

**EXHIBIT A**

COPY

RECEIVED  
JUL 14 2000

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

G. Nanette Thompson, Chair  
Bernie Smith  
Patricia M. DeMarco  
Will Abbott  
James S. Strandberg

In the Matter of the Joint Application of GTE ALASKA INCORPORATED and ATEAC, INC. To Transfer Certificate of Public Convenience and Necessity No. 3, Authorizing Provision of Telecommunications (Local Exchange) Public Utility Service, From GTE ALASKA INCORPORATED to ATEAC, INC.

U-99-107

ORDER NO. 5

ORDER ACCEPTING STIPULATION, SUBJECT TO CONDITIONS, AND REQUIRING FILING

BY THE COMMISSION:

Introduction

On October 20, 1999, GTE ALASKA INCORPORATED (GTEA) and the corporate shareholders of ATEAC, Inc. (ATEAC),<sup>1</sup> filed a joint application to transfer the assets and service areas held by GTEA in Haines, Hyder, Klukwan, Metlakatla, Petersburg, Wrangell, Barrow, Moose Pass, Seward, Nome, Bethel, McGrath, and Unalakleet to ATEAC. By Order U-99-107(3), dated January 25, 2000, the Commission established a hearing and filing schedule in this proceeding.

<sup>1</sup>ATEAC is an Alaska corporation owned by four other Alaskan corporations: ALASKA TELEPHONE COMPANY; ARCTIC SLOPE TELEPHONE ASSOCIATION COOPERATIVE, INC.; TELALASKA, INCORPORATED (TelAlaska) d/b/a MUKLUK TELEPHONE COMPANY, INC. (Mukluk) and INTERIOR TELEPHONE COMPANY (ITC); and UNITED-KUC, INC., (United).

Regulatory Commission of Alaska  
1016 West Sixth Avenue, Suite 400  
Anchorage, Alaska 99501  
(907) 276-6222; TTY (907) 276-4533

1 On May 5, 2000, all parties to this proceeding filed a stipulation resolving  
2 all outstanding issues. A copy of the stipulation is attached to this Order as an Appendix  
3 and, by this reference, is incorporated herein.  
4

5 By Order U-99-107(4), dated May 17, 2000, the Commission, among other  
6 things, rescheduled the hearing in this matter. The purpose of the hearing was to require  
7 the parties to make their witnesses available for Commission inquiry regarding the  
8 stipulation and the prefiled testimony and exhibits.  
9

10 The hearing convened, as rescheduled, on June 14, 2000. During the  
11 hearing, GTEA presented the testimony of Gerald W. Shannon, Director of Regulatory  
12 and Governmental Affairs, Central Region for GTE Service Corporation, a subsidiary of  
13 GTE Corporation. ATEAC presented the testimony of Howard Garner, President; Gary  
14 Sugarman, consultant; James A. Durant, consultant; Gerard Joseph Duffy, counsel for  
15 ATEAC before the Federal Communications Commission (FCC). The Commission  
16 incorporated, by reference, the testimony elicited from Duffy in Docket U-99-119. The  
17 Public Advocacy Section (PAS) presented the testimony of Parker J. Nation, Jr., Utility  
18 Financial Analyst.<sup>2</sup>  
19

#### 20 Discussion

21 The Commission has reviewed the stipulation and determined that it is  
22 reasonable and should be accepted. Acceptance of the stipulation is subject to the  
23 express condition that for the purpose of approving acquisitions in the future, no issue  
24

---

25 <sup>2</sup>Nation was unable to attend the hearing and his prefiled testimony and  
26 exhibits were received in the record without objection from the other parties and  
because the Commission did not have any inquiry.

1 should be considered to have been finally determined or adjudicated by virtue of  
2 Commission acceptance of the stipulation.  
3

4 The statutory standard applicable to the transfer and acquisition of utility  
5 assets and service territory is that the transferee is fit, willing, and able to provide the  
6 proposed service and that the proposed service is affirmatively consistent with the public  
7 interest. (See AS 42.05.241, AS 42.05.281.) The Commission has determined that  
8 ATEAC is fit, willing, and able to provide the proposed service.  
9

