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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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IN THE MATTER OF THE INCREASE OF RATES AND CHARGES AND USF ELIGIBILITY BY CARBON/EMERY TELCOM, INC.

STIPULATION

DOCKET NO. 05-2302-01

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**STIPULATION**

Pursuant to Utah Code Annotated § 54-7-1, Carbon/Emery Telcom, Inc. (the "Applicant"), 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. Applicant filed its Application for Increase of Rates and Charges and USF Eligibility on June 17, 2005 (the "Application"), pursuant to Utah Code Annotated §§ 54-7-12 and 54-8b-15 and R746-360 of the Commission's Rules of Practice and Procedure. On September 1, 2005, Applicant filed its Supplement to Application for Increase of Rates and Charges and USF Eligibility (the Application and Supplement to Application are hereinafter collectively referred to the "Application").
2. The Division conducted an audit of the books and records of the Applicant 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 and the Applicant's testimony. The Applicant filed testimony in response to that of the Division's and the Committee's. 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.
3. The Parties agree to an increase in the intrastate revenue requirement for the Applicant of \$1,200,000.
4. The Parties agree, and recommend to the Commission, that the Base Affordable Rate for the Applicant's basic local residential and business rates be established in this case at \$14.50 per month and \$24.00 per month, respectively. Increases of current rates to the Base Affordable Rate would result in the following:
  - a. Basic local residential rates increased by \$3.47 per month, from \$11.03 per month to \$14.50 per month.
  - b. Basic local business rates increased by \$4.63 per month, from \$19.37 per month to \$24.00 per month.The local residence and business rates of \$14.50 and \$24.00, respectively, constitute for this case the Base Affordable Rate for the Applicant pursuant to Utah Code Annotated § 54-8b-15 and R746-360. The Applicant serves customers only in areas considered rural in Utah.
5. The Parties further agree, and recommend to the Commission, that the intrastate access rates be increased as follows:
  - The local switching rate is increased from \$0.010800 to \$0.03690 in the Carbon/Emery exchanges.
  - The composite local transport charge is increased from \$0.001061 to \$0.00560 in the Carbon/Emery exchanges.
6. Of the \$1,200,000 increase in the intrastate revenue requirement described in paragraph 4 above, \$949,286 would be generated by the implementation of the rate increases described in paragraphs 4 and 5 above.
7. The balance of the increase in the intrastate revenue requirement for the Applicants shall be funded by the intrastate USF in the amount of \$250,714.
8. The Parties agree that the depreciation rate changes proposed by the Applicant on Schedule S-6, p. 2 of 2 for accounts #2121 -

buildings, #2422 - underground cable, #2423 - buried cable, #2426 - intrabuilding net and #2441 - conduit system will be approved effective with the Commission's Order.

9. Applicant agrees to cooperate with the Division and Committee in any EAS study or Access Charge Study performed by the Division.
10. The Parties agree that the increase in the revenue requirement, the Base Affordable Rate 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 and should be approved by the Commission.
11. 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 5 and 6 become effective upon the Applicants' satisfaction of the requirements of Utah Code Annotated § 54-7-12(7).
12. 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 paragraphs 5 and 6 hereof.
13. 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 or conduct relating to this Stipulation are privileged and confidential.
14. 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.
15. 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.
16. 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.
17. 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.
18. 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.
19. 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.
20. The Parties agree that this Stipulation is in the public interest and that all of its terms and conditions are fair, just and reasonable.
21. This Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

DATED this 19th day of December, 2005.

Blackburn & Stoll, L.C.

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Division of Public Utilities  
State of Utah

Michael Ginsberg  
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Committee of Consumer Services

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