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PUBLIC UTILITIES COMMISSION

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 00A-471T

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IN THE MATTER OF THE APPLICATION OF THE TOWN OF SILVERTON
FOR CHANGE IN THE COMMUNITY OF INTEREST TO EXPAND THE
TOWN OF SILVERTON'S LOCAL CALLING AREA.

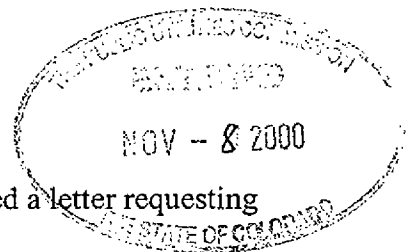
STIPULATION AND SETTLEMENT AGREEMENT

The Town of Silverton ("Silverton"), the Staff of the Public Utilities Commission of the State of Colorado ("Staff"), the Colorado Office of Consumer Counsel ("OCC"), and Qwest Corporation f/k/a U S WEST Communications, Inc. ("Qwest"), (collectively, the "Parties"), through their undersigned representatives, submit this Stipulation and Settlement Agreement (the "Stipulation" or "Agreement") in full settlement of the issues in the above-captioned docket. The Parties respectfully submit this Agreement for approval pursuant to Rule 723-1-83(a) of the Commission's Rules of Practice and Procedure, 4 *Colo. Code Regs.* 723-1 (2000).

AGREEMENT

WHEREFORE, the Parties agree and stipulate as follows:

1. Background: On August 14, 2000, Silverton filed a letter requesting expansion of the Town of Silverton local calling area, along with supporting documentation, pursuant to Commission Rule 723-2-17.3, 4 *Colo. Code Regs.* 723-2 (2000). For procedural purposes, the Commission has treated the letter as an application. Currently, the Silverton exchange has local calling to the telephone exchanges of



Bayfield, Durango, and Ouray (all in the 970 area code, or Numbering Plan Area, "NPA").

2. Requested Expansion of Local Calling Area: The application requested expanded local calling between the Silverton exchange and the additional exchanges of Ridgway and Montrose, which are also located in the 970 NPA. *See*, map of area surrounding the Silverton exchange, attached hereto as Exhibit 1.

3. Stipulated Expansion of Local Calling Area: The Parties stipulate and agree that the application should be granted and the Silverton local calling area should be expanded to include local calling between the Silverton exchange and the Ridgway and Montrose exchanges.

4. Community of Interest Standard: Silverton's application is filed pursuant to Commission Rule 723-2-17.3.3.2 ("Alternative Criteria Standard"). In determining whether the community of interest standard is met, Rule 17.3.3.2 states that the Commission shall consider the following criteria: The local calling area principles of Rule 723-2-17.3.1; customer calling patterns; the location of serving transportation centers; demographic profiles of the residents of the exchanges; and the location of primary centers of business activity and employment centers, and the location of employee residences. Rule 723-2-17.3.1.1 provides that each local calling area, to the extent possible, should "allow customers to place and receive calls without payment of toll charges to 9-1-1, their county seat, municipal government, elementary and secondary school districts, libraries, primary centers of business activity, police and fire departments, and essential medical and emergency services." In addition, local calling in

each local calling area would be provided in both directions, and not exhibit any discontinuities. Rules 723-17.3.1.2 and 723-17.3.1.3.

5. Stipulation Meets Standards: The Parties agree that Silverton's application shows clearly and convincingly that a community of interest exists among the exchanges of Silverton, Ridgway and Montrose. The application satisfies several of the above-listed criteria for local calling area expansion based upon the community of interest standards. If this Agreement is approved, calls between the Silverton exchange and the Ridgway and Montrose exchanges will be local calls, instead of long-distance calls.