10 In 1998, GTE Corporation (GTE) announced its intent to sell or trade  
11 approximately 1.6 million switched access lines, including all of GTE's wireline exchanges  
12 in Alaska. (T-1, p. 3.) The stated purpose of the sale was to position GTE in markets that  
13 offer greater efficiencies in operations and higher growth opportunities, as well as to  
14 better defend and expand the strategic markets it currently serves. (T-1, p. 3.) GTE sent  
15 out pre-qualification letters to over 200 potential buyers. (T-1, p. 4.) GTE sought buyers  
16 who were willing to commit to employing all employees directly supporting the purchased  
17 exchanges at the same or comparable positions and at reasonably comparable salary  
18 and benefits packages. (T-1, p. 4.) GTE also sought potential purchasers who were  
19 willing to assume the terms and conditions of any bargaining unit agreement in effect,  
20 provide evidence of financial viability, and provide information regarding their ability to  
21 successfully operate the property. (T-1, pp. 4-5.) In addition, GTE was interested in  
22 selling its Alaska properties to a qualified, single purchaser. (T-1, p. 5.)  
23  
24

25 On May 27, 1999, GTE and ATEAC signed an agreement governing the  
26 sale of approximately 22,000 switched access lines in Alaska. (T-1, p. 6.) Under the

1 agreement, 44 hourly and 13 salaried GTEA employees will become employees of  
2 ATEAC. (T-1, p. 6; Tr. 36.) ATEAC's sole ongoing responsibility will be to keep the  
3 employee benefit arrangements of GTEA employees intact until December 31, 2003.  
4 (Tr. 57.) When those arrangements are completed, ATEAC will be disbanded. (Tr. 57.)

5 ATEAC was formed because each of its shareholders was located in Alaska for  
6 growth opportunities. (T-3, p. 5.) However, none of the shareholders was interested in  
7 acquiring all 13 of GTEA's local exchange operations in Alaska. (T-3, p. 5.) Accordingly,  
8 in March 1994, the individual companies that form the shareholders of GTEA formed  
9 the corporation as a vehicle to facilitate growth by acquisition. (T-3, p. 5.) After  
10 Commission review and approval of the individual company applications, the  
11 GTEA's local exchange service areas will ultimately transfer to the local exchange  
12 company that is most geographically proximate to the service area and with which the  
13 most harmoniously merged. (T-3, p. 6.)

14 ATEAC's base purchase price is \$43.5 million. (T-3, p. 9.) According to  
15 ATEAC, the net book value of GTEA's assets is approximately \$19 million. (T-3, p. 9.)  
16 According to ATEAC, the purchase results in an acquisition adjustment of approximately  
17 \$24.5 million. (T-3, p. 9.) ATEAC's overall purchase price equates with approximately  
18 \$2,000 per access line. (T-5, pp. 9-10.) This price per access line is less than the cost  
19 of GTE access lines in Nebraska, Maine, Wisconsin, and Illinois. (T-5, p. 11.)

20 While the Commission recognizes that the purchase results in an  
21 acquisition adjustment, the Commission will not address that issue in this proceeding. As  
22

23  
24  
25  
26  

---

<sup>3</sup>Dockets U-99-119, U-99-120, U-99-121, U-99-122, and U-99-123.

1 noted later in this Order, ATEAC does not intend to conduct actual utility operations such  
2 as providing utility service and charging consumers for that service. The issue of  
3 acquisition adjustments will be addressed in the Orders approving the individual transfers  
4 and acquisitions from ATEAC to each utility that will be the ultimate purchaser of the  
5 GTEA property.<sup>4</sup>  
6

7 In the course of these proceedings, it has come to the Commission's  
8 attention that GTEA appears to have made a material adjustment affecting the net book  
9 value of its regulated plant to conform to generally accepted accounting principles  
10 (GAAP) several years ago, but did not similarly adjust the net book value of its plant for  
11 regulatory reporting. Filings in this proceeding, along with the testimony of GTEA's  
12 witnesses indicates GTEA appears to have written down its plant net book value by  
13 approximately \$2.7 million several years ago<sup>5</sup> for GAAP reporting, but did not adjust its  
14 regulatory books. (Tr. 108.) It also appears GTEA did not inform the Commission of the  
15 occurrence of any accounting change or event that required the adjustment for GAAP.  
16  
17

18 At hearing, in response to Commission inquiry as to whether or not an audit  
19 of GTE's books and records would be conducted as of the transaction date, GTE  
20 responded that an audit will be conducted by its auditors, Arthur Anderson, LLP. (Tr.  
21 109-110.) As a condition of approval of the proposed transfer, GTE is required to file an  
22

---

23 <sup>4</sup>See n. 3.

24 <sup>5</sup>GTE does not appear to have apprised the Commission of any change or  
25 event in accounting methods for the period(s) in which GTE's testimony indicates a  
26 FAS 71 adjustment was recorded in order to reduce its plant net book value for  
GAAP. On an annual basis, GTE is required to inform the Commission of any  
changes in accounting standards at Schedule A-6 of its annual operating report,  
required according to AS 42.05.451(b).

