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Division of Public Utilities

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MEMORANDUM

June 2, 2011

TO: PUBLIC SERVICE COMMISSION

FROM: Utah Division of Public Utilities

Chris Parker, Director
William Duncan, Telecommunications Manager
Paul Hicken, Regulatory Analyst
Clair Oman, Technical Consultant

Re: Manti Telephone Company's compliance with the accounting requirements identified in Attachment 4 of the Settlement Stipulation dated January 20, 2011. Docket No. 08-046-01

The Division of Public Utilities (DPU) conducted an onsite review of the accounting practices identified in Attachment 4 of the January 20, 2011 Settlement Stipulation with Manti Telephone Company. On May 18, 2011, the DPU visited the Company at their location in Manti Utah to review previously identified problem areas and determine if the issues had been resolved.

It appears overall, that significant improvements have been made to ensure the accuracy of accounting. One change was to bring all of the accounting in house and not rely on an outside accounting firm for the property records. In addition, a new accounting system was implemented that incorporates automated timekeeping and labor distribution. A work order system has also been developed to track inventory and plant under construction. Several other changes have been initiated that will bring improvement to Manti's accounting practices.

Based on this review conducted by the Division, it appears that Manti Telephone has implemented accounting practices and procedures that comply with the requirements in Attachment 4 of the January 20th, 2011 stipulation. The Division recommends that Manti should now proceed with the requirements of paragraph 15 of that stipulation, and produce verified financial statements for the month of June, which will serve as the test period described in paragraph 15.