- a. Silverton is located in San Juan County in Southwestern Colorado and lies approximately mid-way between the cities of Durango and Montrose. Silverton has two primary centers of business activity: Durango and Montrose. During the past eight years, governmental agencies and residents in the Silverton exchange have developed extensive business connections with a large number of businesses located in the Ridgway and Montrose exchanges. Many government officials and residents in Silverton believe that the costs of goods and services in Montrose are cheaper than in Durango, and that the Montrose area offers a wider selection of goods and services than Durango. Montrose or Ridgway businesses with whom government officials and residents of the Silverton exchange have business relationships, and to whom calls now are long distance, include but are not limited to: Advanced Roofing Systems; Bob's Rentals; Del-Mont Consultants; Lambert and Associates; Montrose

Regional Airport; Ray's Heating and Cooling; Root and Norton Lab; RECLA Metals; Tom's Electric Motor Service; United Companies Paving; United Companies Colona Gravel Pit; Valley Crane and Equipment; and Wal Mart. These factors demonstrate that Silverton's local calling area should be expanded to include the primary business centers located in the Ridgway and Montrose exchanges.

- b. The calling patterns of many residents in the Silverton exchange also demonstrate the community of interest between Silverton and the Ridgway and Montrose exchanges. The mining industry in San Juan County collapsed beginning in the 1980's, resulting in complete closure in 1991. Because the cost of living in the Ridgway and Montrose exchanges is less, and also due to the milder weather conditions in those communities, many residents of Silverton have retired to the Ridgway and Montrose exchanges. With family and friends still living in the Silverton exchange, calls to and from these retired residents are presently long distance. The inclusion of the Ridgway and Montrose exchanges in the Silverton local calling area is also expected to promote increased tourism between Montrose and Silverton, both of which offer attractions for tourists.
- c. The calling patterns of local government agencies and officials in the Silverton exchange also demonstrate the community of interest between Silverton and the Ridgway and Montrose exchanges. Since 1992, local government agencies and officials in the Silverton exchange have had increasing needs to call other governmental offices in the Ridgway and

Montrose exchanges, which include, but are not limited to: Montrose County government offices; the City of Montrose; Ouray County administrative offices in Ridgway; United States Forest Service offices in Montrose; Bureau of Land management offices in Montrose; and Region 10 Economic Development District. Presently, calls to these offices are long distance, and the expansion of local calling to include the Ridgway and Montrose exchanges will increase the efficiency and lower the costs of local government agencies in Silverton.

- d. The location of serving transportation centers demonstrates that Silverton has a community of interest with the Montrose area. The Montrose Regional Airport is closer in time and distance to Silverton than is the La Plata County Airport which serves Durango. Hence, many travelers from Silverton utilize the Montrose Regional Airport instead of the La Plata County Airport. Consequently, Silverton officials and residents flying out of the Montrose Regional Airport presently must incur long distance charges to call the airport.
- e. Silverton's local calling area should be expanded to include the essential medical services located in the Ridgway and Montrose exchanges. Residents of the Silverton exchange have established patient relationships with medical service providers in the Ridgway and Montrose exchanges, including private doctors and St. Mary's Ridgway Medical Clinic. Emergency medical services in Silverton offer ambulance transport to Montrose Community Hospital, as well as to Mercy Medical Center in

Durango. The primary medical care providers of many residents of Silverton are located in the Ridgway and Montrose exchanges. Once a patient from Silverton is in hospital in Montrose, all calls to family and friends presently are long distance calls. Recently, the dentist providing care to many Silverton residents relocated to Ridgway, and his Silverton patients must now make long distance calls to their dentist's office.

