

BEFORE THE UTAH PUBLIC SERVICE COMMISSION

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In the Matter of the Petition of	)	
Beehive Telephone Co. Inc., for an	)	Docket Nos. 14-051-01 and 14-051-T03
Increase in Rates and Participation in	)	
the Universal Telecommunications	)	
Service Support Fund.	)	
	)	

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**SETTLEMENT STIPULATION**

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This Settlement Stipulation (“Stipulation”) is entered in Docket Nos. 14-051-01 and 14-051-T03 by and among the parties whose signatures appear on the signature page hereof (collectively referred to herein as the “Parties” and individually as a “Party”). The Division of Public Utilities (“Division”) and the Office of Consumer Services (“Office”) are jointly referred to as the (“state agency Parties.”) Beehive Telephone Company, Inc. is referred to as (“Beehive”) or (“the Company.”)

1. Following the issuance of the Public Service Commission of Utah’s (“Commission”) Scheduling Order in Docket No. 14-051-01 on December 18, 2014, the Parties have simultaneously, in the course of discovery, conducted settlement discussions in an effort to reach an agreement which would allow the Commission to resolve the Company’s Petition. A draft of this Stipulation was circulated among the Parties for review and comment on February 23, 2015. The time for intervention in this case has expired, no intervention has been sought, and this Stipulation has been entered into by the Parties, without opposition to its effect.

2. The Parties represent that this Stipulation is just and reasonable in result, that it finalizes the interim rates of the Company approved by the Commission in its bench ruling on November 25, 2014 and its formal Order on December 9, 2014; that these final rates are just and

reasonable. Moreover, these final rates will allow the Company to comply with the federal Connect America Fund (“CAF”) rate floor, which has been established by the Federal Communications Commission (“FCC”), and will allow the Company to comply with the Commission-approved affordable base rates required for participation in the Universal Public Telecommunications Service Support Fund (“State USF” or “UUSF”).

3. The Parties recommend that the Commission approve the Stipulation and all of its terms and conditions. The Parties request that the Commission make findings of fact and reach conclusions of law based on the evidence and this Stipulation, and issue an appropriate order thereon.

#### **BACKGROUND**

4. On October 31, 2014, the Company filed an application with exhibits, prefiled testimony, and a new rate schedule requesting authority to increase rates to \$16.50 per month for residential subscribers, \$26.00 per month for business subscribers, and to participate in the State USF. The FCC requires participating CAF companies, such as Beehive, to bring their rate levels to the CAF-mandated floor each year as a condition of continued participation. For 2015, the FCC floor is \$16.00 per month for residential access subscribers, and that rate had to be effective as of December 1, 2014. For 2015, the rate requested by the Company for residential access subscribers will be in compliance, and that rate had to be effective as of December 1, 2014.

5. Pursuant to the Commission’s order, the Administrative Law Judge conducted a scheduling conference on November 12, 2014.

6. At the scheduling conference, the Parties agreed, based on the initial review of the Company’s application, that the case should proceed in two phases, the first phase of which would be the Company’s request to increase its rates, and the second phase to be the Company’s

request to participate in the State USF. The state agency Parties also agreed that they saw no reason to oppose the Company's request to increase rates, as requested, as of December 1, 2014.

7. Based on that general agreement, the Administrative Law Judge set a hearing date on the rate increase for November 25, 2014, and requested that the Parties submit a Stipulation to that effect.

8. On November 21, 2014, the Parties filed a Settlement Stipulation with the Commission, in which it was agreed that the Commission should enter an Order approving the Company's proposed rates on an interim basis, effective December 1, 2014 and deferring the balance of the Company's petition for consideration in a subsequent proceeding.

9. On November 25, 2014, at a hearing before the Administrative Law Judge, the Parties presented testimony in support of the Stipulation and formally requested that the Commission approve it. At the conclusion of the hearing, the Administrative Law Judge issued a bench ruling approving the Stipulation and authorizing the proposed rate increase, to be effective December 1, 2014, on an interim basis pending a written Order.

