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Attorneys for Uintah Basin Telecommunications  
Association, Inc., and UBET Telecom, Inc.

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**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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In the Matter of the Application of Uintah Basin  
Telecommunications Association, Inc., and UBET  
Telecom, Inc., for an Order of the Commission Approving  
the Combination, Merger and Consolidation of UBET  
Telecom, Inc., and Uintah Basin Telecommunications  
Association, Inc.

**JOINT APPLICATION**

**Docket No.** .....

Pursuant to Section 54-4-28, Utah Code Annotated, Uintah Basin Telecommunications Association, Inc. (“UBTA”) and UBET Telecom, Inc. (“UBET Telecom”) (jointly, the "Applicants") hereby request an Order from the Public Service Commission of Utah (the “Commission”) approving the combination, merger and consolidation of UBTA and UBET Telecom into one company as described more fully in the Revised Plan of Merger between UBTA and UBET Telecom (the "Plan of Merger"), attached hereto as Appendix 1.

Pursuant to the Plan of Merger, UBTA and UBET Telecom will combine, merge and consolidate into one company, with the surviving company being UBTA-UBET Communications, Inc. (“UBTA-UBET”), organized as a not-for-profit corporation under the laws of the State of Utah as a cooperative under Section 16-6a-101, et. seq., Utah Code Annotated. The Articles of Incorporation and Bylaws of UBTA will be amended and will become the Articles of Incorporation and Bylaws of UBTA-UBET.

The Plan of Merger has been approved, and this Joint Application authorized, by the members of UBTA. The members have not authorized any modification, amendment or change to the Plan of Merger or the terms and conditions

of this Joint Application. Accordingly, if the Commission determines the Plan of Merger and this Joint Application are not in the public interest and, accordingly, should not be approved strictly in accordance with the terms and conditions thereof, then UBTA and UBET Telecom reserve the right to withdraw this Joint Application.

The principal advantages of the merger, discussed more fully below, are:

- It has been the objective of UBTA, as evidenced by both the acquisition of the Qwest exchanges in April 2001 and the implementation of Basin-wide EAS in November 2003, to unify the communities in Uintah, Wasatch and Duchesne counties that are a part of the Uintah Basin.
- It has also been the objective of UBTA that the subscribers in the UBET Telecom exchanges be treated in the same manner as those in the UBTA exchanges. Currently, the subscribers of UBET Telecom are not members of the cooperative. As such, they do not participate in the patronage distributions as do the member of UBTA nor do they have any vote in the governance of the cooperative. With the merger, the subscribers of UBET Telecom will become members of the cooperative.
- UBTA and UBET Telecom are currently operated as separate entities -- the former as a cooperative and the latter as an investor-owned utility. There are certain dis-economies in maintaining two distinct corporate entities from an accounting as well as an operational perspective, particularly where one is a not-for-profit corporation operated as a cooperative and the other as a for-profit corporation.
- The proposed merger will also enhance the development and deployment of new technologies and increased reliability of services through the integration of the networks of the two merged companies.
- The consolidation of the companies will also assist in the relationships with financial institutions and third party vendors by providing a single corporate entity with which they can contract.
- The proposed merger will also enable the company to market and sell, and provide customer service for, its service offerings from one corporate entity. This will assist in avoiding those situations in which there is customer confusion as to the product offerings and the provider entity which arise as a result of separate local service providers for different geographic areas within the Uintah Basin. The single entity provider resulting

from the merger will also promote the unity which the the Basin-wide EAS was designed to facilitate. This would be one additional step taken to insure that all subscribers in the Uintah Basin are treated equally.

## **I. JURISDICTION**

This Application is filed pursuant to Pursuant to Utah Code Annotated, Section 54-4-28 and R746-100 of the Rules of the Commission.