1 explanation of the difference in its accumulated depreciation balances between its  
2 audited financial statements and Form M reported to the Commission, which it has  
3 characterized as a FAS 71 adjustment. Because GTEA stated that an audit as of the  
4 transaction closing will be conducted, GTEA is also required to file a copy of the auditor's  
5 report on GTEA's financial statements and detailed schedules of asset account balances  
6 and associated accumulated depreciation (for both financial statement reporting and  
7 Form M reporting), as of the date of transaction closing, within 120 days of the closing  
8 date.  
9

10  
11 ATEAC obtained financing for the purchase through the Rural Telephone  
12 Finance Cooperative (RTFC). (Application, Exhibit H, p. 2.) Specifically, RTFC  
13 conditionally committed to provide a 15-year secured loan to ATEAC in the amount of  
14 \$38.5 million and a secured revolving line of credit in the amount of \$2 million.  
15 (Application, Exhibit H, p. 2.) RTFC specified that the financing may be utilized to  
16 purchase telephone assets from GTE and GTEA, purchase a five percent RTFC  
17 subordinated capital certificate, and for general working capital purposes. (Application,  
18 Exhibit H.) However, the RTFC loan commitment will not be utilized to finance the  
19 purchase of the GTEA properties. (Tr. 88.)  
20

21 In aggregate, ATEAC serves 100 rural communities. (T-3, p. 12.) Each  
22 ATEAC shareholder has more than 19 years of operating history in Alaska. (T-3, p. 12.)  
23 The focus of the entire series of transactions is on the fitness, willingness, and ability of  
24 the individual shareholders of ATEAC. (T-4, p. 3.) ATEAC is intended to be a conduit  
25 that permits GTEA to sell its utility property in Alaska and permit each individual  
26

1 shareholder to acquire a portion of that property. (T-4, p. 4.) This configuration of a  
2 "bulk" sale of property from GTEA to a consortium of local exchange companies who then  
3 acquire portions of the total property has been utilized in other jurisdictions such as  
4 Maine, New Hampshire, and Vermont. (T-5, p. 7.)

5  
6 Transfer of the local exchange areas to the individual shareholders of  
7 ATEAC will increase local ownership, control, and accountability. (T-3, p. 8.) Transfer  
8 will also result in improved responsiveness to local needs and will have a beneficial  
9 impact on employment opportunities for Alaskans. (T-3, p. 8.) In addition, the transfers  
10 will promote the growth and development of the shareholders and enable them to expand  
11 and improve the array of services available in the 13 affected communities. (T-3, p.9.)  
12 Moreover, each shareholder has explicitly committed not to include an acquisition  
13 adjustment in its rate base. (T-3, p. 9.)  
14

15 In addition to the issues raised by the parties, the Commission must  
16 evaluate whether approval of this acquisition requires housekeeping changes to the  
17 eligible carrier obligations placed on carriers seeking to receive federal universal service  
18 support. GTEA currently receives federal universal service support. To receive universal  
19 service support a carrier must have Eligible Telecommunications Carrier (ETC) status for  
20 the geographic area ("ETC Service Area") receiving funding.<sup>6</sup> In the case of a rural  
21 carrier, the ETC Service Area must be the carrier's study area unless both this  
22  
23  
24  
25  
26

---

<sup>6</sup>See 47 USC 214(e)(1), 254(e), and 47 CFR 54.201(a).

1 Commission and the Federal Communications Commission (FCC) establish a different  
2 definition of service area for the carrier.<sup>7</sup>

3  
4 By Order U-97-168(1), dated December 19, 1997, the Commission, among  
5 other things, granted GTEA ETC status for the service area included in Certificate of  
6 Public Convenience and Necessity (Certificate) No. 3. GTEA was also required to  
7 provide customer notification of its services by the means specified in Order U-97-168(1).

8 The Commission has determined that it is appropriate to transfer GTEA's ETC status and  
9 ETC obligations to ATEAC to eliminate any disruption in universal service funding for the  
10 service area to be transferred. However, the Commission is affording ATEAC ETC status  
11 and obligations for a very limited period of time. ATEAC shall hold ETC status and  
12 obligations only until closing of the transactions transferring property to ATC, ASTAC,  
13 ITC, Mukluk, and United-UC.<sup>8</sup>

14  
15 Given the manner in which the parties structured the transfer of property  
16 from GTEA through ATEAC to the ultimate purchasers, the shareholders of ATEAC, it is  
17 necessary to grant ATEAC temporary ETC status. The Commission recognizes that after  
18 issuance of this Order and closing the transaction between GTEA and ATEAC, GTEA will  
19 not retain any assets, a Certificate, or ETC status and obligations in Alaska. Therefore,  
20 ATEAC will assume ETC status and obligations exclusively until transfer of that status  
21 and those obligations to the ultimate purchasers.  
22  
23  
24  
25

26 <sup>7</sup>See 47 USC 214(e)(5).

