
BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION FOR INCREASE IN USF ELIGIBILITY FOR UINTAH BASIN TELECOMMUNICATIONS ASSOCIATION, INC., AND UBET TELECOM, INC.

STIPULATION BY AND AMONG UINTAH BASIN TELE-COMMUNICATIONS ASSOCIATION, INC., UBET TELECOM, INC., DIVISION OF PUBLIC UTILITIES AND COMMITTEE OF CONSUMER SERVICES

DOCKET NO. 05-053-01

Pursuant to Utah Code Annotated § 54-7-1, Uintah Basin Telephone Association, Inc. (“UBTA”) and UBET Telecom, Inc. (“UBET Telecom”) (collectively, the “Applicants”), the Division of Public Utilities (“Division”) and the Committee of Consumer Services (“Committee”), (collectively, the “Parties”), stipulate and move the Public Service Commission of Utah (“Commission”), as follows:

1. Applicants filed their Application for Increase in USF Eligibility on April 27, 2005 (the “Application”), pursuant to Utah Code Annotated § 54-8b-15 and R746-360 of the Commission’s Rules of Practice and Procedure.
2. The Application was filed by the Applicants with the Commission on a consolidated basis in anticipation of the implementation of the dissolution of UBET Telecom that results in the merger of the Applicants as described and approved by the Commission in Docket No. 04-053-03.
3. In the Application, the Applicants represented that their intrastate 2004 test year revenues fell short of the intrastate revenue requirement, on a consolidated basis, in the amount of \$7,238,847. As such, Applicants requested an increase of \$7,238,847 to the current intrastate USF distribution of \$81,153 for a total annual intrastate USF distribution of \$7,320,000.
4. The Division conducted an audit of the books and records of the Applicants pertaining to the Applicant’s interstate and intrastate operations. Further, the Parties engaged in the discovery process and the Division and Committee filed testimony in response to the application. Based upon the audit results and recommendations and the testimony filed by each of the Parties, the Parties engaged in settlement discussions that concluded in the agreement described herein.
5. Applicants agree to withdraw from the Application any request pertaining to the Plant Acquisition and Amortization Adjustment relating to the purchase of the Vernal, Duchesne and Roosevelt exchange in April 21, 2001 as described in Exhibit 1.1, Note (f) to the Application.

6. Applicants agree to withdraw from the Application, for purposes of this Docket only, any request pertaining to the Alternate or Redundant Route described in Exhibit 1.1, Note (e) to the Application. The Division and the Committee agree that the foregoing shall not preclude Applicants from seeking rate increases or increased USF eligibility related to the Alternate or Redundant Route in the future. The Parties agree to jointly work together to address the feasibility of a redundant route that meets the needs of the subscribers/customers of the Applicants.
7. The Parties agree that, for the purposes of this Docket only, the Return on Debt shall be set at 6.01%, the Return on Equity at 9.50% and the overall Rate of Return at 6.080%. The foregoing returns are applied to the actual capital structure of the Applicants rather than a hypothetical capital structure.
8. The Parties agree that, based on the foregoing, an increase in the intrastate revenue requirement for the Applicants, on a consolidated basis, of \$1,719,646 is just and reasonable.
9. The Parties agree, and recommend to the Commission, that the Base Affordable Rate for the Applicants' basic local residential and business rates be increased by \$3.00 per month. Such increases would result in the following:
 - a. Basic local residential rates increased by \$3.00 per month, from \$13.50 per month to \$16.50 per month.
 - b. Basic local business rates increased by \$3.00 per month, from \$23.00 per month to \$26.00 per month.The increase in the basic local residence and business rates to \$16.50 and \$26.00, respectively, constitutes an increase in the Base Affordable Rate for the Applicants as calculated pursuant to Utah Code Annotated § 54-8b-15 and R746-360. The Applicants serve customers only in areas considered rural in Utah.
10. The Parties agree that, based on increases in Vernal traffic in connection with the Basin-wide EAS implemented pursuant to the Commission's Order in Docket No. 02-053-02, the EAS rates for Vernal customers should be increased by \$1.00 per month, from \$0.80 per month to \$1.80 per month.
11. Of the \$1,719,646 increase in the intrastate revenue requirement described in paragraph 8, \$684,403 would be generated by the implementation of the rate increases described in paragraphs 9 and 10 above.
12. The balance of the increase in the intrastate revenue requirement for the Applicants shall be funded by the intrastate USF by a \$1,035,243 increase to the current \$81,153 USF support, resulting in intrastate USF support totaling \$1,116,396.
13. The rates described in paragraph 9 and 10, and the USF distribution set forth in paragraph 11, are fair, just and reasonable and in the public interest.
14. The Division and the Committee having reviewed the necessary information and schedules filed by the Applicants have determined that the increase in the revenue

requirement and the rates, charges and USF eligibility set forth herein are in the public interest of the subscribers of the Applicants and are just and reasonable.

