

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

RE: THE INVESTIGATION AND SUSPENSION)
OF TARIFF SHEETS FILED BY PHILLIPS) Docket No. 03S-315T
COUNTY TELEPHONE COMPANY WITH)
ADVICE LETTER NO. 61.)

STIPULATION AND SETTLEMENT AGREEMENT

This Stipulation and Settlement Agreement ("Agreement") is entered into by and between Phillips County Telephone Company ("PCTC"), Staff of the Public Utilities Commission ("Staff"), and the Colorado Office of Consumer Counsel ("OCC"). PCTC, Staff and OCC are referred to herein collectively as the "Parties" and individually as a "Party." This Agreement sets forth the terms and conditions by which the Parties have agreed to resolve all issues that have or could have been contested in this Docket. The Parties jointly state as follows:

Introduction

1. On June 30, 2003, PCTC filed Advice Letter No. 61 with accompanying tariffs. In its filing, PCTC sought authority, pursuant to the Commission's Rules Prescribing the High Cost Support Mechanism (HCSM) and Prescribing the Procedures for the Colorado High Cost Administration Fund, 4 CCR 723-41 (HCSM Rules), to increase certain switched access rates and to reduce others, and to secure support from the HCSM. The filing was made to comply with Commission Rule 18.6.1.1, which requires companies requesting HCSM support to make a filing with proper support. The tariffs

accompanying Advice Letter No. 61 were suspended by the Commission on July 28, 2003 per Decision No. C03-0806 in Docket No. 03S-315T.

2. By Decision No. C03-0806, referenced above, the Commission suspended the effective date of the PCTC tariffs for 120 days until December 1, 2003 and set the matter for hearing on November 21, 2003. Staff and the OCC timely filed notices of intervention.

3. On September 22, 2003, PCTC filed the direct testimony and exhibits of Kevin J. Kelly in support of its proposed access rate increase and the company's HCSM funding request. In the Kelly testimony, the financial exhibits filed with Advice Letter NO. 61 are adopted as a supplement to his testimony.

4. Subsequently, on November 3, 2003, Staff filed the Answer Testimony and Exhibits of Karlton R. Kunzie and John P. Trogonoski. Among other things, the Staff testimony suggested certain adjustments to the filing, including to PCTC's expenses for certain tax deductions, for cash working capital, to its weighted cost of capital, and to the company's return on rate base. The Staff testimony proposed that PCTC be entitled to a return on rate base of 5.65% because of its cooperative status. Staff determined that intrastate network access service revenues should be allowed to increase by \$28,842, and the PCTC should be eligible to receive \$22,147 annually from the HCSM. However, since the Separations Study model also indicated that PCTC needed to lower local revenues by \$86,295, Staff contended that, according to § 40-15-208 2(a), C.R.S., the cooperative is ineligible to receive any HCSM funds.

5. Also on November 3, 2003, the Answer Testimony and Exhibits of Patricia Parker were filed on behalf of the OCC. Ms. Parker argued that PCTC does not qualify to receive HCSM support under applicable Commission rules; that there is error in the company's cost of service calculations in that the Company's regulated services are subsidizing some of its deregulated services; that the PCTC return on equity and hypothetical debt should be pegged at 5.75% and 5.5% and its hypothetical capital structure should be composed of 50% equity and 50% debt. Ms. Parker relied on Mr. Trogonoski's cost of equity analysis. She concluded that PCTC is not entitled to HCSM support and that its switched access rates should be calculated in accordance with her revised recommendations.

6. On November 13, 2003, PCTC filed the Rebuttal Testimony of Kevin J. Kelly, James B. Dean and Dr. James Vander Weide. Mr. Kelly's rebuttal points out that the Staff and OCC recommendations against PCTC's entitlement to HCSM support are entirely reliant on Mr. Trogonoski's cost of capital calculation. He attacked the basis for the Trogonoski and Parker analyses. Mr. Dean's testimony contravenes the "not for profit" analysis attributable to cooperatives contained in the Trogonoski Answer Testimony. Mr. Dean analyzes the cooperative company business model, capital credit arrangements, and the necessity for cost containment and pricing decisions in a cooperative organization that apply as in any commercial context. Dr. James Vander Weide rebuts the Trogonoski cost of capital analysis, and provides an independent appraisal of PCTC's cost of capital. He concludes that PCTC's requested 10.84% overall

cost of capital is conservative in that his analysis demonstrates that cost of capital to be 11.35%.

