

STATE OF NEW HAMPSHIRE  
BEFORE THE  
PUBLIC UTILITIES COMMISSION

DT 11-024

**Petition of Union Telephone Company, Inc.  
for an Alternative Form of Regulation**

<b>ORIGINAL</b>
N.H.P.U.C. Case No. <u>DT 11-024</u>
Exhibit No. <u>Joint-1</u>
Witness: _____
<b>DO NOT REMOVE FROM FILE</b>

**Stipulation and Settlement Agreement**

This Stipulation and Settlement Agreement (“Stipulation”) is entered into and made effective as of the 6th day of May, 2011 (“Effective Date”), by and among Union Telephone Company, Inc. (“Union”) and the Staff of the New Hampshire Public Utilities Commission (“Staff”) (jointly, the “Settling Parties” or, individually, a “Settling Party”).

**Recitals**

On February 4, 2011, Union filed a petition (the “Petition”) with the New Hampshire Public Utilities Commission (“NHPUC”) seeking approval of an Alternative Form of Regulation (“AFOR”) pursuant to RSA 374:3-b. Union’s petition included a proposed “Alternative Regulation Plan of Union Telephone Company” (the “Plan”), which was attached as Exhibit 1 to the Petition, and the “Prefiled Direct Testimony of Thomas E. Murray on Behalf of Union Telephone Company” (the “Murray Testimony”), which was attached as Exhibit 2 to the Petition, together with several Attachments. Union simultaneously filed a “Motion for Confidential Treatment” to allow certain portions of the Murray Testimony and certain of its accompanying Exhibits to be kept under seal as confidential documents.

The NHPUC issued an Order of Notice on February 14, 2011. On February 17, 2011, the Office of Consumer Advocate (“OCA”) filed a notice of participation with the NHPUC. The

NHPUC conducted a prehearing conference on March 1, 2011, followed by a Technical Session conducted by the Staff.

The Staff served Data Requests on Union on March 17, 2011. OCA served Data Requests on Union and on Staff on March 18, 2011. The Staff filed an objection to OCA's Data Requests on March 25, 2011. Union served Data Responses to the Staff and to OCA on April 5, 2011.

Union, the Staff and OCA participated in a Technical Session and Settlement Conference on April 18, 2011.

The Settling Parties now desire to settle all issues raised by Union's petition and to resolve this proceeding by means of a collective request for approval of Union's Petition and Plan as filed.

### **Agreed Terms**

The Settling Parties, intending to be bound hereby, jointly agree and/or recommend as follows:

1. The NHPUC may admit into evidence in this proceeding, without objection from any Settling Party, the following documents:

- a. The Petition;
- b. The Plan;
- c. The Murray Testimony and all Attachments thereto;
- d. Union's Responses to the Staff's Data Requests; and
- e. Union's Responses to the OCA's Data Requests.

2. The "Alternative Regulation Plan of Union Telephone Company", which was submitted as Exhibit 1 to the Petition filed on February 4, 2011, is hereby amended by adding a new Section 4.1.7 thereto, to read as follows:

4.1.7. Lifeline Rates. Notwithstanding the provisions of Section 4.1.1 and 4.1.2, the Company will not raise Basic Retail Service rates for Lifeline customers in any exchange during the first four years of the Plan. Thereafter, Basic Retail Service rates for Lifeline customers will be permitted to increase by up to ten percent per year during each of the succeeding four years, subject to the Rate Cap established in Section 4.1, for comparable Lifeline customers.

4.1.7.1 Within six (6) months following the Commission's approval of the Plan, the Company will:

- a. Meet with the Child and Family Services Division of the New Hampshire Department of Health and Human Services ("DHHS") to review Link-Up/Lifeline programs and provide materials about the programs for distribution to DHHS clients in the field offices serving the Union service area.
- b. Meet with the New Hampshire Office of Energy and Planning to review Link-Up/Lifeline programs and provide materials about the programs for distribution with fuel assistance applications in the Community Action Agency offices serving the Union service area.

4.1.7.2 During the first four years of the Plan, Union will provide annual updates to the aforementioned agencies. Union's obligation under this subparagraph 4.1.7.2 will terminate on the fourth anniversary of the Plan.