## **II. APPLICANT INFORMATION**

### **A. Persons Authorized to Receive Notice**

The exact name and address of UBTA and UBET Telecom's principal business office are as follows:

Uintah Basin Telecommunications Association, Inc.  
UBET Telecom, Inc.  
P.O. Box 398  
Roosevelt, Utah 84066  
(435) 622-5007

Persons authorized on behalf of UBTA and UBET Telecom to receive notices and communications in respect to this Application are:

Bruce Todd  
General Manager  
Uintah Basin Telecommunications Association, Inc.  
UBET Telecom, Inc.  
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Roosevelt, Utah 84066  
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Ray Hendershot  
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2270 LaMontana Way  
P.O. Box 25969  
Colorado Springs, Colorado 80936.  
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**B. Description of UBTA.**

UBTA holds a Certificate of Public Convenience and Necessity to provide local calling area services in the exchanges of Lapoint (247), Altamont (454), Fruitland (548), Flattop (646), Neola (353), Randlett (545), and Tabiona (848). The Lapoint exchange is located in Uintah County. The Altamont and Tabiona exchanges are located in Duchesne County. The Neola, Randlett and Flattop exchanges are located in both Duchesne and Uintah Counties and the Fruitland exchange is located in both Duchesne and Wasatch Counties.

**C. Description of UBET Telecom**

UBET Telecom holds a Certificate of Public Convenience and Necessity to provide local calling area services in the exchanges of Duchesne (738), Roosevelt (722, 725) and Vernal (781, 789). Those exchanges were acquired by UBET Telecom from Qwest Communications on April 6, 2001. The Duchesne exchange is located in Duchesne County. The Roosevelt exchange is located in both Duchesne and Uintah Counties. The Vernal exchange is located in Uintah County.

The exchanges served by UBTA and UBET constitute all of the local calling service areas in the Duchesne and Uintah Counties.

**III. DESCRIPTION OF PLAN OF MERGER**

**A. Merger-Surviving Corporation**

Pursuant to the Plan of Merger Agreement, upon approval by the Commission, UBTA and UBET

Telecom will merge into one company, with the surviving company UBTA, a Utah not-for-profit corporation, being operated as a cooperative under the name UBTA-UBET Communications, Inc.

**B. Board of Directors**

The Articles of Incorporation and Bylaws of UBTA will be amended to increase the number of directors from seven to ten by adding a director from each of the Vernal, Roosevelt and Duchesne exchanges. The three new director positions will be for three year terms each with the terms to be staggered. The Board of Directors of UBTA will initially appoint the directors for the Vernal, Roosevelt and Duchesne exchanges to serve beginning on the effective date of the Merger. The director from the Duchesne exchange will be appointed to serve until the annual meeting in 2005 and, then, be elected by the members for the next three-year term; the director from the Roosevelt exchange would be appointed annually to serve until the annual meeting in 2006 and, then, be elected by the members for a three-year term; and the director from the Vernal exchange would be appointed annually to serve until the annual meeting in 2007 and, then, be elected by the member for a three-year term. The seven existing directors for UBTA would continue to serve the terms for which they are presently elected. All of the other provisions of the present UBTA Bylaws governing directors and their election would apply to the new directors.

**C. Management**

The Board of Directors will maintain all current management of UBTA and UBET Telecom in the operations of the consolidated company. Current management of UBTA and UBET Telecom has the technical expertise, management skills and financial ability to operate and maintain the consolidated operations of the merged companies.

**D. Membership**

The current UBTA membership fee is \$200.00 subject to future adjustment by the Board of Directors. To assist the UBET Telecom subscribers in paying the membership fee, UBTA will amend its Articles of Incorporation and Bylaws to provide for two classes of members -- Class A and Class B. All current members of UBTA are Class A members having paid a \$200.00 membership fee. All Class A members will, following the Merger, have all of the rights they currently have, including the right to vote, receive patronage and become a director, if elected.

Subscribers in the UBET Telecom exchanges will, at the time of the merger become Class B members until they have qualified to be Class A members. A Class B member would not have the right to vote or become a director but would accrue patronage. In order to qualify for Class A membership, a member may (1) pay the \$200.00 membership fee, (2) make an initial \$50.00 payment with the balance of the membership fee to be paid through deductions from the members' first patronage payments, or (3) make the initial \$50.00 payment in monthly installments of \$5.00 to paid with the monthly bill for telephone services with the balance to be paid through deductions from the members' first patronage payments. Upon completion of the Merger, all UBET Telecom subscribers will be considered to have elected to pay the membership fee pursuant to the installment plan described in (3) above unless a subscriber gives written notice that the subscriber elects one of the other arrangements described above or makes another arrangement with the company to pay the membership fee. Those who elect the payment options described in (2) and (3) above will become Class A members at such time at the \$50.00 has been paid. Those who elect to be Class B members will be converted to Class A members at such time as they have accrued patronage of \$200.00 which will then be applied to their Class A membership fee requirement. The membership fee is not refundable. The other terms of membership are set forth in the Bylaws.

