- - - - - - - - - - - - - - - - - - -Footnotes- - - - - - - - - - - - - - - - - -

n9 The traffic studies are necessary to determine whether the petition meets the traffic criterion established in the Commission's February 23, 1996 Order.

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In this case, however, the Commission finds that there are unique circumstances that warrant a departure from the customary sequence in which the EAS requirements are met. The population and dispersed location of GTE customers in the sparsely populated Crane Lake exchange (a majority of whom are seasonal residents) presents unusual signature collection problems to the petition sponsor. [*25] The number of signatories on the petition to-date is near enough to the required 15 percent mark to indicate that it is highly likely that the balance of the required signatures will be provided. While these circumstances would, by themselves, be insufficient, GTE and its successor Citizens, the companies that would do the next major pieces of the processing work n10 have indicated a willingness to do so before the balance of the required signatures are filed, provided it is clear that a valid petition (including the requisite number of signatures) must be provided before the matter proceeds to the polling stage.

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n10 Specifically, GTE and Citizens stated their willingness to prepare and file traffic studies and cost studies before a valid petition (containing the balance of the required number of petition signatures and meeting the other filing requirements quoted above) is filed.

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In these circumstances, the Commission will direct the companies to file the appropriate traffic studies in Docket No. P-551, 407/CP-00-891, [*26] which has been established to process the Crane Lake EAS matter. In so deciding, the Commission clarifies that it is not waiving the threshold requirements for the petition (quoted above) but is simply deferring a finding regarding those requirements at this time. The Commission notes that the petition threshold requirements include but are not limited to the number of signatures element. The Commission does not waive the other elements quoted above and, since the adequacy of the other elements of the petition was not before the Commission at the June 28, 2000 hearing, makes no findings at this time regarding the sufficiency of Ms. Hankner's petition with respect to these other elements. In short, a valid petition (completely compliant with the threshold requirements quoted above) will be required.

ORDER

1. The Joint Application of GTE and Citizens for Approval of Sale, as modified and conditioned by the Joint Stipulation and Agreement, is approved.

2. Citizens' application for a Certificate of Authority to provide telecommunications service in Minnesota is granted.

3. Citizens' request for designation as an Eligible Telecommunications Carrier

(ETC) is granted. The Executive [*27] Secretary is hereby authorized to make any required federal ETC notification.

4. Within 30 days of the sale closing, GTE and Citizens shall file a joint affidavit of sale completion.

5. Within 90 days from the date of closing, GTE and Citizens shall file the accounting journal entries that each company recorded to reflect the sale of assets transaction.

6. Citizens shall file tariffs before providing service.

7. The companies shall submit a proposed customer notice for the Commission Staff review and GTE shall send the approved notice with a bill insert in the last bill (or next to last) it renders.

8. Within 60 days of this Order, GTE and Citizens shall submit traffic studies to the Department regarding the traffic between the Crane Lake and Orr exchanges in Docket No. P-551, 407/CP-00-891.

9. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

STIPULATION AND AGREEMENT

The Minnesota Department of Commerce (Department), the Minnesota Office of Attorney General (OAG), Contel of Minnesota d/b/a GTE Minnesota (GTE), Citizens Telecommunications Company of Minnesota (CTC-Minnesota), Ace Telephone Association, Home Town Solutions, LLC, Hutchinson Telecommunications, [*28] Inc., Integra Telecom of Minnesota, Inc., Local Access Network, Mainstreet Communications, LLC, NorthStar Access, Otter Tail Telecom, LLC, Paul Bunyan Rural Telephone Cooperative, Tekstar Communications, Inc., U.S. Link, Inc., West Central Telephone Association, and WETEC LLC (Small CLECs), herein collectively referred to as "the Parties," whose authorized representatives have executed this Stipulation and Agreement, hereby jointly submit this Stipulation and Agreement to the Minnesota Public Utilities Commission (Commission) for its review and approval.

