6

PretiFlaherty

JOSEPH G. DONAHUE
jdonahue@preti.com

October 28, 2003

Comm
Ballou
Shifman
Kanner
Kivela
CF

HAND DELIVERED

Dennis L. Keschl, Administrative Director
Maine Public Utilities Commission
State House Station 18
242 State Street
Augusta, ME 04333-0018

RE: China Telephone Company, Complaint Requesting Commission Action into China Telephone Company's Rates for Local Exchange Service, Docket No. 2003-36

Maine Telephone Company, Complaint Requesting Commission Action into Maine Telephone Company's Rates for Local Exchange Service, Docket No. 2003-35

Northland Telephone Company of Maine, Inc., Proposed Rate Change, Docket No. 2002-747

Sidney Telephone Company, Complaint Requesting Commission Action into Sidney Telephone Company's Rates for Local Exchange Service, Docket No. 2003-34

Standish Telephone Company, Complaint Requesting Commission Action into Standish Telephone Company's Rates for Local Exchange Service, Docket No. 2003-37

Filing of Stipulation

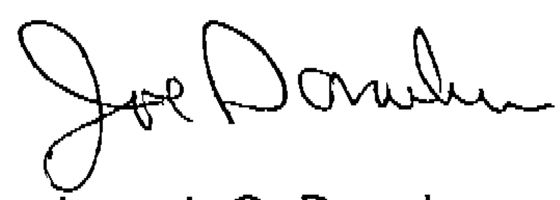
Dear Dennis:

Please find enclosed an original and six copies of the Stipulation in the above-referenced matters, which has been agreed to by the FairPoint New England Telephone Companies and the Public Advocate. The Stipulation has also been discussed with the Staff.

I understand that the Public Advocate has provided a copy of the Stipulation to Intervenor Stephen Holmes, but we do not know his position on the Stipulation at this time. We request that Mr. Holmes contact the Commission, the Public Advocate, or the Telephone Companies as soon as possible regarding his position on the Stipulation.

We request that the Stipulation be placed on the Commission's agenda for deliberations on Monday, November 3, 2003.

Sincerely,



Joseph G. Donahue

Counsel for China Telephone Company, Maine Telephone Company, Northland Telephone Company of Maine, Inc., Sidney Telephone Company and Standish Telephone Company ("FairPoint New England Telephone Companies")

JGD:amp
Enclosures
cc via email and mail:
Audrey Prior, FairPoint New England
RoJean Tulk, FairPoint New England
Eric Doane, FairPoint New England
William Brown, Berry, Dunn, McNeil & Parker
William Black, Office of the Public Advocate
Stephen Holmes, Intervenor
Peter Ballou, Maine Public Utilities Commission
Richard Kania, Maine Public Utilities Commission
Joel Shifman, Maine Public Utilities Commission

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

October 28, 2003

STIPULATION

NORTHLAND TELEPHONE COMPANY OF MAINE, INC. Proposed Rate Change (11.5% Increase)	Docket No. 2002-747
SIDNEY TELEPHONE COMPANY Complaint Requesting Commission Action Into Sidney Telephone Company's Rates for Local Exchange Service	Docket No. 2003-34
MAINE TELEPHONE COMPANY Complaint Requesting Commission Action Into Maine Telephone Company's Rates for Local Exchange Service	Docket No. 2003-35
CHINA TELEPHONE COMPANY Complaint Requesting Commission Action Into China Telephone Company's Rates for Local Exchange Service	Docket No. 2003-36
STANDISH TELEPHONE COMPANY Complaint Requesting Commission Action Into Standish Telephone Company's Rates for Local Exchange Service	Docket No. 2003-37

Northland Telephone Company of Maine, Inc., Sidney Telephone Company, Maine Telephone Company, China Telephone Company, and Standish Telephone Company ("FairPoint New England Telephone Companies" or "Telephone Companies") and the Office of the Public Advocate (collectively "the Parties") hereby agree and stipulate as follows:

I. PURPOSE

The purpose of this Stipulation is to settle all issues in Docket Nos. 2002-747, 2003-34, 2003-35, 2003-36, and 2003-37, to avoid a hearing on those issues and to expedite the Commission's consideration and resolution of these proceedings. The provisions agreed to herein have been reached as a result of discussions and negotiations between the Parties.