- f. Silverton's local calling area should be expanded to include the essential emergency services located in the Ridgway and Montrose exchanges. For the past 20 years, the Colorado State patrol ("CSP") in Durango provided part-time contract dispatching services for San Juan County. The CSP has dispatched emergency response services within the Silverton exchange, including police, fire, ambulance, and search and rescue teams. Quite often, for various operational reasons, these emergency response teams are required to communicate with the dispatcher by the land-line telephone system. The CSP dispatch center recently moved from Durango to Montrose. Since the relocation of the CSP dispatch center, the cost of contract dispatch services for San Juan County has increased by 20 percent, because calls from the Silverton exchange to the Montrose exchange is a long distance call. Other non-contract calls from emergency service agencies to the Montrose CSP dispatch center have also increased their operating costs.¹ The expansion of the Silverton local calling area to

¹ The telephone calls to the CSP dispatch center discussed in this paragraph are NOT 9-1-1 calls, but are calls placed over the land-line public switched telephone network.

include the Ridgway and Montrose exchanges will reduce the costs of these emergency response agencies and improve their efficiency.

6. Cost and Rate Impact of Requested Expansion: There will be no rate impact to Qwest's ratepayers if Silverton's application in this case is granted consistent with this Agreement.²

In Docket No. 97A-540T ("540T"), Qwest (then known as U S WEST Communications, Inc.) agreed, in a Stipulation and Agreement (Section IV.A.3) approved by the Commission in that docket, to implement local calling area expansions and rate center consolidation outside the 303 and 720 area codes. Qwest further agreed that the total rate impacts of these local calling area expansions would be \$8 million, with interest to accrue at the rate of 10.11 percent until the consolidations were fully implemented. Qwest also agreed to forego recovery of the \$8 million, plus interest. In Decision No. R00-84, in Docket No. 99A-486T, Administrative Law Judge Kirkpatrick ruled that, in order for the remainder of the \$8 million to be available for local calling area expansions in the 719 and 970 area codes, applications had to be filed within a six months time limit, or by August 16, 2000. Silverton's application was filed by that deadline.

The total revenue requirement associated with the Silverton local calling area expansion, as set forth in this Agreement, is estimated to be \$29,898. All Parties agree to this total revenue requirement and a true-up will not be required. Since Qwest has

² For this reason, Commission Rule 723-2-17.3.6, which relates to customer surveys, is not applicable. The surveys are required only if the local calling area expansion results in a 0.5 percent or greater increase in monthly rates. See Rule 723-2-17.3.6.1.1.

committed to make expenditures of up to \$8 million (while foregoing recovery of that sum) to implement local calling area expansion outside the 303/720 area codes, and that amount is not yet exhausted, there will be no rate impact on Qwest's ratepayers as a result of granting this application and approving this Agreement.

7. Timeline: According to Qwest, the estimated time to complete the local calling area expansion required to configure the Silverton expanded local calling area to include the Ridgway and Montrose exchanges is April 2001. This estimated implementation date results from several factors related to expanding or upgrading switching equipment and interoffice facilities to accomplish this local calling area expansion. Interoffice facilities between Durango and Montrose must be upgraded. Switch facilities and power equipment in the Montrose central office must be expanded. Both jobs are scheduled to be completed by February 2001. An additional two months will be required to make all necessary translations. These facilities expansion and upgrades are necessary and must be completed prior to implementation of the Silverton local calling area expansion. The Parties acknowledge that, if the above-described activities are not completed within the time specified, the April 2001 completion date may be delayed. Qwest will endeavor to complete this local calling area expansion by April 2001.

8. Request For Partial Waiver of Rule 17.3.3.2.1: Pursuant to Commission Rule 723-1-3 and 723-2-1.3, the Parties agree that the Commission should waive compliance with Rule 723-2-17.3.3.2.1. That rule requires that an application for expansion of local calling area using the Alternative Criteria be signed by a majority of elected representatives from the petitioning local exchange area, *and* the non-petitioning

local exchange area where the requested local calling area crosses county boundaries. The application in this case was signed by the Mayor of Silverton and the Chairman of the Board of County Commissioners of San Juan County, but not by a majority of the Board of Trustees or the County Commissioners. Moreover, the application represented (on page 3) that eleven local elected officials support the expansion of the Silverton local calling area. The expansion of the local calling area, to which the Parties have agreed herein, would include the Ridgway exchange, which is located in Ouray County, and the Montrose exchange, which is in Montrose County, and thus would cross these county boundaries. The application does not include any approvals from the County Commissioners of Ouray or Montrose Counties. The Parties agree that these requirements of Rule 17.3.3.2.1 may be waived. It is impracticable and unnecessary to obtain the signatures of the Ouray and Montrose County Commissioners, because (as shown above) there will be no rate or other adverse impact upon the residents of those Counties resulting from the approval of this Agreement and the grant of the application. If the Commission approves this Agreement, the residents of those Counties will enjoy additional local calling availability to the Silverton exchange, without taking away any local calling availability they currently have.