4.1.7.3 Union will file an annual written notice with the Commission's Director of Consumer Affairs reporting its compliance with the conditions in subparagraphs 4.1.7.1 and 4.1.7.2.

3. Based on the aforementioned record evidence, the NHPUC should make the following findings of fact:

- a. Union is an incumbent local exchange carrier serving fewer than 25,000 access lines in the State of New Hampshire;
- b. Competitive wireline, wireless, or broadband service is available to a majority of the retail customers in each of the exchanges served by Union;
- c. The Plan provides for maximum basic local service rates at levels that do not exceed the comparable rates charged by the largest incumbent local exchange carrier operating in the state and that do not increase by more than 10 percent in each of the 4 years after a Plan is approved with the exception that the Plan provides for additional rate adjustments, with NHPUC

review and approval, to reflect changes in federal, state, or local government taxes, mandates, rules, regulations, or statutes;

d. The Plan promotes the offering of innovative telecommunications services in the New Hampshire;

e. The Plan meets intercarrier service obligations under other applicable laws;

f. The Plan preserves universal access to affordable basic telephone service;

g. The Plan provides for regulation of Union's retail operations comparable to the regulation applied to competitive local exchange carriers, subject to Union's status as carrier of last resort

h. The Plan provides that, if Union fails to meet any of the conditions set out in RSA 374:3-b, the NHPUC may require Union to propose modifications to the Plan or return to rate of return regulation.

4. Union has satisfied all requirements of RSA 374:3-b for an alternative form of regulation.

5. The NHPUC should grant Union's Petition and approve Union's Plan as amended.

6. The Settling Parties agree that the terms of this Stipulation are the result of mutual negotiation and compromise by each of the Settling Parties. The agreements made herein are subject to the condition that this Stipulation shall not be enforceable unless approved in its entirety by the NHPUC. The Settling Parties further agree not to take any actions in any forum that would reasonably appear to contradict or diverge from the terms set forth in this Stipulation.

7. In the event that the NHPUC rejects this Stipulation or adopts this Stipulation with modifications that any Settling Party, in its reasonable discretion, determines to be materially adverse to such Settling Party, such Settling Party may seek reconsideration of the NHPUC decision, and the other Settling Parties reserve their rights to object to any such motion for reconsideration. None of the Settling Parties is required to seek or support reconsideration or

review of any such decision by the NHPUC. If this Stipulation is rejected in whole or in part by the NHPUC, each Settling Party shall have the same rights as each would have had absent this Stipulation.

8. This Stipulation (a) shall be enforceable by the NHPUC upon approval in its entirety by the NHPUC, (b) is entered into for settlement purposes, (c) does not contain or constitute an admission by any Settling Party of any factual legal issue or matter, (d) shall not be used as evidence in any proceeding unrelated to the Stipulation or the enforcement of the terms of this Stipulation, and (e) shall not be deemed to bind any Settling Party in any unrelated proceeding.

9. The NHPUC's acceptance of this Stipulation in its entirety promotes the orderly and efficient conduct of the proceedings in that the Settling Parties have resolved issues in dispute that otherwise would be litigated during hearings before the NHPUC. The Settling Parties assert, on information and belief, that the NHPUC's acceptance of this Stipulation will not impair the rights of any party to these proceedings.

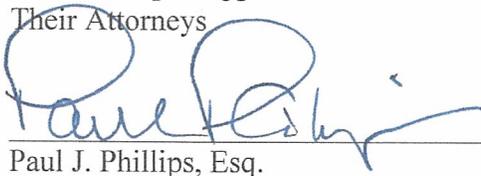
10. The Settling Parties agree this Stipulation may be signed and executed in counterparts, and regardless of the date signed by any Settling Party, this Stipulation is effective as of the date first written above.

EXECUTED as of this 6th day of May, 2011, on behalf of each Settling Party by and through its counsel or duly authorized legal representative.

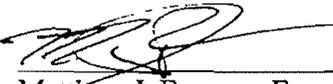
UNION TELEPHONE COMPANY, INC.

By: Primmer Piper Eggleston & Cramer PC,  
Their Attorneys

By:

  
\_\_\_\_\_  
Paul J. Phillips, Esq.

NHPUC STAFF

By:   
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Matthew J. Fossum, Esq.