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2003

Appendix A
Docket No. 03A-126T
Decision No. R04-0001
January 2, 2004
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BEFORE THE PUBLIC UTILITIES COMMISSION

STATE OF COLORADO

Docket No. 03A-126T

IN THE MATTER OF THE APPLICATION OF 1-800-RECONEX, INC. D/B/A USTEL
FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE
LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES AND FOR A LETTER OF
REGISTRATION TO PROVIDE EMERGING COMPETITIVE
TELECOMMUNICATIONS SERVICES

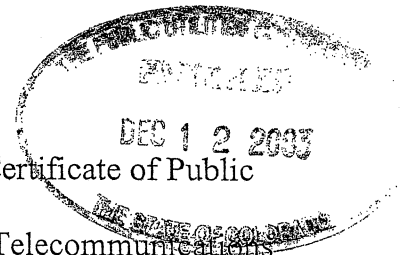
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STIPULATION AND SETTLEMENT AGREEMENT

This Stipulation and Settlement Agreement (“Stipulation” or “Agreement”) is entered into by and between Staff of the Colorado Public Utilities Commission (“Staff”), the Colorado Office of Consumer Counsel (“OCC”) and 1-800-RECONEX, Inc. d/b/a USTEL (“RECONEX” or the “Company”) (collectively, the “Parties”).

I. INTRODUCTION

On March 31, 2003, RECONEX filed its Application for a Certificate of Public Convenience and Necessity (“CPCN”) to Provide Local Exchange Telecommunications Services and for a Letter of Registration to Provide Emerging Competitive Telecommunications Services (“application.”) Interventions were timely filed by Staff and the OCC. RECONEX filed its Direct Testimony with its application. On August 15, 2003, Staff and the OCC filed Answer Testimony, recommending that the Commission not grant RECONEX’s application for a CPCN. On October 3, 2003, RECONEX filed its Rebuttal Testimony addressing the concerns raised by Staff and the OCC in their Answer Testimony.



Based upon RECONEX's Rebuttal Testimony and negotiations among the Parties, the Parties now stipulate and agree that RECONEX's application for a CPCN should be approved by the Commission on the following terms.

II. TERMS OF STIPULATION AND SETTLEMENT

1. Pursuant to § 40-15-503.5, C.R.S., RECONEX shall maintain a surety bond ("bond") for a period of three years from the date of the Commission's approval of this Stipulation. Concurrent with its filing of its initial tariff and accompanying advice letter, RECONEX shall file the bond with the Commission. Simultaneously with filing the bond, RECONEX shall also file with the Commission a verified statement, signed by an officer of RECONEX, that identifies the amount of the bond that has been issued and the term of the bond. Proof of issuance, term, and the amount of the bond from the issuer shall be attached to the verified statement. The beneficiary of the bond shall be the Colorado Public Utilities Commission.

2. Initially, the bond shall be in the amount of \$50,000, which will be the minimum amount required for the duration of the bond. The formula used to calculate the bond is attached to this Stipulation as Exhibit A and incorporated herein.

3. Within 30 days of the date the number of RECONEX's revenue producing lines¹ reaches 1000 for the first time, RECONEX shall recalculate the amount of the bond

¹ The term "revenue producing lines" shall mean lines that have been activated and for which customers are being billed. In the event RECONEX sells systems that serve multiple lines, the calculation of "revenue producing lines" or the equivalent shall be made pursuant to

that will be required and file a report with the Commission that clearly shows the number of revenue producing lines and the recalculated amount of the bond that will be required, using the same formula that was the basis for the initial amount of the bond, and which is attached as Exhibit A. Within 30 days after the 30-day report period has expired, an officer of RECONEX shall file with the Commission a verified statement that the bond has been increased to the required amount and that identifies the new term of the bond. Proof of issuance, term, and the amount of the bond from the issuer shall be attached to the verified statement.

