

## **EXHIBIT B**

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STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

4 Before Commissioners: G. Nanette Thompson, Chair  
 5 Bernie Smith  
 6 Patricia M. DeMarco  
 7 Will Abbott  
 8 James S. Strandberg

8 In the Matter of the Joint Application of ATEAC, )  
 9 INC., and ALASKA TELEPHONE COMPANY To )  
 10 Transfer Assets Operated Pursuant to Certificate )  
 11 of Public Convenience and Necessity No. 4, )  
 12 Authorizing Provision of Telecommunications )  
 13 (Local Exchange) Public Utility Service, From )  
 14 ATEAC, INC., to ALASKA TELEPHONE )  
 15 COMPANY )

U-99-119  
ORDER NO. 4

13 ORDER ACCEPTING STIPULATION,  
 14 SUBJECT TO CONDITIONS; DESIGNATING ELIGIBLE TELECOMMUNICATIONS  
 15 CARRIER STATUS; AND REQUIRING FILINGS

15 BY THE COMMISSION:

16 Introduction

17 On October 20, 1999, the corporate shareholders of ATEAC, Inc.  
 18 (ATEAC),<sup>1</sup> and ATC; filed a joint application to transfer the assets and service areas held  
 19 by GTE ALASKA INCORPORATED (GTEA) in Haines, Hyder, Klukwan, Metlakatla,  
 20 Petersburg, and Wrangell. By Order U-99-107(5), dated July 11, 2000, the Commission  
 21 approved the application of ATEAC to acquire all of the assets and service areas  
 22

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

Regulatory Commission of Alaska  
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1 currently held by GTEA in Alaska. This matter addresses the transfer of assets and  
2 service areas from ATEAC to ATC.  
3

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

7 By Order U-99-119(3),<sup>2</sup> dated May 17, 2000, the Commission affirmed the  
8 hearing schedule in this proceeding. The purpose of the hearing in this proceeding was  
9 to require the parties to make their witnesses available for the Commission inquiry  
10 regarding the stipulation and the prefiled testimony and exhibits.  
11

12 The hearing convened, as scheduled, on May 24, 2000. During the  
13 hearing, ATC presented the testimony of Michael Garrett, President; James A. Durant,  
14 consultant; and Gerard Duffy, counsel for ATEAC before the Federal Communications  
15 Commission (FCC). The Public Advocacy Section (PAS) presented the testimony of  
16 Parker J. Nation, Jr., Utility Financial Analyst. The Commission incorporated, by  
17 reference, the testimony elicited from Duffy in Docket U-99-107.  
18

#### 19 Discussion

20 The Commission has taken into consideration the stipulation, prefiled  
21 testimony and exhibits, and the testimony elicited during hearing. Based on this  
22 evidence, the Commission has determined that the stipulation is reasonable and should  
23 be accepted. Acceptance of the stipulation is subject to the express condition that for the  
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26 <sup>2</sup>That Order was issued as part of a joint decision published as Order  
U-99-119(3)/U-99-120(3)/U-99-121(3)/U-99-122(3)/U-99-123(3).

1 purpose of approving acquisitions in the future, no issue should be considered to have  
2 been finally determined or adjudicated by virtue of Commission acceptance of the  
3 stipulation.  
4

5 The statutory standard applicable to the transfer and acquisition of utility  
6 assets and service territory is that the transferee is fit, willing, and able to provide the  
7 proposed service and that the proposed service is affirmatively consistent with the public  
8 interest. (See AS 42.05.241, AS 42.05.281.) The Commission has determined that ATC  
9 is fit, willing, and able to provide the proposed service.  
10

11 ATC has obtained sufficient financing through CoBank, ACB (CoBank) to  
12 purchase the assets at issue in this proceeding. Specifically, CoBank has committed to  
13 provide financing in the amount of \$15.8 million for a term of 15 years. (Application,  
14 Exhibit H, p. 1.) In addition, ATC has provided approximately \$800,000 toward the total  
15 purchase price. (Tr. 53.)  
16

