE PONDEROSA TELEPHONE CO. | (Ponderosa) | 10/31/96 |
| 370 | ROSEVILLE TELEPHONE COMPANY | (Roseville) | 10/31/96 |
| 197 | SIERRA TELEPHONE CO., INC. | (Sierra) | 10/31/96 |
| 234 | THE SISKIYOU TELEPHONE COMPANY | (Siskiyou) | 11/04/96 |
| 214 | THE VOLCANO TELEPHONE COMPANY | (Volcano) | 11/04/96 |
| 72 | WINTERHAVEN TELEPHONE COMPANY | (Winterhaven) | 11/01/96 |

SUMMARY

The determination of the California High Cost Fund-A (CHCF-A) requirements and fund draws for 1997 is deferred to the seventeen small local exchange telephone company (LEC) general rate case applications and advice letters currently pending before the Commission. The protest by AT&T Communications of California, Inc. (AT&T) of Foresthill's Advice Letter 168 has merit and is granted. We have made adjustments to correct errors in some companies' calculations of their 1997 CHCF-A net requirements. The CHCF-A all end-user surcharge is reduced to 0% effective February 1, 1997.

BACKGROUND

The recent decision in the Universal Service Proceeding, D.96-10-066, created a new California High Cost Fund-B (CHCF-B) for the large and mid-size LECs in California. This decision stated that "The seventeen smaller LECs shall not be subject to the rules applicable to the CHCF-B fund. Instead, the seventeen smaller LECs shall continue to be eligible for universal service support under the existing California High Cost Fund. We shall refer to the existing fund as the CHCF-A." To minimize confusion, in this resolution we refer to the fund previously known as the California High Cost Fund by the name California High Cost Fund-A or the acronym "CHCF-A".

The CHCF-A provides a source of supplemental revenue to small and mid-size LECs whose basic exchange access line service rates would otherwise need to be increased to levels that would threaten universal service, as a result of toll and access rate changes and their effect on these LECs' settlement pool revenues. By D.88-07-022 dated July 8, 1988, the Commission adopted the intrastate CHCF-A mechanism. Appendix B of D.88-07-022 requires each local exchange company to file, by October 1 of each year, an advice letter that both proposes a rate design and requests CHCF-A support, if needed, to offset the forecasted net increase or decrease in its settlement revenues resulting from regulatory changes ordered by the Commission and the Federal Communications Commission (FCC). Appendix A of D.91-09-042 sets forth the CHCF-A recovery guidelines:

Utilities shall be eligible for support from the fund limited to the amount[s] 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 CHCF is being requested, whichever amount is lower. The forecasted intrastate rate of return shall be developed using annualized earnings based on at least seven months of recorded financial data for the year in which the advice letter is filed. Funding levels from past years shall be subject to this limitation in each succeeding year. For purposes of determining amounts for which a utility may be eligible, utilities which do not have an authorized intrastate rate of return shall apply the highest intrastate rate of return authorized by the Commission for a local exchange company.

To recover a net positive revenue requirement, a LEC must file a "means test" with its advice letter. Decision 94-09-065 reinstated the funding of the CHCF-A at 100% for 1995, 1996, and 1997. No LEC was eligible to receive its 1995 authorized CHCF-A until it filed an application for a General Rate Case (GRC), at which time it began drawing from the fund. Decision 94-09-065 did not change the means test requirement established in D.91-09-042.

1997 CHCF-A ADVICE LETTER FILINGS

An extension of this year's October 1 deadline for filing CHCF-A advice letters was requested by Mark Schreiber (Schreiber) on behalf of nine LECs, by Jeffrey Beck (Beck) on behalf of six LECs, by Robert Gloistein on behalf of Contel, and by Barbara Snider on behalf of Citizens and Tuolumne, in order to provide adequate time after receipt of corrected data from Pacific Bell (Pacific) to prepare their clients' CHCF-A advice letters. The requests for an extension were granted, and the filing deadline was extended to November 1, 1996.