4. RECONEX shall file a report with the Commission by no later than July 31 of each year that the bond is required. The report shall include the total number of revenue producing lines for the first six months of the current calendar year and any change in the number of revenue producing lines for the previous six-month period, the amount of the existing bond, and any recalculation of the amount of the bond that may be required. By no later than August 31 of each year, an officer of RECONEX shall file with the Commission a verified statement confirming that the bond has been issued for the required amount and include the new term of the bond. Proof of issuance, term, and the amount of the bond from the issuer shall be attached to the verified statement.

5. An increase in the amount of the bond will not be required unless the recalculation exceeds 20% or more of the amount of the existing bond.

Federal Communication Commission Form 477, "Instructions for the Local Competition and Broadband Reporting Form."

6. The monies from the bond will be disbursed as set forth in this paragraph.

Disbursement shall be made on a percentage basis, as set forth in Exhibit A. Disbursement of the bond shall be made as described below:

a. To Commission and statutorily mandated funds, including the Colorado High Cost Support Mechanism, the Low Income Telephone Assistance Program, the Fixed Utilities Fund, 9-1-1, and the Telecommunications Relay Service.

b. To wholesale telecommunications provider(s), specifically for services provided to RECONEX for which payment has not yet been received on undisputed amounts; and for the wholesale telecommunications provider's costs of providing notice to customers if RECONEX fails to do so due to RECONEX's discontinuance of providing service, after verification of those costs by Staff and the OCC.

c. Upon attestation by an officer of RECONEX that all refunds owed to customers for payment for services not yet received has been rendered and the disbursement of the funds to all other parties has been completed, the Commission shall disburse to RECONEX any remaining proceeds from the bond up to the amount of the refunds RECONEX issued to customers.

d. For Commission-incurred costs for items including, but not limited to, notices mailed by the Commission or the designated default provider if RECONEX discontinues service and fails to mail notice to customers, as required by 4 Code of Colorado Regulation 723-25-7.4 through 8; any Commission-incurred costs associated with the transitioning of customers to another provider; and any Commission-incurred bankruptcy court costs.

7. At any time any portion of the bond is dispersed, RECONEX shall obtain an addition to the current bond for the amount required based on the formula set forth in Exhibit A.

8. RECONEX shall be considered in default of the bond in the following circumstances:

a. Untimely remittance (late more than 30 days) or failure to remit payments to statutory funds, including the Colorado High Cost Support Mechanism, the Low Income Telephone Assistance Program, the Fixed Utilities Fund, 9-1-1, and the Telecommunications Relay Service; untimely remittance or failure to submit undisputed payments to wholesale providers; untimely payment or failure to pay any refunds, credits or deposits owed to customers; and

b. Untimely filing or failure to file Commission-required reports including, but not limited to: annual reports; line count report when the number of revenue-producing lines exceeds 1000 for the first time; verified annual statements of line counts and bond amounts; verified statements of bond renewal or modification; and violation of any Commission rules.

9. Occurrence of any of the events described in paragraph 8 shall be cause for Staff to request that the Commission issue an order to show cause to determine if RECONEX's bond is in default, if payment should be made to the beneficiary and disbursed as set forth in Paragraph II.6 above, and whether the Commission should take action against RECONEX's CPCN.

10. RECONEX agrees that it will not discontinue service to customers for any reason unless it has filed an application with the Commission pursuant to 4 CCR 723-1-57 ("Rule 57"). For so long as RECONEX is obligated to provide the bond, in the event that RECONEX files an application pursuant to Rule 57, RECONEX shall file with the Commission, and serve a copy on Staff, the following: the number of business and residential lines affected by such discontinuance; a customer list including the name, address and telephone number of each customer; the amount of any refund due to each individual customer for payment of service not received by the customer; and the identity of all underlying providers supporting the goods and/or services affected by such discontinuance.