II. BACKGROUND

On January 16, 2003, each of the five FairPoint New England Telephone Companies submitted a filing which initiated a rate proceeding pursuant to 35-A M.R.S.A. §§1302(2) and 1303 for the review of the justness and reasonableness of its rates. The filings included information as required by Sections 3 and 5(C) of Chapter 120 of the Commission's Rules ("Chapter 120 Filing"), and descriptions of their proposed revised rates for basic local service and intrastate access service. The filings also contained requests for funding from the Maine Universal Service Fund ("MUSF") as may be necessary for the Companies to meet their revenue requirements. The cover letters accompanying the filings addressed to requirements for requesting MUSF support under Chapter 288 of the Commission's Rules. The filings sought an increase in rates for local service (and MUSF support as necessary) in order to meet the Companies' revenue requirements. The revenue requirements were based on an analysis of a test year plus adjustments for known and measurable changes. Among the adjustments was an adjustment for anticipated intrastate access revenue reductions pursuant to the implementation of the Access Rate Parity Statute, Section 7101-B of Title 35-A, which was anticipated to occur on May 30, 2003.

Notice of the rate proceeding was given by the Companies by bill inserts. The notices identified March 4, 2003 as the deadline for the filing of petitions to intervene. Petitions to intervene in all five proceedings were filed by the Office of the Public Advocate on February 26, 2002. On April 2, 2003, Stephen Holmes, a customer of Standish Telephone Company, filed a petition to intervene in the five proceedings. On May 2, 2003, the Hearing Examiner issued a Procedural Order; Order Granting Intervention, which granted the Public Advocate's petitions to intervene and Mr. Holmes' petition to intervene in the Standish case.

During the initial weeks of the proceeding, the parties engaged in informal procedures for discovery and discussions of possible resolution of the cases. Oral and written data requests were submitted by the Staff and OPA on the Chapter 120 Filings in February, 2003. During March and early April, a technical conference and initial negotiation discussions were held. FairPoint filed its Direct Case on March 28, 2003. The informal efforts to process and resolve the proceedings were suspended in early April.

In a Procedural Order issued on May 2, 2003, the Hearing Examiner directed the parties to submit a proposed schedule which would conclude the cases by October 16, 2003. On June 2, 2003, the Hearing Examiner adopted a schedule which was proposed by the Companies and the OPA. The parties continued with the filing of written testimonies and in the submission and response to a substantial number of discovery requests, based on a schedule which anticipated that a hearing would be held in mid-August.

In mid-July, the Telephone Companies and the Public Advocate commenced a second round of negotiations in these proceedings. Based on the negotiations, the Telephone Companies and the Public Advocate recommended the suspension of the scheduled hearing. The negotiations ultimately resulted in the resolution of the issues and the agreements and compromises reflected in this Stipulation. A draft of this Stipulation was discussed among the Telephone Companies, the Public Advocate, and the Staff on October 23, 2003. Pursuant to the discussion and subsequent communications, this Stipulation was finalized for submission to the Commission.

III. STIPULATION PROVISIONS

A. The parties to this Stipulation agree and recommend that the Commission approve this Stipulation and in doing so find and order as follows:

1. Required Revenue Increase. The Parties agree that the Commission shall find that the Telephone Companies' existing rates are unjust and unreasonable and that rates that would produce an increase in annual intrastate revenues on a combined basis of $604,000 by means of the rates and rate design agreed upon in this Stipulation are just and reasonable and should be substituted for the existing rates in accordance with the provisions of this Stipulation. The Parties further agree that on an individual Telephone Company basis the required revenue increases are as follows:

Northland Telephone Company of Maine, Inc.	$253,076
Sidney Telephone Company	18,724
Maine Telephone Company	153,416
China Telephone Company	35,032
Standish Telephone Company	143,752
	$604,000