<sup>8</sup>See n. 3.

1           The Commission has further determined that ATEAC is fit, willing, and able  
2 to provide the proposed service and that the transfer is affirmatively consistent with the  
3 public interest. Accordingly, the application is approved, subject to the conditions stated  
4 earlier in this Order. Certificate No. 3 is transferred to from GTEA to ATEAC. The  
5 Commission notes that ATEAC does not intend to provide utility service under the  
6 Certificate. Rather, the purpose of transferring Certificate No. 3 to ATEAC is exclusively  
7 to afford it the legal vehicle, required by the structuring of the application, to transfer the  
8 service territory to the entities that will ultimately provide utility service. As such, ATEAC  
9 will hold Certificate No. 3 only until closing of the transactions transferring assets and  
10 service areas from ATEAC to ATC, ASTAC, ITC, Mukluk, and United-UC.<sup>9</sup> Upon closing  
11 of the aforementioned transfers, ATEAC shall return Certificate No. 3 to the Commission  
12 for cancellation.  
13  
14

15           This Order constitutes the final substantive decision by the Commission.

16           This decision is appealable within thirty days of the date of this Order in accordance with  
17 AS 22.10.020(d) and the Alaska Rules of Court, Rules of Appellate Procedures, Rule  
18 602(a)(2). In addition to the appellate rights afforded by the aforementioned statute, a  
19 party may file a petition for reconsideration in accordance with 3 AAC 48.105. If such a  
20 petition is filed, the time period for filing an appeal is then calculated in accordance with  
21 Alaska Rules of Court, Rules of Appellate Procedure, Rule 602(a)(2).  
22  
23  
24  
25  
26

---

<sup>9</sup>See n. 3.

ORDER

THE COMMISSION FURTHER ORDERS:

1. The stipulation filed in this matter is accepted, subject to the conditions set forth in the body of this Order.

2. Certificate of Public Convenience and Necessity No. 3 is transferred from GTE Alaska, Incorporated, to ATEAC, Inc.

3. ATEAC, Inc., is designated as an Eligible Telecommunications Carrier under the Telecommunications Act of 1996, as more fully discussed in the body of this Order.

4. Upon closing of the transactions that are at issue in Dockets U-99-119, U-99-120, U-99-121, U-99-122, and U-99-123, ATEAC, Inc., shall return Certificate of Public Convenience and Necessity No. 3 to the Commission for cancellation.

5. Upon closing of the transactions that are at issue in Dockets U-99-119, U-99-120, U-99-121, U-99-122, and U-99-123, the Eligible Telecommunications Carrier status and obligations afforded to ATEAC, Inc., is revoked.

6. ATEAC, Inc., shall file a notice informing the Commission of the closing date of the acquisition from GTE Alaska, Incorporated.

7. By 4 p.m., August 11, 2000, GTE Alaska, Incorporated shall file an explanation of the differences in its accumulated depreciation balances between its audited financial statements and Form M reported to the Commission.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

8. Within 120 days of closing, GTE Alaska, Incorporated shall file a copy of the auditor's report, as more fully discussed in the body of this Order.

DATED AND EFFECTIVE at Anchorage, Alaska, this 11<sup>th</sup> day of July, 2000.

BY DIRECTION OF THE COMMISSION  
(Commissioners Will Abbott and  
James S. Strandberg, not participating.)



**Regulatory Commission of Alaska**  
1016 West Sixth Avenue, Suite 400  
Anchorage, Alaska 99501  
(907) 276-6222; TTY (907) 276-4533

ROBERT E. STOLLER  
ATTORNEY AT LAW  
800 EAST DIMOND BLVD.  
SUITE 3-537  
ANCHORAGE, ALASKA 99515  
PHONE: (907) 522-2299 / FAX (907) 522-2126

1           2.     By this Stipulation, the parties propose to resolve all of the  
2 issues outstanding in Docket U-99-107. Accordingly, should this Stipulation be  
3 approved by the Commission, there will be no need to convene the public hearing in  
4 this Docket, which is presently scheduled to commence on Monday, May 22, 2000  
5 at 8:30 a.m.

6           3.     As described in greater detail in Paragraphs 4 through 7 below,  
7 Stipulations are also being filed simultaneously in Dockets U-99-119, U-99-120, U-  
8 99-121, U-99-122 and U-99-123. Commission approval of this Stipulation is both  
9 premised and conditioned upon Commission approval of all five of those companion  
10 Stipulations.