17 According to ATC, the net book value of the plant to be acquired is  
18 approximately \$7.3 million. (Application, Exhibit B, p. 1.) In its review of the application,  
19 the Commission notes that ATC has estimated the net book value of plant to be acquired,  
20 and related acquisition adjustment utilizing values reported in GTEA's Form M. As  
21 discussed in greater detail in Order U-99-107(5), the Commission notes that GTEA  
22 appears to have reduced the net book value of its plant by approximately \$2.7 million  
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26

1 several years ago,<sup>3</sup> but did not similarly adjust the net book value of its plant for  
2 regulatory purposes. Therefore, the Commission has some concern that the net book  
3 value of \$7.3 million may be overstated for regulatory purposes.  
4

5 Accordingly, the Commission must have an adequate opportunity to review  
6 the documents required to be filed by GTEA by Order U-99-107(5), and make a  
7 determination that the net book value of the assets proposed to be transferred is proper  
8 for regulatory purposes. Until the Commission makes that determination, approval of this  
9 application is conditioned upon ATC being required to utilize the net book value of  
10 GTEA's plant, as of the date the transaction closes, as determined in accordance with  
11 generally accepted accounting principles (GAAP) for the purpose of calculating an  
12 acquisition adjustment in future ratemaking proceedings.  
13

14 According to ATC, the purchase price results in an acquisition adjustment  
15 of approximately \$8.6 million. (T-1, p. 6.) However, as noted above, the Commission will  
16 not be able to make a determination regarding the level of acquisition adjustment until  
17 it has determined the net book value of the plant for regulatory purposes. Nonetheless,  
18 the parties have concurred that the approval of this application should be conditioned  
19 upon ATC's not recovering any acquisition adjustment in rates for the provision of service  
20 in the communities of Haines, Hyder, Klukwan, Metlakatla, Petersburg, and Wrangell.  
21  
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23 \_\_\_\_\_  
24 <sup>3</sup>GTEA does not appear to have apprised the Commission of any event or change  
25 in accounting methods for the period(s) in which GTEA's testimony indicates the FAS 71  
26 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 change in accounting  
standards at Schedule A-6 of its annual operating report, required under AS  
42.05.451(b).

1           The Commission has determined that it is appropriate to exclude any  
2 acquisition adjustment from the rates ATC intends to charge its consumers.  
3 (AS 42.05.441.) The Commission has concluded that the provision in the stipulation  
4 regarding an acquisition adjustment may be subject to more than one interpretation.  
5 Therefore, the Commission has determined that it should ensure that its ruling regarding  
6 an acquisition adjustment is clear. While the Commission accepts the agreement of the  
7 parties, the Commission clarifies that ATC may not recover an acquisition adjustment in  
8 any rates for the provision of any regulated service within its service territory.  
9

10           The Commission has determined that the management team of ATC has  
11 the expertise necessary to manage telecommunications utilities in Alaska. ATC has been  
12 providing local exchange service to rural and remote locations in Alaska since 1965.  
13 (Application, Exhibit E, p. 1.)  
14

15           The Commission has concluded that the transfer is affirmatively consistent  
16 with the public interest. ATC intends to provide service under GTEA's current tariffs on  
17 file with the Commission until those rates are adjusted by the Commission. (Application,  
18 Exhibit E, p. 4; Stipulation p. 7.)  
19

20           ATC intends to use a centralized billing system and spread the costs of that  
21 billing system over the larger customer base resulting in some economies of scale. (Tr.  
22 19-20.) ATC also intends to use the larger pool of employees to draw upon for seasonal  
23 work. (Tr. 20.) ATC intends to expand the number of personnel employed. ATC plans  
24 to hire a General Manager in Craig and to open an engineering office in Anchorage that  
25 would require three additional employees. (Tr. 21.)  
26

1           ATC will be assuming 32 of the former GTEA employees. (Tr. 22.) The  
2 former GTEA employees will provide assistance with the six exchanges that are the  
3 subject of this application. (Tr. 22.)  
4

5           The parties agreed that approval of this application should be conditioned  
6 on ATC filing on or before July 31, 2002, a revenue requirement study and cost-of-service  
7 study for its local exchange and its local special access jurisdictions, using a test year  
8 ending December 31, 2001. (Stipulation, p. 7.) The Commission has concluded that this  
9 condition is reasonable and should be accepted.  
10