Eighteen LECs filed their advice letters as required by Appendix B of D.88-07-022 on various dates in October and November of 1996, setting forth their 1997 net settlements effects, requests for 1997 CHCF-A support and/or revisions to their intraLATA billing surcredits.

Of the eighteen LECs that filed advice letters, one (Kerman) requested to decrease its intraLATA billing surcredit, and three LECs (Foresthill, GTE West Coast, and Roseville) requested to draw funds from the CHCF-A. Contel of California Inc. did not file a CHCF-A advice letter this year, presumably because D.96-10-066 made Contel no longer eligible for the CHCF-A effective February 1, 1997. The areas formerly served in California by Alltel-CP National Corporation and Alltel-Tuolumne Telephone Company are now served by Citizens Telecommunications Company of The Golden State and Citizens Telecommunications Company of Tuolumne, respectively, each of which filed CHCF-A advice letters.

NOTICE/PROTESTS

Public notice of the LECs' CHCF-A advice letters appeared in the Commission's Daily Calendar throughout November and December, 1996.

The Telecommunications Division (TD) received a protest from AT&T regarding Foresthill's CHCF-A advice letter filing.

AT&T points out that the worksheet accompanying Foresthill's Advice Letter fails to use as its starting point the negative CHCF-A revenue requirement adopted for Foresthill by the Commission in its Resolution T-15826, which determined the LECs' 1996 CHCF-A revenue requirements and draws. AT&T requests that, at a minimum, the Commission suspend Foresthill's 1997 CHCF-A filing until such time as Foresthill submits a CHCF-A worksheet which is in compliance with Commission requirements. No response to AT&T's protest has been received from Foresthill.

DISCUSSION

TD believes that AT&T is correct in asserting that the correct starting point for Foresthill's calculation of its 1997 CHCF-A revenue requirement is Foresthill's 1996 CHCF-A revenue requirement. That is the normal case, and Foresthill has not responded to AT&T's protest indicating any reason why the normal case should not apply here. For this reason TD staff has asked

Foresthill, in a December 13 data request to the accountant who filed Foresthill's CHCF-A advice letter, to supplement Foresthill's 1997 CHCF-A advice letter amending its calculation of Foresthill's 1997 CHCF-A requirement by using its 1996 CHCF-A requirement as its starting point. In the same data request, TD staff has asked Foresthill's accountant to clarify other points about Foresthill's 1997 CHCF-A advice letter and to provide an analysis of Foresthill's memorandum account entries. Until TD staff is receives further clarification from Foresthill regarding its memorandum account entries, TD is unable to accurately determine Foresthill's 1997 CHCF-A requirement and its correct billing surcredit. TD staff recommends deferring action on Foresthill's CHCF-A advice letter and leaving Foresthill's current surcredit in place until it receives further information regarding these items from Foresthill.

TD staff also verbally requested a clarification from Sierra as to why it did not reverse out the non-recurring impacts of two items¹ that it properly showed on its 1996 CHCF-A worksheet, and should have reversed on this year's filing. The combined impact of these two items would be to increase Sierra's 1997 CHCF-A requirement by \$710,033. TD staff has made these two adjustments to Sierra's 1997 CHCF-A requirement indicated in Appendix A.

TD staff has found the same error in GTE West Coast's calculation of its 1997 CHCF-A requirement. The combined impact of these two items would be to increase GTE West Coast's 1997 CHCF-A requirement by \$27,586. TD staff has made these two adjustments to GTE West Coast's 1997 CHCF-A requirement indicated in Appendix A, as well as using GTE West Coast's 1996 CHCF-A requirement of \$41 instead of \$0, as the starting point for calculating its 1997 CHCF-A requirement.

