

BEFORE THE PUBLIC UTILITIES COMMISSION

STATE OF COLORADO

Docket No. 03S-246T ✓

RE: THE INVESTIGATION AND SUSPENSION OF TARIFF SHEETS FILED BY
ROGGEN TELEPHONE COOPERATIVE COMPANY.

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Docket No. 03V-170T

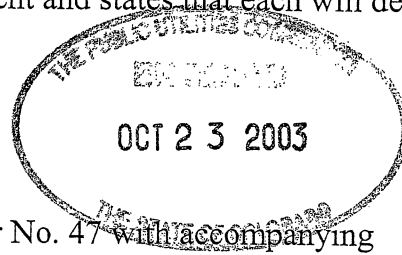
IN THE MATTER OF THE REQUEST OF ROGGEN TELEPHONE COOPERATIVE
COMPANY FOR A CHANGE IN RATES PURSUANT TO ADVICE LETTER NO. 47

STIPULATION AND SETTLEMENT AGREEMENT

This Stipulation and Settlement Agreement (Agreement) is entered into by and between Roggen Telephone Cooperative Company (Roggen), Staff of the Public Utilities Commission (Staff), and the Colorado Office of Consumer Counsel (OCC). Roggen, Staff and OCC are referred to 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 Docket Nos. 03S-246T and 03V-170T. Each Party to this Agreement pledges its support of this Agreement and states that each will defend the settlement reached by the Parties as reflected below.

INTRODUCTION

1. On May 5, 2003, Roggen filed Advice Letter No. 47 with accompanying tariffs. By Advice Letter No 47, Roggen 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 its composite switched access rates by approximately 11.3% and its composite special access rates by 5.3%. If approved, this increase in rates would qualify Roggen for additional HCSM funding of approximately \$7,000 annually. The tariffs accompanying Advice Letter No. 47 were suspended by the Commission on June 12, 2003 per Decision No. C03-0647 in Docket No. 03S-246T.

2. On May 5, 2003, Roggen filed a motion for waiver of Rule 17 of the HCSM Rules. Through the motion for waiver, Roggen sought authority to recover with HCSM funding the difference between the local revenue requirement and the revenue attributable to its local rates (the Local Shortfall). If granted, Roggen would qualify for approximately \$60,000 annually in additional HCSM support. The Commission assigned Docket No. 03V-170T to Roggen's waiver request.

3. By Decision No. C03-0647, referenced above, the Commission consolidated Docket Nos. 03S-246T and 03V-170T and set the hearing for October 3, 2003. By Decision No. 03-0900-I, the hearing was rescheduled to November 4, 2003.

4. Staff and the OCC timely filed notices of intervention.

5. On September 12, 2003, Roggen filed the direct testimony of Peggy Manino and the direct testimony and exhibits of Chad Duval in support of the various rate increase and HCSM funding requests.

6. The answer testimony of Staff and the OCC were to be filed no later than October 22, 2003. However, as a result of prehearing investigation, formal and informal exchanges of information and settlement negotiations, this Agreement preempts the need for

the filing of the answer testimony of Staff and the OCC. Instead, these discussions and sharing of information have resulted in the Parties reaching a settlement of all of the issues that were or could have been contested in this consolidated docket.

7. The following sets forth the Parties' agreement in resolution of this consolidated proceeding.

AGREEMENT

8. Switched Access and Special Access Composite Rate Increases. The Parties agree that Roggen's proposed composite rate increases for switched access (11.3%) and special access (5.3%) are just and reasonable. Through their respective investigations, Staff and the OCC have each concluded that the changes to Roggen's switched access and special access rates, as fully described and supported in the direct testimony of Chad Duval (see generally, pages 13-19) and the tariffs accompanying Advice Letter No. 47, 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.

9. HCSM Funding Related to High Loop Costs and High Local Switching Costs. The Parties agree that Roggen's request for HCSM funding is governed by § 40-15-208, C.R.S. and the HCSM Rules. Further, per Rule 4 CCR 723-41-18.6.1.1, Roggen's level of HCSM funding may only change upon proper support in a rate proceeding. It should also be noted that Roggen is a cost based rural telecommunications service provider.

In this consolidated proceeding, Roggen has presented its Part 36/69 revenue requirements and the support for an overall rate of return on rate base of 9.64%. Staff and the OCC planned to challenge various aspects of this revenue requirement study if this

consolidated matter proceeded to hearing. Staff and the OCC have agreed, for purposes of settling this consolidated proceeding, to waive their right to challenge the revenue requirement study filed in this matter on behalf of Roggen. Thus, for purposes of this Agreement, the Parties agree that Roggen's revenue requirement study should be accepted without modification. It then follows that the Parties agree to the properly supported requests for increases in HCSM funding.

The Parties agree that Roggen has provided proper support for an increase in HCSM funding for high loop costs consistent with Rule 4 CCR 723-41-18.1 of \$3,039 annually, as fully described and supported in the direct testimony of Chad Duval (see generally, page 11).

