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**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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**IN THE MATTER OF MANTI  
TELEPHONE COMPANY'S  
APPLICATION FOR INCREASED USF  
ELIGIBILITY**

Docket No. 13-046-01  
**SETTLEMENT STIPULATION**

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Pursuant to Utah Code Ann. § 54-7-1 and Utah Admin. Code r746-100-10.F.5, Manti Telephone Company ("Manti" or the "Applicant"), the Division of Public Utilities ("Division"), and the Office of Consumer Services ("Office") (collectively, the "Parties") submit this Settlement Stipulation ("Stipulation") in resolution of this docket and move the Public Service Commission of Utah ("Commission") as follows:

**PROCEDURAL HISTORY**

1. On September 11, 2013, Manti filed its Application for Increase of USF Eligibility (the "Application"), pursuant to Utah Code Ann. §§ 54-8b-11 and 54-8b-15 and Utah

Admin. Code r746-360 and r746-700. The Applicant proposed an increase of \$1,559,173 in State USF support based on a test year of 2012, adjusted for known and measurable changes for 2013. The Applicant proposed no increase in the rates charged to customers. Manti is currently charging its customers the affordable base rates of \$16.50 for residential service and \$26.00 for business service. The Applicant filed documentation in support of its Application.

2. The Division conducted an audit of the books and records of the Applicant pertaining to the Applicant's interstate and intrastate operations. The Division submitted two Data Requests to the Applicant, which the Applicant answered. The Office began an evaluation of the Application and submitted two sets of Data Requests to the Applicant. The Applicant answered the First Set of Data Requests from the Office. The Second Set of Data Requests from the Office was submitted to Applicant on January 8, 2014, with responses due January 22, 2014. However, because the Parties were able to reach a settlement prior to the due date for the Second Set of Data Requests, Applicant has not provided responses to the Second Set of Data Requests. The Division and Office also participated in a field audit at Manti's office in Manti, Utah.

3. On December 20, 2013, Manti filed direct testimony in this case. Following Manti's testimony, Manti, the Division and the Office began discussions and negotiations to reach a settlement in this matter. These discussions and negotiations have resulted in a final settlement of all issues in this docket as set forth below. It is the request of the parties that this Settlement Stipulation be considered at an expedited hearing and approved by a final Order of the Public Service Commission as a resolution of all of the issues in this docket.

## TERMS AND CONDITIONS

4. The Applicant currently charges the Commission approved Base Affordable Rate for Basic Telecommunications Service, Utah Admin. Code r746-360-2 A. and C. of \$16.50 for residential lines, and \$26.00 for business lines. The Parties agree for purposes of settlement that as of the date of this Stipulation, Manti's costs to provide basic telephone service to its customers are in excess of the rate currently considered affordable in Manti's service territory resulting in a revenue shortfall.

5. Based on the information made available by the Company as described above and contained in the Application, the Parties agree for purposes of settlement to an increase in the annual intrastate revenue requirement for the Applicant of \$908,439.

6. The Parties agree for purposes of settlement that the increase in the annual intrastate revenue requirement for the Applicant will be funded by the intrastate USF in the annual amount of \$908,439, or \$75,703.25 per month (the "USF Increase"). The USF Increase is in addition to the \$41,561 in intrastate USF currently being received by the Applicant ("Historical USF Amount"), for a total annual USF distribution to Applicant of \$950,000<sup>1</sup>, or \$79,166.67 per month.<sup>2</sup> This distribution will be made on or about the first of each month, beginning March, 2014.

7. The Parties agree for purposes of settlement that due to the unique circumstances of this case combined with the prior Manti case (Docket No. 08-046-01), the Utah USF shall be

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<sup>1</sup> Historical USF Amount of \$41,561 per year plus the USF Increase of \$908,439 per year.

<sup>2</sup> Historical USF Amount of \$3,463.42 per month plus USF Increase of \$75,703.25 per month.

awarded retroactively starting on the date of Application in this docket. This first payment will include the six months from September, 2013 through February, 2014 (or another appropriate ending date if Commission approval occurs later than March 1, 2014). This initial payment will be paid as a lump sum shortly after any Order the Commission may issue approving this Stipulation. The total amount of this payment will be \$475,000 ( $\$79,166.67 \times 6$ ) if the Stipulation is approved on the schedule as proposed by the Parties. This formula will be adjusted to reflect the actual time between the filing of the Application and any approval of this Stipulation issued by the Commission.

8. The Parties recognize that Manti has an outstanding obligation for repayment of Utah USF as a result of Docket No. 08-046-01. The Parties agree for purposes of settlement that the terms of this Stipulation, as a comprehensive package, fully account for the outstanding amount. The Parties further agree for purposes of settlement that, upon approval of this Stipulation the repayment obligation will be considered resolved.

9. The Parties agree for purposes of settlement Manti will promote the Lifeline offering at least annually on its bill or through bill inserts. Manti will also promote Lifeline on its website.

10. The Parties agree for purposes of settlement Manti will provide contact information for Manti Tele Communications Co., Inc. (MTCC) on all joint bills.