Roseville stated in its CHCF-A advice letter that the amount of its CHCF-A requirement for 1997 may change from that which it filed in its October 31, 1996 advice letter. Its CHCF-A requirement may change, Roseville stated, both as a result of the Commission's recent decision in the Universal Service proceeding which adopted a new fund, the CHCF-B, and as a result of the pending Decision on Roseville's GRC (A.95-05-030). TD staff believes that the decision rendered December 20, 1996 in Roseville's GRC, D.96-12-074, supersedes the far less rigorous filing made to request CHCF-A support. In that decision, 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. The Commission did not include any receipts from CHCF-A in Roseville's projected revenue in arriving at the rates it adopted for Roseville to achieve this rate of return. Thus, any amount of CHCF-A support the Commission would authorize now would increase Roseville's earnings to a level

1 The two items are the 1992-1995 property tax settlement and the 1995 account 2004 and 2003 merge.

above the last authorized rate of return for Roseville; and would therefore be contrary to the CHCF-A rules spelled out in Appendix A of D.91-09-042 (quoted on page 2 of this resolution). Additionally, the recent decision in the Universal Service Proceeding, D.96-10-066, created a new California High Cost Fund-B (CHCF-B) for the large and mid-size LECs in California. This decision stated, in Ordering Paragraph 8.a, "The funding mechanism to support the high cost areas within the service areas of GTEC, Pacific, CTCC, Contel, and Roseville, shall be known as the California High Cost Fund-B (CHCF-B).", and in Ordering Paragraph 9, "The seventeen smaller LECs, whose names appear on Attachment A of Appendix B, shall continue to be eligible to receive universal service support through the existing California High Cost Fund (CHCF-A)". The clear implication of these two ordering paragraphs is 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. For these reasons, TD staff recommends denying Roseville's request for CHCF-A support.

Kerman requested to reduce its surcredit from the current (1.42)% to (.40)% as a result of settlements impacts that increased Kerman's CHCF-A requirement from \$(36,076) to \$(10,251). TD staff concurs in Kerman's settlements impacts figures, but for the reasons discussed below regarding the pendency of GRC reviews of all the small LECs, TD staff recommends deferring action on Kerman's requested surcredit rate decrease until further order in its GRC.

GRCs are pending for all seventeen LECs still eligible for CHCF-A support. In Decision Nos. 96-05-026, 96-05-027, 96-05-028, 96-05-029, and 96-05-030, the Commission made rates for the five small LECs that filed GRC applications² by December 31, 1995 subject to refund effective January 1, 1997, and adopted a procedural schedule that calls for a final Commission decision in the five GRC applications by February 28, 1997. Similarly, in Resolution T-15970, dated November 26, 1996, the Commission made the rates of the twelve small LECs that filed their GRCs by advice letter subject to refund or credit effective January 1, 1997 pending final Commission action on their individual GRC advice letter filings.

TD staff believes that these GRC proceedings are superior forums for determining the actual requirements, if any, for funding of these LECs' revenue requirements during 1997 from sources other than these LECs' own ratepayers, such as the CHCF-A. The CHCF-A mechanism is a convenient shortcut method of supplementing small LECs' revenues for impacts of settlements changes and CPUC or FCC actions on their revenues short of conducting more thorough general rate reviews on all seventeen small LECs each year. However, the CHCF-A review process cannot begin to examine the

² These five small LECs are Calaveras, Cal-Oregon, Ducor, Foresthill, and Sierra.

LECs' revenues and expenses in the level of detail afforded by a general rate review.

Because the Commission has made the rates of all seventeen small LECs that are still eligible for CHCF-A support subject to refund or credit effective January 1, 1997 pending final Commission action on their individual GRC filings, the Commission has eliminated the likelihood that any of these LECs will not be able to earn its authorized rate of return during 1997. If the Commission finds, in any of these pending GRCs, that any of the small LECs would require unreasonably high residential basic exchange rates in order to earn its authorized rate of return, then the Commission can authorize that LEC to draw from the CHCF-A that amount necessary to fund the gap between the LEC's 1997 revenue requirement, as determined in the LEC's pending GRC, and the revenues projected to result from the rates that the Commission orders in the LEC's GRC. The CHCF-A has sufficient funds currently to meet all needs for funds from the CHCF-A likely to be found in these GRCs.

For these reasons, TD staff recommends deferring the determination of 1997 CHCF-A requirements and fund draws pending the resolution of the 17 small LECs' GRCs. Since the GRCs are all predicated on 1997 test year revenue and expense estimates, it would be reasonable to similarly make any 1997 CHCF-A fund draws found to be necessary in the GRCs retroactive to January 1, 1997.