11. The issuer of the bond shall be rated "Secure" by A. M. Best Company, Inc.

12. RECONEX expressly acknowledges that it cannot sell, assign or otherwise transfer its Colorado assets including, without limitation, Billing Account Numbers, Interconnection Agreements and its CPCN, without first having obtained Commission approval pursuant to § 40-15-105, C.R.S.

13. RECONEX agrees that, for its Colorado customers, it shall use a bill format similar to the bill format attached hereto as Exhibit B. RECONEX shall provide Staff and the OCC a copy of its proposed bill format at least 30 days prior to filing its initial tariff and accompanying advice letter.

II. GENERAL SETTLEMENT TERMS AND CONDITIONS

14. 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 Stipulation. Furthermore, this Stipulation does not constitute agreement, by any Party, that any principle or methodology contained within this Stipulation may be applied to any situation other than the above-captioned cases. No precedential effect or other significance, except as may be necessary to enforce this Stipulation or a Commission order concerning the Stipulation, shall attach to any principle or methodology contained in the Stipulation.

15. This Stipulation shall not become effective until the issuance of a final Commission order approving the Stipulation, which order does not contain any modification of the terms and conditions of this Stipulation that is unacceptable to the Parties hereto. In the event the Commission modifies this Stipulation in a manner unacceptable to any Party hereto,

that Party shall have the right to withdraw from this Stipulation and proceed to hearing on some or all of the issues that may be appropriately raised by that Party in this docket under a new procedural schedule. The withdrawing Party shall notify the Commission, and the other Party to this Stipulation, in writing within thirty (30) days of the date of the Commission order that the Party is withdrawing from the Stipulation (such notice being referred to as the "Notice"). A Party who properly serves a Notice shall have and be entitled to exercise all rights the Party would have had in the absence of the Party's agreeing to this Stipulation. Hearing shall be scheduled on an expedited basis, as soon as practicable.

16. In the event that this Stipulation is not approved, or is approved with conditions that are unacceptable to any Party who subsequently withdraws, the negotiations or discussions undertaken in conjunction with the Stipulation shall not be admissible into evidence in this or any other proceeding. Moreover, in such an event, except as may be specifically provided for herein, neither anything said, admitted or acknowledged in the negotiations leading up to the execution of this Stipulation, nor the settlement terms and conditions contained herein, nor the Stipulation itself may be used in this or any other administrative or court proceeding by any of the Parties hereto, or otherwise.

17. The parties state that they have reached this Stipulation by means of a negotiated process that is in the public interest, and that the results reflected in this Stipulation are just, reasonable and in the public interest. Each Party hereto pledges its support of this Stipulation and urges the Commission to approve same, without modification.

18. Except as otherwise specifically agreed upon in this Stipulation, nothing contained herein shall be deemed as constituting a settled practice or of precedential value

for the purposes of any other proceeding, and by entering into this Stipulation, no Party shall be deemed to have agreed to any specific principles of ratemaking. The Parties expressly reserve the right to advocate positions different from those stated in this Stipulation in any proceeding other than one necessary to obtain approval of, or to implement, this Stipulation or its terms and conditions. Nothing in this Stipulation shall constitute a waiver by any Party with respect to any matter not specifically addressed in this Stipulation.

19. This Stipulation may be executed in separate counterparts, including facsimile. The counterparts taken together shall constitute the Stipulation and Settlement Stipulation. The parties represent that the signatories to the Stipulation have full authority to bind their respective parties to the terms of the Stipulation.

DATED December 11, 2003.