9. This Agreement is a settlement of disputed and compromised claims and accordingly, this Agreement is made for settlement purposes only. No Party concedes the validity or correctness of any regulatory principle or methodology directly or indirectly incorporated in this Agreement. Furthermore, this Agreement does not constitute agreement, by any Party, that any principle or methodology contained within this Agreement may be applied to any situation other than the above-captioned docket.

No precedential effect or other significance, except as may be necessary to enforce this Agreement or a Commission order concerning the Agreement, shall attach to any principle or methodology contained in the Agreement.

10. The Parties agree to support all aspects of the stipulations and agreements embodied in this document in any hearing or proceeding conducted to determine whether the Commission should approve this Agreement, including but not limited to any pleadings, comments filed or testimony in such a proceeding, or in any appeal of the decision. Each Party also agrees that, except as expressly provided in this Agreement, it will take no action in any administrative or judicial proceeding, or otherwise, which would have the effect, directly or indirectly, of contravening the provisions or purposes of this Agreement. Furthermore, each Party represents that, except as expressly provided in this Agreement, in any proceeding in which this Agreement or its subject matter may be raised by a non-party, it will support the continued effectiveness of this Agreement. Without prejudice to the foregoing, the Parties expressly reserve the right to advocate positions different from those stated in this Agreement in any proceeding other than one necessary to obtain approval of, or enforce this Agreement or a Commission order concerning the Agreement. Nothing in this Agreement shall constitute a waiver by any Party with respect to any matter not specifically addressed in this Agreement.

11. This Agreement shall not become effective and shall be of no force and effect until the issuance of a final Commission order approving this Agreement, which order does not contain any material modification of the terms and conditions of this Agreement that is unacceptable to any of the Parties. In the event the Commission modifies this Agreement in a manner unacceptable to any Party hereto, that Party may

withdraw from the Agreement and shall so notify the Commission and the other Parties to the Agreement in writing within ten (10) days of the date of the Commission order. In the event a Party exercises its right to withdraw from the Agreement, this Agreement shall be null and void and of no effect and no force in these or any other proceedings. In the event a Party exercises its right to withdraw from this Agreement, this docket shall be set for hearing and a procedural schedule established.

12. In the event this Agreement becomes null and void or in the event the Commission does not approve this Agreement, this Agreement, as well as the negotiations or discussion undertaken in conjunction with the Agreement, shall not be admissible into evidence in these or any other proceedings.

13. The Parties state that they have reached this Agreement by means of a negotiated process that is in the public interest, and that the results reflected in this Agreement are just, reasonable, and in the public interest. Approval by the Commission of this Agreement shall constitute a determination that the Agreement represents a just, equitable, and reasonable resolution of the issues described herein. The Parties agree to a waiver of any Commission rule to the extent necessary to implement or to effectuate this Agreement.

14. Approval by the Commission of this Agreement shall constitute a determination that the Agreement represents a just, equitable and reasonable resolution of all issues which were or could have been contested in this docket.

15. This Agreement shall be binding on and shall inure to the benefit of the Parties hereto and their successors and assigns.

16 This Agreement shall be construed, interpreted and enforced in accordance with the laws of the State of Colorado.

17 This Agreement is an integrated Agreement that may not be altered by the unilateral determination of any Party.

18 This Agreement may be executed in separate counterparts. The counterparts taken together shall constitute the whole Agreement

19 This Agreement may be executed by facsimile transmission. Signatures obtained through facsimile transmission will be valid and binding as if they were original signatures. Further, attorneys signing on behalf of their client represent that they have authority to bind their client to the terms of this Stipulation.