Membership will entitle those subscribers in the UBET Telecom service territory to participate in the patronage distributions made by the consolidated company. Patronage payments are distributed to members on a periodic basis as determined by the Board of Directors. The amount of the patronage payments distributed to each of the members will be dependent upon the financial results of the operations of the consolidated company and the dollar amount of payments made by each member for services provided by the consolidated company.

**E. Approval by Members**

The Plan of Merger was approved by the members of UBTA at the 2004 Annual meeting held on April 29, 2004.

**F. Amendments to the Articles of Incorporation and Bylaws**

The Articles of Incorporation and Bylaws of UBTA will be amended to increase the number of directors from seven to ten and to provide for two classes of membership and such other changes as may be required to comply with the Plan of Merger.

The Articles of Incorporation and Bylaws of UBTA will also be amended to provide that the Articles of Incorporation and Bylaws of UBTA after the Merger may not be repealed, amended or changed except by one of the following procedures:

- a. Upon a ninety percent (90%) vote of all directors following written notice to the members; or
- b. Upon approval of seven of the ten exchanges by a two-thirds (2/3) vote of the members attending an exchange meeting specially called for that purpose.

#### **G. Assets and Liabilities**

As a result of the Merger, UBTA will acquire all property, real, personal and mixed, and all interests in and all other assets belonging to UBET Telecom. UBTA will become responsible and liable for all liabilities, obligations and claims of UBET Telecom.

### **IV. COMMUNITY INVOLVEMENT AND SUPPORT**

UBTA and UBET Telecom have received substantial community support for the proposed merger from the Uintah Basin's residential and small-business subscribers, community leaders, governing councils and commissions and economic and community development agencies. Information concerning the proposed merger has been widely disseminated to both members of UBTA and the subscribers of UBET Telecom through public meetings, newspaper articles and editorials and radio broadcasts.

#### **A. Public Meetings and Information**

Beginning with the Public Notice of the proposed Qwest acquisition which was provided to all residents of the Uintah Basin in January 2000 (a copy of which is attached as Exhibit A), UBTA and UBET Telecom have engaged the residential and small-business subscribers in the Uintah Basin in a continuing dialog designed to fully inform, and gauge the support from, the residential and small-business users of telecommunications services including

the following:

- Company Newsletter described, in detail, the Plan of Merger which was sent to all subscribers of UBTA and UBET Telecom on April 7, 2004 (a copy of which is attached as Exhibit B);
- Legal Notice published in Uintah Basin Standard on April 6, 2004, and April 13, 2004, containing the Plan of Merger (a copy of which is attached as Exhibit C);
- Public meeting regarding the proposed merger held April 20, 2004, in Roosevelt, Utah (a copy of the Press Release and Minutes of the Public Meeting are attached as Exhibit D);
- Annual Meeting of UBTA held on April 29, 2004 (a copy of the Public Notice of Annual Meeting published in the Uintah Basin Standard on January 27, 2004, and February 3, 2004, and pertinent excerpts from the Annual Meeting Booklet and Presentation are attached as Exhibit E).
- Public Service Announcements covering the proposed merger, including inviting the public to attend the Public Meeting held on April 15, 2004, were broadcasted by the radio stations in the Uintah Basin including KLCY, KXRQ, KNEU, and KVEL at numerous times during the period April 1, 2004, through April 28, 2004.
- Newspapers articles and editorials published in the Uintah Basin Standard and the Vernal Express describing the Plan of Merger and discussing its merits (copies of which are attached hereto as Exhibit F).