15. The Parties recommend to the Commission that the increase in the authorized USF distribution described in paragraph 11 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).
16. The Division and the Committee further recommend that the Commission approve such revised tariff page(s) as may be required to implement the increase in rates set forth in paragraph 9 hereof.
17. Until such time as the Applicants' capital structure, as described in paragraph 7, shall achieve a ratio of 20% equity and 80% debt, Applicants shall provide not less than thirty (30) days prior written notification to the Division and the Committee of proposed patronage payment to the members of the UBTA-UBET cooperative.
18. Based on the foregoing, the Parties assert that the increases in the Base Affordable Rate and USF eligibility provided herein is in the public interest and should be approved by the Commission.
19. Nothing in this Stipulation alters or amends the provisions in the Protective Order entered in this Docket, or the Applicants' privileged or confidential classifications of the data, documents or testimony filed herein.
20. The Parties agree that this Stipulation represents a resolution among them of the matters in this proceeding included within this Stipulation. As such, all discussions, evidence or conduct relating to this Stipulation are privileged and confidential.
21. This Stipulation shall not become effective unless and until (1) the Commission enters a final order approving this Stipulation which is not subject to any further judicial review, and (2) the terms hereof have been fully implemented. In the event the Commission or a court rejects all or any portion of this Stipulation as resolving the issues included within this Stipulation, or imposes additional conditions with respect to such issues, each Party reserves the right to withdraw from this Stipulation. In such case, no Party to this Stipulation shall be bound or prejudiced by the terms of this Stipulation, and each Party shall be entitled to seek reconsideration of the Commission order, to file any testimony it chooses, to cross-examine witnesses, and in general to put on such case as it deems appropriate. If this Stipulation does not become effective according to its terms, it shall be null and void unless otherwise agreed to by the Parties.

22. Except to the extent expressly stated in this Stipulation, nothing in this Stipulation shall be (1) cited or construed as precedent or as indicative of the Parties' positions on a resolved issue, or (2) asserted or deemed to mean that a Party agreed with or adopted another Party's legal or factual assertions in this or any other proceeding, including those before the Commission, the state courts of Utah or of any other state, the federal courts of the United States of America, or the Federal Communications Commission. The limitation in this paragraph shall not apply to any proceeding to enforce the terms of this Stipulation or any Commission order adopting this Stipulation.
23. The Parties acknowledge that this Stipulation is the product of negotiations and compromise and shall not be construed against any Party on the basis that it was the drafter of any or all portions of this Stipulation. This Stipulation constitutes the Parties' entire agreement on all matters set forth herein, and it supersedes any and all prior oral and written understandings or agreements on such matters that previously existed or occurred in this proceeding, and no such prior understanding or agreement or related representations shall be relied upon by the Parties. By entering into the Stipulation, the Parties intend that the Commission exercise only that authority contained in applicable laws.
24. Each Party shall take all actions necessary and appropriate to enable it to carry out this Stipulation, including, providing witnesses and argument in support of the approval by the Commission of the Stipulation.
25. The Parties agree that their obligations under this Stipulation are subject to the Commission's approval of this Stipulation in accordance with its terms and conditions.
26. The Parties recommend that the Commission adopt this Stipulation in its entirety. No Party shall appeal any portion of this Stipulation and no Party shall oppose the adoption of this Stipulation pursuant to any appeal filed by any person not a party to the Stipulation. The Applicants, the Committee, and the Division shall make witnesses available to provide testimony in support of this Stipulation, including testimony to explain the basis of their support for this Stipulation. In the event other parties introduce witnesses opposing approval of the Stipulation, the Parties agree to cooperate in cross-examination and in providing testimony as necessary to rebut the testimony of opposing witnesses.

27. The Parties agree that this Stipulation is in the public interest and that all of its terms and conditions are fair, just and reasonable.
28. This Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

DATED this ____ day of October, 2005.

Blackburn & Stoll, L.C.

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