7. On November 24, 2003, Commission Decision No. C03-1312 further suspended the effective dates of the tariffs filed in Advice Letter No. 61 for an additional 90 days from December 1, 2003.

8. On November 24, 2003, in Decision No. R03-1313-I ALJ Isley issued the Interim Order granting the Motion to Vacate Procedural Schedule and Setting Hearing on Stipulation. The parties were to file with the Commission the desired settlement agreement on or before December 10, 2003. The hearing in connection with any settlement agreement filed is scheduled for December 18, 2003, at 9:00 a.m. in the Commission Hearing Room.

9. Subsequent to the filing of PCTC's rebuttal testimonies, the parties met in settlement discussions, exchanged proposals and counter-proposals and agreed upon a stipulated resolution to the PCTC filing.

10. The following terms and conditions set forth the Parties' agreement in resolution of this proceeding.

Settlement Agreement Terms

1. Cost of Capital, Capital Structure, USF Calculation, and Return on Equity.

The Parties disagreed concerning a number of issues pertaining to the calculation of an appropriate rate of return for PCTC and an appropriate capital structure as the same relate to the calculation of the appropriate amount of HCSM support to be provided. For purposes of this settlement only, subject to all of the conditions set out below including

those concerning the nonprecedential effect of the terms of this agreement, to avoid the cost and uncertainty of litigation of the issues in dispute, and with the acknowledgment that PCTC contested here and would contest in future proceedings the agreements reached in this paragraph, the Parties agree as follows: (a) the imputed capital structure is a 40/60 debt to equity ratio; (b) the return on equity is 9.5%; (c) the weighted cost of capital is 7.9%; and (d) the PCTC revenue requirement is \$1,028,725.

2. FAS 150. Subsequent to filing testimony, Staff became aware of a recent pronouncement by the Financial Accounting Standards Board (FASB). FAS 150 could materially effect how cooperatives account for patronage capital because it would require classification of patronage capital as debt rather than equity. Staff believes this reclassification of patronage capital would have a significant impact on the authorized rate of return for cooperatives. However, FASB has delayed implementation of FAS 150 until December 2004 to allow further comment and deliberation. In light of the uncertain status of FAS 150, Staff compromised its initial position for the purposes of settlement. The Parties agree that the stipulated rate of return falls within a range of reasonableness and balances the interests of the Parties.

3. HCSM Support Amount. For purposes of this settlement, the Parties agree that PCTC's request for HCSM funding is governed by § 40-15-208, C.R.S. and the Commission's HCSM Rules. The Parties agree that PCTC has provided proper support for an increase in HCSM funding for high loop costs and high local switching costs consistent with Rule 4 CCR 723-41-18.1 and 18.2. The Parties further agree that based upon the provisions of paragraph 1 above, PCTC shall be entitled to HCSM support in

the full amount of \$260 annually. This HCSM support amount is in the public interest and should be permitted to go into effect.

4. Switched Access Rates. PCTC's switched access rates shall be increased as the same are described and supported in the schedules attached hereto as **Exhibit A**. The total amount of such increase is \$85,545. As recommended in the testimony of Mr. Kunzie, after approval of this Agreement, PCTC will file an Amended Advice Letter No. 61 with updated tariff sheets, updated access rates and with a new effective date in the form of a compliance filing to be filed on one day's notice. These switched access rate increases are in the public interest and should be permitted to go into effect. The *pro forma* tariffs are appended hereto and incorporated by reference as Exhibit A.

5. Schedule Reflecting the Agreement of the Parties. Attached hereto as Exhibit A is a schedule prepared by Staff witness Karl Kunzie, and modified by Mr. Kunzie to reflect the terms and conditions of the Parties' agreement regarding the entitlement of PCTC to HCSM funding support and to increased switched access rates.

6. Other Adjustments. Subsequent to the filing of his testimony, Mr. Kunzie discovered that \$10,000 in *pro forma* rate case expense was not included in the Separations Study model and that \$23,112 in uncollectible revenues was incorrectly eliminated. The Parties agree that any other proposed adjustments to the PCTC filing made in their respective testimonies or otherwise, which are not addressed in this settlement agreement are conceded or waived for the purpose of securing settlement.