2. Access Rate Reductions. The Parties agree that, unless the applicable law changes, the Telephone Companies shall comply with the legal requirement of 35-A M.R.S.A. §7101-B, as amended by P.L. 2003, ch. 101, that by May 31, 2005, their intrastate access rates must be decreased to the NECA Tariff No. 5 level as of January 1, 2003, in two steps as set forth in sub-paragraphs 5(c) and (d), below. The Parties further agree that the revenue reduction resulting from implementation of these intrastate access rate decreases shall be recovered on a revenue neutral basis through corresponding increases in rates for basic local service at the time of the intrastate access rate decreases. If the resulting increases in basic local rates would cause the rates of any of the Telephone Companies to exceed the Verizon rates for comparably sized exchanges, the rates shall be capped at the Verizon level and the additional revenue which would be produced to the extent rates were in excess of that level shall be derived from the Maine Universal Service Fund under Chapter 288 of the Commission's Rules ("MUSF"). The Parties agree that the combined annual revenue loss due to the reduction

in access rates to the level of NECA Tariff No. 5 as of January 1, 2003, based on test year billing determinants, is $2,672,902, and that the amount of intrastate access revenue loss for each Telephone Company is as follows:

Northland Telephone Company of Maine, Inc.	$1,172,930
Sidney Telephone Company	55,752
Maine Telephone Company	590,801
China Telephone Company	293,834
Standish Telephone Company	559,585
	$2,672,902

3. BSCA Implementation. The service area and rate changes resulting from the implementation of the amendments to the Basic Service Calling Area ("BSCA") Rule, Chapter 204 of the Commission's Rules, which were adopted in Docket No. 2001-865, shall not be subject to this Stipulation and shall be addressed in accordance with the provisions of Chapter 204 as amended and any applicable Commission Orders in the relevant implementation proceedings, including FairPoint New England Telephone Companies, Implementation of 2002 Amendments to Chapter 204, Docket No. 2003-485.

4. EAS Settlements Revenues. If Verizon terminates its payments of settlements pursuant to any EAS agreements with any of the FairPoint New England Telephone Companies, upon such termination the affected Telephone Company may increase its rates for basic local service, or increase its payments under the MUSF if the Telephone Company is a recipient of MUSF, in order to produce additional revenues to the Telephone Company in the amount of the revenues lost due to the termination of payments by Verizon. The Parties agree that the amount of revenues in the test year from such payments, and the amount of revenues which would be lost upon termination of payments by Verizon for purposes of the adjustment permitted by this Paragraph, are as follows:

Northland Telephone Company of Maine, Inc.	$ 0
Sidney Telephone Company	28,261
Maine Telephone Company	9,879
China Telephone Company	0
Standish Telephone Company	21,229
	$59,369

5. Rate Plan. The Parties agree that changes in rates resulting from or referenced in this Stipulation shall be implemented as follows:

a. Increase in Local Rates. Effective November 1, 2003, each of the Telephone Companies shall increase its rates for basic local service so as to generate increases in annual revenues in the amount specified in Paragraph 1, above by implementing the "Proposed Rates" on Attachment A to this Stipulation. The revised rate schedules containing these rates, which are appended hereto as Attachment B, shall be considered approved by the Commission upon its approval of this Stipulation.

b. Implementation of BSCA Amendments. In December 2003, or by such other date as may be established by the Commission, each of the Telephone Companies shall implement the changes in calling area required by the amendments to the BSCA Rule adopted in Docket No. 2001-865. Each Telephone Company shall adjust its rates (and/or receipt of MUSF payments) to compensate for the lost revenues and costs resulting from such implementation in accordance with the method and amounts to be determined in the relevant implementation proceedings.

c. Access Rate Decrease/Local Rate Increase (Step 1). (i) At the beginning of the first intrastate access rate billing cycle for each Telephone Company occurring on or after September 1, 2004, the Telephone Company shall reduce its intrastate access rates by 50% of the difference between the Telephone Company's current intrastate access

rates now on file with the Commission and the corresponding NECA Tariff No. 5 intrastate access rates as of January 1, 2003. (ii) At the beginning of the first local rate billing cycle for each Telephone Company occurring on or after September 1, 2004, the Telephone Company shall increase its basic local rates so as to produce an annual revenue increase which is equal to the annual revenue decrease resulting from the decrease in intrastate rates in (i)..

d. Access Rate Decrease/Local Rate Increase (Step 2). (i) On May 31, 2005, the Telephone Company shall reduce its intrastate access rates to the corresponding NECA Tariff No. 5 intrastate access rates as of January 1, 2003. (ii) At the beginning of the first local rate billing cycle for each Telephone Company occurring on or after the effective date of the intrastate access rate reduction in (i), the Telephone Company shall increase its basic local rates so as to produce an annual revenue increase which is equal to the annual revenue decrease resulting from the decrease in intrastate access rates in (i).