11. The Parties agree for purposes of settlement Manti will provide to the Division and the Office, for MTCC, the auditor's compilation financial statements for the twelve months ending December 31, 2013, 2014, and 2015. If audited financials are available for MTCC, such

audited financial statements will be provided. In addition, copies of all monthly billings and relevant spreadsheets showing allocations of charges between MTC and MTCC will be provided for the same three-year period, with explanations for these amounts as applicable. Manti will provide these documents annually on April 1 following the relevant calendar year, or shortly thereafter when financial statements are available. Simultaneous with the submission of the documents identified above, Manti will provide audited financial statements of MTC to the Division and the Office.

12. The Parties agree for purposes of settlement, that in the event that Manti sells, leases, or otherwise disposes of the 700 MHz spectrum, Manti will apply any and all revenue generated from the sale, lease, or other disposition of the 700 MHz spectrum to its remaining RTFC loan obligation.

13. The Parties agree for purposes of settlement that the increase in the revenue requirement and USF eligibility set forth herein are in the public interest and are just and reasonable in result and should be approved by the Commission.

#### **GENERAL TERMS AND CONDITIONS**

14. Not all Parties agree that each aspect of this Stipulation is warranted or supportable in isolation. Utah Code Ann. § 54-7-1 authorizes the Commission to approve a settlement so long as the settlement is just and reasonable in result. While the Parties are not able to agree that each specific component of this Stipulation is just and reasonable in isolation,

all of the Parties agree that this Stipulation as a whole is just and reasonable in result and in the public interest.

15. All negotiations related to this Stipulation are confidential, and no Party shall be bound by any position asserted in negotiations. Except as expressly provided in this Stipulation, in accordance with Utah Admin. Code r746-100-10.F.5, neither the execution of this Stipulation nor the order adopting it shall be deemed to constitute an admission or acknowledgment by any Party of the validity or invalidity of any principle or practice of regulatory accounting or ratemaking; nor shall they be construed to constitute the basis of an estoppel or waiver by any Party; nor shall they be introduced or used as evidence for any other purpose in a future proceeding by any Party except in a proceeding to enforce this Stipulation.

16. The Parties agree that no part of this Stipulation or the formulae and methods used in developing the same or a Commission order approving the same shall in any manner be argued or considered as precedential in any future case except with regard to issues expressly resolved by this Stipulation. This Stipulation does not resolve and does not provide any inferences regarding, and the Parties are free to take any position with respect to any issues not specifically called out and settled herein.

17. The Parties request that the Commission hold a hearing on this Stipulation on February 6<sup>th</sup>, 2014 at the Commission's convenience. The Parties request that all of the pre-filed testimony in this docket on issues resolved in this Stipulation be admitted into the record without witnesses being called or sworn at the proceeding. Manti, the Division, and

the Office each will, and other Parties may, make one or more witnesses available to explain and offer further support for this Stipulation. The Parties shall support the Commission's approval of this Stipulation. As applied to the Division and the Office, the explanation and support shall be consistent with their statutory authority and responsibility.

18. The Parties agree that if any person challenges the approval of this Stipulation or requests rehearing or reconsideration of any order of the Commission approving this Stipulation, each Party will use its best efforts to support the terms and conditions of this Stipulation. As applied to the Division and the Office, the phrase "use its best efforts" means that they shall do so in a manner consistent with their statutory authority and responsibility. In the event any person seeks judicial review of a Commission order approving this Stipulation, no Party shall take a position in that judicial review opposed to the Stipulation.

19. Except with regard to the obligations of the Parties under the four immediately preceding paragraphs of this Stipulation, this Stipulation shall not be final and binding on the Parties until it has been approved without material change or condition by the Commission.

20. This Stipulation is an integrated whole, and any Party may withdraw from it if it is not approved without material change or condition by the Commission or if the Commission's approval is rejected or materially conditioned by a reviewing court. If the Commission rejects any part of this Stipulation or imposes any material change or condition on approval of this Stipulation or if the Commission's approval of this Stipulation is rejected

or materially conditioned by a reviewing court, the Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to determine if they are willing to modify the Stipulation consistent with the order. No Party shall withdraw from the Stipulation prior to complying with the foregoing sentence. If any Party withdraws from the Stipulation, any Party retains the right to seek additional procedures before the Commission, including presentation of testimony and cross-examination of witnesses, with respect to issues resolved by the Stipulation, and no party shall be bound or prejudiced by the terms and conditions of the Stipulation.

21. This Stipulation may be executed by individual Parties through two or more separate, conformed copies, the aggregate of which will be considered as an integrated instrument.

### **RELIEF REQUESTED**

Based on the foregoing, the Parties request that the Commission hear this Stipulation on February 6<sup>th</sup>, 2014 at 2:00 p.m., and, thereafter, enter an order approving the terms and conditions set forth in this Stipulation, in full resolution of this docket.



DATED this 28<sup>th</sup> day of January, 2014.

BLACKBURN & STOLL, L.C.



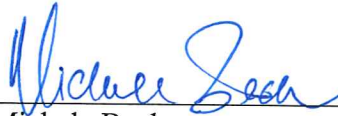
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DIVISION OF PUBLIC UTILITIES  
STATE OF UTAH



Chris Parker  
Division Director

OFFICE OF CONSUMER SERVICES  
STATE OF UTAH



Michele Beck  
Director

CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the Stipulation in the Matter of Manti Telephone Company's Application for USF Eligibility was sent to the following individuals by email this 28<sup>th</sup> day of JANUARY, 2014:

Justin Jetter  
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DENNIS MILLER