

EXHIBIT E

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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 MUKLUK 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 MUKLUK TELEPHONE COMPANY, INC.

U-99-122

ORDER NO. 4

ORDER AFFIRMING BENCH ORDER; ACCEPTING STIPULATION, SUBJECT TO CONDITIONS; DESIGNATING ELIGIBLE TELECOMMUNICATIONS CARRIER STATUS; AND REQUIRING FILINGS

BY THE COMMISSION:

Introduction

On October 20, 1999, the corporate shareholders of ATEAC, Inc. (ATEAC),¹ and MUKLUK TELEPHONE COMPANY, INC., (Mukluk); filed a joint application to transfer the assets and service areas held by GTE ALASKA

¹ATEAC 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

Regulatory Commission of Alaska
1016 West Sixth Avenue, Suite 400
Anchorage, Alaska 99501
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1 INCORPORATED (GTEA) in Nome. By Order U-99-107(5), dated July 11, 2000, the
2 Commission approved the application of ATEAC to acquire all of the assets and service
3 areas held by GTEA in Alaska. This matter addresses the transfer of assets and service
4 areas from ATEAC to Mukluk.
5

6 On May 5, 2000, all parties to this proceeding filed a stipulation resolving
7 all outstanding issues. A copy of the stipulation is attached to this Order as an Appendix
8 and, by this reference, is incorporated herein.
9

10 By Order U-99-122(3),² dated May 17, 2000, the Commission affirmed the
11 hearing schedule in this proceeding. The purpose of the hearing was to require the
12 parties to make their witnesses available for Commission inquiry regarding the stipulation
13 and the prefiled testimony and exhibits.
14

15 At the conclusion of the hearing in Docket U-99-120, the parties in this
16 proceeding requested that the hearings in Dockets U-99-121³ and U-99-122 be
17 consolidated. The Commission issued a bench order granting the request for
18 consolidation and this Order affirms that bench ruling.
19

20 (ITC); and UNITED KUC INC., (United).

21 ²That Order was issued as part of a joint decision published as Order
22 U-99-119(3)/U-99-120(3)/U-99-121(3)/U-99-122(3)/U-99-123(3).

23 ³This Docket is entitled: *In the Matter of the Joint Application of ATEAC, INC., and*
24 *INTERIOR TELEPHONE COMPANY To Transfer Assets Operated Pursuant to*
25 *Certificate of Public Convenience and Necessity No. 3, Authorizing Provision of*
26 *Telecommunications (Local Exchange) Public Utility Service, From ATEAC, INC., To*

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 Mukluk is fit, willing, and able to provide the proposed service. Mukluk has obtained
9 financing through the Rural Telephone Finance Cooperative (RTFC) to purchase the
10 assets at issue in this proceeding. Specifically, RTFC has committed to provide financing
11 to TelAlaska and Mukluk⁵ in the amount of \$14,736,842 for a term of 15 years.
12 (Application, Exhibit E, p. 1.) Of the total loan amount, \$14 million will be used to finance
13 the purchase of the assets of ATEAC in Nome,⁶ Moose Pass, and Seward. (Application,
14 Exhibit E, p. 1.) The remaining \$736,8442 will fund the purchase of 5 percent RTFC
15 Subordinated Capital Certificates. (Application, Exhibit E, p. 1.) The stock of TelAlaska
16 will serve as collateral for the loan. (Tr. 37.)

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19 According to Mukluk, the net book value of the plant to be acquired is
20 approximately \$1.7 million. (T-7, p. 8; Application, Exhibit B, p. 1.) In its review of the
21

22 ⁵The transfer of assets from ATEAC to ITC for the provision of local exchange
23 service in Seward and Moose Pass is the topic of Docket U-99-121.

24 ⁶The acquisition of assets in Seward and Moose Pass is addressed in Docket
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26

1 application, the Commission notes that Mukluk has estimated the net book value of plant
2 to be acquired, and related acquisition adjustment utilizing values reported in GTEA's
3 Form M. As discussed in greater detail in Order U-99-107(5), the Commission notes that
4 GTEA appears to have reduced the net book value of its plant by approximately \$2.7
5 million several years ago,⁷ but did not similarly adjust the net book value of its plant for
6 regulatory purposes. Therefore, the Commission has some concern that the net book
7 value of \$1.7 million may be overstated for regulatory purposes.
8

9 Accordingly, the Commission must have an adequate opportunity to review
10 the documents required to be filed by GTEA by Order U-99-107(5), and make a
11 determination that the net book value of the assets proposed to be transferred are proper
12 for regulatory purposes. Until the Commission makes that determination, approval of this
13 application is conditioned upon Mukluk being required to utilize the net book value of
14 GTEA's plant as determined in accordance with generally accepted accounting principles
15 (GAAP) as of the date the transaction closes, for the purpose of calculating an acquisition
16 adjustment in future ratemaking proceedings.
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21 U-99-121.

