

**STATE OF NEW HAMPSHIRE**  
**BEFORE THE**  
**PUBLIC UTILITIES COMMISSION**

**DT 09-136**

Union Telephone Company Transfer to  
TDS Telecommunications Corporation

**STIPULATION**

Union Telephone Company (“Union”), TDS Telecommunications Corporation (“TDS Telecom”), on behalf of itself and all TDS Telecom affiliates, the Office of the Consumer Advocate (“OCA”) (collectively the “Parties”), and the Staff of the New Hampshire Public Utilities Commission (“Staff”) stipulate and agree as follows:

**I. Background and Procedural History**

1. On July 31, 2009, Union and TDS Telecom filed with the New Hampshire Public Utilities Commission (“Commission”) a notification pursuant to RSA 369:8,II(b) (the “Notification”) of the proposed transfer by Utel, Inc. (“Utel”) of all of the outstanding stock of Union to TDS Telecom. Utel, based in Farmington, New Hampshire, is a holding company and the parent company of, inter alia, (i) Union; (ii) Freedom Ring Communications, LLC (“Freedom Ring”), which provides interstate and international toll service through its Union Long Distance division; and (iii) Unex, Inc. (“Unex”), which provides internet access service to Union customers.

2. The filing indicated that pursuant to the Stock and Asset Purchase Agreement dated as of July 27, 2009 among TDS Telecom, Utel, Union, Freedom Ring and Unex (the “Agreement”), TDS Telecom has agreed to acquire from Utel all of the outstanding stock of Union. Also in the Agreement, TDS Telecom has agreed to acquire from Freedom Ring and Unex certain assets associated with, and the business of, providing customers in the Union service area with interstate and international toll service and internet service. After the Closing Date (hereinafter defined), Union will operate as “Union Telephone Company d/b/a TDS Telecom” and Union will be a wholly owned subsidiary of TDS Telecom.

3. On August 13, 2009, the OCA filed its intent to participate in this docket. On August 20, 2009, the Commission issued an Order of Notice scheduling a prehearing conference on September 17, 2009 and establishing various deadlines for publication of notice and receipt of Petitions to Intervene, invoking its authority under RSA 369:8 (to the extent applicable) to extend the time for its initial consideration of the filing, and addressing other procedural matters. Publication was made as prescribed, and the Affidavit of Publication was filed with the

Commission. The OCA entered into a Protective Agreement with TDS Telecom and Union dated September 9, 2009 relating to the handling of confidential information. On September 16, 2009, TDS Telecom and Union supplemented their filing with the schedules to the Agreement, from which certain information was redacted. No other party sought intervention in this Docket.

4. On September 17, 2009, a technical session and the prehearing conference were held at the Commission. The Commission issued an oral data request at the prehearing conference, to which TDS Telecom responded on October 6, 2009. Following the prehearing conference and technical session, TDS Telecom and Union submitted, subject to confidential treatment, full unredacted copies of the Agreement with the full schedules. On September 25, 2009, the Staff and the OCA issued data requests to TDS Telecom and Union.

5. On October 8, 2009, the Commission issued its Order No. 25,024 finding that the submissions by TDS Telecom and Union did not sufficiently describe the transaction and its impact on customers, employees and operational systems. The Commission prescribed a minimum of nine (9) additional subjects that TDS Telecom and Union would be required to address, following which the parties and Staff were directed to file a proposed procedural schedule.

6. On October 16, 2009, TDS Telecom and Union submitted the prefiled testimony of Michael C. Reed and Darren Winslow addressing the matters identified in Order No. 25,024. On that date, TDS Telecom and Union also submitted responses to the data requests of Staff and the OCA. On October 22, 2009, Staff reported to the Commission with the proposed procedural schedule.

7. On October 26, 2009 and November 2, 2009, TDS Telecom, Union, the OCA and Staff held technical sessions and settlement conferences. This Stipulation is intended to resolve all the issues in, and to fully resolve, this Docket.

## **II. Stipulation Provisions**

8. This Stipulation, dated as of November 6, 2009, is entered into among TDS Telecom, Union, the OCA, and the Staff and constitutes their recommendation with respect to the resolution of this Docket. Under this Stipulation, the Parties and Staff agree to this joint submission as their proposed resolution of all issues in this Docket.

9. Based upon the pleadings, the prefiled testimony, and the data request responses by TDS Telecom and Union, and with the additional terms set forth in this Stipulation, the Parties and Staff agree that TDS Telecom has the requisite financial, managerial and technical capacity to operate the Union franchise. Therefore, the Parties and Staff agree the transactions proposed by TDS Telecom and Union in their Notification should be approved pursuant to RSA 369:8, II(b), RSA 374:30 and RSA 374:33, as applicable, subject to the conditions herein contained.