BACKGROUND

On August 27, 1999, GTE and CTC-Minnesota (the Companies) submitted a Joint Application seeking an order approving the sale of all of GTE Minnesota's local telephone operations and associated assets in the State of Minnesota to CTC-Minnesota. The Companies asserted that there were substantial public interest benefits to the sale, including increased advanced telecommunications services, one stop shopping for a full range of communications services, competitive rates and improved customer relations.

On February 25, 2000, the OAG, the Department, and the Small CLECs filed comments urging the Commission to reject the proposed [*29] sale unless, as part of its approval, the Commission imposed conditions to ensure that the sale was in the public interest. The OAG and the Department argued that the sale raised significant public interest concerns, and that the sale, without appropriate conditions, could cause significant rate increases as well as declines in service quality. In addition, the OAG and the Department asserted that the Companies had not demonstrated that there were public interest benefits from the sale, such as additional investment in the network or the increased provisioning of advanced communications services.

The Parties now offer this Stipulation and Agreement for Commission approval to resolve the public interest concerns in this docket. Accordingly, the Parties jointly recommend expeditious approval of the sale with the conditions and commitments specified below. The conditions and commitments set forth below protect Minnesota consumers from the sale's risks and advance the public's interest in affordable, high quality service, competitive choice and access to advanced, high speed telecommunications services.

STIPULATION AND AGREEMENT

The Parties stipulate and agree to request that the [*30] Commission issue an order approving the sale of GTE's local telephone operations and associated assets in the State of Minnesota to CTC-Minnesota, subject to and modified by the following provisions:

I. DEFINITIONS.

A. "Closing date" refers to the date of the legal transfer of assets from GTE Minnesota to CTC-Minnesota.

B. "Complaint" refers to any contact in which a customer asserts that CTC-Minnesota has acted illegally or in violation of the company's tariffs, industry, standards, or Commission orders.

C. "CTC-Minnesota" refers to CTC-Minnesota and all its subsidiaries, successors, assigns, affiliates, acquiring companies, and parent or controlling entities.

D. "Primary line" refers to the first access line to a customer providing local dial tone and local usage necessary to receive a call.

E. "Measurement year" refers to a twelve-month period used as the basis for service quality measurements. The first measurement year will begin on January 1, 2001, with three subsequent measurement years, ending on December 31, 2004.

F. "Out-of-service." A service is deemed to be out-of-service if the customer is unable to receive or place calls on the access line available at the customer's [*31] premises. This definition includes service-affecting troubles such as static severe enough to prevent communication.

G. "Trouble" refers to instances of trouble on the company side of the standard network interface. Trouble caused by the customer's negligence or willful misconduct, disruption of service caused by natural disaster, or damage to the network that is caused by an unaffiliated third party will not be included in the definition of trouble.

H. "Repeat trouble" refers to trouble on a customer access line within 30 days of a closed trouble report on the same line.

II. REPORTING REQUIREMENTS.

A. Affidavit of Sale.

CTC-Minnesota and GTE will file a joint affidavit of sale completion, within thirty (30) days of the closing date, with the Commission and the Department.

B. Accounting Journal Entries.

CTC-Minnesota will file a copy of the accounting journal entries that reflect the addition of the telecommunications assets and recording of the goodwill/acquisition adjustment on the books of CTC-Minnesota. These filings will be made with the Department, as soon as practical after the closing. If such filings cannot be made within ninety (90) days of closing, CTC-Minnesota [*32] will inform the Department.

C. Citizens' Sale And Acquisition Of Other Utility Property.

CTC-Minnesota will file monthly reports with the Commission and the Department concerning the acquisitions currently pending and the disposition of Citizens' gas, electric, and water properties. Reports will be filed on the first Wednesday of the month, beginning no sooner than 15 days after the closing date. Reports will include information, by state, regarding dates of formal regulatory filings and regulatory hearings, and dates and content of formal regulatory actions. Upon the completion of the disposition of Citizens' gas, electric, and water properties and the completion of the currently pending telecommunications acquisitions, reporting will cease.