22 ⁷GTEA does not appear to have apprised the Commission of any event or change
23 in accounting methods for the period(s) in which GTEA's testimony indicates the FAS 71
24 adjustment was recorded in order to reduce its plant net book value for GAAP. On an
25 annual basis, GTEA is required to inform the Commission of any changes in accounting
26 standards at Schedule A-6 of its annual operating report, required under
AS 42.05.451(b).

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According to Mukluk, the purchase price results in an acquisition adjustment of approximately \$3.6 million. (T-7, p. 8.) Mukluk stated that the total acquisition adjustment of the purchase from GTEA to ATEAC was apportioned among the various purchasers, including Mukluk, on the basis of the number of access lines acquired. (Tr. 54; Exhibit H-3.) However, as noted above, the Commission will not be able to make a determination regarding the level of acquisition adjustment until it has determined the net book value of the plant for regulatory purposes. Nonetheless, the parties have concurred that the approval of this application should be conditioned upon Mukluk not recovering any acquisition adjustment in rates for the provision of local exchange telephone service in the community of Nome.

The Commission has determined that it is appropriate to exclude any acquisition adjustment from the rates Mukluk intends to charge its consumers. (AS 42.05.44.) The Commission has concluded that the provision in the stipulation regarding an acquisition adjustment may be subject to more than one interpretation. Therefore, the Commission has determined it should ensure that its ruling regarding an acquisition adjustment is clear. While the Commission accepts the agreement of the parties, the Commission clarifies that Mukluk may not recover an acquisition adjustment in any rates for the provision of any regulated service within its service territory.

The Commission has determined that the management team of Mukluk has the expertise necessary to manage telecommunications utilities in Alaska. Mukluk has

1 been providing local exchange service to rural and remote locations in Alaska since
2 1971. (Application, Exhibit E, p. 1.)
3

4 Nome is geographically proximate to the twelve communities Mukluk
5 presently serves on the Seward Peninsula and it is the regional hub of Mukluk's service
6 area. (T-3, p. 6.) Mukluk intends to use the facilities in Nome to leverage off its existing
7 corporate infrastructure. (T-3, p. 6.)

8 Mukluk will assume five former GTEA employees. (Tr. 25.) Mukluk intends
9 to initiate a distributed customer service operation that will include a customer service
10 office in Nome. (Tr. 24.) Mukluk intends to hire two additional employees to work in the
11 Nome operation. (Tr. 25.)
12

13 The parties agreed that approval of this application should be conditioned
14 on Mukluk filing on or before July 31, 2002, a revenue requirement study and cost-of-
15 service study for its local exchange and its local special access jurisdictions, using a test
16 year ending December 31, 2001. (Stipulation, p. 7) The Commission has concluded that
17 this condition is reasonable and should be accepted.
18

19 The parties concurred that the jurisdictional cost shifts referred to in the
20 prefiled testimony of James A. Durant were not based on a *pro forma* combined Part 36
21 jurisdictional cost separation study. (Stipulation, pp. 7-8.) The parties agree there is no
22 known and measurable basis to propose a rate reduction based on any jurisdictional
23 shifts. (Stipulation, p. 8.) Thus, the parties agreed that approval of the application should
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1 not be conditioned upon a rate reduction. (Stipulation, p. 8.) The Commission has
2 determined that this condition is reasonable and should be accepted.

3
4 In addition to the issues raised by the parties, the Commission must
5 evaluate whether approval of this acquisition requires housekeeping changes to the
6 eligible carrier obligations placed on carriers seeking to receive federal universal service
7 support. Both GTEA and Mukluk currently receive federal universal service support. To
8 receive universal service support a carrier must have Eligible Telecommunications Carrier
9 (ETC) status for the geographic area ("ETC Service Area") receiving funding.⁸ In the
10 case of a rural carrier, the ETC Service Area must be the carrier's study area unless both
11 this Commission and the FCC establish a different definition of service area for the
12 carrier.⁹

13
14 By Order U-97-168(1) dated December 19, 1997, the Commission, among
15 other things, granted GTEA ETC status for the service area included in Certificate of
16 Public Convenience and Necessity (Certificate) No. 3. GTEA was also required to
17 provide customer notification of its services by the means specified in Order U-97-168(1).