FOR 1-800 RECONEX, INC. D/B/A
USTEL:



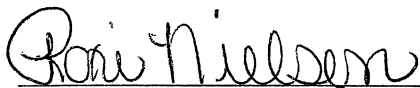
WILLIAM E. BRAUN
Vice President and General Counsel
1-800-RECONEX, Inc. d/b/a USTEL
200 Industrial Ave.
Hubbard, Oregon 97032

Approved as to form:



MARK A. DAVIDSON, #10364
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Denver, CO 80290-1701
Telephone: (303) 861-8013

FOR STAFF OF THE COLORADO
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Denver, CO 80203

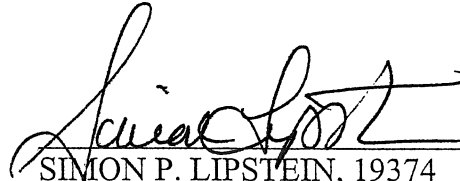


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Exhibit A
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Average Revenue per customer
 \$25 Monthly Revenue per customer
 \$50 Deposit amount per customer based on 2 months revenue

Fixed Utilities Fund (FUF): 1.466% of jurisdictional intrastate revenues
 9-1-1 Fund (9-1-1): Average \$0.50 per line per month
 Colorado High Cost Support Mechanism (CHCSM): 2% of all intrastate revenues
 Low Income Telephone Assistance fund (Low Income Fund): \$0.10 per line per month
 Telecommunications Relay Services Fund (TRS Fund): \$0.10 per line per month
 Deposits - assume 10% of customers will pay deposit equal to 2 months of service
 Customer prepayments - assume each customer prepays one month of service
 Obligations to wholesale supplier - (Annual revenues/12 months) X 2 months

Number of customers: 500
 Annual Revenues: \$150,000

	Annual amount paid	% of Total Amount of bond to be distributed
FUF	\$2,199	4%
9-1-1	\$3,000	6%
CHCSM	\$3,000	6%
Low Income Fund	\$600	1%
TRS Fund	\$600	1%
Deposits	\$2,500	5%
Customer Prepayments	\$12,500	25%
Wholesale Suppliers	<u>\$25,000</u>	<u>51%</u>
Amount of calculated payment:	\$49,399	100%

NOTE: For purposes of obtaining a bond for the required amount, round the calculated payment amount up to the nearest \$1,000 - thus the required amount of the bond using the above figures would be **\$50,000.**

Qwest

Bill Date: Jan 4, 2002
 Account No: 303
 www.qwest.com

Balance Forward	New Charges	Total Amount Due	Due Date for New Charges
\$.00	\$56.98	\$56.98	Auto Pay

Account Summary

▼ Previous Balance Charges Payment
 Balance Forward 86.67
 86.67
 \$.00

Thank you for your payment

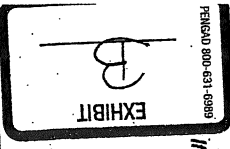
▼ New Charges
 Qwest Billing 24.28
 Sales and Service 1-800-244-1111 32.70
 AT&T 1-800-222-0300 \$56.98
 Total New Charges \$56.98

TOTAL PAID THROUGH AUTOMATIC PAYMENT \$56.98

Payment will be taken from your checkingsavings account approximately 18 days after your bill date.

The company you have chosen for IntraLATA calls (long distance calls outside your local toll calling area) is AT&T.

The company you have chosen for IntraLATA calls (long distance calls inside your local toll calling area) is Qwest.
 If this company has not been authorized call 1 800 922-1879.



Qwest's IntraLATA 1-800 Calling Card rates have changed in some states. Calls placed outside your local calling area may vary. Visit our web site for information on our rates at www.qwest.com/residential.

If your problem with Qwest has not been resolved, please ask to speak to a manager at 1-800-339-3929.
 Qwest, PO Box 173754, Denver, CO 80217-3754
 Visit us 24 hours a day at www.qwest.com.