11           4.     The substance of this Stipulation (and the five companion  
12 Stipulations referred to in Paragraph 3, above) relates to the transfer of ownership,  
13 control and operational responsibility for 13 local exchange telephone service areas  
14 which are currently being operated by GTEA pursuant to Certificate of Public  
15 Convenience and Necessity No. 3. Listed alphabetically, the thirteen Alaskan  
16 communities affected by these Stipulations are: Barrow, Bethel, Haines, Hyder,  
17 Klukwan, McGrath, Metlakatla, Moose Pass, Nome, Petersburg, Seward, Unalakleet  
18 and Wrangell.

19           5.     In Docket U-99-107, GTEA and ATEAC have jointly applied for  
20 authorization to transfer the ownership, control and operational responsibility for all  
21 thirteen of the communities listed in Paragraph 4 above from GTEA to ATEAC.

22           6.     ATEAC, however, was created by its four corporate shareholders  
23 primarily as a vehicle whereby each of those shareholders could acquire the

1 particular aspects of GTEA's operations with which they are most geographically  
 2 proximate and with which they are most harmoniously merged. Consequently, none  
 3 of the parties to this Stipulation expects or intends that ATEAC itself ever will or  
 4 should have operational responsibility for any of the exchange areas at issue here.

5 7. In the five companion Dockets (U-99-119, U-99-120, U-99-121,  
 6 U-99-122 and U-99-123), ATEAC and five of its affiliates have jointly applied for  
 7 Commission approval of the following "drop-down" transfers:

ATEAC Shareholder	Affiliated Drop-Down Transferee and Related Docket Number	Locations of GTEA Assets to be Purchased
Alaska Power & Telephone Company	U-99-119: Alaska Telephone Company	Haines, Hyder, Klukwan, Metlakatla, Petersburg and Wrangell
Arctic Slope Telephone Association Cooperative, Inc.	U-99-120: Arctic Slope Telephone Association Cooperative, Inc.	Barrow
TelAlaska, Inc.	U-99-121: Interior Telephone Company, Inc.  U-99-122: Mukluk Telephone Company, Inc.	Moose Pass and Seward  Nome
United Utilities, Inc.	U-99-123: United-KUC, Inc.	Bethel, McGrath and Unalakleet

ROBERT E. STOLLER  
 ATTORNEY AT LAW  
 800 EAST DIMOND BLVD.  
 SUITE 3-537  
 ANCHORAGE, ALASKA 99515  
 PHONE: (907) 522-2299 / FAX (907) 522-2126

8

2 PERTINENT PROCEDURAL HISTORY

3  
4 8. On September 13, 1999, GTEA and ATEAC jointly filed their  
5 Application to Transfer Certificate of Public Convenience and Necessity No. 3 from  
6 GTEA to ATEAC.

7 9. On October 7, 1999, by Order U-99-107(1), the Commission  
8 designated the PAS as a party to Docket U-99-107. This Commission ordered the  
9 PAS to investigate all relevant issues and, as necessary, present the results of the  
10 investigation to it and submit stipulations of agreed upon issues for the  
11 Commission's approval.

12 10. On October 27, 1999, ATEAC filed its Legal Memorandum  
13 Regarding GTE Divestitures (And Similar Transfers) Approved In Other States.

14 11. On December 28, 1999, by Order U-99-107(2), the Commission  
15 scheduled a pre-hearing conference for the purpose of establishing a hearing and  
16 filing schedule.

17 12. On January 25, 2000, by Order U-99-107(3), the Commission  
18 adopted the hearing and filing schedule which has governed all further activity in this  
19 proceeding to this juncture.

20 13. On February 7, 2000, the PAS served its First Discovery  
21 Requests on ATEAC and GTEA. On February 17, 2000, ATEAC timely responded  
22 to those discovery requests. On February 18, 2000, GTEA timely responded to  
23 those discovery requests. During the discovery period, the PAS has served

ROBERT E. STOLLER  
ATTORNEY AT LAW  
800 EAST DIMOND BLVD.  
SUITE 3-537  
ANCHORAGE, ALASKA 99515  
PHONE: (907) 522-2299 / FAX (907) 522-2126

1 supplemental discovery requests on ATEAC, and ATEAC has responded in a timely  
2 fashion to all such supplemental discovery requests.

3 14. On February 25, 2000, GTEA, ATEAC and the PAS each timely  
4 filed their respective Preliminary Issue Statements.