III. ACQUISITION ADJUSTMENT AND DEFERRED INCOME TAXES.

A. Acquisition Adjustment.

CTC-Minnesota will not seek intrastate rate recovery of the acquisition adjustment resulting from the excess of purchase price over net book value from Minnesota ratepayers.

B. Deferred Income Taxes.

The Department and the OAG will not seek to impute deferred income taxes in excess of CTC-Minnesota's actual levels.

IV. RATE CAP.

A. Rate [*33] Cap.

CTC-Minnesota will adopt all GTE's Minnesota intrastate tariffs, and cap those rates for a period of four years from closing. The GTE rates that CTC-Minnesota adopts will be GTE's Minnesota intrastate rates, effective at the closing date.

B. Exceptions For Rate Changes Due To Change In The Cost Of Service.

CTC-Minnesota, the OAG, or the Department may petition the Commission for a change in rates due to changes in the cost of providing service resulting from state or federal regulatory or legislative actions which modify tax rates or jurisdictional allocations, or which implement tax changes or accounting changes to the uniform system of accounts. Any resulting change in rates shall be effective no sooner than two years after the closing date.

1. Changes in jurisdictional allocations.

The exception to CTC-Minnesota's rate cap regarding changes in jurisdictional allocations includes only those changes in jurisdictional allocations required by the federal government, the amount of which CTC-Minnesota cannot control and for which equal and opposite changes are made on the federal level.

2. Effect on applicable Minnesota law.

This provision does not change any applicable [*34] provisions in Minnesota law regarding the rates that must be contained in a proprosed AFOR plan, if CTC-Minnesota chooses to file such a plan pursuant to subpart IV.E.

C. Access Charge Reform Or Universal Service Funding.

Notwithstanding the rate cap, CTC-Minnesota may petition the Commission for a change in rates resulting from regulatory or legislative actions, at either the state or federal level, implementing access charge reform or universal service funding reform.

D. Unserved Territory.

Notwithstanding the rate cap, CTC-Minnesota may petition the Commission to increase rates because of costs the company incurred in providing service to a currently unserved territory that the Commission ordered CTC-Minnesota to serve (not including the recently ordered service territory expansion near Ely, Minnesota in MPUC Docket No. P-999/CP-98-1193).

E. AFOR.

After the second anniversary of the closing date, CTC-Minnesota may file an Alternative Form of Regulation (AFOR) plan with the Commission. Any AFOR plan filing must comply with all applicable provisions of Minnesota law.

F. Agency Investigations.

During the term of the rate cap, the Department and the OAG retain their [*35] authority to investigate CTC-Minnesota's rates and ask the Commission to lower CTC-Minnesota's rates if the company is overearning or its rates are otherwise unlawful, discriminatory or unreasonable. Notwithstanding CTC-Minnesota's right to petition the Commission for a rate increase pursuant to Section IV, the Department and the OAG reserve their rights to challenge any such petition. Similarly, CTC-Minnesota reserves its right to challenge the Department's or the OAG's requests to lower its rates.

V. ADVANCED SERVICES AND INTERNET ACCESS.

A. Deployment Of Advanced Services.

Within three years of the closing date, CTC-Minnesota will make high speed data service of at least 256 kbps available in the following ten exchanges:

Mound, St. Bonifacius, Maple Plain, Delano, Watertown, Wyoming, Lindstrom, Scandia-Marine, International Falls, and Cannon Falls. This service will be available to customers whose loop is no more than three miles long, and who are served directly from the central office, e.g. not served using a concentrator or carrier system.

B. Customer Surveys.

Within three years after the closing date, CTC-Minnesota will survey customers in 15 exchanges where high-speed [*36] data service is not available to determine the level of demand for high-speed data service in those exchanges. The customers surveyed will be those eligible for high speed data service at the time of the survey, based upon factors such as location from the central office and whether the customer is served directly from the central office. If 20% or more of the surveyed customers in a particular exchange indicate a willingness to purchase the service at the surveyed price, CTC-Minnesota will implement high speed data service in that exchange within five years from the closing date.