Qwest

For billing questions, call 1-800-339-3929
 For sales and service questions, call 1-800-244-1111
 The best days to call are Tuesday through Friday

QWEST LOCAL SERVICES

▼ ITEMIZED MONTHLY SERVICE
 BASIC SERVICES
 These services are necessary for you to use your telephone.
 1 RESIDENCE LINE - SERVICE 14.92
 1 FEDERAL NUMBER PORTABILITY 22
 1 COLORADO OFFSET - SERVICE 22
 PROVIDER NUMBER PORTABILITY 22
 TOTAL 22%

OPTIONAL SERVICES
 These services are provided at your request and are not required as part of your basic telephone service.
 1 CALL WAITING 2.25
 TOTAL 17.18

▼ MONTHLY SERVICE

MONTHLY SERVICE - JAN 04THRU FEB 03 17.17
 FEDERAL UNIVERSL SERV CHARGE 5.00
 FEDERAL UNIVERSL SERV FUND 28
 FEDERAL UNIVERSL SERV PRIVATE LINE 32
 COLORADO UNIVERSL SERVICE CHARGE 30
 COLORADO UNIVERSL SERVICE RELAY SERVICE FUND 19
 911 SUBCHARGE 53
 MUNICIPAL CHARGE 53
 SUBTOTAL \$23.15

▼ SERVICE ADDITIONS AND CHANGES

1. MONTHLY SERVICE ADDITION AT .50 FROM 22
 12-20-01 TO 01-04-02 11.46%
 2. MONTHLY SERVICE REMOVED AT 26.45 FROM 46%
 12-20-01 TO 01-04-02 35%
 3. COLORADO UNIVERSL SERVICE SUBCHARGE CREDIT .66
 4. MONTHLY SERVICE REMOVED AT 9.86 FROM .66
 01-02-02 TO 01-04-02
 5. MONTHLY SERVICE CHANGED FROM DISCOUNTED RATE TO FULL RATE FROM 01-02-02 TO 01-04-02 \$11.37%
 SUBTOTAL

▼ TAX SUMMARY
 FEDERAL EXCISE TAX 34
 STATE TAX 41
 CITY TAX 39
 SUBTOTAL \$114

QWEST LOCAL SERVICES

50% CONCESSION HAS BEEN APPLIED TO ALL CONCESSIONABLE ITEMS.
 QWEST UNREGULATED SERVICES
 ▼ ITEMIZED MONTHLY SERVICE

OPTIONAL SERVICES
 These services are provided at your request and are not required as part of your basic telephone service.
 1 LINE-BACKERTM OPTIONAL 2.38
 INSIDE WIRE REPAIR PLAN .00
 1 SERVICE AND/OR EQUIPMENT .00
 1 SERVICE AND/OR EQUIPMENT 2.38
 TOTAL 2.38

▼ MONTHLY SERVICE

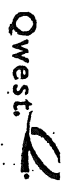
LINE-BACKERTM SUBTOTAL 2.38
 SERVICE ADDITIONS AND CHANGES 5.63%
 1. MONTHLY SERVICE REMOVED AT 13.00 FROM 11.00%
 12-20-01 TO 01-04-02 2.00%
 QWEST-NET INTERNET SERVICES 13.00%
 1 DISCOUNT DSL INTERNET ACCESS
 1 TOUCH AMERICA DSL
 TOTAL

This bill is protected by one or more of the following U.S. Patents:
 Doe. 3,857,293; 3,903,599; 5,845,942; and 5,951,052.

continued on back



Account No: 303-
 For billing questions, call 1-800-339-3929
 For sales and service questions, call 1-800-244-1111



Account No: 303-
 For billing questions, call 1-800-339-3929
 For sales and service questions, call 1-800-244-1111

* QWEST UNREGULATED SERVICES

▼ SERVICE ADDITIONS AND CHANGES
 2. NET CHANGE IN MONTHLY BILLING DUE TO RATE CHANGE
 FROM 08-07-01 TO 01-04-02

SUBTOTAL 4.85
 \$-78%

QWEST UNREGULATED SERVICES

50% CONCESSION HAS BEEN APPLIED TO ALL CONCESSIONABLE ITEMS.

