BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE JOINT  APPLICA­TION OF U S WEST COMMUNICATIONS, INC. AND  FARMERS MUTUAL TELEPHONE  COMPANY, INC. FOR TRANSFER  OF A CERTIFICATE OF AUTHORITY. | )  )  )  )  )  )  ) | CASE NO.  USW-S-95-5  FMT-T-95-1  SETTLEMENT AGREEMENT |

In full and complete settlement of certain of the issues presented in this case, U S WEST Communications, Inc. (U S WEST), Farmers Mutual Telephone Company, Inc. (Farmers) and Commission Staff stipulate and agree as follows:

1.  On August 1, 1995, U S WEST and Farmers filed a Joint Application with the Public Utilities Commission asking for approval of the sale of U S WEST’s NuAcres exchange to Farmers.  U S WEST and Farmers filed prepared testimony along with their Applications.  The parties are Commission Staff, represented by Weldon Stutzman, Deputy Attorney General; U S WEST, represented by Mary S. Hobson; and Farmers, represented by Conley Ward.  No requests for intervention were filed.

2.  On August 21, 1995, the Commission issued a Notice of Joint Application and Notice of Modified Procedure notifying interested parties in part that NuAcres’ customers are currently subject to a $3.19 monthly zone charge, but also receive a $1.60 credit against the zone charge as part of U S WEST’s revenue sharing plan.  The Notice also stated that customers will be asked to purchase a share of stock for each access line at a cost of $25 per share, and that Farmers proposes to increase NuAcres’ extended area service (EAS) calling area by including Payette and New Plymouth in its current EAS calling area.  The Notice provided for the filing of written comments on or before October 5, 1995.

3.  On October 5, 1995 the Staff filed written comments recommending approval of the sale but identifying specific issues that should be included in the terms of the sale.  Noting that the NuAcres customers would lose the $1.60 zone charge credit after the sale, Staff recommended that the sale “be structured so that the NuAcres customers will be paying no more than they are currently paying; i.e., the net of the $3.19 zone increment and the $1.60 credit.”

Staff also recommended that the NuAcres customers not be required to pay the $25 stock purchase fee unless their rates are equal to Farmers’ existing customer rates.  Staff recommended that the stock purchase requirement be waived or that U S WEST pay the stock purchase amount from the proceeds of the sale.  Finally, Staff calculated that the amount of the sale proceeds could be subject to Title 61 Idaho jurisdiction services to be $44,326.  Staff recommended that U S WEST pay that amount into the Idaho Universal Service Fund.

4.  To resolve these issues raised by Staff, the parties agree that U S WEST will apply $44,326 from the proceeds of the sale as follows:

a.  The amount the NuAcres customers would pay for the $25 per line share purchase totals $4,725.  U S WEST will pay that amount to Farmers, which will credit each NuAcres customer $25 per line to pay for the share purchases.

b.  In order to structure the sale so that NuAcres customers will be paying no more than they currently are paying for rates, U S WEST will contribute to Farmers from the proceeds of the sale $10,886 to cover zone charge credits for a three-year period.  Farmers will continue to collect no more than $1.59 from its NuAcres customers for zone charges.

c.  U S WEST will make a one-time contribution to the Idaho Universal Service Fund in the amount of $28,715 ($44,326 less $4,725 and $10,886) at the time of closing.

5.  Nothing in the Settlement Agreement shall be construed as precedent for any other existing or future proceeding or for the resolution in the future of the issues presented except as otherwise expressly provided.  The parties recognize that this Agreement is the result of compromise and negotiation.

DATED at Boise, Idaho this                  day of  November 1995.

Idaho Public Utilities Commission

By:

Weldon B. Stutzman

Deputy Attorney General

U S WEST Communications, Inc.

By:

Mary S. Hobson

Attorney

Farmers Telephone Mutual Telephone, Company, Inc.

By:

Conley Ward

Attorney

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