7. Implementation of Agreement. To implement the agreed upon tariffs, the Parties request that the Commission authorize PCTC to file tariff sheets identical in form

to the *pro forma* tariff sheets contained in Exhibit A, which are attached hereto and made a part hereof by this reference, with the applicable references to the Commission's anticipated decision in this docket inserted in the spaces provided, on not less than one day's notice.

Additional Miscellaenous Settlement Terms

8. This Agreement has been entered into solely to resolve issues in this proceeding involving the Parties. Therefore, the issues and matters resolved by this Agreement apply only to this docket and the issues raised herein. Notwithstanding the resolution of the issues set forth in this Agreement, no methodology or principle contained herein shall be deemed or construed as a settled practice or of precedential value for the purposes of any other proceeding. No Party shall be deemed or construed to have agreed to any principle or methodology by entering into this Agreement, other than for the purpose of settling this docket without further litigation. The Parties reserve the right to advocate positions different from those stated in this Agreement in the future. Nothing herein shall constitute a waiver by any Party with respect to any matter not specifically addressed in this Agreement.

9. The Parties acknowledge that this Agreement is just and reasonable, reasonably balances the interests of the Parties and is in the public interest. In addition, the Parties submit that reaching the Agreement set forth herein by means of a negotiated settlement, rather than through a formal adversarial process, is also in the public interest.

10. The Parties acknowledge that this Agreement represents a compromise of the positions each would assert if the issues resolved herein were litigated. Accordingly,

evidence of conduct or statements made in negotiations and discussions in connection with this Agreement shall not be admissible in any proceeding. The Parties further agree that nothing contained in this Agreement shall constitute any precedent, admission, concession, acknowledgment or agreement that may be used by or against the Parties in any subsequent proceedings before the Commission or otherwise.

11. The Parties agree to present, to support and to defend, this Agreement before the Commission and urge the Commission to approve the same, without modification. The Parties agree, if necessary, to present testimony and exhibits to the Commission to secure the approval of this Agreement.

12. This Agreement is an integrated whole. To the extent that any individual term is later determined to be unlawful or administratively unenforceable, this entire Agreement shall be declared null and void and of no further effect.

13. This Agreement shall not become effective until the issuance of a final Commission order approving this Agreement, which order does not contain any modification of the terms and conditions of this Agreement that is unacceptable to any Party hereto. In the event that the Commission imposes modified terms or conditions that are unacceptable to any Party hereto, then this Agreement shall be considered null and void and of no force and effect in this or any other proceeding. Notice of unacceptability shall be provided to the Commission and the other Parties to this Agreement in writing within ten (10) days of the date of the Commission order. In the event that this Agreement is not approved, the settlement terms and conditions, as well as the

negotiations or discussions undertaken in conjunction with the Agreement, shall not be admissible into evidence in this or any other proceeding.