WHEREFORE, the parties respectfully submit this Agreement for approval by the Commission and request that the Commission grant such approval.

DATED this 3rd day of November, 2000.


Approved as to form

Approved:

TOWN OF SILVERTON

By: _____
Dirk W. Nelson, #12444
P.O. Box 496
Bayfield, Colorado 81122
970-884-9561

Attorney for Town of Silverton

By: 
David R. Erickson
Town Administrator
P.O. Box 250
Silverton, Colorado 81433-0250
970-387-5522

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DATED this ____ day of November, 2000.

Approved as to form:

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TOWN OF SILVERTON

By: 

Dirk W. Nelson, #12444
P.O. Box 496
Bayfield, Colorado 81122
970-884-9561

11-3-00

By: _____

David R. Erickson
Town Administrator
P.O. Box 250
Silverton, Colorado 81433-0250
970-387-5522

Attorney for Town of Silverton

QWEST CORPORATION

By: Kris A. Ciccolo
Kris A. Ciccolo, #17948
John L. Munn, #30672
Qwest Corporation
1801 California Street, Suite #5100
Denver, CO 80202
303-672-2884

By: Paul R. McDaniel
Paul R. McDaniel
Director, Regulatory Affairs
Qwest Corporation
1801 California Street, Suite 4700
Denver, Colorado 80202
303-896-4552

and

Steven H. Denman, #7857
Melissa A. O'Leary, #24527
600 17th Street, Suite 1015 North
Denver, CO 80202
303-893-4010

Attorneys for Qwest Corporation

STAFF OF THE COLORADO PUBLIC
UTILITIES COMMISSION

By: _____
Mana L. Jennings-Fader, Esq.
Assistant Attorney General
Business & Licensing Section
1525 Sherman Street, 5th Floor
Denver, Colorado 80203
303-866-5267

By: _____
Joseph M. Molloy
Utility Analyst, CPUC
1580 Logan Street, 2d Floor
Denver, Colorado 80203
303-894-2881

Attorney for Staff of the CPUC

QWEST CORPORATION

By: _____
Kris A. Ciccolo, #17948
John L. Munn, #30672
Qwest Corporation
1801 California Street, Suite #5100
Denver, CO 80202
303-672-2884

By: _____
Paul R. McDaniel
Director, Regulatory Affairs
Qwest Corporation
1801 California Street, Suite 4700
Denver, Colorado 80202
303-896-4552

and

Steven H. Denman, #7857
Melissa A. O'Leary, #24527
600 17th Street, Suite 1015 North
Denver, CO 80202
303-893-4010

Attorneys for Qwest Corporation

STAFF OF THE COLORADO PUBLIC
UTILITIES COMMISSION

By: Mana L. Jennings-Fader
Mana L. Jennings-Fader, Esq.
Assistant Attorney General
Business & Licensing Section
1525 Sherman Street, 5th Floor
Denver, Colorado 80203
303-866-5267

By: Joseph M. Molloy
Joseph M. Molloy
Utility Analyst, CPUC
1580 Logan Street, 2d Floor
Denver, Colorado 80203
303-894-2881