10. On December 9, 2014 the Commission issued its Order approving the November 21, 2014 Stipulation, and the interim rate increase agreed to by the Parties, subject to modification in the UUSF part of the docket. The Order also directed Beehive to file any subsequent rate increase request under FCC 11-161, including settlement stipulations, no later than August 31 of the year prior to the January in which the increase is proposed to take effect.

11. Following a Scheduling Conference on December 18, 2014, the Administrative Law Judge determined a schedule for the UUSF portion of the rate case, with testimony to be filed beginning on April 3, 2015 and a hearing on Beehive's UUSF eligibility on May 20, 2015.

## TERMS AND CONDITIONS

12. Accordingly, the Parties hereby agree that the Company's interim rates, in effect on December 1, 2014 as approved in the November 25, 2014 bench ruling and confirmed by the Commission's December 9, 2014 Order may be made final.

13. The Parties further agree to eliminate the Cedar Highlands to Cedar City monthly EAS charge (\$3.15).

14. Beehive hereby agrees that the Commission may enter an Order dismissing the balance of the current proceedings as to the Company's eligibility to participate in the UUSF, without prejudice.

15. The Parties agree that Beehive may file a new application for UUSF participation on a timeline it may choose anytime in the future. Beehive agrees to base any such filing on 2014 or later actual financial statements.

16. The Parties acknowledge that Utah Admin. Code r. 746-700-40 and 746-700-41 sets forth filing requirements. These requirements include, but are not limited to, the items specified in Confidential Attachment 1, which is incorporated into this Stipulation. Beehive agrees that it will provide all items identified in Rule 746-70-40(c) in any future application to both the Division and the Office.

17. Beehive agrees that in its next application for UUSF, it will provide items specified in Confidential Attachment 2, which is incorporated into this Stipulation, to the Division and the Office no later than thirty days after its initial filing.

18. Beehive further agrees that it will provide the items specified in Confidential Attachment 3, which is incorporated into this Stipulation, during a site visit to be attended by

representatives from the Division and the Office on a date mutually agreed upon by all three parties after the filing of Beehive's next application for UUSF.

19. Other than as set forth above, the Parties have not agreed upon any specific adjustments or regulatory principles at issue in this Docket.

20. Utah Code Ann, § 54-7-1 authorizes the Commission to approve a settlement so long as the settlement is just and reasonable in result. The Parties agree that this Stipulation is just and reasonable in result, and is in the public interest.

21. All negotiations related to this Stipulation are confidential, and no Party shall be bound by any position asserted in the discussions or negotiations preceding this Stipulation. Except as expressly provided in this Stipulation, and in accordance with Utah Admin. Code r.746-100-10.F.5, neither the execution of this Stipulation nor the Order adopting it shall be deemed to constitute an admission or acknowledgement by any Party of the validity or invalidity of any principle or practice of regulatory accounting or ratemaking; 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.

22. The Parties agree that no part of this Stipulation, or the formulae or method 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 called-out and forever 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.

23. The Parties acknowledge and agree that this Stipulation may be adopted by the Commission and reflected in a final Order without a further hearing or other proceedings. If the

Commission desires a hearing, the Parties will each make one or more witnesses available, or submit affidavits or other written testimony, at that hearing to explain and offer further support for this Stipulation. The Parties shall support the Commission's approval of this Stipulation. As applied to the state agency Parties, the explanation and support shall be consistent with their statutory authority and responsibility.

24. 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 state agency Parties, 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 proceeding in opposition to the Stipulation.


25. Except with regard to the obligations of the Parties under the four immediately preceding paragraphs in this Stipulation (paragraphs 21 through 24), this Stipulation shall not be final and binding on the Parties until it has been approved without material change or condition by the Commission.


26. 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 the 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.

27. 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.

DATED this 27<sup>th</sup> day of March, 2015.

  
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David R. Irvine  
Attorney for Beehive Telephone, Inc.

  
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Chris Parker  
Director  
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