LN	-A- -B-	SEPARATIONS STUDY V. 1.01 Copyright (c) State of Colorado 2002 Company Name: Phillips County Telephone Comp 18-Nov-03 10:32 AM	TOTAL COMPANY AS RECORDED --D--	RESTATING ADJS --E--	Restated as ADJUSTED --F--	PRO FORMA ADJUSTMENTS --G--	TOTAL COMPANY AS RESTATE --H--	INTERSTATE TOTAL --I--	STATE TOTAL --J--	PART 4 STATE SERVICES --K--	PART 4 STATE BILLING & COLLECTION --L--	ADJ TEST YEAR --M--	STATE AFTER CHANGES --O--
6		OPERATING REVENUES	445,613	0	445,613	(22,582)	423,031	0	423,031	0	0	423,031	423,031
7	5000	LOCAL SERVICES	0	0	0	22,842	22,842	0	22,842	0	0	22,842	22,842
8	5169.2	COLORADO HIGH COST FUND	0	0	0	62,366	62,366	0	62,366	0	0	62,366	62,366
9	5090	NETWORK ACCESS SERVICES - INTERSTATE	741,102	0	741,102	88,342	829,444	678,716	160,728	0	0	829,444	829,444
10	5169.1	INTERSTATE UNIVERSAL SERVICE FUND	206,376	0	206,376	80,454	286,830	278,709	8,121	0	0	286,830	286,830
11	5084	NETWORK ACCESS SERVICES - STATE	198,255	0	198,255	1,027	199,282	0	199,282	0	0	199,282	199,282
12	5100	LONG-DISTANCE SERVICE	269,246	(268,219)	0	0	0	0	0	0	(25,305)	0	0
13	5200	MISCELLANEOUS	31,477	(33,079)	0	0	0	0	0	0	0	0	0
14	5280	NONREGULATED	196,561	(196,561)	0	0	0	0	0	0	0	0	0
15		Subtotal	2,068,650	(487,879)	1,580,771	131,975	1,712,746	678,716	1,044,030	0	(25,305)	1,018,725	1,018,725
16		Less	23,112	0	23,112	0	23,112	0	23,112	0	0	23,112	23,112
17	5300	UNCOLLECTIBLES	0	0	0	0	0	0	0	0	0	0	0
18		TOTAL OPERATING REVENUES	2,065,538	(487,879)	1,577,659	131,975	1,709,634	678,716	1,030,918	0	(25,305)	1,005,613	1,005,613
19		OPERATING EXPENSES	308,697	0	308,697	0	308,697	111,164	197,513	0	0	197,513	197,513
20		PLANT SPECIFIC	160,148	(13,117)	147,031	0	147,031	60,914	86,117	0	0	86,117	86,117
21		PLANT NONSPECIFIC	352,284	(2,317)	349,967	0	349,967	124,485	225,412	0	0	225,412	225,412
22		DEPRECIATION & AMORTIZATION	128,089	0	128,089	0	128,089	58,660	69,429	0	(14,656)	54,773	54,773
23		CUSTOMER OPERATIONS	394,322	0	394,322	10,000	404,322	175,525	228,797	0	(10,649)	218,148	218,148
24		CORPORATE OPERATIONS	62	0	62	0	62	21	41	0	0	41	41
25		OTHER OPER INC/EXP. OTHER	945	0	945	0	945	410	535	0	0	535	535
26		SPECIAL CHARGES/CONTRIB. DUES, FEES, +	0	0	0	0	0	0	0	0	0	0	0
27		OPERATING TAXES	1,344,647	(15,494)	1,329,053	10,000	1,339,053	531,210	807,843	0	(25,305)	782,538	782,538
28		OTHER TAXES	53,817	0	53,817	0	53,817	18,566	35,251	0	0	35,251	35,251
29		DEFERRED FEDERAL INCOME TAXES	0	0	0	0	0	0	0	0	0	0	0
30		DEFERRED STATE INCOME TAXES	0	0	0	0	0	0	0	0	0	0	0
31		INVESTMENT TAX CREDITS	0	0	0	0	0	0	0	0	0	0	0
32		FED & STATE INCOME TAXES	0	0	0	0	0	0	0	0	0	0	0
33		TOTAL OPERATING TAXES	53,817	0	53,817	0	53,817	18,566	35,251	0	0	35,251	35,251
34		NET OPERATING INCOME	667,174	(472,385)	194,789	121,975	316,764	128,940	187,823	0	0	187,823	187,823
35		Average of Monthly Average Rate Base	6,294,099	0	6,294,099	0	6,294,099	2,171,373	4,122,726	0	0	4,122,726	4,122,726
36		Tel. Plant in Service	0	0	0	0	0	0	0	0	0	0	0
37		Plant Held for Future Use	256,668	0	256,668	0	256,668	88,547	168,121	0	0	168,121	168,121
38		Plant Under Const-Short Term	0	0	0	0	0	0	0	0	0	0	0
39		Other Assets	81,650	0	81,650	0	81,650	22,564	59,086	0	0	59,086	59,086
40		Materials & Supplies	42,553	0	42,553	(25,030)	17,523	17,523	0	0	0	0	0
41		Cash Working Capital	3,124,896	0	3,124,896	0	3,124,896	1,153,388	1,971,508	0	0	1,971,508	1,971,508
42		Depreciation Reserve	0	0	0	0	0	0	0	0	0	0	0
43		Accum Amort Intangible	1,397	0	1,397	0	1,397	482	915	0	0	915	915
44		Customer Deposits & Contributions	0	0	0	0	0	0	0	0	0	0	0
45		Accum Def Inc Taxes	0	0	0	0	0	0	0	0	0	0	0
46		OTHER DEFERRED CREDITS - NET	0	0	0	0	0	0	0	0	0	0	0
47		RATE BASE	3,548,677	0	3,548,677	(25,030)	3,523,647	1,146,136	2,377,511	0	0	2,377,511	2,377,511
48		RETURN ON RATE BASE	18.80%	0.00%	5.49%	-487.31%	8.99%	11.25%	7.90%	0.00%	0.00%	7.90%	7.90%