The Parties agree that Roggen has provided proper support for an increase in HCSM funding for high local switching costs consistent with Rule 4 CCR 723-41-18.2 of \$4,111 annually, as fully described and supported in the direct testimony of Chad Duval (see generally, page 11).

The Parties agree that the above levels of HCSM funding, totaling \$7,150, shall be effective October 1, 2003.

10. HCSM Funding Related to the Local Shortfall. The Parties agree that Roggen is not entitled to recover the Local Shortfall in this consolidated proceeding. Roggen therefore seeks leave to withdraw the motion for waiver as part of this Agreement. The Parties agree that Roggen is not entitled, in this consolidated proceeding, to a waiver of the method prescribed at Rule 4 CCR 723-41-17 for calculating its average loop, local switching, and exchange trunk costs for purposes of determining its level of HCSM support. As result, Roggen has agreed not to seek HCSM funding in the amount of \$58,120 (*see* direct testimony

of Chad Duval, page 12) in this proceeding. Roggen will, if necessary, raise the Local Shortfall issue in a future filing that seeks to raise Roggen's local residential and business rates from the current level of \$10.50. In the event of such a filing, no Party is restricted by the position that it might take with respect to the proposed local rates or the Local Shortfall issue. Roggen further represents that, given the other terms of this Agreement, it will be able to continue to provide adequate service without HCSM funding related to the Local Shortfall.

11. Table Reflecting the Agreement of the Parties. Attached hereto as Exhibit B is a table that reflects the Parties agreement regarding the switched access and special access rate increases and the HCSM funding.

12. Resolution of Important Policy Considerations. The Parties recognize that, per the terms of Roggen's original filings, important policy considerations were at issue in this proceeding. The Commission's recognition of this fact is set forth at paragraph I.B.9. of Decision No. C03-0647. The Commission's policies can be, and often are, at issue when a public utility makes a request that implicates the applicability of Commission rules and regulations. Such a request typically takes the form of either a novel application of the rule or a motion for a waiver. As originally presented, this matter implicated the HCSM Rules and, specifically, the administration and support level rules found at 4 CCR 723-41-18. The Parties' resolution of this matter in the manner described above has resulted in neither a novel application nor a waiver, partial or complete, of the HCSM Rules. As such, the Parties have resolved this consolidated proceeding in a manner that has avoided the need to consider the policy issues that the Commission foresaw when it issued Decision No. C03-0647 and that has maintained the integrity of the HCSM Rules.

13. Implementation of Agreement. To implement the agreed upon tariffs, the Parties request that the Commission authorize Roggen 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 MISCELLANEOUS SETTLEMENT TERMS

14. This Agreement has been entered into solely to resolve issues in this consolidated proceeding involving the Parties. Therefore, the issues and matters resolved by this Agreement apply only to this consolidated 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 consolidated 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.

15. 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.

16. 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.

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

18. 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.

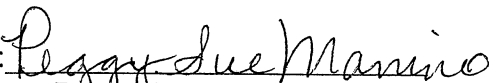
19. This Agreement shall not become effective until the issuance of a final Commission order approving this Agreement, which order does not contain any modification of the terms and conditions of this Agreement that is unacceptable to any Party hereto. In the event that the Commission imposes modified 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.

DATED this 22d day of October, 2003.

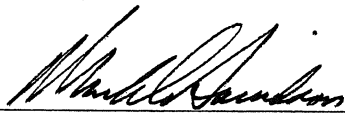
APPROVED:

ROGGEN TELEPHONE
COOPERATIVE COMPANY

By: 
Peggy Sue Manino
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Roggen, Colorado 80652

APPROVED AS TO FORM:


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APPROVED:

STAFF OF THE PUBLIC UTILITIES
COMMISSION

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ATTORNEYS FOR COLORADO OFFICE
OF THE CONSUMER COUNSEL

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing **STIPULATION AND SETTLEMENT AGREEMENT** was served on this 22nd day of October, 2003 upon the following:

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James Greenwood

Rate/Financial Analyst

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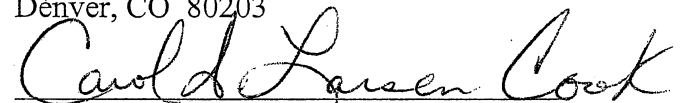
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Assistant Attorney General

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ROGGEN TELEPHONE COOPERATIVE COMPANY

COLO PUC NO. 2

Exhibit A
Page 1 of 3

Name of Utility

State of Colorado

7th Revised Sheet No. 43
Cancels 6th Revised Sheet No. 43

CONCURRENCES

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OPERATOR SERVICES

Roggen Telephone Coop. Company concurs in the Qwest Corporation Exchange and Network Services Tariff, Colorado PUC Number 20 for the provision of local and toll-related operator services.

ACCESS SERVICES

General

Roggen Telephone Cooperative Company concurs in the Haxtun Telephone Company Intrastate Access Tariff Number 11 for the provision of access services with the exception of the following:

The rates and charges for the services offered in that tariff are shown in this section. Reference is made for each rate element to the appropriate tariff section where the regulations describing application of the rate are located.