QWEST LONG DISTANCE SERVICES

▼ MONTHLY SERVICE
 COLORADO UNIVERSAL SERVICE CHARGE

SUBTOTAL \$25

▼ LONG DISTANCE

NO. DATE TIME TO PLACE

TO AREA NUMBER TYPE MINUTES

AMOUNT

NO.	DATE	TIME	TO PLACE	TO AREA NUMBER	TYPE	MINUTES	AMOUNT	
SUPER SAVINGS(TIME)								
1	DEC 06	1:40P	LOVELAND CO		PK	1	.09	
2	DEC 06	1:44P	FT COLLINS CO		PK	1	.09	
3	DEC 10	11:59A	FT COLLINS CO		PK	39	3.51	
4	DEC 10	12:21P	LOVELAND CO		PK	2	.18	
5	DEC 10	2:34P	LOVELAND CO		PK	1	.09	
6	DEC 10	2:34P	LOVELAND CO		PK	2	.18	
7	DEC 10	8:25P	FT COLLINS CO		OP	14	1.26	
8	DEC 12	11:00A	FT COLLINS CO		PK	19	1.71	
9	DEC 12	11:45A	FT COLLINS CO		PK	2	.18	
10	DEC 12	11:50A	FT COLLINS CO		PK	2	.18	
11	DEC 13	11:20A	FT COLLINS CO		PK	1	.09	
12	DEC 16	4:50P	FT COLLINS CO		PK	2	.18	
13	DEC 16	12:37P	FT COLLINS CO		PK	1	.09	
14	DEC 22	4:46P	FT COLLINS CO		OP	1	.09	
15	DEC 22	4:46P	FT COLLINS CO		OP	25	2.25	
16	DEC 23	2:10P	FT COLLINS CO		OP	10.	.90	
17	DEC 23	9:29P	FT COLLINS CO		OP	1	.09	
18	DEC 24	9:00A	FT COLLINS CO		PK	2	.18	
19	DEC 24	2:09P	FT COLLINS CO		PK	1	.09	
20	DEC 31	2:58P	FT COLLINS CO		PK	2	.18	
21	JAN 02	10:50A	FT COLLINS CO		PK	25	2.25	
22	JAN 02	11:17A	FT COLLINS CO		PK	1	.09	
23	JAN 03	9:08P	ASPEN CO		PK	17	1.53	
24	JAN 03	5:47P	ASPEN CO		OP	20	1.80	
SUBTOTAL							191	17.19

CONGRATULATIONS! YOU ARE SAVING WITH ONE LOW RATE 24 HOURS A DAY
 WITHIN YOUR QWEST IN-STATE LOCAL LONG DISTANCE CALLING AREA.
 THANK YOU FOR SUBSCRIBING TO QWEST LONG DISTANCE SERVICES.
 EMPLOYEE CONCESSION DISCOUNT @50%

SUBTOTAL 191 \$8.60 8.59CR

▼ TAX SUMMARY

FEDERAL EXCISE TAX
 STATE TAX
 CITY TAX

SUBTOTAL \$27
 .33
 .31
 \$.91

QWEST LONG DISTANCE SERVICES

50% CONCESSION HAS BEEN APPLIED TO ALL CONCESSIONABLE ITEMS.

SUBTOTAL \$9.76

Type of Long Distance Calls:
 OP - Off Peak
 PK - Peak

FOR YOUR INFORMATION
 You are responsible for the payment of all charges on your bill.
 Failure to pay these charges may result in collection action as
 well as termination of the unpaid service. Your basic telephone
 service will not be disconnected for non-payment of charges for:
 (1) Qwest Unregulated Services (or other itemized services)
 identified by an * above, (2) services of other Qwest companies,
 or (3) services of other companies included in your bill.
 Qwest packages of features and the amounts in the Account
 Summary may include both basic and charges that are not basic.





Account No:
For billing questions or to place an order, call 1-800-222-0300

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Account No: 303
For billing questions or to place an order, call 1-800-222-0300

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