5 15. On March 15, 2000, GTEA timely filed its initial witness list and  
6 the pre-filed testimony of its witness Gerald W. Shannon.

7 16. On March 17, 2000, ATEAC timely filed its initial witness list and  
8 the pre-filed testimonies of its President Howard Garner, its consultant James A.  
9 Durant and its Investment Banker Gary Sugarman.

10 17. On April 17, 2000, the PAS timely filed its witness list and the  
11 pre-filed testimony of its witness Parker J. Nation, Jr.

12 18. On April 26, 2000, ATEAC timely filed its reply witness list and  
13 the pre-filed testimony of its President Howard Garner.

14 19. On April 26, 2000, GTEA timely filed its reply witness list and the  
15 pre-filed reply testimony of its witness Gerald W. Shannon.

16 III

17 NATURE OF THE ISSUES PRESENTED

18 20. The final issues in this Docket are:

19 (1) Whether the proposed transfer of assets to ATEAC is  
20 affirmatively in the public interest?

21 (2) Whether it is in the public interest to exempt ATEAC from  
22 the requirement of a certificate in AS 42.05.241 under the circumstances of  
23 the transaction?

ROBERT E. STOLLER  
ATTORNEY AT LAW  
800 EAST DIMOND BLVD.  
SUITE 3-537  
ANCHORAGE, ALASKA 99515  
PHONE: (907) 522-2299 / FAX (907) 522-2126

ROBERT E. COLLIER  
ATTORNEY AT LAW  
800 EAST DIMOND BLVD.  
SUITE 3-537  
ANCHORAGE, ALASKA 99515  
PHONE: (907) 522-2299 / FAX (907) 522-2126

1 (3) Whether the approval of the transfer of assets to ATEAC  
2 should be conditioned on the approval of the applications pending in Dockets  
3 U-99-119, U-99-120, U-99-121, U-99-122 and U-99-123?

4 21. All issues in this Docket have been resolved. As described in  
5 Section V below, the parties agree that the transfer of assets should be approved  
6 subject to certain conditions.

7 IV

8 EVIDENTIARY SUPPORT FOR THIS STIPULATION

9 22. The pre-filed testimony of all parties shall be received into  
10 evidence in this proceeding, and all parties waive cross-examination.

11 23. In conformance with 3 AAC 48.166, the evidentiary support for  
12 this Stipulation consists of the following documents of record, all of which are  
13 incorporated herein by this reference:

14 (1) The Joint Application of GTEA and ATEAC, dated  
15 September 13, 1999, including all of the exhibits and attachments  
16 incorporated therein;

17 (2) The pre-filed testimony of GTEA Witness Gerald W.  
18 Shannon, filed March 15, 2000;

19 (3) The pre-filed testimonies of ATEAC President Howard  
20 Garner, ATEAC Consultant James A. Durant and ATEAC Investment Banker  
21 Gary Sugarman, filed March 17, 2000;

22 (4) The pre-filed testimony of PAS Witness Parker J. Nation,  
23 Jr., filed April 17, 2000;

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23

(5) The pre-filed reply testimony of ATEAC President Howard Garner, filed April 26, 2000; and

(6) The pre-filed reply testimony of GTEA Witness Gerald W. Shannon, filed April 26, 2000.

24. Briefly summarized, the evidence catalogued in Paragraph 23 above establishes that the proposed transaction is affirmatively in the public interest and should be approved, subject to the conditions recommended by the PAS.

V

**SUBSTANTIVE STIPULATED PROVISIONS**

25. Based on the evidence catalogued in Paragraph 23 above, the parties stipulate as follows:

(1) The approval of the transfer of assets and service areas to ATEAC in Docket U-99-107 should be approved on the condition that all the applications and transfers to the respective applicants are approved in Dockets U-99-119, U-99-120, U-99-121, U-99-122 and U-99-123.

(2) The transfer of assets and service areas to ATEAC should be approved to take effect simultaneously with the approval of the applications and transfers pending in Dockets U-99-119, U-99-120, U-99-121, U-99-122 and U-99-123.

(3) It is in the public interest in order to complete the transaction to exempt ATEAC from any requirement in AS 42.05.221 that would otherwise require ATEAC to obtain a certificate of public convenience and necessity.

ROBERT E. SCHILLER  
ATTORNEY AT LAW  
800 EAST DIMOND BLVD.  
SUITE 3-537  
ANCHORAGE, ALASKA 99515  
PHONE: (907) 522-2299 / FAX (907) 522-2126

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27

(4) There is no public purpose served by requiring ATEAC to become a public utility when its purpose is to facilitate transfer of all assets and the service areas to the applicants in Dockets U-99-119, U-99-120, U-99-121, U-99-122 and U-99-123. The simultaneous transfer will remove any practical need for ATEAC to have a certificate.