B. Stipulation as Integral Document. This Stipulation represents the full agreement between all parties to the Stipulation and rejection of any part of this Stipulation constitutes a rejection of the whole.

C. Non-Precedential Effect. Except where it may be expressly noted herein, the Stipulation shall not be considered legal precedent, nor shall it preclude a party from raising any issues in any future proceeding or investigation on similar matters subsequent to this proceeding.

D. Record. The record on which the Commission may base its determination whether to accept and approve this Stipulation shall consist of this Stipulation, the Chapter 120 Filings, the pre-filed testimony submitted by the Parties, and all responses to data requests. The Parties do not agree to the making of an independent finding of facts based on this record.

E. Staff Presentation of Stipulation. The Parties to the Stipulation hereby waive any rights that they have under 5 M.R.S.A. § 9062(4) and related Commission Rules to the extent necessary to permit the Advisory Staff to make any report, proposed findings or recommendations regarding this Stipulation and/or the resolution of this case without providing a copy in writing in advance to the parties with an opportunity to submit a response or exceptions thereto, provided that said recommendations are made at public deliberations or in some other public manner so that the Parties will be informed of such proposals or recommendations and the basis thereof.

F. Waiver of Appeal. The Parties to this Stipulation waive their rights to request reconsideration pursuant to Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R. 110), to appeal pursuant to 35-A M.R.S.A. § 1320, or to otherwise seek reconsideration or judicial review of the Commission's Order approving this Stipulation.

NORTHLAND TELEPHONE COMPANY OF MAINE, INC., SIDNEY TELEPHONE COMPANY, MAINE TELEPHONE COMPANY, CHINA TELEPHONE COMPANY, AND STANDISH TELEPHONE COMPANY

By: _____ 10-28-03
Its Attorney Date

OFFICE OF THE PUBLIC ADVOCATE

By: William C. Black 10/28/03
Its: Deputy Date

INTERVENOR

_____ _____
Stephen Holmes Date

FairPoint New England
Local Rate Increase

Attachment A

	Current Rates				Rate Increase				Proposed Rates			
	Residence Economy	Residence Premium	Business Economy	Business Premium	Residence Economy	Residence Premium	Business Economy	Business Premium	Residence Economy	Residence Premium	Business Economy	Business Premium
Northland of Maine												
Kingman, Lee and Mattawamkeag	9.40	13.10	19.88	32.02	-	0.90	-	1.02	9.40	14.00	19.88	33.04
Brooks, Morrill	9.38	13.47	17.69	33.04	0.02	0.53	-	-	9.40	14.00	17.69	33.04
Stockton Springs	9.38	11.27	17.69	30.84	0.02	2.73	-	2.20	9.40	14.00	17.69	33.04
Liberty	7.50	13.50	14.15	20.15	1.90	0.50	2.50	2.50	9.40	14.00	16.65	22.65
Palermo	7.50	13.50	14.15	20.15	1.90	0.50	2.50	2.50	9.40	14.00	16.65	22.65
Washington	7.50	13.50	14.15	20.15	1.90	0.50	2.50	2.50	9.40	14.00	16.65	22.65
Smyrna Mills	9.77	13.47	19.88	33.04	(0.37)	0.53	-	-	9.40	14.00	19.88	33.04
Eagle Lake, Fort Kent, St. Francis	NA	9.65	NA	17.90	NA	-	NA	0.10	NA	9.65	NA	18.00
Freedom	NA	6.55	NA	12.60	NA	3.10	NA	3.40	NA	9.65	NA	16.00
Fryeburg (238)	NA	8.40	NA	15.90	NA	1.25	NA	3.10	NA	9.65	NA	19.00
Patten, Sherman Mills, Island Falls	NA	8.40	NA	15.90	NA	1.25	NA	2.10	NA	9.65	NA	18.00
Maine Telephone												
Poland	NA	12.55	NA	23.00	-	0.45	-	-	NA	13.00	NA	23.00
Raymond, Casco & Naples	9.90	12.40	18.40	20.90	1.10	1.60	2.10	2.60	11.00	14.00	20.50	23.50
Standish Telephone												
All other	NA	9.40	NA	20.25	-	1.60	-	1.50	NA	11.00	NA	21.75
Sebago	9.65	12.15	20.75	23.25	1.35	1.85	1.25	1.75	11.00	14.00	22.00	25.00
China Telephone												
China, So. China and E. Vassalboro	NA	8.60	NA	16.75	NA	0.90	NA	2.25	NA	9.50	NA	19.00
Sidney Telephone												
Sidney	NA	12.55	NA	23.00	-	-	-	-	NA	12.55	NA	23.00

