

BEFORE THE UTAH PUBLIC SERVICE COMMISSION

In the Matter of Direct Communications Cedar Valley, LLC and Its Petition to Establish a Rate Base.	Stipulation Docket No. 06-2419-02
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Pursuant to Utah Code Annotated Sections 54-7-1, 54-4-21 and 54-4-24 Direct Communications Cedar Valley LLC (Direct) and the Division of Public Utilities (Division) submit to the Commission for its approval depreciation rates for the assets of Direct and a valuation of the assets of Direct.

1. Direct is the local exchange telecommunications company within the City of Eagle Mountain. Direct purchased the assets of the municipal telephone system operated by the City and was issued a Certificate of Convenience and Necessity by the Commission on August 9, 2004 in Docket Number 04-2419-01. After receiving approval from the Federal Communications Commission, Direct began operations on February 1, 2006. The current assets of Direct consist of the assets purchased from the City and additions subsequent to beginning operations on February 1, 2006.

2. On September 22, 2006 Direct filed a letter with the Commission that had attached to it proposed depreciation rates. The Commission established docket 06-2419-01 for this letter. In addition the letter indicated that Direct would

also be seeking a determination of the value of the assets purchased from the City and any additions that have occurred. Direct asserted that such a determination is needed for them to make future regulatory filings.

3. On December 13, 2006 Direct filed a Petition with the Commission that created Docket 06-2419-02. In that Petition Direct requested approval of the depreciation rates previously submitted and an establishment of the value of its assets. Exhibit 1 to that Petition is the proposed valuation of Direct and Exhibit 2 is the proposed Depreciation rates of Direct. Direct asserts that these determinations are needed to allow Direct to close its 2006 books and allow Direct to file financial statements with this Commission, the Federal Communications Commission, the National Exchange Carriers Association and other various governmental agencies.

4. On December 26, 2006 a Protective Order was issued in Docket 06-2419-02.

5. Direct filed a Memorandum to the Commission a copy of which was sent to the Division requesting a waiver of two of the reporting requirements contained in the Stipulation between Direct, the Division and the Committee. Those requirements were incorporated into the Commission's Order granting Direct a Certificate. The request for a waiver, which was never filed directly with the Commission by Direct, is attached to this Stipulation as Exhibit 3. At the request of Direct, a copy was provided to the Commission by the Division.

6. The Division and Direct have met on a number of occasions, and jointly request that the Commission issue an Order establishing depreciation

rates for Direct and a determination of the value of Directs assets consistent with the following exhibits:

- a. Exhibit 2 Direct Communications Depreciation rates to be effective February 1, 2006;
- b. Exhibit 1 Direct Gross Plant Balance, total accumulated depreciation and net book value as of February 1, 2006.

7. The parties agree that the Commission is approving the use of Exhibit 1 and 2 for Financial reporting to this Commission and other regulatory agencies, and for the establishment of initial gross plant balance and total accumulated depreciation as of February 1, 2006.

8. In addition to the actions specified below, Direct agrees to file the following reports with the Commission. The scheduled filing of these reports is not intended to waive, modify or alter any provisions of the Commission's Order granting a Certificate of Convenience and Necessity or the Stipulation between the Division, Committee and Direct.

- a. Within two weeks of the issuance of an Order in this Docket Direct will file Verified Financial Statements with the Commission, Division and Committee for the period ending December 31, 2006 and shall continue filing those Financial Statements semi-annually;
- b. Direct will properly and timely file the traffic studies with the Division and Committee each quarter on March 31, 2007 and thereafter as required by the Stipulation and Commission Order granting the Certificate;

c. Direct will fully cooperate in a financial review of Direct's books and records to occur after Direct files its 2006 annual report. There is no implication intended in this language to suggest that Direct has been other than fully cooperative.

9. The parties to this Stipulation recommend that the Commission adopt it in its entirety. If needed Direct and the Division shall make witnesses available to provide support for this Stipulation including testimony explaining their bases for support of Exhibit 1 and 2.

10. In the event the Commission rejects any or all of this Stipulation, or imposes any additional material conditions on approval of this Stipulation, or in the event the Commission's approval of this Stipulation is rejected or conditioned in whole or in part by an appellate court, each party reserves the right, upon written notice to the Commission and the other parties to this proceeding delivered no later than 5 business days after the issuance date of the applicable Commission or court order, to withdraw from this Stipulation. In such case, no party shall be bound or prejudiced by the terms of this Stipulation, and each party shall be entitled to undertake any steps it deems appropriate.

11. The parties agree that this Stipulation is in the public interest and that all of its terms and conditions are fair, just and reasonable.

12. No party is bound by any position asserted in the negotiation of this Stipulation, except to the extent expressly stated herein, nor shall this Stipulation be construed as a waiver of the rights of any party unless such rights are expressly waived herein. Execution of this Stipulation shall not be deemed to

constitute an acknowledgement by any party of the validity or invalidity of any particular method, theory or principle of regulation, cost recovery, cost of service or rate design, and no party shall be deemed to have agreed that any method, theory or principle or regulation, cost recovery, cost of service or rate design employed in arriving at this Stipulation is appropriate for resolving any issues in any other proceeding in the future except as specified herein. No findings of fact or conclusions of law other than those stated herein shall be deemed to be implicit in this Stipulation.

Dated this _____ Day of April 2006.

Direct Communciations Cedar Valley, LLC

Kip Wilson

General Manager

Utah Division of Public Utilities

Michael Ginsberg

Assistant Attorney General