SEPARATIONS STUDY V: 1.01 Copyright (c) State of Colorado 2002
 Company Name: Phillips County Telephone Company

DESCRIPTION	Net AMOUNT	Proposed Rate	Access Minutes	Proposed Revenues	Revenues via Current Rates
1 ACCESS MINUTES OF USE	3,066,814				
2 CCL					
3 ACCESS REVENUE REQUIREMENT	\$326,348				
4					
5					
6 Message Toll	\$				
7					
8 COMMON LINE	\$199,054				
9 EQUAL ACCESS	\$0				
10 SWITCHING	\$36,440				
11 TRANSPORT	\$32,085				
12 INFORMATION	\$1,675				
13 SPECIAL ACCESS	\$10,482				
14 BILLING & COLLECTION	\$25,305				
15					
16 Switched Access (Lns 8 -> 12)	\$269,255				
17					
18					
19					
20 RATE PER MINUTE					
21					
22					
23 COMMON LINE					
24 ORIGINATING	\$0.023808	\$0.050826	1,367,667	\$69,513	\$32,561
25 TERMINATING	\$0.028113	\$0.076239	1,699,147	\$129,541	\$47,768
26					
27 SWITCHING	\$0.018233	\$0.011882	3,066,814	\$36,440	\$55,917
28					
29 TRANSPORT	\$0.015468	\$0.010462	3,066,814	\$32,085	\$47,437
30					
31 INFORMATION	\$0.000777	\$0.000546	30,668	\$1,674	\$24
32					
33 800	\$0.003500	\$0.003500	0	\$0	\$0
34					
35 IntraLATA 2-Pick Change Charge	\$5.00	\$3.50	0	\$0	\$0
36					
37 Pre Subscription Surcharge	\$0.001062	\$0.000000	0	\$0	\$0
38					
39 U S WEST FG A				\$0	\$0
40 AVE TOTAL PER MINUTE RATE		\$0.087796		\$269,253	\$183,708
41					
42					

\$8,045

DATED this 10th day of December, 2003.

APPROVED:

APPROVED AS TO FORM:

PHILLIPS COUNTY TELEPHONE COMPANY

By: Vincent Kropp
Vince Kropp
General Manager
PO Box 387
Holyoke, Colorado 80734

By: Barry L. Hjort
Barry L. Hjort, #19551
Attorney At Law
PO Box 300
Littleton, CO 80160
(303) 795-8080

ATTORNEY FOR PHILLIPS
COUNTY TELEPHONE
COMPANY

APPROVED:

APPROVED AS TO FORM:

STAFF OF THE PUBLIC UTILITIES
COMMISSION

KEN SALAZAR
Attorney General

By: _____
Karlton R. Kunzie
Rate/Financial Analyst
1580 Logan Street, OL2
Denver, Colorado 80203

By: _____
Michael J. Santisi, #29673
Assistant Attorney General
1525 Sherman Street, 5th Floor
Denver, Colorado 80203
Telephone: (303) 866-5135

ATTORNEY FOR STAFF OF THE
PUBLIC UTILITIES COMMISSION OF
THE STATE OF COLORADO

DATED this 10th day of December, 2003.

APPROVED:

APPROVED AS TO FORM:

PHILLIPS COUNTY TELEPHONE COMPANY

By: _____

Vince Kropp
General Manager
PO Box 387
Holyoke, Colorado 80734

By: _____

Barry L. Hjort, #19551
Attorney At Law
PO Box 300
Littleton, CO 80160
(303) 795-8080

ATTORNEY FOR PHILLIPS
COUNTY TELEPHONE
COMPANY

APPROVED:

APPROVED AS TO FORM:

STAFF OF THE PUBLIC UTILITIES
COMMISSION

KEN SALAZAR
Attorney General

By:  _____

Karlton R. Kunzie
Rate/Financial Analyst
1580 Logan Street, OL2
Denver, Colorado 80203

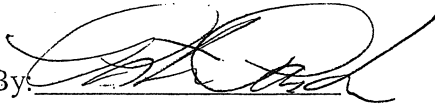
By:  _____

Michael J. Santisi, #29673
Assistant Attorney General
1525 Sherman Street, 5th Floor
Denver, Colorado 80203
Telephone: (303) 866-3764

