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**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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**In the Matter of All West Communications,  
Inc.'s Application for USF Eligibility**

**STIPULATION**

**Docket No. 11-2180-01**

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Pursuant to Utah Code Annotated § 54-7-1, All West Communications, Inc. (“All West” or the “Applicant”) and the Division of Public Utilities (“Division”), and the Office of Consumer Services (“Office”) (collectively, the “Parties”), stipulate and move the Public Service Commission of Utah (“Commission”) as follows:

**PROCEDURAL HISTORY**

On May 10, 2011, Applicant filed its Application for Increase of USF Eligibility (the “Application”), pursuant to Utah Code Annotated §§ 54-8b-11 and 54-8b-15 and Rules R746-360 and R746-700 of the Commission’s Rules of Practice and Procedure. The Applicant proposed an increase of \$2,039,339 in State USF support based on a test year of 2010, adjusted for known and measurable changes for 2011. The Applicant proposed no increase in the rates charged to customers since All West is already charging its customers the base affordable rates of \$16.50 for residential service and \$26.00 for business service. The Applicant filed documentation in support of its Application.

The Division conducted an audit of the books and records of the Applicant pertaining to the Applicant’s interstate and intrastate operations, and submitted numerous Data Requests to the Applicant, which the Applicant answered. Following the audit, the Applicant, the Division and the Office participated in a settlement conference and several discussions and negotiations that concluded in a partial settlement of the issues raised, the terms of which were contained in a Stipulation filed on September 23, 2011. On October 11, 2011, All West, the Division, and the Office appeared for a hearing for the purpose of approving the Stipulation. On October 20, 2011 the Public Service Commission issued an Interim Order approving the terms of the Stipulation and reserving two issues for hearing (the “Interim Order”).

Specifically, the Parties agreed to resolve all issues in the case except: 1) normalization

of depreciation; and 2) the appropriate application of approved depreciation rates under group asset depreciation accounting to include treatment of fully depreciated accounts (the “Reserved Issues”). These two issues were reserved for hearing on the matter and determination by the Public Service Commission.

On October 17, 2011, All West and the Division filed direct testimony in this case, and on October 24, 2011, the Division, the Office, and All West filed Rebuttal Testimony in this docket. Upon review of the testimony, All West, the Division, and the Office engaged in additional settlement discussions related to the Reserved Issues. These discussions and negotiations have resulted in a final settlement of all of the issues in this docket, including the Reserved Issues, as set forth below. It is the request of the parties that this Stipulation be approved by a final Order of the Public Service Commission, which will replace the Interim Order and the previous Stipulation, and will resolve all of the issues in this docket.

### TERMS OF STIPULATION

1. Applicant currently charges the Commission approved Base Affordable Rate for Basic Telecommunications Service, Utah Admin. Code R746-360-2 A. and C. of \$16.50 for residential lines, and \$26.00 for business lines. As of the date of this Stipulation, All West’s costs to provide basic telephone service to its customers are in excess of the rate currently considered affordable in All West’s service territory, resulting in a revenue shortfall.
2. Based upon the information made available by the Company as described above and contained in the Application and **Confidential Exhibit 1** attached hereto, the Parties agree to an increase in the annual intrastate revenue requirement for the Applicant of \$1,097,413, inclusive of the \$797,700 increase recognized in the Interim Order.
3. The increase in the annual intrastate revenue requirement for the Applicant shall be funded by the intrastate USF in the annual amount of \$1,097,413, or \$91,451.08 per month (the “USF Increase”). The USF Increase is in addition to the \$944,598 in intrastate USF currently being received by the Applicant (“Historical USF Amount”), for a total annual USF distribution to Applicant of \$2,042,011<sup>1</sup>, or \$170,167.58 per month.<sup>2</sup>
4. For purposes of this Stipulation only, the Parties agree that the revenue requirement and State USF distribution is based on a Rate of Return of 8.44% which, consistent with Utah Admin. Code R 746-360-8, represents the weighted average of the interstate rate of return of 12.33% derived from NECA’s most recent FCC form 492 interstate return for the period January 1, 2009 through December 31, 2009, and the intrastate rate of return of 7.14%.

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1 Historical USF Amount of \$944,598 per year plus the USF Increase of \$1,097,413 per year.

