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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Increase of Rates And Charges and Increase in USF Eligibility for Manti Telephone Company	Stipulation Regarding Stay of USF Payback Docket No. 08-046-01
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Pursuant to Utah Code Ann. § 54-7-1 and R746-100-10.F.5, the Utah Division of Public Utilities (Division), the Office of Consumer Services (“OCS”), and Manti Telephone Company (“Manti”) (collectively, “Parties”) hereby request that the Public Service Commission of Utah (“Commission”) enter an order approving this Stipulation (“Stipulation”).

Background and Procedural History

1. On January 28, 2013, Manti Telephone Company (“Manti”) filed a Motion for Reconsideration and Review or Rehearing of the Commission’s Confidential Report and Order (“Order”), issued December 28, 2012. Manti also requested that the Commission’s Order be stayed pursuant to Utah Code Annotated Section 54-7-17.

2. The Division, in its January 15, 2013 memorandum filed in this docket, stated: “Due to the magnitude of the payback relative to the size of . . . Manti’s operations, the Division believes that the 12 month payback period may not be feasible for Manti to comply with and continue to provide reliable basic telephone service to its customers. The Division believes that it may be in the public interest for the Commission to allow an extended pay back schedule.”

3. On February 15, 2013, the Commission issued an Order Granting Limited Review and Notice of Scheduling Order (the “Review Order”) in which the Commission granted limited review to determine whether the 12 month pay back schedule provided for in the March 10, 2011 Stipulation is in the public interest in light of the size of the Utah Universal Service Fund (“UUSF”) repayment amount.

4. In the Review Order, the Commission ordered a 120 day stay of the repayment obligation to allow the Commission to receive testimony on the issue of the duration of the repayment schedule. The Commission asked the parties to meet to discuss alternatives to the 12 month stipulated payback schedule, and to file testimony on Manti’s financial capability to repay the ordered refund.

5. The Review Order required Manti to develop a compliance plan which would bring Manti into compliance with GAAP and all other relevant legal, financial, accounting and regulatory standards (“Compliance Plan”). The Review Order encouraged Manti to work with the Division to determine the adequacy of the Compliance Plan, and directed the Division to report, in testimony, on the adequacy of Manti’s Compliance Plan and the adequacy of Manti’s progress in bringing its records and accounting practices into compliance.

6. Since the February 15, 2013 Review Order, Manti has met with the Division and the OCS to discuss the Company’s financial situation and efforts made with the Compliance Plan. Manti, the Division, and the OCS have had several meetings and conference calls. Manti has provided responses to Data Requests No. 31, 32, and 33, and the Division has conducted an on-site review of the Company’s financial records.

7. With regard to the 12 month payback period, Manti has testified that it does not currently have the ability to repay the UUSF over a 12 month period, and the Division’s review of Manti’s financial position confirms this.

8. The Division believes, other than the offset of monthly UUSF payments, it is in the public interest to defer Manti's pay back obligation until the conclusion of Manti's next Application for Increase in USF Distribution or January 1, 2016, whichever first occurs.

9. Manti intends to file its Application for Increase in USF Distribution ("Application") by December 31, 2013, or as soon thereafter as practicable.

10. The OCS is supportive of staying Manti's payback obligation so long as Manti commits to provide financial and operational documentation in its next general rate case filing or its Application for Increase in USF Distributions.

STIPULATION Specific Terms and Conditions

1. The Parties request the Commission to stay Manti's pay back obligation to the UUSF, other than the offset of monthly UUSF payments, until the conclusion of Manti's next Application for Increase in USF Distribution ("Application"), or January 1, 2016. Manti has indicated its intention to file an application by December 31, 2013, or as soon thereafter as practicable. The Parties agree to address the issue of the timing of Manti's payback obligation for Commission consideration in the Application proceeding.

