

**THE PONDEROSA TELEPHONE CO.
CUSTOMER NOTICE OF APPLICATION TO ESTABLISH NEW
REVENUE REQUIREMENT AND ADJUST RATES (A.16-10-001)**

On October 3, 2016, The Ponderosa Telephone Co. (Ponderosa) filed an application with the California Public Utilities Commission (CPUC) requesting a review of its intrastate revenue requirement and rate design. This filing was submitted in accordance with the CPUC's rules, including those outlined in CPUC Decision No. 94-09-065, in CPUC Decision No. 14-12-084, and in the CPUC's Rules of Practice and Procedure. The application has been docketed at the CPUC as A.16-10-001.

The application includes a proposal to increase Ponderosa's basic single-line residential rate, exclusive of taxes and fees, from \$20.25 to \$23.00, which is an increase of approximately 13%. The application also includes a proposal to increase Ponderosa's single-line business rate from \$30.05 to \$34.15 in all exchanges. The application also proposes to increase its other business rates and foreign exchange rates, by the same margin of increase as its residential rate increase. In addition, Ponderosa is proposing an increase in the LifeLine rate from \$6.11 to \$7.05.

Ponderosa 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 Ponderosa's service territory. Ponderosa has made this proposal to ensure that it can continue to provide safe, reliable, modern telecommunications services to its customers in Fresno, Madera and San Bernardino Counties, while covering its expenses and earning a reasonable rate of return on its investments.

The CPUC will hold public hearings on dates yet to be determined, which will provide customers an opportunity to express their views on this matter to the CPUC. The CPUC will review Ponderosa's filing and may propose changes that differ from those proposed by the company. Accordingly, the CPUC's final decision may be different from Ponderosa's proposed application.

An electronic copy of Ponderosa's application and its related exhibits may be examined on the CPUC's website at www.cpuc.ca.gov. A copy of the application and its related exhibits may be examined at the office of the CPUC at 505 Van Ness Avenue, San Francisco, California, 94102, as well as the Ponderosa business office located at The Ponderosa Telephone Co., P.O. Box 21, 47034 Road 201, O'Neals, California, 93645-0021. A copy of the application and related exhibits is also available by written request to:

The Ponderosa Telephone Co.
c/o Regulatory Department
P.O. Box 21, 47034 Road 201
O'Neals, California, 93645-0021

Inquiries related to the application, including a request to receive a notice of the date, time and place of any hearing on the filing, may be directed to the CPUC at the address noted above or at the e-mail address of the CPUC's Public Advisor: public.advisor@cpuc.ca.gov.

CPUC PROCESS

The Office of Ratepayer Advocates (ORA) may become a party of record and review this application. ORA is the independent consumer advocate within the CPUC with a legislative mandate to represent investor-owned utility customers to obtain the lowest possible rate for service consistent with reliable and safe service levels. ORA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering. Other parties of record will also

participate in the CPUC's proceeding to consider this application. For more information about ORA, please call (415) 703-1584, e-mail ora@cpuc.ca.gov or visit ORA's website at <http://ora.ca.gov/default.aspx>.

This application will be assigned to a Judge who 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) may 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 open to the public, but only those who are parties may participate. The hearings, and documents submitted in the proceeding, become part of the formal record that 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 Ponderosa'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 scheduled Commission Voting Meeting.

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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 and click on "Public Advisor" from the CPUC Information Menu. 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