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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE
APPLICATION FOR UTAH
UNIVERSAL SERVICE SUPPORT
FOR EMERY TELEPHONE

SETTLEMENT STIPULATION
DOCKET NO. 14-042-01

Pursuant to Utah Code Annotated Section §54-7-1 and Utah Admin. Code R746-100-10.F.5, Emery Telephone (“Emery”) and the Division of Public Utilities (“Division”) (collectively the “Parties”) submit this Settlement Stipulation (“Stipulation”) in resolution of this docket and move the Public Service Commission of Utah (“Commission”) as follows:

PROCEDURAL HISTORY

1. On September 29, 2014, Emery filed its Application for Utah Universal Service Support (the “Application”), pursuant to Utah Code Ann. Utah Code Annotated Section §54-8b-15 and Utah Administrative Code R746-360. Included with the Application, Emery filed the direct testimony of Brock Johansen and Darren Woolsey in support of the Application. Emery requested an increase of \$623,706 in State USF support based on a test year of 2013, adjusted for known and measurable changes for 2014.

2. The Division and the Office of Consumer Services (“Office”) conducted a thorough investigation, review, and audit of Emery’s books and records, and conducted an on-

site review of Emery's interstate and intrastate operations. The Division and the Office submitted several data requests which Emery answered. Emery and the Division also interacted informally during this audit and review process.

3. Following the conclusion of a site visit and the audit, Emery, the Division, and the Office began discussions and negotiations to reach a settlement in this matter. These discussion and negotiations have resulted in a final settlement of all issued in this docket as set forth below. It is the request of Emery and the Division that this Settlement Stipulation be considered at an expedited hearing and approved by final Order of the Public Service Commission as a resolution of all of the issues in this docket.

TERMS AND CONDITIONS

4. The Parties agree for purposes of settlement that as of the date of this Stipulation Emery's present tariff charges do not provide sufficient revenues to cover Emery's 2013 test year costs to provide basic telephone service to its customers, resulting in a revenue shortfall.

5. Based on the information made available by Emery as described above and contained the Application and Direct Testimony filed in support of the Application, the Parties agree for purposes of settlement to an annual Utah Universal Service Fund distribution of \$561,000, or \$46,750 per month ("UUSF Distribution"). The UUSF Distribution will begin in January 2015. The January payment shall be made in a lump sum payment, together with the one-time lump sum payment for reasonable costs associated with the Application, described in paragraph 6 below, within seven (7) days of the date of the release of the Commission's Order approving this Stipulation. Thereafter, monthly payments will be disbursed under the usual and customary procedures of the Commission on or around the first day of each month.

6. The Parties agree for purposes of settlement that Emery shall be entitled to a one-time lump-sum distribution to Emery in the amount of \$30,959.80 to cover the reasonable costs associated with this Application. The lump sum payment shall be made with the January UUSF Distribution as set forth in paragraph 5 above, within seven (7) days of the date of the release of the Commission's Order approving this Stipulation.

7. The Parties agree for purposes of settlement that the UUSF Distribution set forth herein is in the public interest and is just and reasonable in result and should be approved by the Commission.

GENERAL TERMS AND CONDITIONS

8. 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 may not 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.

9. 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.

10. The Parties agree that no part of this Stipulation or the formulae and methods 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.

11. The Parties request that the Commission hold a hearing on this Stipulation as soon as possible. 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. Emery and the Division 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, the explanation and support shall be consistent with their statutory authority and responsibility.

12. 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, 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.

13. 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.

14. 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.

15. 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 as soon as possible, and, thereafter, enter an order approving the terms and conditions set forth in this Stipulation, in full resolution of this docket.

DATED this 21st day of January, 2015.

BLACKBURN & STOLL, L.C.

Kira M. Slawson
Attorney for Emery Telephone

Dated this _____ day of January, 2015.

Justin C. Jetter
Assistant Attorney General
Attorney for Division of Public Utilities

CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the Settlement Stipulation, Docket No. 14-042-01 was sent via email to the following individuals, this ____ day of January, 2015:

Rex Olsen
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