2. Manti agrees to provide certain financial and operational documentation in its next general rate case or its Application for Increase in USF Distributions:

- a. For MTCC (and any other separately incorporated affiliate/entity with common ownership or employees) the compilation of financial statements by auditors and trial balance for 2012 and 2013 (and updated year-to-date trial balance throughout any period of rate case review.)
- b. A list of the number of residential and business customers for each service provided via the fiber facilities for the current period and certain reasonable historical periods.
- c. Payroll ledger/payroll register – showing for each employee that charges time from MTCC to MTC the total compensation, hourly rate, overtime pay, and number of regular and overtime hours. Also, showing all payroll amounts charged to MTC by each MTCC employee.

- d. List of all affiliate transactions and related party transactions between MTC and MTCC (and any other separately incorporated affiliate/entity with common ownership or employees). Related party transactions would include transactions between MTC and current and former stockholders, owners, officers, and family members. The list of transactions should show the amount of the transaction, the entities involved, description of the transaction, and provide documents/calculations showing that how the amounts were determined. In addition, all documents supporting the transactions should be provided, such as contracts, tariffs, etc.
- e. All loan transaction documents, including the original loan request and related documentation when/if MTC is able to locate the documents.

3. Utah Code Ann. § 54-7-1 authorizes the Commission to approve informal resolution, by agreement of the parties so long as the agreement is just and reasonable. The Parties agree that this Stipulation as a whole is just and reasonable with respect to Manti's Request for Stay of the Payback Obligation. This Stipulation does not resolve and does not provide any inferences regarding, and the Parties are free to take any position with respect to, any issues not specifically called out and resolved herein.

4. The Parties agree to support this Stipulation at the hearing.

5. The Parties agree that if any person challenges the approval of this Stipulation or requests rehearing or reconsideration of any order of the Commission approving this Stipulation, each Party will use its best efforts to support the terms and conditions of this Stipulation. As applied to the Division and the Office, the phrase "use its best efforts" means that it shall do so in a manner consistent with its statutory authority and responsibility. In the event any person seeks judicial review of a Commission order approving this Stipulation, no Party shall take a position in that judicial review opposed to the Stipulation.

6. Except with regard to the obligations of the Parties under the five immediately preceding paragraphs of this Stipulation, this Stipulation shall not be final and binding on the

Parties until it has been approved without material change or condition by the Commission. This Stipulation is an integrated whole, and any Party may withdraw from it if it is not approved without material change or condition by the Commission or if the Commission's approval is rejected or materially conditioned by a reviewing court. If the Commission rejects any part of this Stipulation or imposes any material change or condition on approval of this Stipulation or if the Commission's approval of this Stipulation is rejected or materially conditioned by a reviewing court, the Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to determine if they are willing to modify the Stipulation consistent with the order. No Party shall withdraw from the Stipulation prior to complying with the foregoing sentence. If any Party withdraws from the Stipulation, any Party retains the right to seek additional procedures before the Commission, including presentation of testimony and cross-examination of witnesses, with respect to issues resolved by the Stipulation, and no party shall be bound or prejudiced by the terms and conditions of the Stipulation.

7. This Stipulation is made upon the express understanding that it constitutes a negotiated settlement. The provisions of this Stipulation shall not be construed as or deemed to be a precedent by any party or the Commission with respect to any issue, principle, or interpretation or application of law and regulations, for any purpose or in connection with any proceeding before a court of law or any state or federal government regulatory body.

8. This Stipulation may be executed by individual Parties through two or more separate, conformed copies, the aggregate of which will be considered as an integrated instrument.

Relief Requested

9. Based on the foregoing, the Parties request that the Commission enter an order approving the terms and conditions set forth in this Stipulation.

Respectfully submitted this 31st day of May, 2013.

Chris Parker
Division of Public Utilities

BLACKBURN & STOLL L.C.

Kira M Slawson
Attorneys for Manti Telephone Company

Michele Beck
Office of Consumer Services

CERTIFICATE OF SERVICE

I hereby certify that a copy of the **Stipulation** was transmitted electronically (email) on this the 31st day of May, 2013 to the following:

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