ATTORNEY FOR STAFF OF THE
PUBLIC UTILITIES COMMISSION OF
THE STATE OF COLORADO

APPROVED:

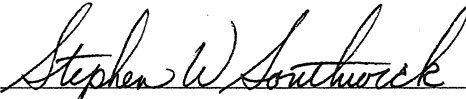
COLORADO OFFICE OF
CONSUMER COUNSEL

By: 

Patricia Parker
Rate/Financial Analyst
1580 Logan Street, Suite 740
Denver, Colorado 80203

APPROVED AS TO FORM:

KEN SALAZAR
Attorney General

By: 

Stephen W. Southwick, #30389
First Assistant Attorney General
1525 Sherman Street, 5th Floor
Denver, Colorado 80203
Telephone: (303) 866-5869

ATTORNEY FOR COLORADO
OFFICE OF CONSUMER COUNSEL

CERTIFICATE OF SERVICE

I hereby certify that on this 10th day of December, 2003, the original and 5 copies of the foregoing JOINT MOTION TO APPROVE STIPULATION AND SETTLEMENT AGREEMENT and STIPULATION AND SETTLEMENT AGREEMENT were hand-delivered to:

Bruce Smith, Director
Colorado Public Utilities Commission
1580 Logan, OL2
Denver, CO 80203

and a copy was hand-delivered to Staff and placed in the United States mail to other parties, postage prepaid, and addressed to:

Mr. Vincent Kropp, Manager
Phillips County Telephone Company
240 S. Interocean
Holyoke, CO 80734

Michelle Carpenter
Agent, Phillips County Telephone Company
P.O. Box 387
Holyoke, CO 80734

Pat Parker
Rate/Financial Analyst
Office of Consumer Counsel
1580 Logan Street, Suite 740
Denver, CO 80203

Michael Santisi
Assistant Attorney General
Business & Licensing Section
Office of the Attorney General
1525 Sherman St. 5th Floor
Denver, CO 80203

Karlton Kunzie
Testimonial Staff
Public Utilities Commission
1580 Logan St., OL2
Denver, CO 80203

John Trogonoski
Testimonial Staff
Public Utilities Commission
1580 Logan St., OL2
Denver, CO 80203

William Steele
Testimonial Staff
Public Utilities Commission
1580 Logan St., OL2
Denver, CO 80203

Gary Klug
Testimonial Staff
Public Utilities Commission
1580 Logan St., OL2
Denver, CO 80203

Becky Quintana
Advisory Staff
Public Utilities Commission
1580 Logan St., OL2
Denver, CO 80203

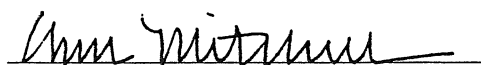
Vinson Snowberger
Advisory Staff
Public Utilities Commission
1580 Logan St., OL2
Denver, CO 80203

Michael Zimmerman
Advisory Staff
Public Utilities Commission
1580 Logan St., OL2
Denver, CO 80203

Anthony Marquez, Esq.
Assistant Attorney General
State Services Section
Office of the Attorney General
1525 Sherman St., 5th Floor
Denver, CO 80203

Barry L. Hjort
Executive Vice-President
Colorado Telecommunications Association
P.O. Box 300
Littleton, CO 80160

Kevin J. Kelly
TCA, Inc.
1465 Kelly Johnson Blvd., Suite 200
Colorado Springs, CO 80920


Ann Mitchell

RECEIVED
STATE OF CO
PUBLIC UTILIT

2003 DEC 19 PM 2:09

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

RE: THE INVESTIGATION AND SUSPENSION)
OF TARIFF SHEETS FILED BY PHILLIPS) Docket No. 03S-315T
COUNTY TELEPHONE COMPANY WITH)
ADVICE LETTER NO. 61.)

NOTICE OF SUPPLEMENTAL FILING

Phillips County Telephone Company ("PCTC"), by and through undersigned counsel, hereby gives notice that it has this date made a supplemental filing in this docket. In connection with this Notice, PCTC states as follows:

1. On December 10, 2004 the Parties to this docket (PCTC, Staff of the Colorado Public Utilities Commission and the Office of Consumer Counsel) filed their Stipulation and Settlement Agreement.

