RESOLUTION - ACTION REQUESTED 2017-62

MEETING: February 14, 2017

TO: The Board of Supervisors

FROM: Marshall Long, District III Supervisor

RE: SierraTel Rate Increase Letter

RECOMMENDATION AND JUSTIFICATION:
Approve a Letter to the California Public Utilities Commission in Opposition to Proposed Rate Increases for Sierra Telephone; and Authorize the Board of Supervisors Chair to Sign the Letter.

The California Public Utilities Commission (CPUC) is holding a Public Participation Hearing in Oakhurst on Sierra Telephone’s request to increase 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.

Sierra is requesting CPUC approval of its intrastate rates and charges for telecommunications services, for updates to its intrastate revenue requirement, and for establishment of a rate design. Sierra proposes to update its revenue requirement to $28,937,006. In its last rate case, the CPUC approved a revenue requirement for Sierra of $29,970,934. If Sierra Telephone’s rate request is approved by the CPUC, the residential basic rates would be set at approximately $32.37 (including state and federal fees and surcharges), and the basic business rate would be set at $33 (not including surcharges and fees).

This rate increase would be a burden on Mariposa County citizens and may make future development in Mariposa more difficult.

BACKGROUND AND HISTORY OF BOARD ACTIONS:
The Board has issued letters in support or opposition of particular issues in the past.

ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:
Do not approve the letter. Individual Board Members may submit comments on their own behalf.

ATTACHMENTS:
SierraTel Letter (DOCX)
RESULT: ADOPTED BY CONSENT VOTE [UNANIMOUS]
MOVER: Merlin Jones, District II Supervisor
SECONDER: Kevin Cann, District IV Supervisor
AYES: Menetrey, Smallcombe, Jones, Long, Cann
February 14, 2017

California Public Utility Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: Opposition to Proposed Rate Increases for Sierra Telephone

Dear California Public Utility Commission:

Thank you for notifying us of the February 17 public participation hearing to consider a rate increase for Sierra Telephone (SierraTel). We are grateful for your willingness to consider our view and the views of the members of our community in your rate decision.

Mariposa County is opposed to the proposed increase in rates for SierraTel. It is our position that an increase in telephones rates at this time will be burdensome for many of our most vulnerable citizens and potentially harm the future development of our community.

As you may know, Census data show that nearly a full quarter (24.1%) of Mariposa’s population is aged 65 or older. Many of these seniors came to Mariposa to soak in the natural beauty, but they often decide to stay because it is more affordable on a fixed income than most other regions of the state. Approximately 18% of our population is disabled and 13% are veterans—both ratios are 80% higher than California’s average. With few alternatives, if any at all, available in some areas of the county, these populations are not well served by an increase.

In addition to our seniors, Mariposa is home to a large number of seasonal and hourly workers. Tourism is the second largest industry in our county. We are happy to welcome more than five million visitors to Mariposa each year, but we are also aware that jobs in hotels, restaurants and attractions do not typically provide as comfortable an income as everyone would like.

Considering that only 48% of eligible adults in our county are employed (compared to 56% statewide) and a majority of those are in hospitality or government services positions, again it would seem burdensome to push through with the proposed rate increase.

Mariposa County - An Equal Opportunity Employer
Mariposa County is also concerned with potential fallout for our community if the SierraTel rate is increased. We are a rural community without the density or funding mechanisms of many of our urban counterparts. Broadband represents an opportunity for economic growth, job creation, more efficient service delivery, and improved health, education and public safety outcomes for residents. To yield positive results for the County and its residents, broadband service must be fast, reliable, and accessible at a reasonable price.

We have stated our support for the expansion of broadband in our 2016 and 2017 Legislative Platforms and expect to be a significant part of our soon-to-be-completed Economic Vitality Strategy; but we are concerned that an increase in SierraTel's rates may reduce the impact of any future expansion by pricing out large segments of our population. We are also concerned that, should SierraTel lose customers as a result of a rate increase, the rolling out of broadband services in our area would be slowed. This would be detrimental to all of our citizens, regardless of their telecom provider.

In summary, we cannot support an increase to the SierraTel rates at this time. We are deeply concerned that such an increase would be a burden for segments of our population that can least afford it, that it may reduce already sparse competition in our area, and that the long-term development impacts could be detrimental to our community.

Thank you again for your consideration in this important issue.

Sincerely,

Marshall Long, Chair
Mariposa County Board of Supervisors