By The Commission:

The Commission held a duly noticed scheduling conference on Thursday, September 30, 2010. Kira Slawson was counsel for Manti Telephone Company (Company). Appearing telephonically for the Company was Ray Hendershot and Paul Cox. Patricia Schmid, assistant attorney general, was counsel for the Division of Public Utilities (Division). Division staff, Phil Powlick, Bill Duncan, and Paul Hicken also attended. Eric Orton attended for the Office of Consumer Services (OCS).

Based on the discussion at the scheduling conference, the following is set as the second interim scheduling order in this matter:

<table>
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<th>Item</th>
<th>Deadline</th>
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<td>The Company shall file a report with the Division detailing how it has addressed issues raised in the December 24, 2008 letter received by the Company. (The text of the letter is attached as Exhibit A)</td>
<td>Monday, October 4, 2010</td>
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<td>The Division shall make a recommendation to the Commission. It shall specifically address the extent to which the Company has complied with the Stipulation in this docket (which Stipulation was finalized on or about December 8, 2008) and the extent to which it has addressed issues raised in the December 24, 2008 letter.</td>
<td>Thursday, November 4, 2010</td>
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If needed, the Division shall file any Motion to Dismiss, Motion for Order to Show Cause, or any other and further appropriate recommendation.

Monday, November 15, 2010

The Commission will schedule further matters as needed.

DATED at Salt Lake City, Utah, this 30th day of September, 2010.

/s/ Ruben H. Arredondo
Administrative Law Judge

Attest:

/s/ Julie Orchard
Commission Secretary
Dear Mr. Cox:

The Public Service Commission has scheduled a stipulation hearing on December 29, 2008 to discuss the details of interim USF subsidies to Manti Telephone Company (MTC). As you know, there are a number of accounting issues that were presented to MTC during the settlement conference on Oct 25th and we assume you and your accountants have reviewed and discussed these issues. The agreement for interim USF subsidies stipulates that there will be quarterly progress reports from MTC on how the company is resolving these issues. The first quarterly report is due to be filed on December 31, 2008 The issues previously mentioned are listed as follows:

1. The purchase of the Ephraim exchange including the acquisition adjustment for plant, depreciation and amortization was not recorded correctly.

2. Manti has not followed USOA Part 32 for proper classification of income, expense, and plant asset accounts.
   a. Plant accounts should be reviewed and adjusted for expenses and expense accounts should be reviewed and adjusted for plant. For example, labor was capitalized when it should have been expensed.
   b. No work order tracking procedure in place. We want to see a job code or project code on time sheets and invoices to track materials and labor per project.
   c. Payroll timesheets are inadequate for tracking labor allocations. Timesheets should be modified to show projects, activities and other categories. Employees should be trained to indicate under which categories there labor hours should be assigned. (resolution in process)

3. Depreciation for some plant accounts has been calculated using incorrect rates.

4. A detailed adjusted plant balance is not currently available. We would like to have a corrected plant balance for year ended 12/31/2007 as soon as possible and complete a review of 2008 as soon as practical upon completion on 2008 financial results.

We would expect that in your first quarterly report, for you to outline your responses to these issues and to provide a review of what steps have been taken to address these issues, and a timetable for implementation of future actions. We would propose a meeting shortly after receiving your first quarterly report to discuss differences between the DPU and MTC if any, and necessary steps to address these accounting issues.

Sincerely,

/s/ Bill Duncan
Manager, Telecom and Water
Division of Public Utilities