## **B. Community Support**

The proposed merger has received the support and endorsement of the following community leaders, governing councils and commissions and economic and community development agencies:

- Vernal City Council (a copy of the letter, dated July 22, 2004, from the Vernal City Council is attached as Exhibit G);
- Roosevelt City Corporation (a copy of the letter, dated June 21, 2004, from the Roosevelt City Manager is attached as Exhibit H);
- Duchesne City (a copy of the letter, dated June 22, 2004, from the Duchesne City Mayor is attached as Exhibit I);



- Uintah County Commission (a copy of the letter, dated June 22, 2004, from the Uintah County Commission is attached as Exhibit J);
- Duchesne County Commission (a copy of the letter, dated June 22, 2004, from the Duchesne County Commission is attached as Exhibit K);
- Vernal Area Chamber of Commerce (a copy of the letter, dated June 25, 2004, from the Vernal Area Chamber of Commerce is attached as Exhibit L);
- Duchesne County Chamber of Commerce -- Economic Development Office (a copy of the letter, dated June 20, 2004, from the Duchesne County Chamber of Commerce is attached as Exhibit M);
- Uintah County -- Vernal City Economic Development (a copy of the letter, dated June 22, 2004, from Uintah County -- Vernal City Economic Development is attached as Exhibit N).
- City of Naples (a copy of the letter, dated June 22, 2004, from the City of Naples Mayor is attached as Exhibit O);
- Representative Gordon E. Snow (a copy of the letter, dated June 25, 2004, from Representative Gordon E. Snow is attached as Exhibit P);
- Representative Jack A. Seitz (a copy of the letter, dated June 22, 2004, from Representative Jack A. Seitz is attached as Exhibit Q);
- Duchesne County School District (a copy of the letter, dated June 28, 2004, from the Duchesne County School District is attached as Exhibit R);
- Uintah Basin Medical Center (a copy of the letter, dated June 28, 2004, from the Uintah Basin Medical Center is attached as Exhibit S); and
- Moon Lake Electric (a copy of the letter, dated June 22, 2004, from Moon Lake Electric is attached as Exhibit T).

## **V. PUBLIC INTEREST CONSIDERATIONS**

The Merger described in the Plan of Merger will serve the public interest and provide benefits to the subscribers

in the UBET Telecom exchanges as well as those in the UBTA service territory. Each of these benefits is discussed below:

**A. Benefits of Membership**

Those subscribers in the UBET Telecom exchanges who become Class A members will be able enjoy all of those rights as Class A members of the cooperative which the members of UBTA currently have including the right to vote, the right to receive patronage and the right to become a director, if elected. . Even those electing the Class B payment plans will have the right to accrue patronage pending their qualification for Class A membership.

**B. Operational Benefits**

The Merger of UBTA and UBET Telecom will create one entity through which the telecommunications service needs of all of the subscribers in the Uintah Basin can be met through one provider. As such, all assets current owned and used in connection with telecommunication's services provided by UBTA and UBET Telecom, along with the operations of the two companies, will be consolidated into one operating entity. The networks of the two companies will be integrated into one network which will enable UBTA-UBET to develop and deploy more effectively the enhanced technologies which the subscribers in the Uintah Basin require. As a result, the telecommunication's services will be provided to subscribers in the Uintah Basin on a more cost-effective and efficient basis.

**C. Subscriber Benefits**

The proposed merger will help to unify all of those communities located in the Uintah Basin by treating the subscribers in the UBET Telecom exchanges in the same manner as those in the UBTA exchanges. All customers will have the benefit of dealing with one company throughout the entire Uintah Basin in the ordering and provisioning of their telecommunication services and all customer service assistance that they require. This will assist in avoiding those situations in which there is customer confusion as to the product offerings and the provider entity which arise as a result of separate local service providers in the Uintah Basin.

WHEREFORE, the Applicants respectfully request that the Commission approve the merger of UBTA and UBET Telecom into one company, UBTA-UBET, pursuant to the terms and conditions of the Plan of Merger and this

Joint Application.

DATED this 9th day of August 2004.

BLACKBURN & STOLL, L.C.

Stanley K. Stoll  
Attorneys for UBTA and UBET Telecom

**CERTIFICATE OF SERVICE**

I hereby certify that I caused the foregoing *Joint Application* to be served upon the following persons by mailing a true and correct copy of the same, postage prepaid, to the following on August 9, 2004:

Michael Ginsberg  
Assistant Attorney General  
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