- BEFORE THE PUBLIC SI	ERVICE C	OMMISSION OF UTAH -
In the Matter of the Application for the Increase of Rates and Charges by Manti Telephone Company))))	DOCKET NO. 08-046-01 REPORT AND ORDER

ISSUED: February 2, 2009

By The Commission:

On April 25, 2008, Manti Telephone Company (Manti) filed, its Application For Rate Increase and Increase in USF Eligibility. Following that filing, the Division of Public Utilities (Division) raised concerns regarding certain accounting procedures used by Manti, including calculation of Manti's rate base. Due to those concerns, the parties have not agreed to the extent of the revenue requirement shortfall. The parties have worked together to resolve those accounting issues.

It became apparent to the parties, however, that those issues would take longer to resolve than the 240 days provided under Utah Code. Therefore, Manti waived the 240-day requirement as it applied to rate increases. Manti and the Division also agreed to a number of matters arising out of and related to some of the accounting issues. The parties determined that it would be appropriate for Manti to seek interim USF eligibility to provide Manti with revenues sufficient to meet its operating and capital needs, as well as fulfill its loan obligations. In the meantime, the parties hope to resolve the accounting issues, implement accounting changes, operate for a year under changes to the rate base, and then hold a permanent rate case sometime in early 2010. With these expectations, the parties entered into a stipulation.

On December 8, 2008, Manti and the Division entered into a Stipulation regarding interim USF rate relief (Stipulation). Among other provisions in the Stipulation, one provision was the Division's consent to the distribution of an additional annual amount of Utah USF beginning October 1, 2008. In another provision, in paragraph 13 of the Stipulation, Manti and the Division agreed "to determine depreciation rates for underground conduit and underground cable and to establish an accurate rate base for Manti as of December 31, 2008" and agreed to file that rate base by December 31, 2008.

On December 11, 2008, Manti filed its Request for Interim Increase in USF Eligibility. The Stipulation was attached to this Request.

On December 29, 2008, Manti filed its Amended Request for Approval of Manti's Depreciation Rates with the Commission. Manti submitted their Amended Schedule of Depreciation Rates with this Amended Request per the terms of the Stipulation.

Also on December 29, 2008, a hearing was held before the Administrative Law Judge of the Commission, concerning Manti's Request for Interim Increase in USF Eligibility and the approval of the Amended Schedule of Depreciation Rates. Stanley K. Stoll and Kira M. Slawson of Blackburn & Stoll appeared on behalf of Manti. Mr. Raymond Hendershot testified on behalf of Manti. Michael Ginsberg, Assistant Attorney General, appeared for the Division. Mr. Claire Oman testified for the Division. Both Mr. Hendershot and Mr. Oman testified as to the factual basis and reasoning for the Stipulation, and each testified that its terms were just and reasonable and not against the public interest.

DOCKET NO. 08-046-01

-3-

ORDER

Therefore, having reviewed the Requests, attachments, and other moving papers, and having heard the testimony of the parties as to the reasonableness of the terms of the Stipulation, the Commission orders as follows:

- 1. The Request for interim increase in USF eligibity is approved. The provisions of the Stipulation, including, but not limited to, the interim annual USF increase of \$908,763 as described in paragraph 11 of the Stipulation, are incorporated into this Order as if set forth here;
- The depreciation rates as set forth in the Amended Request for Approval of Depreciation Rates are approved.
- 3. Pursuant to Utah Code § 63G-4-301 and 54-7-15, an aggrieved party may request agency review or rehearing of this Order by filing a written request for review or rehearing with the Commission within 30 days after the issuance of the Order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission does not grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the Commission's final agency action may be obtained by filing a petition for review with the Utah Supreme Court within 30 days after final agency action. Any petition for review must comply with the requirements of Utah Code §§ 63G-4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

DOCKET NO. 08-046-01

-4-

DATED at Salt Lake City, Utah this 2nd day of February, 2009.

/s/ Ruben H. Arredondo Administrative Law Judge

Approved and confirmed this 2^{nd} day of February, 2009, as the Report and Order of the Public Service Commission of Utah.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard Commission Secretary