18 The Commission determined that it was appropriate to transfer GTEA's ETC status to
19 ATEAC by Order U-99-107(5) to eliminate any disruption in ETC status for the service
20 area to be transferred. However, according to this Order, ATEAC is required to return
21

22
23 ⁸See 47 U.S.C. § 214(e)(1), 254(e), and 47 CFR 54.201(a).

24 ⁹See 47 U.S.C. § 214(e)(5).

1 Certificate No. 3 for cancellation and Mukluk's Certificate will be modified to include the
2 transferred service area. Mukluk does not hold ETC status for the acquired service area.

3
4 In order to forestall the possibility of denial of federal universal service
5 funding for the acquired service area, the Commission hereby transfers the ETC status
6 and ETC obligations of ATEAC associated with the purchased service area to Mukluk
7 upon closing. The only remaining issue concerns the ETC Service Area designation and
8 any special conditions that should apply.

9
10 By Order U-97-185(1), dated December 15, 1997, Mukluk was designated
11 an ETC for the study area it is authorized to serve under Certificate No. 253. It is unclear
12 at this time whether Mukluk will have one or two study areas under Certificate No. 253
13 after closing. The Commission therefore determines that, after closing, Mukluk is granted
14 ETC status for any and all study areas it is authorized to serve under Certificate No. 253.

15
16 The Commission notes that Mukluk has requested a study area waiver
17 from the FCC. While the Commission does not necessarily agree with Mukluk that the
18 FCC will automatically grant such a waiver, the Commission does not oppose the waiver.

19 The Commission further notes that Mukluk intends to obtain a waiver of
20 FCC price cap regulations¹⁰ that, in part, require Mukluk to become a price cap carrier
21 within a year after purchasing any GTEA exchange subject to price cap regulation.

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24 ¹⁰See 47 C.F.R. § 61.41.

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Representations have been made to this Commission that the FCC typically grants such waivers and the Commission's evaluation of whether this acquisition is in the public interest is predicated on the assumption that waiver of the price cap regulations would be granted. Absent waiver by the FCC, the Commission notes that Mukluk customers would likely observe an increase in their federal subscriber line charge and would be subject to the reformed "CALLS" interstate access charge mechanism recently adopted by the FCC and applied to price cap carriers. The Commission has insufficient evidence at this time to conclude that this acquisition is in the public interest if the price cap waiver is denied. Therefore, approval of the application is subject to the condition that Mukluk obtains a waiver of FCC price cap regulations.

In order to ensure that Mukluk completes the following tariff requirements in a timely manner, Mukluk will be required to inform the Commission of the exact date this transaction closes. The Commission has determined that it is reasonable for Mukluk to file a formal adoption notice of the rules, regulations, and rates in the GTEA tariff applicable to Nome, within thirty days of the date of closing. (3 AAC 48.400.)

According to 3 AAC 48.410, an acquiring utility is also required, within 90 days of filing the adoption notice, to file rates, rules, and regulations for the acquired area as either a part of its own tariff or as a separate tariff in its own name if it plans to continue to operate in accordance with it. In this case, Mukluk has agreed to be bound by the GTEA rate structure for the acquired area until it files a revenue requirement and

1 cost-of-service study in accordance with 3 AAC 48.275. Thus, the Commission has
2 determined that it is appropriate to waive 3 AAC 48.410, in part. Mukluk should submit
3 a tariff filing for that portion of the GTEA tariff that pertains to the provision of service in
4 Nome, within 90 days of filing the adoption notice.
5

6 Based on the foregoing, the Commission concurs with the parties that the
7 evidence in the record supports a finding that Mukluk is fit, willing, and able to acquire
8 certain assets and service areas operated under Certificate of Public Convenience and
9 Necessity No. 3 and that such acquisition is affirmatively consistent with the public
10 interest. Accordingly, the application is approved, subject to the conditions stated earlier
11 in this Order.
12

13 ATEAC shall be required to return Certificate No. 3 for cancellation.
14 Mukluk should file a revised service area description¹¹ as well as revised U.S. Geological
15 Survey maps reflecting the additional service territory approved in this Order. The
16 Commission will revise Certificate No. 253 to include the community of Nome.
17

