

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

DT 11-151

**Petition of Merrimack County Telephone Company
for an Alternative Form Of Regulation**

Stipulation and Settlement Agreement

This Stipulation and Settlement Agreement (this “Agreement”) is executed as of the 15th day of August, 2011, by and among Merrimack County Telephone Company (“MCT”), New Hampshire Legal Assistance, Inc. (“NHLA”), and the Staff of the New Hampshire Public Utilities Commission (the “Staff”) (all of the foregoing, collectively, the “Signatories”).

Recitals

On July 5, 2011, MCT filed a petition with the New Hampshire Public Utilities Commission (the “Commission”) seeking approval of an Alternative Form of Regulation (“AFOR”) pursuant to RSA 374:3-b. MCT’s petition included a proposed “Alternative Regulation Plan of Merrimack County Telephone Company” (the “Plan”), which was attached as Exhibit 1 to the Petition, and the “Prefiled Direct Testimony of Thomas E. Murray on Behalf of Merrimack County Telephone Company” (the “Murray Testimony”), which was attached as Exhibit 2 to the Petition.

The Commission issued an Order of Notice on July 7, 2011. The Office of Consumer Advocate filed a notice of participation on July 18, 2011. NHLA petitioned to intervene on July 26, 2011. A prehearing conference was held on July 27, 2011, followed immediately by a technical session conducted by Staff. By Secretarial Letter dated August 5, 2011, the Commission granted NHLA’s petition to intervene.

The Signatories have conferred during the technical session and subsequently by telephone and electronic mail and have reached a settlement on additional terms and conditions, which they agree will modify the proposed Plan in ways acceptable to all the Signatories. This Agreement sets forth those terms and the recommendation of the Signatories regarding Commission action on the Petition. A copy of the Plan, showing (in redline) amendments made by mutual agreement of the Signatories (the "Amended Plan"), is attached hereto as Exhibit "A". Accordingly, the Signatories hereby jointly recommend approval by the Commission of the Amended Plan subject to the following terms.

Agreed Terms And Conditions For Approval

The Signatories, each intending to be bound hereby, jointly agree and/or recommend as follows:

1. The Commission may admit into evidence in this proceeding, without objection from any of the Signatories, the following documents:
 - a. "Prefiled Direct Testimony of Thomas E. Murray on Behalf of Merrimack County Telephone", previously submitted as Exhibit 2 to the MCT Petition filed on July 5, 2011;
 - b. "Alternative Regulation Plan of Merrimack County Telephone Company", previously submitted as Exhibit 1 to the MCT Petition filed on July 5, 2011; and
 - c. "Alternative Regulation Plan of Merrimack County Telephone Company (As Amended for Purposes of Settlement)", dated August 15, 2011 and attached as Exhibit A to this Agreement.
2. The "Alternative Regulation Plan of Merrimack County Telephone Company", as filed with the Commission on July 5, 2011, is hereby amended as follows:
 - a. In the first paragraph thereof, by adding, after the open parenthesis, the

words “‘MCT’ or”. This technical amendment is made solely for stylistic purposes.

b. In Section 4.1, by dividing the first sentence thereof into two new sentences; by adding, after the words “The Company” in the first sentence, the words “shall not raise Stand-Alone Basic Retail Service Rates in any exchange during the first year of its Plan.”; and by adding, to the beginning of the new second sentence, the words “After the one year period, the Company”, so that Section 4.1 now reads:

4.1. Stand-Alone Basic Retail Service Rates: The Company shall not raise Stand-Alone Basic Retail Service Rates in any exchange during the first year of its Plan. After the one year period, the Company may increase or decrease its rates for Stand-Alone Basic Retail Service at any time (subject to the restrictions imposed by §4.1.3) as long as the rates (absent any rate adjustments pursuant to §4.1.2 for exogenous changes) do not exceed the rates for Stand-Alone Basic Retail Service for comparable customers in comparable rate groups charged by the largest incumbent local exchange carrier in the State of New Hampshire and subject to the annual percentage limitation set forth in Section 4.1.1 (“Rate Cap”).

c. By adding a new Section 4.1.6 thereto that reads:

4.1.6. Lifeline Rates. Notwithstanding the provisions of Section 4.1.1 and 4.1.2, the Company will not raise Stand-Alone Basic Retail Service rates for Lifeline customers in any exchange during the first four years of the Plan. Thereafter, Stand-Alone Basic Retail Service rates for Lifeline customers will be permitted to increase by up to five percent per year during each of the succeeding four years, subject to the Rate Cap established in Section 4.1, for comparable Lifeline customers.

