

**NOTICE OF PUBLIC PARTICIPATION HEARING
FOR SIERRA TELEPHONE COMPANY, INC.
(APPLICATION 16-10-003)**

On October 3, 2016, Sierra Telephone Company, Inc. (Sierra Telephone) filed an application with the California Public Utilities Commission (CPUC) requesting a review of its intrastate revenue requirement and rate design. The application initiated a proceeding to evaluate and approve proposed increases to Sierra Telephone's rates for basic residential and business 1-party service, Lifeline service, inside wire maintenance plan, returned check charge, and a proposal to establish a late payment charge. A portion of the increase to the basic residential rate would be offset by the elimination of the Access Recovery Charge (ARC). Consistent with the requirements of Sierra Telephone's last rate case, residential and business 2-party service will be eliminated effective December 31, 2018. Those customers will move to a 1-party service. Sierra Telephone also requested a review of the high cost fund support amounts which the company receives.

Sierra Telephone's proposed increases to its residential end user rates are consistent with the Commission's decision resolving Phase 1 of the California High Cost Fund A (CHCF-A) proceeding, Decision 14-12-084, which found that small incumbent local exchange carriers' residential basic rates must be set within a range of \$30.00 to \$37.00, including federal and state fees and surcharges. Sierra Telephone proposes to set its residential basic rates at \$23.00, not including the surcharges and fees that the FCC uses to set the Access Recovery Charge (ARC) benchmark. The residential basic rates, inclusive of state and federal fees and surcharges, would be set at approximately \$32.37, based on Sierra Telephone's all-inclusive rate calculation at the time of the application. Sierra Telephone also proposes to increase its basic business rate to \$33.00, not including surcharges and fees.

Sierra Telephone believes that these proposed adjustments are necessary to cover increased costs necessitated by increases in expenses and by rapid technological changes in the telecommunications industry requiring significant plant modernization efforts in Sierra Telephone's service territory. Sierra Telephone has made this proposal to ensure that it can continue to provide safe, reliable, modern telecommunications services to its customers, while covering its expenses and earning a reasonable rate of return on its investments.

The Office of Ratepayer Advocates (ORA), the independent consumer advocate within the CPUC with a legislative mandate to represent utility customers, is in the process of reviewing Sierra Telephone's application and it will be submitting a response to Sierra Telephone's proposal by March 20, 2017. ORA's review includes whether this application complies with applicable state law governing the California High Cost Fund-A (CHCF-A), a universal service program providing monetary support to Sierra Telephone for providing telephone service to customers living in high-cost, rural areas. The principal requirements of the CHCF-A program are set forth in Public Utilities Code Section 275.6¹. As part of its review, ORA will be reviewing Sierra Telephone's proposed investments, revenues, and expenses to determine whether they are reasonable. ORA may propose customer rate changes that are different than those proposed by Sierra Telephone, and ORA's proposed rate changes could be higher or lower than Sierra Telephone's proposed rates. For more information about ORA, please call 1 (415) 703-1584, e-mail ora@cpuc.ca.gov or visit ORA's website at <http://ora.ca.gov/default.aspx>.

Further information may be obtained by contacting Sierra Telephone's Business Office at 1 (559) 683-4611, 1 (209) 966-3636 or toll free at 1 (877) 658-4611. A copy of Sierra Telephone's application and its related exhibits are available at the office of the CPUC at 505 Van Ness Avenue, San Francisco, California 94102, or at Sierra Telephone's Business Office located at 49150 Road 426, Oakhurst, California 93644. An electronic copy of the application and its related exhibits may be examined on the CPUC's website at www.cpuc.ca.gov.

The California Public Utilities Commission (CPUC) wants to hear from you! A Public Participation Hearing (PPH) has been scheduled to receive your comments about Sierra Telephone's request to change its rate structure. The hearing location, date and time are as follows:

**Where: Oakhurst Community Center
 Pavilion
 39800 Road 425B
 [Fresno Flats Road]
 Oakhurst, CA 93644
 1 (559) 683-2290**

When: February 17, 2017

Time: 5:30 PM

¹Public Utilities Code Section 275.6 can be accessed online at the following link: <http://law.onecle.com/california/utilities/275.6.html>

The hearing's location is wheelchair accessible. If you need a language or Sign Interpreter, or would like to request assisted listening devices, please contact the CPUC's Public Advisor's Office (PAO) at least five business days prior to the hearing. If you are unable to attend the hearing, you may submit written comments directly to the PAO at the address noted at the bottom of this notice. You may also submit written comments concerning ORA's proposals in its testimony that will be submitted on or before March 20, 2017.

A CPUC Administrative Law Judge (Judge) will be presiding at this PPH to listen to concerns, comments, and opinions on the application. One or more Commissioners may attend, but no decisions will be reached at this hearing. In addition, representatives of Sierra Telephone and ORA will attend the PPH and be available to answer any questions. All public comments from this PPH will be included in the formal record of this proceeding and become public record.

CPUC PROCESS

The assigned Judge will determine how to receive evidence and other related documents necessary for the CPUC to establish a record upon which to base its decision. Evidentiary Hearings (EHs) will be held where utilities, consumer advocacy groups, and other entities which have been given official status as "parties", will present their testimony and may be subject to cross-examination by other parties. These EHs are scheduled for May 15-17, 2017 in San Francisco and are open to the public, but only those who are parties may participate. The hearings and documents submitted in the proceeding become what the Judge relies upon when writing a proposed decision to present to the Commissioners for their consideration.

After considering all proposals and all evidence presented during the formal hearing process, the assigned Judge will issue a proposed decision determining whether to adopt Sierra Telephone's request, modify it, or deny it. Any CPUC Commissioner may sponsor an alternate decision. The proposed decision, and any alternate decisions, will be discussed and voted upon at a Commission Voting Meeting.

STAY INFORMED

If you would like to follow this proceeding, or any other issue before the CPUC, you may use the CPUC's free subscription service. Sign up at <http://subscribecpuc.cpuc.ca.gov/>. The proceeding number is A.16-10-003.

If you would like to learn how you can participate in the proceeding, or if you have informal comments or questions about the CPUC processes, you may access the CPUC's Public Advisor's Office (PAO) webpage at www.cpuc.ca.gov/pao. You may also contact the PAO as follows:

Write: CPUC Public Advisor's Office
505 Van Ness Avenue
San Francisco, CA 94102

Email: public.advisor@cpuc.ca.gov

Phone: 1 (866) 849-8390 (toll free) or 1 (415) 703-2074
1 (866) 836-7825 (toll free) or TTY 1 (415) 703-5282

Please reference "Sierra Telephone Company, Inc.'s Application No. 16-10-003" in any communications you have with the Commission regarding this matter. All public comments will become part of the public correspondence file for this proceeding and made available for review by the assigned Judge, the Commissioners, and appropriate CPUC staff.