11           The parties concurred that the jurisdictional cost shifts referred to in the  
12 prefiled testimony of James A. Durant were not based on a *pro forma* combined Part 36  
13 jurisdictional cost separation study. (Stipulation, p. 8.) The parties agree there is no  
14 known and measurable basis to propose a rate reduction based on any jurisdictional  
15 shifts. (Stipulation, p. 8.) Thus, the parties agreed that approval of the application should  
16 not be conditioned upon a rate reduction. (Stipulation, p. 8.) The Commission has  
17 determined that this condition is reasonable and should be accepted.  
18

19           In addition to the issues raised by the parties, the Commission must also  
20 evaluate whether approval of the acquisition requires housekeeping changes to the  
21 eligible carrier obligations placed on carriers seeking to receive federal universal service  
22 support. To receive universal service support a carrier must have Eligible  
23 Telecommunications Carrier (ETC) status for the geographic area ("ETC Service Area")  
24 receiving funding.<sup>4</sup> In the case of a rural carrier, the ETC Service Area must be the  
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<sup>4</sup> See 47 U.S.C. §§ 214(e)(1), 254(e), and 47 C.F.R. § 54.201(a).

1 carrier's study area unless both this Commission and the FCC establish a different  
2 definition of service area for the carrier.<sup>5</sup>

3  
4 By Order U-97-168(1), dated December 19, 1997, the Commission granted  
5 GTEA: (1) ETC status for its certificated service area under Certificate of Public  
6 Convenience and Necessity (Certificate) No. 3; (2) waiver of the ETC status requirement  
7 for access to emergency services in Hyder until January 1, 2000; and (3) waiver of the  
8 ETC toll-blocking requirement for Hyder until further notice. GTEA was also required to  
9 provide customer notification of its services by several means specified through Order  
10 U-97-168(1). The Commission determined that it was appropriate to transfer GTEA's  
11 ETC status and ETC obligations to ATEAC by Order U-99-107(5) to eliminate any  
12 disruption in universal service funding for the service area to be transferred. However,  
13 according to this Order ATEAC is required to return Certificate No. 3 for cancellation and  
14 ATC's Certificate will be modified to include the transferred service area. ATC does not  
15 hold ETC status for the acquired service area.  
16

17  
18 In order to forestall the possibility of denial of federal universal service  
19 funding for the acquired area, the Commission hereby transfers the ETC status and ETC  
20 obligations of ATEAC associated with the purchased service area to ATC upon closing.  
21 The only remaining issue concerns the ETC Service Area designation and any special  
22 conditions that should apply.  
23

24 By Order U-97-189(1), dated December 15, 1997, ATC was designated an  
25 ETC for its certificated service area, which at that time, was its study area. If ATC is  
26

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<sup>5</sup> See 47 U.S.C. § 214(e)(5).

1 granted approval of its request for study area waiver to merge the purchased exchanges  
2 with its existing exchange study area, then after closure of the sale, ATC's ETC Service  
3 Area will continue to be its certificated service area. If the study area waiver is denied,  
4 then ATC will have separate ETC status for its existing exchange study area and for its  
5 purchased exchange study area in accordance with Section 214(e)(5). ATC will serve  
6 Hyder, which had a waiver of the ETC requirement for access to emergency services until  
7 January 1, 2000. By this Order the Commission extends that waiver until July 1, 2001,  
8 to the extent emergency services (i.e., E911, 911) continue to be unavailable in Hyder.  
9 By six months after the close of sale, ATC is ordered to report the status of provision of  
10 emergency services to Hyder.  
11

12  
13 However, it is unclear at this time whether ATC will have one or two study  
14 areas under Certificate No. 31 after closing and the FCC decision on the request for  
15 study area waiver. The Commission therefore determines that ATC has ETC status for  
16 each study area(s) approved by the FCC in response to the study area waiver request.  
17

18 The Commission notes that ATC has requested a study area waiver from  
19 the FCC. While the Commission does not necessarily agree with ATC that the FCC will  
20 automatically grant such a waiver the Commission does not oppose the waiver.  
21

22 The Commission further notes that ATC intends to obtain waiver of FCC  
23 price cap regulations<sup>6</sup> that, in part, require ATC to become a price cap carrier within a  
24 year after purchasing any GTEA exchange subject to price cap regulation.  
25 Representations have been made to this Commission that the FCC typically grants such  
26

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<sup>6</sup> See 47 C.F.R. § 61.41.