Attachment B

FairPoint New England Rate Cases

Rate Schedules

LOCAL EXCHANGE SERVICE

CHINA TELEPHONE COMPANY

BASIC SERVICE RATES (Cont'd)

B. RATES AND CHARGES

	(USOC)	Network Access For: Business	Residence	PAL
1 Party	(U)	19.00*	9.50	20.94

C. EXTENDED AREA SERVICE

(1) Extended Area Service is a service arrangement provided on a non-optional basis whereby the local service area of an exchange is enlarged by combining with one or more additional exchanges in order to eliminate toll message charges. It is established in accordance with guidelines set forth by the Maine Public Utilities Commission.

(2) the local service area of each exchange or locality includes all central offices and localities of the exchange. The local service areas of the exchanges and localities are as indicated below. For municipalities serviced by more than one exchange or locality, refer to Section 207, Municipal Calling Service, for additional information.

Exchange or Locality	Additional Exchange and Wire Centers Included in the Local Service Area
China	South China; East Vassalboro
South China	China; East Vassalboro
East Vassalboro	China; South China

* When a line or trunk terminates in terminal equipment which is not partitioned and is arranged to perform switching, as well as, other functions, the applicable rate is 150% of the one-party business exchange rate.

LOCAL EXCHANGE SERVICE

MAINE TELEPHONE COMPANY

BASIC SERVICE RATES

A. GENERAL

(1) This tariff applies to local exchange telephone services furnished by Maine Telephone Company. The exchanges and zones to which the regulations and rates contained herein apply are as specified on maps filed with the Public Utilities Commission of Maine. The regulations and rates contained herein are in addition to the applicable regulations and rates specified in other tariffs of the Company.

B. MONTHLY EXCHANGE ACCESS LINE RATES

(1)

Residence	Rates and Charges	
Poland	1 Party Premium Calling Area	$13.00
Rate Group V	1 Party Economy Calling Area	N/A
	Key Line Service	$19.45
Raymond, Casco,	1 Party Premium Calling Area	$14.00
Naples	1 Party Economy Calling Area	$11.00
Rate Group IV	Key Line Service – Premium	$17.60
	Key Line Service - Economy	$15.10

(2)

Business	Rates and Charges	
Poland	1 Party Premium Calling Area	$23.00
Rate Group V	1 Party Economy Calling Area	N/A
	PBAX Trunk	$48.35
	Key Line Service	$35.05
	PAL	$28.75
Casco, Raymond,	1 Party Premium Calling Area	$23.50
Naples	1 Party Economy Calling Area	$20.50
Rate Group IV	PABX Trunk – Premium	$50.85
	PABX Trunk - Economy	$48.35
	Key Line Service – Premium	$30.05
	Key Line Service - Economy	$27.55
	PAL	$22.38

C. PER CALL RATE FOR CUSTOMERS ON ECONOMY CALLING AREA PLAN

(1) calls by customers on an Economy Calling Plan to exchanges which are in the Basic Service Calling Area, but are not within the Economy Calling Area, shall be subject to a charge of $0.30 per call.

LOCAL EXCHANGE SERVICE

NORTHLAND TELEPHONE COMPANY OF MAINE, INC.