2 Historical USF Amount of \$78,716.50 per month plus USF Increase of \$91,451.01 per month.

5. The Parties have agreed that All West will retire its legacy GTE 5 Switch from Account 2212 as of January 1, 2012.
6. Subject to Commission approval pursuant to Utah Code Ann. § 54-7-12.1, the Parties have agreed that the depreciation rate for Buried Cable-Metallic (account 2423.1) will be increased to 5.68%, and the depreciation rate for Digital Switching (account 2212) will be increased to 12.5%. These depreciation rates will be effective January 1, 2012.
7. The Parties agree that the increase in the revenue requirement and USF eligibility set forth herein are in the public interest and are just and reasonable in result and should be approved by the Commission
8. The Parties acknowledge that under the Interim Order, All West was to receive an additional monthly USF distribution of \$66,475 to be made on or about the first of each month beginning November, 2011. As of the date of this Stipulation, All West has not yet received the payment for November 2011. The Parties acknowledge and agree that All West is entitled to receive and retain such payment for the month of November, 2011. The Parties recommend to the Commission that the USF Increase stipulated to herein in the amount of \$91,451.08 per month (which includes the monthly amount in the Interim Order of \$66,475) be effective, and that payments begin, on December 1, 2011, following the Commission's order approving this Stipulation and authorizing such USF Increase.

#### **GENERAL TERMS AND CONDITIONS**

9. Not all Parties agree that each aspect of this Stipulation is warranted or supportable in isolation. Utah Code Ann. § 54-7-1 authorizes the Commission to approve a settlement so long as the settlement is just and reasonable in result. While the Parties are not able to agree that each specific component of this Stipulation is just and reasonable in isolation, all of the Parties agree that this Stipulation as a whole is just and reasonable in result and in the public interest.
10. All negotiations related to this Stipulation are confidential, and no Party shall be bound by any position asserted in negotiations. Except as expressly provided in this Stipulation, in accordance with Utah Admin. Code R746-100-10.F.5, neither the execution of this Stipulation nor the order adopting it shall be deemed to constitute an admission or acknowledgment by any Party of the validity or invalidity of any principle or practice of regulatory accounting or ratemaking; nor shall they be construed to constitute the basis of an estoppel or waiver by any Party; nor shall they be introduced or used as evidence for any other purpose in a future proceeding by any Party except in a proceeding to enforce this Stipulation.
11. The Parties agree that no part of this Stipulation or the formulae and methodologies used in developing the same or a Commission order approving the same shall in any manner be argued or considered as precedential in any future case except with regard to issues expressly resolved by this Stipulation. 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 settled herein.

12. The Parties request that the Commission hold a hearing on this Stipulation. The Parties request that all of the pre-filed testimony in this docket on issues resolved in this Stipulation be admitted into the record without witnesses being called or sworn at the proceeding. All West, the Division, and the Office each will, and other Parties may, make one or more witnesses available to explain and offer further support for this Stipulation. The Parties shall support the Commission's approval of this Stipulation. As applied to the Division and the Office, the explanation and support shall be consistent with their statutory authority and responsibility.
13. 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 they shall do so in a manner consistent with their 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.
14. Except with regard to the obligations of the Parties under the four 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.
15. 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**

Based on the foregoing, the Parties request that the Commission hear this Stipulation on November 17, 2011, which was the date originally set for evidentiary hearing on the Reserved Issues, and, thereafter, enter an order approving the terms and conditions set forth in this Stipulation, in full resolution of this docket.

DATED this \_\_\_\_\_ day of November 2011.

BLACKBURN & STOLL, L.C.

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Kira M. Slawson  
Attorneys for All West Communications, Inc.

DIVISION OF PUBLIC UTILITIES  
STATE OF UTAH

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Chris Parker  
Division Director

OFFICE OF CONSUMER SERVICES  
STATE OF UTAH

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Michele Beck  
Director

CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the Stipulation in the Matter of All West Communications, Inc.'s Application for USF Eligibility was sent to the following individuals by email this \_\_\_\_ day of \_\_\_\_\_, 2011:

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All West Communications, Inc.  
Docket No. 11-2180-01

Confidential Exhibit 1

Subject to PSC R746-100-16