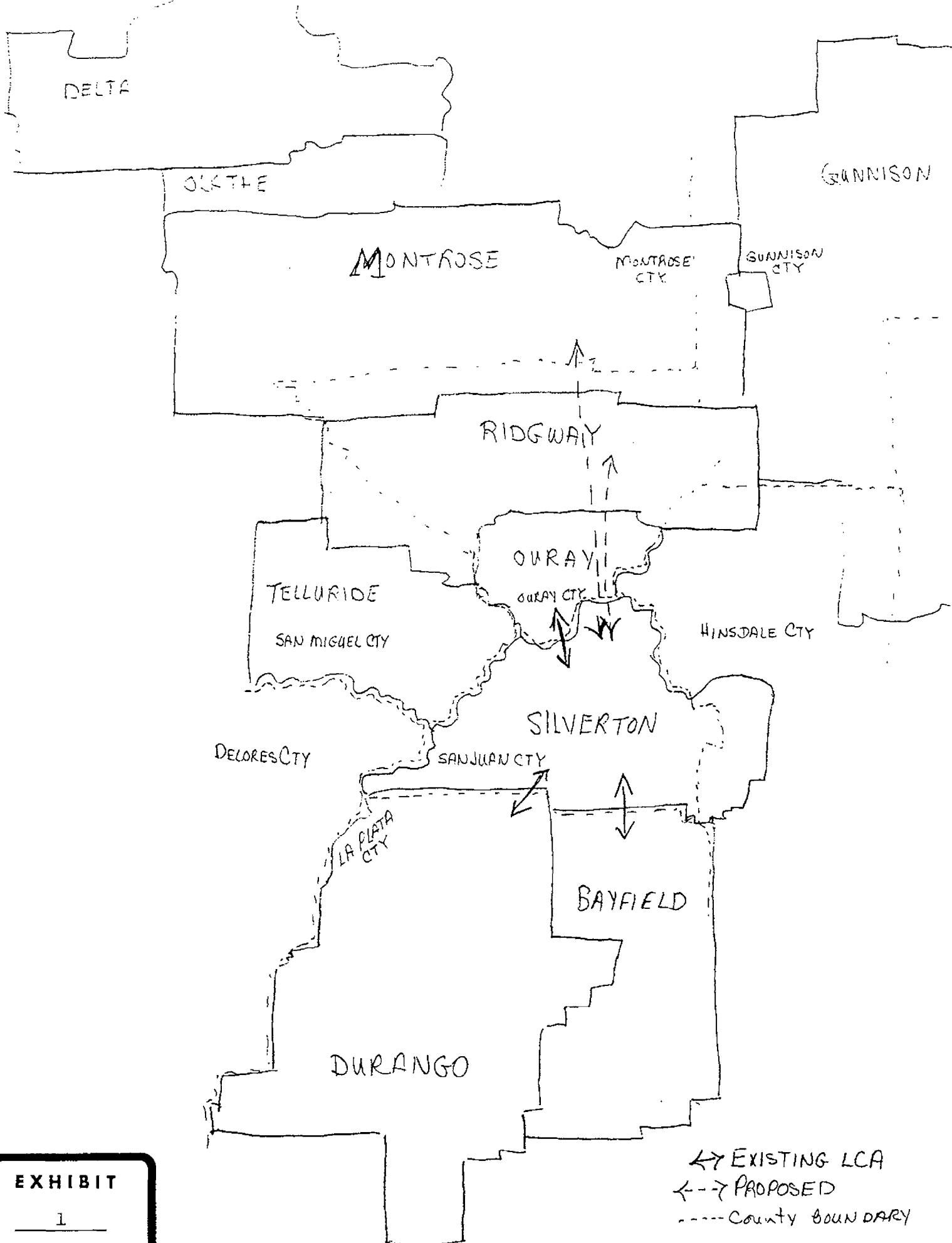
Attorney for Staff of the CPUC

COLORADO OFFICE OF CONSUMER COUNSEL

By: Richard DelliVenceri
Richard DelliVenceri, Esq.
Assistant Attorney General
Office of the Attorney General
Office of Consumer Counsel Unit
1525 Sherman Street, 5th Floor
Denver, Colorado 80203
303-866-5282

By: Thor Nelson
Thor Nelson
Rate Analyst/ Economist,
Colorado Office of Consumer Counsel
1580 Logan Street, Suite 740
Denver, Colorado 80203
303-894-2121

Attorneys for the Colorado Office of
Consumer Counsel



EXHIBIT

1