4.1.6.1 Within six (6) months following the Commission’s approval of the Plan, the Company will:

a. Meet with the Division of Family Assistance of the New Hampshire Department of Health and Human

Services to review Link-Up/Lifeline programs and provide materials about the programs for distribution to DHHS clients in the field offices serving the MCT service area.

- b. Meet with the New Hampshire Office of Energy and Planning to review Link-Up/Lifeline programs and provide materials about the programs for distribution with fuel assistance applications in the Community Action Agency offices serving the MCT service area.

4.1.6.2 During the first four years of the Plan, MCT will provide annual updates to the aforementioned agencies. MCT's obligation under this subparagraph 4.1.6.2 will terminate on the fourth anniversary of the Plan.

4.1.6.3 MCT will file an annual written summary of the Company's Lifeline outreach efforts under subparagraphs 4.1.6.1 and 4.1.6.2 with the Commission's Director of Consumer Affairs, with copies provided to the Office of Consumer Advocate and New Hampshire Legal Assistance. The summary will state the number of Lifeline customers served by the Company on the previous filing date and on the current filing date, but in no case shall such statement of numbers be deemed to represent the efficacy of the Company's Lifeline outreach efforts. Upon request of the Commission Staff or any party following the Company's filing, the Company will meet, in person or by telephone, with Commission Staff, the Office of Consumer Advocate and New Hampshire Legal Assistance to discuss the Company's annual written summary.

4. In all other respects, the Plan shall operate in accordance with its terms as originally filed.

5. Each Signatory agrees to support this Agreement and approval of the Petition and

the Plan as amended by the terms and conditions set forth herein.

6. The Signatories agree that the terms and conditions set forth herein are part of a comprehensive proposal and agree to cooperate in advocating that these terms and conditions be adopted by the Commission in their entirety and without modification.

7. The Signatories acknowledge that this Agreement is the product of settlement negotiations, that the content of such negotiations shall be confidential in accordance with N.H. Admin. Rule Puc 203.20(a), and that all offers of settlement are without prejudice to any party or participant in the settlement negotiations.

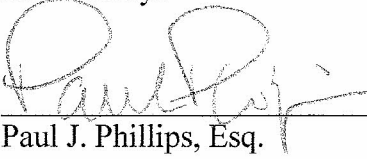
8. In the event that the terms of this Agreement are not adopted by the Commission in their entirety and without modification, any Signatory shall have the right to terminate this Agreement and in such event the terms and conditions contained herein shall be null and void.

[SIGNATURE PAGES FOLLOW.]

Duly executed as of the day and year first above written.

MERRIMACK COUNTY TELEPHONE COMPANY

By: Primmer Piper Eggleston & Cramer PC,
Its Attorneys

By: 
Paul J. Phillips, Esq.

NEW HAMPSHIRE LEGAL ASSISTANCE

By: _____
Alan Linder, Esq.

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

By: _____
Name:
Title:

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MERRIMACK COUNTY TELEPHONE COMPANY

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Its Attorneys

By: _____
Paul J. Phillips, Esq.

NEW HAMPSHIRE LEGAL ASSISTANCE
ON BEHALF OF DANIEL BAILEY *DL*

By: *Alan Linder*
Alan Linder, Esq.

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

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NEW HAMPSHIRE LEGAL ASSISTANCE

By: _____
Alan Linder, Esq.

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION
STAFF

By: *Kathryn M Bailey* _____
for Name: Matthew J. Fossum, Esq.