1 waivers and the Commission's evaluation of whether this acquisition is in the public  
2 interest is predicated on the assumption that waiver of the price cap regulations would  
3 be granted. Absent waiver, the Commission notes that ATC customers would likely  
4 observe an increase in their federal subscriber line charge and would be subject to the  
5 reformed "CALLS" interstate access charge mechanism recently adopted by the FCC and  
6 applied to price cap carriers. The Commission has insufficient evidence at this time to  
7 conclude that this acquisition is in the public interest if the price cap waiver is denied.  
8 Therefore, approval of the application is subject to the condition that ATC obtains a  
9 waiver of FCC price cap regulations.  
10

11  
12 In order to ensure that ATC completes the following tariff requirements in a  
13 timely manner, ATC will be required to inform the Commission of the exact date this  
14 transaction closes. The Commission has determined that it is reasonable for ATC to file  
15 a formal adoption notice of the rules, regulations, and rates in the GTEA tariff that pertain  
16 to the provision of service in Haines, Hyder, Klukwan, Metlakatla, Petersburg, and  
17 Wrangell, within thirty days of the date of closing. (3 AAC 48.400.)  
18

19 According to 3 AAC 48.410, an acquiring utility is also required, within 90  
20 days of filing the adoption notice, to file rates, rules, and regulations for the acquired area  
21 either as a part of its own tariff or as a separate tariff in its own name if it plans to  
22 continue to operate in accordance with it. In this case, ATC has agreed to be bound by  
23 the GTEA rate structure for the acquired area until it files a revenue requirement and  
24 cost-of-service study in accordance with 3 AAC 48.275. Thus, the Commission has  
25 determined that it is appropriate to waive 3 AAC 48.410, in part. ATC should submit a  
26

1 tariff filing for that portion of the GTEA tariff that pertains to the provision of service in  
2 Haines, Hyder, Klukwan, Metlakatla, Petersburg, and Wrangell within 90 days of filing the  
3 adoption notice.  
4

5 Based on the foregoing, the Commission concurs with the parties that the  
6 evidence in the record supports a finding that ATC is fit, willing, and able to acquire the  
7 assets and service areas operated under Certificate No. 3 and that such acquisition is  
8 affirmatively consistent with the public interest. Accordingly, the application is approved,  
9 subject to the conditions stated earlier in this Order.  
10

11 ATEAC shall be required to return Certificate of Public Convenience and  
12 Necessity No. 3 for cancellation. ATC should file a revised service area description<sup>7</sup> and  
13 revised U.S.G.S. maps reflecting the additional service territory approved in this Order.  
14 The Commission will revise Certificate No. 31 to include the communities of Haines,  
15 Hyder, Klukwan, Metlakatla, Petersburg, and Wrangell.  
16

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

25 \_\_\_\_\_  
26 <sup>7</sup> This service area description should also be filed with a 3.5-inch diskette or CD  
formatted in an IBM compatible form using MS Word and contain the text of the filing  
made to the Commission in accordance with 3 AAC 48.090(b)(4).

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. By 4 p.m., August 11, 2000, ATEAC, INC., shall return Certificate of Public Convenience and Necessity No. 3 to the Commission for cancellation.

3. The Eligible Telecommunications Carrier status and obligations of ATEAC, Inc., associated with the Haines, Hyder, Klukwan, Metlakatla, Petersburg, and Wrangell service area are transferred to Alaska Telephone Company, upon closing of the sales agreement.

4. The Eligible Telecommunications Carrier Service Areas under the Telecommunications Act of 1996 at Section 214 for Alaska Telephone Company, shall be the individual study area(s) that exist upon acquisition closing, with later adjustment, if necessary, to reflect the decision of the Federal Communications Commission in response to the study area waiver request associated with Haines, Hyder, Klukwan, Metalkatla, Petersburg, and Wrangell.