Rates and Charges

Carrier Common Line Service

	<u>Rates</u>	<u>Haxtun Number 11 Tariff Section Reference</u>	
(A) <u>Originating Carrier Common Line</u>			
<u>Per Access Minute</u>	\$.0271	3.6	(R)
(B) <u>Terminating Carrier Common Line</u>			
<u>Per Access Minute</u>	\$.0572	3.6	(R)

THE PUBLIC UTILITIES COMMISSION
FILED
MAY 05 2003
BY *JA*
STATE OF COLORADO

Advice Letter No. 47
Decision or
Authority No. _____

Peggy Manino
Signature of Issuing Officer
General Manager
Title

Issue Date 5/6/03

Effective Date 6/16/03

ROGGEN TELEPHONE COOPERATIVE COMPANY

Name of Utility

State of Colorado

COLO PUC NO. 2

5th Revised Sheet No. 43A

Cancels 4th Revised Sheet No. 43A

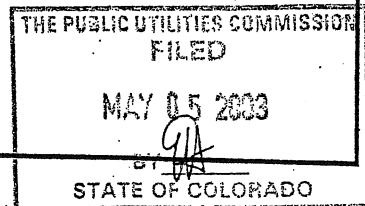
CONCURRENCES (Cont'd)

ACCESS SERVICES (Cont'd)

Switched Access Service

	<u>Rates</u>	<u>Haxtun Number 11 Tariff Section Reference</u>	
(A) <u>Non Recurring Charges</u>			
Per Line or Trunk Connected Feature Group A, B, C or D	\$324.00	6.7.1(A)	
(B) <u>Local Transport*</u>			
Per Access Minute	\$0.0021	6.2(A)	(I)
(C) <u>End Office</u>			
(1) <u>Local Switching</u>			
Per Access Minute (All Feature Groups)	\$.0325	6.2(B)(1)	(I)
(2) <u>Reserved for Future Use</u>			
(3) <u>Directory Assistance Info. Surcharge</u>			
(Per Access Minute)	\$0.00	6.2(B)(3)	
(D) <u>800 Data Base Access Service</u>			
(1) Basic Rate - per query	\$0.0075	6.3.6(A)(4)(a)	
(2) Vertical Features Rate per query (replaces basic rate)	\$0.0077	6.3.6(A)(4)(a)	

* The Local Transport rate includes non-chargeable Interface Groups and Optional Features as set forth in section 6.2(A)(3) and 6.2(A)(4).



Advice Letter No. 47
Decision or
Authority No. _____

Peggy Manino
Signature of Issuing Officer
General Manager
Title

Issue Date 5/6/03
Effective Date 6/16/03

ROGGEN TELEPHONE COOPERATIVE COMPANY
Name of Utility

COLO PUC NO. 2

State of Colorado

1st Revised Sheet No. 43C

Cancels Original Sheet No. 43C

CONCURRENCES (Cont'd)

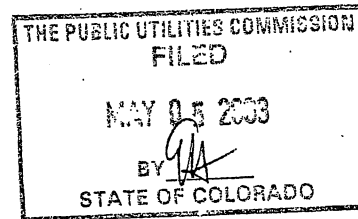
ACCESS SERVICES (Cont'd)

Special Access Service (Cont'd)

	Monthly Recurring Rates	Non Recurring Charges	Haxtun Number 11 Tariff Section Reference
(B) <u>Metallic Channel (Cont'd)</u>			
(3) <u>Channel Mileage termination</u>	N/A	N/A	7.1.1(B)(2)
(4) <u>Channel Mileage per mileage Section</u>	\$7.44	N/A	7.1.1(B)(3)
(C) <u>Digital Data</u>			
(1) <u>Channel Termination per termination*</u> 2.4-19.2 Kbps	N/A	N/A	7.1.1(A)
56-64 Kbps	N/A	N/A	7.1.1(A)
(2) <u>Channel Mileage per mile</u>	N/A	N/A	7.1.1(B)(1)
(3) <u>Channel Mileage termination</u>	N/A	N/A	7.1.1(B)(2)

(1)

* The Channel Termination rate includes non-chargeable Channel Interfaces as set forth in section 7.1.4.



Advice Letter No. 47
Decision or Authority No. _____

Peggy Manino
Signature of Issuing Officer
General Manager
Title

Issue Date 5/6/03
Effective Date 6/16/03

Exhibit B

SWITCHED ACCESS CHARGES
(Only Applies to Interexchange Carriers)

Service		Existing Rate	Proposed Rate
Carrier Common Line	Originating	\$0.0376	\$0.0271
	Terminating	\$0.0792	\$0.0572
Switched Access	Local Transport	\$0.0000	\$0.0021
	Local Switching	\$0.0109	\$0.0325

SPECIAL ACCESS CHARGES
(Applies to Interexchange Carriers and Certain End Users)

Service		Existing Rate	Proposed Rate
Channel Determination	2-Wire	\$165.00	\$158.92
	4-Wire	\$264.00	\$254.27
Channel Mileage	Per Mileage Section	\$0.00	\$7.44

Colorado High Cost Funds	Current Amount	Proposed
Annual Amount Effective October 1, 2003	\$0.00	\$7,150.00