10. TDS Telecom and Union will not file with the Commission at any point in time earlier than fourteen (14) months following the transition from Union's present operational

support systems for regulated services to TDS Telecom's operational support systems for regulated services (the "Transition", and the fourteen month period following the Transition being the "Stay Out Period") a petition for an increase in Union's New Hampshire basic retail rates to take effect during the Stay Out Period. During the Stay Out Period, no other signatory to this Stipulation will commence or request that the Commission commence the opening of a docket in order to seek a decrease of any basic retail rates of Union to be effective during the Stay Out Period. For the avoidance of doubt, Union may not request the commencement of a docket seeking to increase any of Union's basic retail rates and no other signatory may request the commencement of a docket seeking to decrease Union's basic retail rates until that date which is one (1) day following the Stay Out Period. Notwithstanding the foregoing, Union, Staff, or the OCA shall have the right to petition the Commission to allow a retail rate case filing, and the Commission shall have the right to initiate a retail rate investigation, in the event of exogenous circumstances causing excessively low or high earnings (i.e., changes in federal, state or local government taxes, mandates, rules, regulations or statutes), as long as the change in rates resulting from such rate proceeding does not take effect until that date which is one (1) year following the Transition.

11. TDS Telecom will continue to make available to Union customers those DSL offerings set forth within Exhibit A (attached hereto and incorporated herein by reference) at the same rates, terms and conditions as set forth within Exhibit A for a period of one (1) year following the Transition.

12. No transactional merger expenses shall be reflected in Union's retail rates.

13. TDS Telecom agrees to adopt Union's retail and access tariffs in effect as of the date of the closing of the transactions contemplated in the Notification (the "Closing Date") and will continue to file such tariffs with the Commission pursuant to RSA 378:1 and Puc 411.01, as applicable.

14. TDS Telecom shall adhere and cause its New Hampshire subsidiaries to adhere to the following service quality reporting requirements:

(A) TDS Telecom shall continue to file on a non-confidential basis quarterly service quality performance reports on behalf of all of its New Hampshire subsidiaries (excluding Union) for a period of not less than one (1) year following the Transition.

(B) TDS Telecom shall file on a non-confidential basis quarterly service quality performance reports on behalf of Union for a period of not less than one (1) year following that date on which Union provides written notice to the Staff and the OCA of its ability to track and report service quality data in the same format as set forth within Exhibit B (attached hereto and incorporated herein by reference) (the "Union Service Quality Tracking Notification").

(C) The form and content of the above referenced service quality reports shall be the same or substantially similar to the report attached hereto as Exhibit B.

(D) On and after that date which is the later of (i) one (1) year following the Transition or (ii) the issuance of the fourth quarterly service quality performance report on behalf of Union, (x) TDS Telecom may claim confidentiality pursuant to RSA 378:43 with respect to all of its subsidiaries' service quality reports filed thereafter and (y) the Staff, the OCA and TDS Telecom shall meet and shall discuss in good faith the need to continue with any New Hampshire service quality reporting obligations. The OCA's agreement that TDS Telecom may claim confidentiality pursuant to RSA 378:44 with respect to the quarterly service quality reports required by this agreement does not constitute an agreement of the OCA that these reports, or any other quality of service information with the Commission is confidential. The OCA expressly reserves the right to challenge any claim of confidentiality made by TDS Telecom or Union with respect to the confidentiality of the quarterly service quality reports or any other quality of service information of TDS Telecom or any of its subsidiaries filed with the Commission in the future.

15. TDS Telecom or Union shall not remove any of the six (6) public payphones presently operating in Union's service territory for a period of one (1) year following the Closing Date. Thereafter, Union and TDS Telecom agree to abide by all applicable administrative rules and statutes related to the removal of said payphones.

16. Confidential Exhibit A to the October 16, 2009, direct testimony of TDS Telecom witness Michael C. Reed presented a summary of the transition processes and timetables typically used by TDS Telecom to transition companies like Union into the TDS Telecom systems. With respect to the transition of Union, TDS Telecom will provide periodic written reports of significant or customer-affecting Transition events to the Staff and OCA in a form to be agreed upon after Commission approval of this Stipulation. TDS Telecom, Staff and OCA agree to discuss and negotiate the content (e.g., events to be reported), form and frequency of these reports on a good faith basis after Commission approval of this Stipulation.

17. TDS Telecom will provide copies of any customer notices filed with the Commission or Commission Staff to the OCA at the time of filing. Any notices which are filed confidentially to Commission Staff will be supplied to the OCA confidentially.

18. TDS Telecom shall cause Union after the Closing Date to provide Union's customers who pay bills via ACH transactions or auto-debit transactions (so called) with a sixty (60) day grace period following that date upon which TDS Telecom transitions the customer billing function from Union's present billing systems to TDS Telecom's billing systems. During said grace period, Union shall not charge any late payment fees to Union's then customers who pay bills via ACH transactions or auto-debit transactions.

