

BEFORE THE UTAH PUBLIC SERVICE COMMISSION

In the Matter of the Petition of)	
Beehive Telephone Co. Inc., for an)	Docket No. 14-051-01
Increase in Rates and Participation in)	
the Universal Telecommunications)	
Service Support Fund.)	
)	
)	

SETTLEMENT STIPULATION

This Settlement Stipulation (“Stipulation”) is entered into by and among the parties whose signatures appear on the signature page hereof (collectively referred to herein as the “Parties” and individually as a “Party”). The Division of Public Utilities and the Office of Consumer Services are jointly referred to as the “state agency Parties.”

1. The Parties have conducted settlement discussions since this matter was filed on October 31, 2014. A draft of this Stipulation was circulated among the Parties for review and comment on November 17, 2014. This Stipulation has been entered into by the Parties, and no one has intervened in the matter or otherwise indicated opposition to the effect of this Stipulation.

2. The Parties represent that this Stipulation is just and reasonable in result, will result in interim rates that are just and reasonable, will allow Beehive Telephone, Inc. (“the Company”) to comply with the federal Connect America Fund (“CAF”) rate floor, which has been established by the Federal Communications Commission (“FCC”), and will allow the Company to comply with the Commission-approved affordable base

rates required for participation in the Universal Public Telecommunications Service Support Fund ("State USF"). The Parties recommend that the Public Service Commission of Utah ("Commission") approve the Stipulation and all of its terms and conditions. The Parties request that the Commission make findings of fact and reach conclusions of law based on the evidence and this Stipulation, and issue an appropriate order thereon.

BACKGROUND

3. On October 31, 2014, the Company filed an application with exhibits, prefiled testimony, and a new rate schedule requesting authority to increase rates to \$16.50 per month for residential subscribers, set a companywide base rate of \$26.00 per month for business subscribers, and to participate in the State USF. The Company's current business subscriber rate is \$16.00 per month in all exchanges except for Ticaboo, where the current rate is \$27.50 per month. The FCC requires participating CAF companies, such as Beehive, to bring their rate levels to the CAF-mandated floor each year as a condition of continued participation. For 2015, the FCC floor is \$16.00 for residential access subscribers, and that rate has to be effective as of December 1, 2014. The increase to \$16.50 for residential subscribers will put Beehives rates at the current Commission approved Affordable Base Rate that has been used in similar cases to determine Utah USF distribution. Thus, an increase to \$16.50 for residential customers will satisfy both the FCC and the Commission requirements.

4. Pursuant to the Commission's order, the Administrative Law Judge conducted a scheduling conference on November 12, 2014.

5. At the scheduling conference, the Parties agreed, based on the initial review of the Company's application, that the case should proceed in two phases, the first phase

of which would be the Company's request to increase its rates on an interim basis pursuant to Utah Code Ann. § 54-7-12, and the second phase to be the Company's request to participate in the State USF. The state agency Parties also agreed that they saw no reason to oppose the Company's request to increase rates on an interim basis, as requested, as of December 1, 2014.

6. Based on that general agreement, the Administrative Law Judge set a hearing date on the rate increase for November 25, 2014 at 9:00 a.m., and requested that the Parties submit a stipulation to that effect. It was further agreed that a follow-on scheduling conference, for purposes of the USF phase of the case, would be set in December 2014 at a date and time to be determined.

TERMS AND CONDITIONS

7. Accordingly, the Parties hereby agree that the Company's proposed interim increase in rates may be made effective as of December 1, 2014, and that final determination of the rate increase and determination of the USF distribution request shall proceed on a schedule to be set at a follow-on scheduling conference.

8. Other than as set forth above, the Parties have not agreed upon any specific adjustments or regulatory principles at issue in this Docket.

9. The Parties stipulate to the admission into evidence, provisionally for purposes of this Stipulation, all of the prefiled testimony and exhibits that have been filed to date. This Stipulation shall not preclude the state agency Parties from seeking additional information or responses from the Company as to any matter deemed necessary by them as a consequence of their further review of the application.

10. Utah Code Ann, § 54-7-1 authorizes the Commission to approve a settlement so long as the settlement is just and reasonable in result. The Parties agree that this Stipulation is just and reasonable in result, and is in the public interest.

11. All negotiations related to this Stipulation are confidential, and no Party shall be bound by any position asserted in the discussions or negotiations preceding this Stipulation. Except as expressly provided in this Stipulation, and 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 acknowledgement by any Party of the validity or invalidity of any principle or practice of regulatory accounting or ratemaking; 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.

12. The Parties agree that no part of this Stipulation, or the formulae or method 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 called-out and forever 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.

13. The Parties acknowledge that this Stipulation will be presented to the Commission prior to the hearing on November 25, 2014. The Parties will each make one or more witnesses available at that hearing to explain and offer further support for this

Stipulation. The Parties shall support the Commission's approval of this Stipulation. As applied to the state agency Parties, the explanation and support shall be consistent with their statutory authority and responsibility.

14. 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 state agency Parties, 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 proceeding in opposition to the Stipulation.

15. Except with regard to the obligations of the Parties under the five immediately preceding paragraphs in this Stipulation (paragraphs 11 through 14), this Stipulation shall not be final and binding on the Parties until it has been approved without material change or condition by the Commission.

16. 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 the 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.

17. 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.

DATED this 21st day of November, 2014.

/s/ _____
David R. Irvine
Attorney for Beehive Telephone, Inc.

/s/ _____
Chris Parker
Director
Utah Division of Public Utilities

/s/ _____
Michele Beck
Director
Utah Office of Consumer Services