

BLACKBURN & STOLL, LC

Charles M. Bennett
Kristy L. Bertelsen
Michael D. Blackburn
David J. Castleton
Jane A. Clark
Thomas Christensen, Jr.
Mark D. Dean
Michael E. Dyer
Sharon J. Eblen
Bret A. Gardner
Bryce D. Panzer
Dori K. Petersen
Eric L. Robinson
Kira M. Slawson
Stanley K. Stoll
Thomas C. Sturdy

Attorneys at Law
257 East 200 South, Suite 800
Salt Lake City, Utah
84111

Telephone (801) 521-7900
Fax (801) 521-7965

Stanley K. Stoll

February 23, 2006

VIA HAND DELIVERY

Julie Orchard, Secretary
Public Service Commission of Utah
Heber M. Wells Building
160 East 300 South
Salt Lake City, Utah 84111

Re: *Increase in USF Funding for UBTA-UBET Communications, Inc., in Docket No. 05-053-01*

Dear Ms. Orchard:

UBTA-UBET Communications, Inc. (“UBTA-UBET”), respectfully requests that the Public Service Commission of Utah (the “Commission”) reconsider its determination, as contained in its February 9, 2006 letter to the undersigned, that the increase in USF support ordered by the Commission not take effect until the merger creating UBTA-UBET had been completed.

While the Commission now states that it intended that the increase in USF eligibility not take effect until the

completion of the merger, the express terms of its November 5, 2005 Order in the above-referenced docket (the “Order”) indicate otherwise. The Order, at page 6, ¶1, provides that the Stipulation “is approved and its terms shall take effect upon completion of the merger of Uintah Basin Telecommunications Association, Inc. and UBET Telecom, Inc.”

One of the material terms which is contained in the approved Stipulation is the date on which the USF eligibility becomes effective. Paragraph 15 of the Stipulation expressly provides that the “increase in the authorized USF distribution described in paragraph 11 [of the Stipulation] be effective upon Commission’s order authorizing such and that the increase in rates set forth herein paragraphs 9 and 10 become effective upon the Applicants’ satisfaction of the requirements of Utah Code Annotated §§ 54-7-12(6) and 54-7-12(7).” Accordingly, it is the date on which the increase in USF eligibility was to occur, i. e., upon the issuance of the Order by the Commission, that is the term of the Stipulation that is at issue. The Order does not provide that the date specified in the Stipulation on which the increase in USF eligibility would be effective would be modified or otherwise delayed.

The Commission notes that no party sought reconsideration or rehearing of the Order. UBTA-UBET did not seek such reconsideration or rehearing because a literal reading of the Order states that the terms of the Stipulation (which would include the date on which the increase in USF eligibility would be effective) would take effect on the completion of the merger. While it was understood by UBTA-UBET that it would not receive any payments of the increased USF funding until completion of the merger, it reasonably concluded, based on the Order, that once the merger had been completed it would receive the increased USF funding based on the date contained in the Stipulation.

UBTA-UBET’s understanding was consistent with the line of inquiry made by Judge Goodwill at the hearing in the above-referenced docket. During the hearing, Judge Goodwill noted that he had some concern about the rate increase becoming effective prior to the implementation of the merger. Counsel for UBTA-UBET stated that the company intended to implement rate increases at the same time that the merger was implemented. Judge Goodwill then queried counsel “[s]o if the Commission were to put that in its order that wouldn’t cause the company any problems?” (Transcript of Proceedings, page 39, lns. 5-7) Counsel for UBTA-UBET then acknowledged that it would not.

At no time did Judge Goodwill suggest that the Commission would consider a modification of the Stipulation regarding the date on which the increase USF eligibility would become effective. Given the express provisions of the Order and Judge Goodwill’s course of inquiry at the hearing, there was no basis upon which UBTA-UBET would reasonably conclude that a request for reconsideration or rehearing was warranted.

The Commission’s February 9, 2006 letter also claims that UBTA-UBET seeks USF payments for an entity that did not exist prior to January 1, 2006. Actually, UBTA-UBET did exist prior to that date. UBTA-UBET Communications, Inc., is the same corporation as Uintah Basin Telecommunications Association, Inc. (“UBTA”). Its name was changed in conjunction with the merger. Likewise, UBET Telecom, Inc. (“UBET”), existed prior to that date. UBTA-UBET disagree with the Commission’s position that payments made to UBTA-UBET for the period prior to January 1, 2006 would be neither reasonable or possible. Any payments made would be allocated to UBTA and UBET.

While the application for an increase in USF eligibility was made on a consolidated basis, the analyses conducted by the DPU and the Committee clearly supports the eligibility of the two companies for increased USF support. In fact, UBTA and UBET had received substantially less in USF funding than which it was entitled to for at least two years due to a reduction in USF eligibility in November 2003. UBTA and UBET believe that the amount by which they were underfunded for that two-year period to be in excess of \$1,600,000.

As a result, the companies have had fewer financial resources available to provide services to the subscribers in the Uintah Basin. Denying UBTA-UBET and its customers the benefits of the increased USF funding approved by the Commission for an additional two-month period simply compounds the impact of the prior reductions in USF. UBTA-UBET submit that denying it the increased USF funding for the period November 4, 2005 through December 31, 2005, is not in the public interest.

Accordingly, UBTA-UBET request that the Commission reconsider its determination as to the date on which increased USF eligibility is effective for purposes of Docket No. 05-053-01 and determine that November 4, 2006 be

the effective date for such purposes.

If you have any questions concerning the above, please feel free to contact me at your convenience.

Very truly yours,

BLACKBURN & STOLL, LC

Stanley K. Stoll