5. Alaska Telephone Company shall file a notice informing the Commission of the closing date of the acquisition.

6. By 4 p.m., August 11, 2000, Alaska Telephone Company shall file a revised service area description and revised U.S. Geological Survey maps reflecting the service territory approved in the body of this Order.

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7. Within thirty days of the date of closing, Alaska Telephone Company shall file a formal tariff adoption notice in accordance with 3 AAC 48.400, as more fully discussed in the body of this Order.

8. The provisions of 3 AAC 48.410 are waived, in part, and within ninety days of filing the formal tariff adoption notice, Alaska Telephone Company, shall file rates, rules, and regulations for the acquired service area, as more fully discussed in the body of this Order.

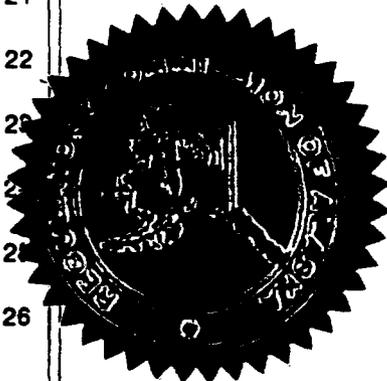
9. Alaska Telephone Company is granted a waiver, until July 2, 2001, of the Eligible Telecommunications Carrier requirement to provide emergency services to Hyder.

10. By January 8, 2001, Alaska Telephone Company shall file a report regarding the status of the provision of emergency services in Hyder.

11. By 4 p.m., July 31, 2002, Alaska Telephone Company shall file a revenue requirement study and a cost-of-service study for its local exchange and its local special access jurisdictions, using a test year ended December 31, 2001.

DATED AND EFFECTIVE at Anchorage, Alaska, this 12th day of July, 2000.

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



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STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

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

In The Matter of the Joint Application of )  
ATEAC, INC. and ALASKA TELEPHONE )  
COMPANY To Transfer Assets Operated )  
Pursuant to Certificate of Public Convenience )  
and Necessity No. 3, Authorizing Provision of )  
Telecommunications (Local Exchange) )  
Public Utility Service, from ATEAC, INC. )  
to ALASKA TELEPHONE COMPANY )

U-99-119

STIPULATION FOR APPROVAL OF APPLICATION  
SUBJECT TO CONDITIONS

This Stipulation is by and among ATEAC, Inc. ("ATEAC"), Alaska Telephone Company ("ATC") and the Public Advocacy Section of the Regulatory Commission of Alaska (the "PAS"), and is expressly subject to the approval of the Regulatory Commission of Alaska ("the Commission").

I

INTRODUCTION AND OVERVIEW

1. The three parties to this Stipulation constitute all of the parties of record to Docket U-99-119.

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1                   2.    By this Stipulation, the parties propose to resolve all of the  
2 issues outstanding in Docket U-99-119.  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 Wednesday, May 24,  
5 2000 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-99-107, 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 GTE Alaska Incorporated ("GTEA") pursuant  
15 to Certificate of Public Convenience and Necessity No. 3.  Listed alphabetically, the  
16 thirteen Alaskan communities affected by these Stipulations are:  Barrow, Bethel,  
17 Haines, Hyder, Klukwan, McGrath, Metlaktla, Moose Pass, Nome, Petersburg,  
18 Seward, Unalakleet 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

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### PERTINENT PROCEDURAL HISTORY

8. On October 20, 1999, ATEAC and ATC jointly filed their Application to Transfer Assets Operated Pursuant To Certificate of Public Convenience and Necessity No. 3 from ATEAC to ATC.

9. On January 4, 2000, by Order U-99-119(1), the Commission designated the PAS as a party to Docket U-99-119. The Commission ordered the PAS to investigate all relevant issues and, as necessary, present the results of the investigation to it and submit stipulations of agreed upon issues for the Commission's approval.

10. On January 24, 2000, by Order U-99-119(2), the Commission adopted the hearing and filing schedule which has governed all further activity in this proceeding to this juncture.

11. On February 7, 2000, the PAS served its First Discovery Requests on ATC. On February 18, 2000, ATC timely responded to those discovery requests. During the discovery period, the PAS has served supplemental discovery requests on ATC, and ATC has responded in a timely fashion to all such supplemental discovery requests.

