Q.Please state your name and business address.

A.My name is Terri Carlock and my business street address is 472 West Washington Street, Boise, Idaho 83702.

Q.Are you the same Terri Carlock who previously filed direct testimony in this proceeding?

A.Yes, I am.

Q.What is the purpose of your supplemental testimony?

A.The purpose of my supplemental testimony is to discuss various issues in support of the Stipulation and Settlement (Stipulation) between Albion Telephone Company (Albion) and Westel, Inc. (Westel) and the Idaho Public Utilities Commission Staff (Staff).  I will discuss issues identified in the Stipulation, Item

Nos. 2, 3, 5, 6 and 7.

Q.Please discuss Stipulation Item No. 2.

A.Stipulation Item No. 2 jointly recommends the Commission approve the Application for an order authorizing the merger of Albion and Westel now pending in Case No. ALB-T-98-3.  This Stipulation is consistent with the Staff comments filed on December 28, 1999 in Case No. ALB-T-98-3 except for the recommendation that USF monthly payments of $205,000 be held by the USF Administrator.  Subsequent to the filing of comments, additional information has been provided to the Staff on costs and audit adjustments in the draft Staff audit report and Staff exhibits previously filed in this proceeding.  Albion/Westel will still file written comments on the draft audit report and discuss the adjustments further with Staff before the final audit report is issued.  However, the supplemental information and review in this proceeding has assured Staff that Albion/Westel will not be overearning based on the terms of this Stipulation.

Q.Stipulation Item No. 3 discusses rate relief.  Is this agreement fair and reasonable?

A.The agreement in Stipulation Item No. 3 states that Albion and Westel will withdraw any current requests for additional revenues if the Commission adopts the Stipulation.  Any future requests will be filed on a combined company basis with no requests filed until the year 2001, at the earliest.  There are exceptions for earlier requests in the event combined revenues are substantially reduced by federal or state legislation, regulatory actions not related to these dockets, or buy up of measured service in excess of 10% of access lines for Albion and Westel customers on a combined basis.  These exceptions are reasonable since they were not part of the independent revenue requirement calculations of the parties used for the Stipulation discussions.

Q.Stipulation Item No. 5 deals with USF draws.  Do you have additional comments?

A.I previously discussed the USF payments in relation to the merger application, Case No. ALB-T-98-3.  Continuing the USF payments at the 1997 level, with no increase for EAS, is reasonable based on Staff’s calculations.

Q.Please discuss depreciation rates in Stipulation Item No. 6.

A.Stipulation Item No. 6 proposes that depreciation rates for the combined company be based on rates approved for Albion in Order No. 26788.  Where a rate in a specific account was not approved for Albion and the account exists on the Westel books, the average of the rates approved for the account in Order No. 26788 for other independent telephone companies in Idaho shall be used.  It is reasonable to allow the combined companies to use the same depreciation rates.  This change was taken into consideration when the rate freeze was agreed to between the Companies and the Staff.

A schedule showing a complete list of accounts and depreciation rates to be used by Albion/Westel is being developed.  It will be presented at the hearing.

Q.Please explain how the switch replacement credit will be booked by Westel under the terms of the Stipulation.

A.The switch replacement credit will be treated as an intrastate amount in this proceeding to determine the amortization amount.  Westel shall book the switch replacement credit authorized in Order No. 26353 as follows:  The full switch replacement credit shall first be reduced by an amount equal to the intrastate portion of the book value of the switching facilities removed from service in calendar year 1997, with the balance amortized over eight years at the rate of 12.5% per year beginning January 1, 1997.  If the Commission subsequently authorizes a higher depreciation rate for Account No. 2210, the percentage amortization of the switch replacement credit will be revised to match the revised depreciation rate.  The eight year amortization period, with a change to occur if depreciation rates change for Account No. 2210, will match the switch credit amortization with the depreciation taken on the switch account.  A schedule showing a calculation of the final switch credit and the reduction along with the current amortization amount to be booked by Albion/Westel is being developed.  It will be presented at the hearing.

Q.Please review Stipulation Item No. 7.

A.Stipulation Item No. 7 states that the rates and charges established by this Stipulation and Settlement are just and reasonable and produce revenues that are not more than Albion and Westel’s full revenue requirement on a combined company basis.  Staff believes this statement is true, based on the cost figures and data reviewed in these proceedings, Case No. ALB-T-98-3, the Staff audit and discussions related to the audit.

Q.Does this conclude your supplemental testimony in this proceeding?

A.Yes, it does.