BASIC SERVICE RATES (Cont'd)

B. ECONOMY CALLING AREA RATES AND LIST OF EXCHANGES (Cont'd)

(3) Monthly Rates – Economy Calling Area

Home Exchange	Single Line Residence	Single Line Business
Brooks	$9.40	$17.69
Kingman	$9.40	$19.88
Lee	$9.40	$19.88
Liberty	$9.40	$16.65
Mattawamkeag	$9.40	$19.88
Morrill	$9.40	$17.69
Palermo	$9.40	$16.65
Smyrna Mills	$9.40	$19.88
Stockton Springs	$9.40	$17.69
Washington	$9.40	$16.65

LOCAL EXCHANGE SERVICE

NORTHLAND TELEPHONE COMPANY OF MAINE, INC.

BASIC SERVICE RATES (Cont'd)

C. PREMIUM CALLING AREA RATES AND LISTS OF EXCHANGES (Cont'd)

(1) List of Exchanges (Cont'd)

Home Exchange	Local Calling to the Following Exchanges and Wire Centers
Smyrna Mills	Smyrna Mills, Houlton Island Falls, Patten, Sherman Mills, Littleton
Stockton Springs	Stockton Springs, Belfast
St. Francis	St. Francis, Claire, NB, Eagle Lake, Fort Kent
Washington	Washington, Rockland

(2) Monthly Rates – Premium Calling Area

Home Exchange	Single Line Residence	4-Party Residence	Single Line Business
Brooks	$14.00	$9.38	$33.04
Eagle Lake	$ 9.65	$9.65	$18.00
Fort Kent	$ 9.65	$9.65	$18.00
Freedom	$ 9.65	$6.55	$16.00
Fryeburg	$ 9.65	$8.40	$19.00
Island Falls	$ 9.65	$8.40	$18.00

LOCAL EXCHANGE SERVICE

NORTHLAND TELEPHONE COMPANY OF MAINE, INC.

BASIC SERVICE RATES (Cont'd)

C. PREMIUM CALLING AREA RATES AND LISTS OF EXCHANGES (Cont'd)

(2) Monthly Rates (Cont'd)

Home Exchange	Single Line Residence	4-Party Residence	Single Line Business
Kingman	$14.00	$9.40	$33.04
Lee	$14.00	$9.40	$33.04
Liberty	$14.00	$13.50	$22.65
Lovell	$ 9.65	$8.40	$19.00
Mattawamkeag	$14.00	$9.40	$33.04
Morrill	$14.00	$9.38	$33.04
North Fryeburg	$ 9.65	$8.40	$19.00
North Lovell	$ 9.65	$8.40	$19.00
Palermo	$14.00	$13.50	$22.65
Patten	$ 9.65	$8.40	$18.00
Sherman Mills	$ 9.65	$8.40	$18.00
Smyrna Mills	$14.00	$9.38	$33.04
Stockton Springs	$14.00	$9.38	$33.04
St. Francis	$ 9.65	$9.65	$18.00
Washington	$14.00	$13.50	$22.65

LOCAL EXCHANGE SERVICE

STANDISH TELEPHONE COMPANY

BASIC SERVICE RATES (Cont'd)

A. GENERAL

(1) This tariff applies to local exchange telephone services furnished by Standish Telephone Company. The exchanges and zones to which the regulations and rates contained herein apply are as specified on maps filed with the Public Utilities Commission of Maine. The regulations and rates contained herein are in addition to the applicable regulations and rates specified in other tariffs of the Company.

B. RATES AND CHARGES

	(USOC)	Business	Residence	PAL
(1) Standish, Steep Falls, Limington, Denmark				
a. 1-Party Premium Calling Area	(U)	$21.75*	$11.00	$25.31
b. 1-Party Economy Calling Area		N/A		
(2) Sebago				
a. 1-Party Premium Calling Area		$25.00	$14.00	$23.31
b. 1-Party Economy		$22.00*	$11.00	

*When a line or trunk terminates in terminal equipment which is not partitioned and is arranged to perform switching, as well as, other functions, the applicable rate is 150% of the one-party business exchange rate.

(3) Per Call Rate For Customers On Economy Calling Area Plan

Calls by customers on an Economy Calling Plan to exchanges which are in the Basic Service Calling Area, but are not within the Economy calling Area, shall be subject to a charge of $0.30 per call.