12. On February 25, 2000, ATEAC, ATC and the PAS each timely filed their respective Preliminary Issue Statements.

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IV

**EVIDENTIARY SUPPORT FOR THIS STIPULATION**

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

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

(1) The Joint Application of ATEAC and ATC, dated October 20, 1999, including all of the exhibits and attachments incorporated therein;

(2) The pre-filed testimonies of ATC President Michael Garrett and ATC Consultant James A. Durant filed on March 17, 2000;

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

(4) The pre-filed reply testimonies of ATC President Michael Garrett and ATC Consultant James A. Durant filed on April 26, 2000.

20. Briefly summarized, the evidence catalogued in Paragraph 19 above establishes that the proposed transaction is affirmatively in the public interest and should be approved, subject to most of the conditions recommended by the PAS.

V

**SUBSTANTIVE STIPULATED PROVISIONS**

21. Based on the evidence catalogued in Paragraph 19 above, the parties stipulate as follows:

1 (1) The proposed transfer gives control of local exchange  
2 service to an existing Alaska utility with contiguous service areas that should  
3 make the service more consistent and responsive to Alaska consumers.

4 (2) ATC has the managerial, technical and financial fitness to  
5 provide these additional services.

6 (3) It is affirmatively in the public interest to approve with  
7 conditions the application and the transfer of the assets and service areas  
8 from ATEAC to ATC.

9 (4) The transactions in U-99-107 and this Docket should be  
10 approved to take effect simultaneously.

11 (5) The approval should be conditioned upon there being no  
12 increase in the GTEA's existing local exchange rates for Haines, Hyder,  
13 Klukwan, Metlakatla, Petersburg and Wrangell until the rate case to be filed in  
14 accordance of Subparagraph (6) has been adjudicated.

15 (6) The approval should be conditioned on ATC filing by or  
16 before July 31, 2002 a revenue requirement study and cost of service study  
17 for its local exchange and its local special access jurisdictions, using a test  
18 year ending December 31, 2001.

19 (7) The approval should be conditioned on ATC not  
20 recovering in its rates any acquisition adjustment in connection with its  
21 purchase of the assets of GTEA through ATEAC for the provision of local  
22 exchange telephone service in the communities of Haines, Hyder, Klukwan,  
23 Metlakatla, Petersburg and Wrangell.

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1 received in evidence, no party may use this Stipulation against any other party, and  
2 no third party shall have any rights in consequence of the fact that this Stipulation  
3 had previously been entered into or submitted to the Commission for approval.

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

6 BRUCE M. BOTELHO  
7 ATTORNEY GENERAL

ATEAC, INC.

8  
9  
10  
11 By: Ron Zobel  
12 Ron Zobel, Assistant  
13 Attorney General, Attorney  
14 for the Public Advocacy Section

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

15  
16 ALASKA TELEPHONE COMPANY

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**CERTIFICATE OF MAILING**

I certify that on May 5, 2000, I have personally served by hand delivery and/or U.S.P.S. a copy of the above submission to:

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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 ATEAC, )  
INC, and ALASKA TELEPHONE COMPANY To )  
Transfer Assets Operated Pursuant to Certificate )  
of Public Convenience and Necessity No. 4, )  
Authorizing Provision of Telecommunications )  
(Local Exchange) Public Utility Service, From )  
ATEAC, INC., to ALASKA TELEPHONE )  
COMPANY )

U-99-119

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.

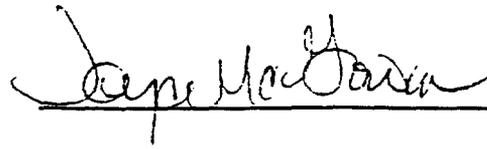
On July 13, 2000, I mailed copies of

ORDER NO. 4, entitled:

ORDER ACCEPTING STIPULATION,  
SUBJECT TO CONDITIONS; DESIGNATING ELIGIBLE TELECOMMUNICATIONS  
CARRIER STATUS; AND REQUIRING FILINGS  
(Issued July 12, 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-99-119**

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

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

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