(5) GTEA will surrender its Certificate of Public Convenience and Necessity No. 3 to the Commission immediately upon completion of the transaction.

**VI**

**RESERVATION OF THE COMMISSION'S ADJUDICATORY DISCRETION IN UNRELATED PROCEEDINGS**

26. Except insofar as this Stipulation is interrelated with the companion Stipulations which are being filed simultaneously in Dockets U-99-119, U-99-120, U-99-121, U-99-122 and U-99-123, nothing in this Stipulation is intended to, or shall, limit the Commission's powers conferred by statute or bind the Commission in a future proceeding.

**VII**

**RESERVATION OF PARTIES' ADVOCACY POSITIONS IN THE EVENT THIS STIPULATION IS NOT ACCEPTED IN ITS ENTIRETY**

27. If within thirty days after the filing of this Stipulation, the Commission has failed to accept this Stipulation in its entirety, either party may then withdraw from this Stipulation by serving a written notice of withdrawal upon the other party and the Commission, and proceedings in Docket U-99-107 will thereupon continue as if this Stipulation had never been entered. After such notice

ROBERT E. STOLLER  
ATTORNEY AT LAW  
800 EAST DIMOND BLVD.  
SUITE 3-537

ANCHORAGE, ALASKA 99515  
PHONE: (907) 522-2298 / FAX (907) 522-2126

1 of withdrawal has been served, this Stipulation may not thereafter be tendered or  
2 received in evidence, no party may use this Stipulation against any other party, and  
3 no third party shall have any rights in consequence of the fact that this Stipulation  
4 had previously been entered into or submitted to the Commission for approval.

5 RESPECTFULLY submitted this 5<sup>th</sup> day of May, 2000, at Anchorage,  
6 Alaska.

7 BRUCE M. BOTELHO  
8 ATTORNEY GENERAL

ATEAC, INC.

9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23

By: Ron Zobel  
Ron Zobel, Assistant  
Attorney General, Attorney  
for the Public Advocacy Section

By: Robert E. Stoller  
Robert E. Stoller, Attorney for  
ATEAC, Inc.

GTE ALASKA INCORPORATED  
GTE Eggers, LLC

By: Dennis G. Fenerty Dennis G. Fenerty  
for Todd Timmermans, Attorney for  
GTE Alaska Incorporated

ROBERT E. STOLLER  
ATTORNEY AT LAW  
800 EAST DIMOND BLVD.  
SUITE 3-537  
ANCHORAGE, ALASKA 99515  
PHONE: (907) 522-2299 / FAX (907) 522-2126

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59

**CERTIFICATE OF MAILING**

I certify that on May 20, 2000, I have personally served by hand delivery and/or U.S.P.S. a copy of the above submission to:

Ron Zobel, Assistant Attorney General (Via Hand Delivery)  
Regulatory Commission of Alaska  
1031 West Fourth Avenue, Suite 200  
Anchorage, Alaska 99501

Lew Craig and Parker Nation (Via Hand Delivery)  
Regulatory Commission of Alaska  
Public Advocacy Section  
1016 West Sixth Avenue, Suite 400  
Anchorage, Alaska 99501

Todd Timmermans, Esq. (Via Hand Delivery)  
Grog Eggers, LLC  
3201 C Street, Suite 400  
Anchorage, Alaska 99503-3697

Joseph Moran, Esq. (Via USPS)  
DeLisio Moran Geraghty & Zobel, PC  
943 West Sixth Avenue  
Anchorage, Alaska 99501

Michael McLaughlin, Esq. (Via USPS)  
Guess & Rudd  
510 L Street, Suite 700  
Anchorage, Alaska 99501

Howard Garner and Mike Garrett (Via USPS)  
Alaska Telephone Company  
Post Office Box 3222  
Port Townsend, Washington 98368

Dave Fauske and Remi Sun (Via USPS)  
Arctic Slope Telephone Cooperative, Inc.  
4300 B Street, Suite 501  
Anchorage, Alaska 99503

Jack H Rhyner and Brenda Shepard (Via USPS)  
TelAlaska  
201 East 56<sup>th</sup> Avenue, Suite 100  
Anchorage, Alaska 99518

Steve Hamlen and Marianne Turner (Via USPS)  
United Utilities, Inc.  
5450 A Street  
Anchorage, Alaska 99518