1. Development of the surveys.

CTC-Minnesota will work with the Department and the OAG to develop the survey instrument and to determine which 15 exchanges should be surveyed. The 15 exchanges to be surveyed are tentatively identified as: Kenyon, Wanamingo, Ely, Tower, Aurora, Hoyt Lakes, Babbitt, Embarrass, Hector, Onamia, Milaca, Byron, Dodge Center, Claremont, and Blooming Prairie.

C. Toll Free Access To The Internet.

Within one year after the sale closing, CTC-Minnesota will ensure toll-free access to at least one Internet service provider in all of its exchanges.

VI. SERVICE STANDARDS. [*37]

A. Service Quality Standards And Penalties.

CTC-Minnesota will meet all service standards embodied in Commission Rules and Orders. In addition, CTC-Minnesota will comply with the following enhanced service standards, penalties and remedies. The initial measurement year for these standards, penalties and remedies will begin on January 1, 2001, and subsequent measurement years will continue for three more years until December 31, 2004.

B. Held Orders.

CTC-Minnesota will have no more than 25 primary line orders held beyond thirty days for company reasons per month. CTC-Minnesota's compliance with this standard will be measured annually, looking at the average number of held orders at the end of each month during a measurement year. If the monthly average number of orders held more than 30 days exceeds 25 for a measurement year, CTC-Minnesota will pay a penalty, as follows.

Average Number of Monthly Orders Held More Than 30 Days	Penalty
26 through 30	$ 125,000
31 through 35	$ 250,000

over 36 $ 375,000

C. Trouble Reports.

If an exchange has more than 2.5 trouble reports per 100 access lines for three or more months during a measurement year, every customer in that exchange [*38] shall receive a $ 3.00 credit per access line. The credit will be applied in the next month's bill after the third failed month.

D. Answer Time.

CTC-Minnesota will answer calls to its customer service centers and repair centers within 20 seconds at least 90 percent of the time. If CTC-Minnesota misses this standard for three or more months out of the measurement year, a $ 3.00 credit per access line will be given to all CTC-Minnesota customers in the state. The credit will be applied in the next month's bill after the measurement year.

1. Definition of answer.

An "answer" shall mean that the operator or representative is ready to render assistance and/or ready to accept information necessary to process the call. An acknowledgement that the customer is waiting on the line shall not constitute an answer.

2. Application to wholesale customers.

CTC-Minnesota agrees that the Minnesota Commission's rules regarding call center response (Minn. Rules pt. 7810.5200) will apply to wholesale customers. CTC-Minnesota's compliance with this standard for wholesale customers will not be included in determining penalty amounts pursuant to Section VI.D.

E. Installation Commitments. [*39]

CTC-Minnesota will install business and residential service within 2 calendar days of a request, or the customer due date, whichever is later.

1. Penalties.

If CTC-Minnesota fails to install service 95% of the time within 2 calendar days of a request, or the customer due date, whichever is later, in an exchange for 3 or more months during a measurement year, each customer in that exchange shall receive a $ 3 credit per access line. The credit will be applied in the next month's bill after the third failed month.

2. Customer specific remedies.

a. Missed commitment to install.

If CTC-Minnesota misses a commitment to install service, a residential customer will have the option to receive either a $ 25 credit per primary or additional line order or an equal value in the form of a pre-paid debit calling card, and a business customer will have the option to receive either a $ 100 credit per primary or additional line order, or an equal value in the form of a pre-paid debit calling card. The customer will determine the choice of remedy.

b. Primary lines.