The TD has verified the various numbers in the CHCF-A advice letter filings, and found that, except as noted herein, the figures submitted in the advice letters correctly represent the 1997 CHCF-A requirements of the LECs.

After elimination of Roseville's requested CHCF-A draw, for the reasons cited above, the remaining total 1997 CHCF-A draw requested is about \$2.2 million, down 92% from the authorized 1996 total draw. The estimated 1997 billing base for the CHCF-A surcharge has remained roughly constant from last year's estimated billing base of \$12.3 billion, as noted in Resolution No. T-15984 establishing the 1997 Universal Lifeline Telephone Service (ULTS) surcharge rate. The combination of these two factors, and the existence of a CHCF-A fund surplus carried over from 1996 allows us to reduce the CHCF-A surcharge for 1997 from 0.27% to 0.00%. We order herein all certificated telecommunications providers in California to file advice letters to reduce their CHCF-A surcharges from the current 0.27% rate to 0.00% effective February 1, 1997.

Changes in the CHCF-A Surcharge rate usually are effective as of January 1. This year we are delaying the effective date of the new surcharge rate, to be consistent with the new surcharge programs, California High Cost Fund-B and the Teleconnect Fund, that become effective on February 1, 1997. The delay in the effective date will allow companies who must collect surcharges to make only one change in their billing system programs as of February 1, 1997 instead of two such changes. It will also allow the Commission to issue a new Combined California PUC Telephone Surcharge Transmittal which will include all current Commission

Surcharges. A copy of the revised form is attached as Attachment 1 of Commission Resolution T-15984, which sets the Universal Lifeline Telephone Service surcharge rate effective February 1, 1997.

In Resolution T-15558 (June 8, 1994) we waived the notice requirements of General Order 96-A, Section III, G.1., the requirement to furnish competing utilities either public or private with copies of related tariff sheets. We did so because it did not appear to be in the public's interest for each utility to send and receive over one hundred notices advising them of a regulation change they already know about. Since that time nothing has happened to change our opinion, so we will again waive this notice requirement, for tariff changes that comply with the CHCF-A surcharge rate change portion of this resolution.

FINDINGS OF FACT

1. Ordering Paragraph 64 of D.88-07-022 adopted and directed the implementation of the intrastate CHCF-A described in Appendix B of that decision.
2. Full funding of the CHCF-A for 1995, 1996, and 1997 was ordered by D.94-09-065, replacing the waterfall provisions delineated in Section D of D.88-07-022. LECs are eligible to begin drawing from the fund at the time they file a GRC application.
3. The means test provisions in D.91-05-016 as modified by D.91-09-042 are now in effect.
4. The advice letter filings by the LECs listed in Appendix A of this Resolution are compliance filings required by Appendix B of D.88-07-022.
5. A protest to Foresthill's CHCF-A advice letter filing was received from AT&T. AT&T's protest has merit.
6. Foresthill has not justified eliminating its current 28.63% surcredit.
7. Roseville's recently concluded GRC has established rates that allow it a reasonable opportunity to earn its authorized rate of return during 1997, and eliminates the need for Roseville to receive any further funds from the CHCF-A.
8. A final Commission decision in the five GRC applications cited on page 5 is expected during the first quarter of 1997.
9. Resolutions for the twelve small LEC GRCs filed by advice letter are expected during the first quarter of 1997.
10. The five small LECs that have GRC applications pending have had their rates made subject to refund effective January 1, 1997.