  
Donna K. Daniels

ROBERT E. STOLLER  
ATTORNEY AT LAW  
800 EAST DIMOND BLVD.  
SUITE 3-537  
ANCHORAGE, ALASKA 99515

PHONE: (907) 522-2299 FAX (907) 522-2126

U-99-107/STIPULATION FOR APPROVAL OF APPLICATION  
SUBJECT TO CONDITIONS

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

G. Nanette Thompson, Chair  
Bernie Smith  
Patricia M. DeMarco  
Will Abbott  
James S. Strandberg

In the Matter of the Joint Application of GTE )  
ALASKA INCORPORATED and ATEAC, INC To )  
Transfer Certificate of Public Convenience and )  
Necessity No. 3, Authorizing Provision of )  
Telecommunications (Local Exchange) Public )  
Utility Service, From GTE ALASKA )  
INCORPORATED to ATEAC, INC. )

U-99-107

CERTIFICATION OF MAILING

I, Joyce McGowan, certify as follows:

I am Administrative Supervisor in the offices of the Regulatory  
Commission of Alaska, 1016 West Sixth Avenue, Suite 400, Anchorage, Alaska 99501.

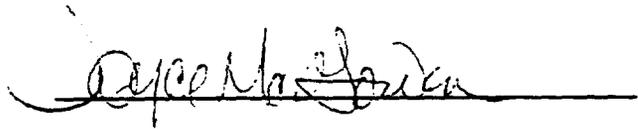
On July 13, 2000, I mailed copies of

ORDER NO. 5, entitled:

ORDER ACCEPTING STIPULATION, SUBJECT TO CONDITIONS,  
AND REQUIRING FILING  
(Issued July 11, 2000)

in the proceeding identified above to the persons indicated on the attached service list.

DATED at Anchorage, Alaska, this 13th day of July, 2000.



**SERVICE LIST  
U-99-107**

**July 11, 2000  
Page 1 of 3**

Robert E. Stoller, Esq.  
Robert E. Stoller, Sole Proprietor  
Counsel for ATEAC, Inc.  
800 East Dimond Blvd., Suite 3-537  
Anchorage, AK 99515

Ron Zobel  
Assistant Attorney General  
Department of Law  
Counsel for Public Advocacy Section  
Regulatory Commission of Alaska  
1031 West Fourth Avenue, Suite 200  
Anchorage, AK 99501

Todd Timmermans, Esq.  
Groh, Eggers, LLC  
Counsel for GTE Alaska Incorporated  
3201 C Street, Suite 400  
Anchorage, AK 99503

**COURTESY LIST  
U-99-107**

**July 11, 2000  
Page 2 of 3**

Howard Garner  
President  
ATEAC, Inc.  
P.O. Box 3222  
Port Townsend, WA 98368

Judith Colbert  
Executive Director  
Alaska Exchange Carriers  
Association, Inc.  
3380 C Street, Suite 201  
Anchorage, AK 99503

James Rowe  
Director  
Alaska Telephone Association  
201 East 56th Avenue, Suite 114  
Anchorage, AK 99518

David S. Fauske  
General Manager  
Arctic Slope Telephone Association  
Cooperative, Inc.  
4300 B Street, Suite 501  
Anchorage, AK 99503-5900

Jeffrey D. Landry, Esq.  
Assistant Attorney General  
Department of Law  
1031 West Fourth Avenue, Suite 200  
Anchorage, AK 99501

Steven R. Krogue  
Acting General Manager  
GTE Alaska Incorporated  
16404 Smokey Point Boulevard, Suite 20  
Arlington, WA 98223-8405

Jerome George  
Board of Directors  
Seward Boat Owners Association, Inc.  
3640 Dora Avenue  
Anchorage, AK 99516

Jack H. Rhyner  
President  
TelAlaska, Inc., Interior Telephone,  
and Mukluk Telephone Company, Inc.  
201 East 56th Avenue, Suite 100  
Anchorage, AK 99518

Steve Hamlen  
President  
United Utilities, Inc.  
5450 A Street  
Anchorage, AK 99518

Jerome George  
Board of Directors  
Seward Boat Owners Association, Inc.  
3640 Dora Avenue  
Anchorage, AK 99516

**COURTESY LIST**  
**U-99-107**

**July 11, 2000**  
**Page 3 of 3**

This document was also emailed to:

"Robert E. Stoller, Esq." <stoller@chugach.net>

"Todd Timmermans, Esq." <timmermanst@grogheggers.com>

"Howard Garner" <howard.g@aptalaska.com>

"Judith Colbert" <aeca@alaska.net>

"James Rowe" <jrowe@ptialaska.net>

"Jerome George" <jgeorge@ak.net>

"Jack H. Rhyner" <J\_Rhyner@telalaska.com>