If CTC-Minnesota cannot install primary line service within 7 calendar days of a request, or the customer due date, whichever [*40] is later, the company will offer that customer:

1) a telephone number;

2) remote call forwarding until the date the customer's service is installed at no charge;

3) a directory assistance listing;

4) a waiver of the nonrecurring installation charge for the line;

5) a voicemail box to which their calls may be directed using the remote call forwarding at no cost to the customer; and

6) either a monthly $ 100 credit or a wireless handset and unlimited usage for local calls until the date the customer's application for service is completed.

a) A wireless handset need not be provided if wireless service is not available in the customer's service area, but the customer would be entitled to an additional $ 100 monthly credit.

b) If a customer with medical needs requests primary line service, CTC-Minnesota will offer the wireless handset and related services described above to the customer after two business days. CTC-Minnesota may request a physician's certification to determine eligibility for the medical needs exception. A wireless handset need not be provided if wireless service is not available in the customer's service area, but the customer would be entitled to a $ [*41] 200 monthly credit, in addition to the $ 100 credit under Section VI.E.b.6.

c) The customer will determine the choice of remedy in (6) above.

c. Service not installed within 30 calendar days.

If CTC-Minnesota does not provide primary line service within 30 calendar days of a request, or the customer due date, whichever is later, the company will issue a credit for the monthly recurring charge for local service for each month or partial month the order is held. If CTC-Minnesota does not install an additional line within 30 calendar days of a request, or customer due date, whichever is later, the company will waive the nonrecurring installation charge.

F. Out Of Service.

At least 95% of Out-of-Service troubles will be cleared within 24 hours.

1. Customer specific remedies.

Residential customers whose trouble is not cleared within 48 hours shall receive a daily credit in the amount of $ 5 for each day thereafter, with remote call forwarding to another number in the same local calling area offered, until service is restored. Business customers whose primary line trouble is not cleared within 24 hours shall receive a daily credit in the amount of $ 10 for each day thereafter, [*42] with remote call forwarding to another number in the same local calling area offered, until service is restored. Any residential or business customer whose trouble is not cleared within eight calendar days shall also receive an additional one-time credit of $ 100.

a. Medical needs.

For customers with a medical need, a wireless phone or equivalent service will be provided after two business days. CTC-Minnesota may require a physician's notice as evidence of a medical need. A wireless phone need not be provided if wireless service is not available in the customer's service area, but the customer would be entitled to a $ 200 one-time monthly credit, in addition to the $ 100 credit under Section VI.F.1.

2. Penalties.

If CTC-Minnesota fails to restore at least 95% of out-of-service reports within 24 hours, measured on an annual basis by averaging CTC-Minnesota's monthly performance during the measurement year, the following penalties will apply.

Range	Payment amount per day
85%-94%	$ 100
75%-84%	$ 250
65%-74%	$ 500
55%-64%	$ 750
45%-54%	$ 1,500
0%-44%	$ 2,500

Penalties calculated on an amount per day basis will apply one per day for each day of a month that CTC-Minnesota's [*43] monthly average falls within that range. n1

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n1 For instance, if the annual average of the twelve monthly results was 94% for a measurement year, then a penalty would be applied. If the monthly result for January of that year was 86%, then the penalty for January would be $ 100 per day times 31 days, or $ 3,100. The monthly penalties for the remaining eleven months would be calculated similarly, and the twelve amounts then totaled to arrive at the total, annual penalty.

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G. Repair Commitments.

1. Standard.

CTC-Minnesota will meet repair commitments at least 90% of the time.

2. Customer specific remedies.

If CTC-Minnesota misses a repair appointment, a customer will receive a credit pursuant to the following schedule:

a) business customers will receive either a $ 100 credit on their bill or a pre-paid debit card of equal value, based upon the customer's wishes; and

b) residential customers will receive either a $ 25 credit on their bill or a pre-paid debit card of equal value, based upon the customer's [*44] wishes.

H. Repeat Trouble.

Repeat troubles will be less than 10% of all trouble reports. If an exchange misses this standard for three or more months out of the measurement year, a $ 3.00 credit per access line will be given to all customers in the affected exchange. The credit will be applied in the next month's bill after the third failed month.