18 This Order constitutes the final substantive decision by the Commission.
19 This decision is appealable within thirty days of the date of this Order in accordance with
20 AS 22.10.020(d) and the Alaska Rules of Court, Rules of Appellate Procedures, Rule
21 602(a)(2). In addition to the appellate rights afforded by the aforementioned statute, a
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23 ¹¹This service area description should also be filed with a 3.5-inch diskette or CD
24 formatted in an IBM compatible form using MS Word format and contain the text of the
25
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1 party may file a petition for reconsideration in accordance with 3 AAC 48.105. In the
2 event such a petition is filed, the time period for filing an appeal is then calculated in
3 accordance with Alaska Rules of Court, Rules of Appellate Procedure, Rule 602(a)(2).
4

5 **ORDER**

6 THE COMMISSION FURTHER ORDERS:
7

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

10 2. By 4 p.m., August 14, 2000, ATEAC, Inc., shall return Certificate of
11 Public Convenience and Necessity No. 3 to the Commission for cancellation.

12 3. The Eligible Telecommunications Carrier status and obligations of
13 ATEAC, Inc., associated with Nome is transferred to Mukluk Telephone Company, Inc.,
14 upon closing of the sales agreement.
15

16 4. The Eligible Telecommunications Carrier Service Areas under the
17 Telecommunications Act of 1996 at Section 214 for Mukluk Telephone Company Inc.,
18 shall be the individual study area(s) that exist upon acquisition closing, with later
19 adjustment, if necessary, to reflect the decision of the Federal Communications
20 Commission in response to the study area waiver request associated with Nome.
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24 filing made to the Commission in accordance with 3 AAC 48.090(b)(4).
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5. Mukluk Telephone Company Inc., shall file a notice informing the Commission of the closing date of the acquisition.

6. By 4 p.m. August 14, 2000, Mukluk Telephone Company Inc., 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.

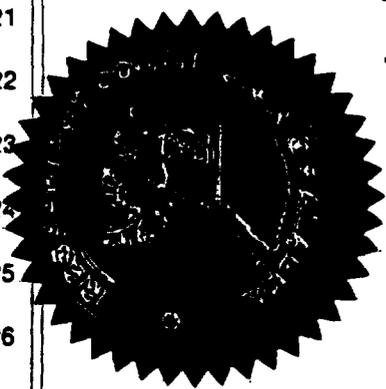
7. Within thirty days of the date of closing, Mukluk Telephone Company Inc., shall file a formal tariff adoption notice in accordance with 3 AAC 48.400, as more fully discussed in the body of this Order.

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

9. By 4 p.m., July 31, 2002, Mukluk Telephone Company Inc., 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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U-99-122

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STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

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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 MUKLUK TELEPHONE)
COMPANY, INC. 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 MUKLUK TELEPHONE COMPANY, INC.)

U-99-122

**STIPULATION FOR APPROVAL OF APPLICATION
SUBJECT TO CONDITIONS**

This Stipulation is by and among ATEAC, Inc. ("ATEAC"), Mukluk Telephone Company, Inc. ("MTC") 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-99-122.

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1 2. By this Stipulation, the parties propose to resolve all of the
2 issues outstanding in Docket U-99-122. 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 Friday, June 2, 2000 at
5 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-99-119, U-
8 99-120, U-99-121 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, Metlakatla, 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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II

PERTINENT PROCEDURAL HISTORY

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

7 9. On January 4, 2000, by Order U-99-122(1), the Commission
8 designated the PAS as a party to Docket U-99-122. The 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 January 24, 2000, by Order U-99-122(2), the Commission
13 adopted the hearing and filing schedule which has governed all further activity in this
14 proceeding to this juncture.

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

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

22 13. On March 17, 2000, MTC timely filed its initial witness list and
23 the pre-filed testimonies of its President Jack Rhyner and its Consultant James A.
24 Durant.

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

3 15. On April 26, 2000, MTC timely filed its reply witness list and the
4 pre-filed testimony of its President Jack Rhyner and its Consultant James A. Durant.

5 III

6 NATURE OF THE ISSUES PRESENTED

7 16. The final issues in this Docket are:

8 (1) Whether the proposed transfer of assets to MTC is
9 affirmatively in the public interest?

10 (2) Whether MTC's certificate of public convenience and
11 necessity should be modified to include the community of Nome?

12 (3) Whether the conditions proposed by the PAS should be
13 adopted as conditions of the approval of the application?

