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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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IN THE MATTER OF THE  
APPLICATION FOR USF ELIGIBILITY  
FOR SOUTH CENTRAL UTAH  
TELEPHONE ASSOCIATION, INC.

STIPULATION REGARDING  
APPLICATION FOR INTERIM USF  
SUPPORT

DOCKET NO. 10-052-01  
**REDACTED VERSION**

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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”) and South Central Utah Telephone Association, Inc. (“South Central”) submit this Stipulation on Interim USF Rate Relief as follows:

Procedural History and Background

1. On November 4, 2010, South Central filed a request for USF eligibility (the “Original Application”).
2. South Central proposed that its revenue requirement and USF distribution be based on a 2009 test year with certain known and measurable changes.
3. On December 2, 2010, South Central filed an Amended Request for USF Eligibility (the “Amended Application”) to comply with the requirements of PSC R746-360-8

(the “Total Company Rule”). In its Amended Application, South Central proposed an annual USF distribution of \$1,306,289. The Original Application and the Amended Application are hereinafter referred to collectively as the “Application”.

4. On December 15, 2010, the Commission held a scheduling conference in this Docket, and issued a scheduling order that established a settlement conference and confirmed a hearing date for this matter of May 31, 2011 and June 1, 2011.

5. On January 11, 2011, South Central filed a Request for Interim USF Relief in the annual amount of \$960,000.

6. Since the initial filing of the Application, the Division has submitted multiple data requests to South Central and conducted an on-site audit of South Central on January 25-January 28, 2011.

7. Subsequent to the filing of South Central’s Amended Application, South Central determined that the 2009 test year, adjusted for known and measurables in 2010, overstated South Central’s 2010 revenues, resulting in an understatement of its revenue deficiency. As a result of the reduction in actual revenues for 2010, South Central and the Division agree that there are additional issues that need to be thoroughly examined in order to determine an accurate USF distribution.

8. Therefore, South Central and the Division of Public Utilities have agreed to a level of interim USF support as these issues are being reviewed. It is anticipated that South Central will amend its Application to either update its filing with regard to its known and measurable changes in 2010, or to reflect a 2010 test year, adjusted for known and measurable changes for 2011.

## STIPULATION AND AGREEMENT

9. As set forth in Confidential Attachment No. 1, South Central and the Division have agreed that South Central will be entitled to interim USF distributions of \$484,235 annually (the "Interim USF"). South Central and the Division agree that the Interim USF is just and reasonable. South Central and the Division further agree that it is just and reasonable, given the financial circumstances of South Central that the Interim USF should be retroactively granted from the date of South Central's Original Application, November 4, 2010. The retroactive payments shall be made in a lump sum calculated from November 4, 2010 to the date this Stipulation is approved by the Commission (the "Effective Date"). A lump sum payment of \$282,471 shall be made within ten (10) days of the Effective Date which account for seven (7) monthly payments from November, 2010 through May, 2011. Ongoing payments in the monthly amount of \$40,353 shall commence on June 1, 2011 and shall continue until otherwise ordered by the Commission.

10. Additionally, South Central will agree that the Interim USF shall be used solely for regulated operations, and South Central agrees to keep the Interim USF in a reserve account and track expenditures from that account. The accounting related to the reserve account would be made available for the Division's review.

11. South Central and the Division agree that within forty five (45) days of receipt of the audited financial statements for 2010, South Central will file a Second Amended Application for USF Eligibility either updating its known and measurable adjustments for 2010, or using 2010 as the test year, adjusted for known and measurable changes, with all supporting schedules.

Therefore, South Central and the Division agree that the Hearing Date scheduled in this matter should be continued, and reset upon South Central's anticipated filing of its Second Amended Application. South Central hereby waives the requirement for the Commission to issue a decision on its Original Application within 240 days as required by U.C.A. §54-7-12(3)(c). South Central and the Division agree that a new schedule should be entered upon South Central filing of its Second Amended Application.

12. The Parties agree that this Stipulation should be filed with the Commission upon execution, agree to request a hearing on this Stipulation, and agree to request that the Commission approve this Stipulation.

13. The Division and South Central will each make a witness available to support this Stipulation; as to the Division, "support" means consistent with its statutory duties and responsibilities.

14. The Parties agree that if any person challenges the approval of this Stipulation or requests rehearing or reconsideration of any order of the Commission involving any matter contained in this Stipulation, each Party will use its best efforts to support the terms and conditions of the Stipulation. As applied to the Division, the phrase "use its best efforts" means that it shall do so in a manner consistent with its statutory authority and responsibility. No Party shall take a position in any judicial review that is in opposition to this Stipulation.

15. Except with regard to the obligations of the Parties under the three 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.

16. 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

17. Based on the foregoing, the Parties request that the Commission schedule a hearing on this Stipulation as expeditiously as possible, and, thereafter, enter an order approving the terms and conditions set forth in this Stipulation and establishing the balancing account as discussed in this Stipulation.

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Respectfully submitted this \_\_\_\_\_ day of April, 2011.

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Patricia Schmid  
Attorney for the Division of Public Utilities

BLACKBURN & STOLL L.C.

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Stanley K. Stoll  
Kira M Slawson

## CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the Stipulation Regarding Application for Interim USF Support, Docket No. 10-052-01 was sent to the following individuals by mailing a copy thereof via first-class mail, postage prepaid, this \_\_\_\_ day of April, 2011:

Patricia Schmid  
Assistant Attorney General  
Division of Public Utilities  
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