11. The twelve small LECs that have GRC advice letters pending have had their rates made subject to refund/recovery effective January 1, 1997.
12. Because the five small LECs that have GRC applications pending have had their rates made subject to refund but not recovery effective January 1, 1997, it is reasonable to make any 1997 CHCF-A fund draws found to be necessary in these GRCs retroactive to January 1, 1997.
13. It is reasonable to defer the determination of 1997 CHCF-A requirements and fund draws to the pending GRCs of the seventeen small LECs.
14. D.94-09-065 ordered the CHCF-A to be funded by an all end-user surcharge, and set the surcharge rate for 1996 at 0.5%. Last year's CHCF-A Resolution, T-15826, reduced the CHCF-A surcharge to 0.27%.
15. Because of decreased requests for CHCF-A funding for 1996, no projected change from \$12.3 billion in the surcharge billing base, and a fund surplus carried over from 1996, the CHCF-A surcharge can be reduced to 0.00% effective February 1, 1997.
16. The rates, charges and conditions authorized in this Resolution are just and reasonable.
17. It is neither in the public's interest nor in the telecommunications utilities' interest to require all utilities to notice all other utilities of a Commission order of which they are all aware.

THEREFORE, IT IS ORDERED that:

1. Roseville Telephone Company's request for 1997 funding from the California High Cost Fund-A (CHCF-A) is denied, and its advice letter No. 353 is rejected.
2. Foresthill Telephone Company is ordered to continue its 28.63% surcredit until further order of the Commission, and to make the appropriate tariff change filing to accomplish this.
3. Kerman Telephone Company is ordered to continue its 1.42% surcredit until further order of the Commission.
4. We defer determination of 1997 CHCF-A requirements, or fund draws, or both, requested in Calaveras Telephone Company's advice letter No. 182, California-Oregon Telephone Company's advice letter No. 202, Ducor Telephone Company's advice letter No. 202, Foresthill Telephone Company's advice letter No. 164, and Sierra Telephone Company, Inc.'s advice letter No. 197 to these companies' respective GRC Applications No. 95-12-075, 95-12-073, 95-12-076, 95-12-078, and 95-12-077. We instruct the assigned Administrative Law Judge to take into consideration any needs of these companies for 1997 CHCF-A draws necessary to meet the

revenue requirement needs of these companies, in conformance with Public Utilities Code Section 739.3.

5. We defer determination of 1997 CHCF-A requirements, or fund draws, or both, requested in Citizens Telecommunications Company of the Golden State's advice letter No. 13, Citizens Telecommunications Company of Tuolumne's advice letter No. 12, Evans Telephone Company's advice letter No. 254, GTE West Coast's advice letter No. 426, Happy Valley Telephone Company's advice letter No. 171, Hornitos Telephone Company's advice letter No. 153, Kerman Telephone Company's advice letter No. 235, Pinnacles Telephone Company's advice letter No. 120, The Ponderosa Telephone Company's advice letter No. 229, The Siskiyou Telephone Company's advice letter No. 234, The Volcano Telephone Company's advice letter No. 214, and Winterhaven Telephone Company's advice letter No. 72 to these companies' respective GRC advice letters No. 7, 7, 247, 408, 158, 146, 226, 115, 220, 225, 206, and 64. We instruct the assigned Telecommunications Division staff to take into consideration any needs of these companies for 1997 CHCF-A draws necessary to meet the revenue requirement needs of these companies, in conformance with Public Utilities Code Section 739.3.

6. All Local Exchange Companies, Interexchange Carriers, Cellular carriers and other certificated companies that are subject to the collection of CHCF-A surcharges, shall reduce the CHCF-A surcharge rate from 0.27% to 0.00% effective February 1, 1997.

7. The 0.00% CHCF-A surcharge rate shall be effective for all billings processed on or after February 1, 1997 and continue until changed by the Commission.

8. All telecommunications utilities subject to the CHCF-A surcharge shall file revised tariff schedules to implement this surcharge rate change in accordance with the provisions of G.O. 96-A on or before January 25, 1997 which shall be effective on February 1, 1997.

9. The CHCF-A surcharge shall be identified on the subscriber's bill in a manner consistent with the findings of D.96-10-066 and the December 13, 1996 Ruling of Administrative Law Judge John S. Wong in R.95-01-020. Specifically, the CHCF-A and CHCF-B surcharges may be combined on one line item on a customer's bill. Whether combined on one line or shown on separate lines, the bill should list the CHCF-A and CHCF-B surcharges by the funds' full names or by their abbreviations. Since the CHCF-A surcharge is reduced to 0.00% effective 2/1/97, it is permissible for carriers to omit mentioning the CHCF-A surcharge on customers' bills until such time as the CHCF-A is reinstated at a non-zero rate.