2. Paragraph 4 of the Stipulation provides, among other things, that the Parties have attached PCTC's revised *pro forma* tariffs as a part of the Stipulation's Exhibit A. Through inadvertence, the PCTC revised tariff sheet was not attached to the Stipulation.

3. PCTC's revised *pro forma* tariff sheet updating its switched access rates in compliance with the Stipulation and settlement agreement of the Parties is attached hereto. PCTC respectfully requests that it be made a part of the record as an attachment to Exhibit A of the Parties' Stipulation.

WHEREFORE, PCTC respectfully requests that the tariff sheet appended to this Notice be included in the record in this proceeding as an attachment to Exhibit A of the Parties' Stipulation.

Dated this 19th day of December, 2003.

Phillips County Telephone Company

By: 

Barry L. Hjort, Reg. No. 19551
PO Box 300
Littleton, CO 80160
303.795.8080
rollsroyal@aol.com

CERTIFICATE OF SERVICE

I hereby certify that on this 18th day of December, 2003, the original and 8 copies of the foregoing Notice of Supplemental Filing were hand-delivered to:

Bruce Smith, Director
Colorado Public Utilities Commission
1580 Logan Street, OL2
Denver, CO 80203

and that on the same date true and correct copies were served by placement in the United States mail, first class postage prepaid, addressed to the following:

Stephen Southwick, Esq.
First Assistant Attorney General
Office of the Attorney General
1525 Sherman St., 5th Floor
Denver, CO 80203

Anthony E. Marquez, Esq.
First Assistant Attorney General
1525 Sherman St., 5th Floor
Denver, CO 80203

Pat Parker
Office of the Consumer Counsel
1580 Logan St., Suite 610
Denver, CO 80203

Michael Santisi, Esq.
Assistant Attorney General
Office of the Attorney General
1525 Sherman St., 5th Floor
Denver, CO 80203

Karl Kunzie
COPUC
1580 Logan St., OL-2
Denver, CO 80203

William A. Steele
COPUC
1580 Logan St., OL-2
Denver, CO 80203

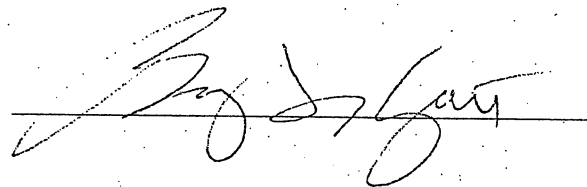
John Trogonoski
COPUC
1580 Logan St., OL-2
Denver, CO 80203

Gary Klug
COPUC
1580 Logan St., OL-2
Denver, CO 80203

Rebecca Quintana
COPUC
1580 Logan St., OL-2
Denver, CO 80203

Michael Zimmerman
COPUC
1580 Logan St., OL-2
Denver, CO 80203

Vinson Snowberger
COPUC
1580 Logan St., OL1
Denver, CO 80202

A handwritten signature in cursive script, appearing to read "Gary Klug", is written over a horizontal line.

Phillips County Telephone Company

COLORADO P.U.C. TARIFF NO. 11
4th Revised Page 3

ACCESS SERVICE

12. Rates and Charges

All the rates and charges for the services offered in this tariff are shown in this section. Reference is made for each rate element to the appropriate tariff paragraph where the application of the service is described.

12.1 Switched Access Service

	Rate	Source	
(A) Carrier Common Line			
(1) Originating Per Access Minute	.050826	3.7.E	(I)
(2) Terminating Per Access Minute	.076239	3.7.E	(I)
(B) End Office			
(1) Local Switching Per Access Minute	.011882	6.1.3(B) (1)	(R)
(2)			
(3)			
(4) Directory Assistance Information Surcharge Per Access Minute	.000546	6.1.4(B) (4)	(R)
(C) Local Transport			
(1) Local Transport Termination Per Access Minute	.010462	6.1.3(A)	(R)
(2) Local Transport Facility Per Access Minute Per Mile	N/A	6.1.3(A)	
(D) Installation Charge Per Installation	171.70	6.6.1(C)	
(E) Recording Per message	.010000	6.1.8	

Issued: 12/16/03
Advice Letter No. 61

Mr. Vincent Kropp, Manager
Phillips County Telephone Company
240 S. Interocean
Holyoke, Colorado 80734

Effective: 01/01/04