19. TDS Telecom agrees to cause Union to continue to operate and keep open for business Union's main business office in Farmington, New Hampshire for a minimum of sixty (60) days following the conversion or transition from Union's present billing system to TDS Telecom's billing system. During this period of time, Union's business office shall be open to the public during the hours of operation in effect as of the date of this Stipulation.

20. TDS Telecom agrees to apply for appropriate federal stimulus funding as may be utilized to provide broadband services to un-served areas of the existing service territories of TDS Telecom's New Hampshire subsidiaries; provided, however, any such application must be consistent with TDS Telecom's national business plans related to broadband expansion. A copy of any such application shall be provided by TDS Telecom to the State of New Hampshire, demonstrating our filing with the United States government or any of their respective administrative agencies or governmental units and this shall also be delivered to the Staff and the OCA.

21. TDS Telecom will continue to provide a regulatory presence able to reasonably respond to various future Commission dockets or regulatory issues relating to telecommunications.

### **III. Miscellaneous Provisions**

22. This Stipulation is expressly conditioned upon the Commission's acceptance of all its provisions, without change or condition. If the Commission does not accept this Stipulation in its entirety, without change or condition, and the Parties and Staff, or any of them, are unable to agree with all said changes or conditions within ten days of the Commission's decision, this Stipulation shall be deemed to be withdrawn and shall not constitute any part of the record in this proceeding and shall not be used for any other purpose.

23. This Stipulation is the product of confidential settlement negotiations. The content of these negotiations, including any documents prepared during such negotiations for the purpose of reaching a settlement, shall be privileged and all offers of settlement shall be without prejudice to the positions of any party presenting such offer.

24. This Stipulation may be executed in multiple counterparts, which together shall constitute one agreement.

In witness whereof, the Staff, the OCA, Union, and TDS Telecom have caused this Stipulation to be executed as of the date referenced herein above.

Staff of the New Hampshire Public Utilities  
Commission

By: Robert D. Hunt  
Staff Attorney

The Office of the Consumer Advocate

By: \_\_\_\_\_

Union Telephone Company

By: Paul Wente

TDS Telecommunications Corporation

By: \_\_\_\_\_



In witness whereof, the Staff, the OCA, Union, and TDS Telecom have caused this Stipulation to be executed as of the date referenced herein above.


Staff of the New Hampshire Public Utilities  
Commission

By: \_\_\_\_\_

The Office of the Consumer Advocate

By: \_\_\_\_\_

Union Telephone Company

By: 

TDS Telecommunications Corporation

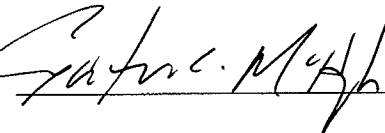
By: 



EXHIBIT A TO SETTLEMENT STIPULATION

**Residential High Speed Internet Offered in Union Telephone Company's Area.**

<b>Customers with Phone Service</b>		
<b>Speed in MBPS</b>	<b>Price</b>	
1 mbps	\$ 22.95	Dial up conversion plan only
3 mbps	\$ 27.95	
7 mbps	\$ 39.95	
10 mbps	\$ 59.95	

<b>Data Only Customers (No Phone Service)</b>		
<b>Speed</b>	<b>Price</b>	
7 mbps	\$ 49.95	
10 mbps	\$ 72.95	

**Exhibit B: Example Quarterly Quality of Service Report**

	<b>Quarter:</b>				
	<b>Hollis</b>	<b>Kearsarge</b>	<b>Merrimack</b>	<b>Wilton</b>	<b>Union</b>
(1) The average number of days between date of request for service and installation of service	0.0	0.0	0.0	0.0	0.0
(2) The percentage of installation appointments which the CLEC or ILEC failed to keep	0.0%	0.0%	0.0%	0.0%	0.0%
(3) The average answer time (in seconds) to connect caller to repair center operator	0.0	0.0	0.0	0.0	0.0
(4) The percentage of calls to a repair number that are abandoned (includes all calls)	0.0%	0.0%	0.0%	0.0%	0.0%
(5) The percentage of service outages lasting longer than 24 hours	0.00%	0.00%	0.00%	0.00%	0.00%
(6) The average length of repair time (in hours), which means the time elapsing from the time trouble is reported until the time trouble is cleared	0.00	0.00	0.00	0.00	0.00
(7) The percentage or repair appointments which the reporting CLEC or ILEC failed to keep	0.0%	0.0%	0.0%	0.0%	0.0%

*[Numbers in the above are not actual data: they are intended to show the format and precision to be used in actual reports.]*