10. All telecommunications companies are granted an exemption from the noticing requirement of General Order 96-A, Section III, G.1 for this filing only.


11. All telecommunications companies subject to the CHCF-A surcharge, the Universal Lifeline Telephone Service surcharge, and

the Deaf Equipment Acquisition Fund surcharge, are ordered to use the "Combined California PUC Telephone Surcharge Transmittal" form to compute, report, and transmit all three of these surcharges, beginning February 1, 1997. A copy of the revised form is attached as Attachment 1 of Commission Resolution T-15984, which sets the Universal Lifeline Telephone Service surcharge rate effective February 1, 1997.

12. The TD staff is directed to mail a copy of this resolution to all telephone utilities subject to the CHCF-A surcharge.

The effective date of this Resolution is today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on January 13, 1997. The following Commissioners approved it:



WESLEY M. FRANKLIN
Executive Director

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

R

1997 CHCF-A

| Local Exchange Company | Advice Letter No. | Reported Gross CHCF-A Requirement | Adjusted Gross CHCF-A Requirement* | Contrib. From Local Rates | Net 1997 CHCF-A Requirement | Requested CHCF-A Draw * | Approved CHCF-A Draw | Adopted Co.-specific Surcharge |
|-------------------------------|-------------------|-----------------------------------|------------------------------------|---------------------------|-----------------------------|-------------------------|----------------------|--------------------------------|
| 1 Calaveras | 182 | \$172,954 | \$172,954 | \$0 | \$172,954 | \$0 | \$0 | |
| 2 Cal-Oregon | 202 | 180,605 | 180,605 | 0 | 180,605 | 0 | 0 | |
| 3 Citizens Tel.--Golden State | 13 | 1,801,563 | 1,801,563 | 0 | 1,801,563 | 0 | 0 | |
| 4 Citizens Tel. of Tuolumne | 12 | 1,004,387 | 1,004,387 | 0 | 1,004,387 | 0 | 0 | |
| 5 Ducor | 202 | 102,093 | 102,093 | 0 | 102,093 | 0 | 0 | |
| 6 Evans | 254 | 750,355 | 750,355 | 0 | 750,355 | 0 | 0 | |
| 7 Foresthill | 168 | 99,705 | (89,032) | 0 | (89,032) | 0 | 0 | -28.63% |
| 8 GTE West Coast | 426 | 2,037,607 | 2,065,234 | 0 | 2,065,234 | 2,065,234 | 0 | |
| 9 Happy Valley | 171 | 664,973 | 664,973 | 0 | 664,973 | 0 | 0 | |
| 10 Hornitos | 153 | 112,219 | 112,219 | 0 | 112,219 | 0 | 0 | |
| 11 Kerman | 235 | (10,251) | (10,251) | 0 | (10,251) | 0 | 0 | -1.42% |
| 12 Pinnacles | 120 | 135,304 | 135,304 | 0 | 135,304 | 0 | 0 | |
| 13 Ponderosa | 229 | 1,645,128 | 1,645,128 | 0 | 1,645,128 | 0 | 0 | |
| 14 Roseville | 370 | 3,603,514 | 3,603,514 | 0 | 3,603,514 | 3,603,514 | 0 | |
| 15 Sierra | 197 | 3,981,128 | 4,691,161 | 0 | 4,691,161 | 0 | 0 | |
| 16 Siskiyou | 234 | 790,630 | 790,630 | 0 | 790,630 | 0 | 0 | |
| 17 Volcano | 214 | 863,174 | 863,174 | 0 | 863,174 | 0 | 0 | |
| 18 Winterhaven | 72 | 419,835 | 419,835 | 0 | 419,835 | 0 | 0 | |
| Total | | \$18,354,923 | \$18,903,846 | \$0 | \$18,903,846 | \$5,668,748 | \$0 | |

* As adjusted by Telecom. Div.