14 17. All issues have been resolved. As described in Section V below,
15 the parties agree that the transfer of assets to MTC should be approved and that the
16 application should be approved with conditions.

17 IV

18 EVIDENTIARY SUPPORT FOR THIS STIPULATION

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

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

1 (1) The Joint Application of ATEAC and MTC, dated October
2 20, 1999, including all of the exhibits and attachments incorporated therein;

3 (2) The pre-filed testimonies of MTC President Jack Rhyner
4 and MTC Consultant James A. Durant filed on March 17, 2000;

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

7 (4) The pre-filed reply testimonies of MTC President Jack
8 Rhyner and MTC Consultant James A. Durant filed on April 26, 2000.

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

13 V

14 **SUBSTANTIVE STIPULATED PROVISIONS**

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

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

20 (2) MTC has the managerial, technical and financial fitness to
21 provide these additional services.

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1 (3) It is affirmatively in the public interest to approve with
2 conditions the application and the transfer of the assets and service area from
3 ATEAC to MTC.

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

6 (5) The approval should be conditioned upon no increase in
7 GTEA's existing local exchange rates for Nome until the rate case to be filed
8 in accordance with Subparagraph (6) has been adjudicated.

9 (6) The approval should be conditioned on MTC filing by or
10 before July 31, 2002 a revenue requirement study and a cost of service study
11 for its local exchange and its local special access jurisdictions, using a test
12 year ended December 31, 2001.

13 (7) The approval should be conditioned on MTC not
14 recovering in its rates any acquisition adjustment in connection with its
15 purchase of the assets of GTEA through ATEAC for the provision of local
16 exchange telephone service in the community of Nome.

17 22. The parties agree that the jurisdictional cost shifts referred to in
18 the initial and reply pre-filed testimonies of Mr. Durant were not based on a proforma
19 combined Part 36 jurisdictional cost separation study. The jurisdictional cost shifts
20 described by Mr. Durant in his initial pre-filed testimony were rough estimates. The
21 parties agree there is no known and measurable basis to propose a rate reduction
22 based on any jurisdictional shifts. For this reason the issue of conditioning the
23 approval on rate reductions has been resolved and no such condition is included.

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VI

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

23. Except insofar as this Stipulation is interrelated with the companion Stipulations which are being filed simultaneously in Dockets U-99-107, U-99-119, U-99-120, U-99-121 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**

24. If within thirty days after the filing of this Stipulation, the Commission has failed to accept this Stipulation in its entirety, any party may then withdraw from this Stipulation by serving a written notice of withdrawal upon the other parties and the Commission, and proceedings in Docket U-99-122 will thereupon continue as if this Stipulation had never been entered. After such notice of withdrawal has been served, this Stipulation may not thereafter be tendered or received in evidence, no party may use this Stipulation against any other party, and

1 no third party shall have any rights in consequence of the fact that this Stipulation
2 had previously been entered into or submitted to the Commission for approval.

3 RESPECTFULLY submitted this 5th day of May, 2000, at Anchorage,
4 Alaska.

5 BRUCE M. BOTELHO
6 ATTORNEY GENERAL

ATEAC, INC.

7
8
9
10 By: Ron Zobel
11 Ron Zobel, Assistant
12 Attorney General, Attorney
13 for the Public Advocacy Section
14

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

15 MUKLUK TELEPHONE COMPANY, INC.
16

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20 By: Robert E. Stoller
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22 Mukluk Telephone Company, Inc.

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CERTIFICATE OF MAILING

I certify that on May 2, 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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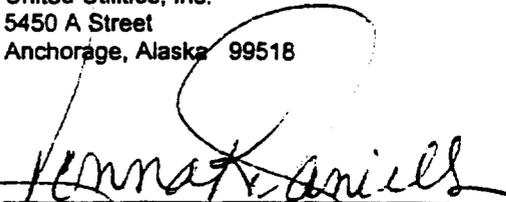
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STATE OF ALASKA

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 MUKLUK 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 MUKLUK TELEPHONE)
COMPANY, INC.)

U-99-122

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

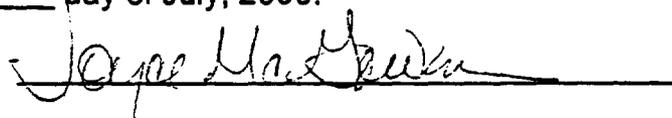
ORDER NO. 4, entitled:

**ORDER AFFIRMING BENCH 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-99-122**

**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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