I. Exceptions.

CTC-Minnesota shall not be liable for a failure to perform under this set of service standards to the extent such performance is prevented by an event beyond the reasonable control of CTC-Minnesota and which, with exercise of due care, CTC-Minnesota could not reasonably have been expected to avoid, including, but not limited to, acts of God, explosions or fires, floods, tornadoes, epidemics, injunction, war, negligent or willful misconduct by customers or third parties, or delays in receiving governmental permits for which CTC-Minnesota has applied in a timely fashion. Except as identified above, events caused by employees or contractors of CTC-Minnesota are not outside the control of CTC-Minnesota.

If 100 or more residential or 10 or more business customers are involved, CTC-Minnesota shall not be entitled to an [*45] exemption without filing a quarterly report with the Department and the Commission setting forth the basis for the exemption. The Department and the OAG shall have the right to challenge any exemption. If any challenge is made, the Commission will determine if the exemption should be granted.

J. Strike.

In the event of a strike by CTC-Minnesota employees, CTC-Minnesota will continue to provide the customer remedies included in parts E.2, F.1, and G of this Section. In the event of a strike, CTC-Minnesota will not be subject to the service quality penalties in parts B, C, D, E.1, F.2, and H of this Section.

K. Duration Of The Service Quality Standards.

This set of service commitments, customer remedies, and penalties will remain in effect until December 31, 2004, unless it is superceded by another set of service standards developed in the context of an AFOR plan.

L. Use Of Penalty Money.

Any penalties assessed under this service standard plan will be allocated to CTC-Minnesota's basic local exchange service end-user customers on a pro-rata basis in the form of an annual, one-time credit on customer bills.

M. Service Quality Reports.

CTC-Minnesota will submit the following [*46] quarterly reports to the Commission, the Department, and the OAG on Minnesota customers, beginning at the end of the first quarter of the first measurement year. Reports will be submitted no later than 30 days after the end of the quarter and will include data for each month in the quarter.

1. Complaints.

CTC-Minnesota shall report all complaints it receives regarding regulated services that outside agencies have referred to CTC-Minnesota, and all direct customer complaints, either by telephone or in writing, that its Executive Offices or its Consumer Response Center have received.

2. Installations.

a. Installation commitments met.

CTC-Minnesota will report the percentage of installation commitments met within 2 calendar days or the customer due date by exchange for non-designed services.

b. Held orders.

CTC-Minnesota will file a report detailing the total number of orders held over 30 days. The reporting will indicate the number of orders held: 31-60 calendar days; 61-90 calendar days; and over 90 calendar days. The reporting will contain a breakdown between (1) primary lines and additional lines, and (2) delays for CTC-Minnesota reasons and delays for customer reasons. [*47]

3. Answer times.

CTC-Minnesota will report the response time at its residential, residential repair, business, and business repair service centers handling Minnesota calls, as well as the consolidated response times for calls at all four centers. The report will include the percentage of calls answered in 20 seconds, the number of calls answered, the number of abandoned calls, and the number of calls receiving a busy signal.

4. Repairs.

CTC-Minnesota will report the trouble report rate by exchange. CTC-Minnesota will report the percentage of out-of-service trouble reports for regulated services cleared within 24 hours, and its rate for meeting repair commitments, by exchange. CTC-Minnesota will report the percentage of trouble reports experiencing a repeated report within 30 days by exchange.

VII. INTERCONNECTION.

A. Adoption Of GTE Interconnection Agreements.

The OAG and the Department understand that GTE currently has 28 interconnection agreements (approved or pending) with CLECs in Minnesota, that CTC-Minnesota has differing abilities to provide certain services embodied in these agreements, and that CTC-Minnesota is willing to adopt these agreements, with modifications [*48] to reflect its differing abilities to provide those services. Therefore, within ten business days of execution of this Stipulation and Agreement, CTC-Minnesota will contact every CLEC who is not a party to this docket and who has an interconnection agreement with GTE (pending or approved) and provide it with a detailed explanation of all modifications to GTE's interconnection agreements that CTC-Minnesota desires to make due to its differing abilities than GTE. The Department will approve this notice. By June 30, 2000, CTC-Minnesota will file a report with the Commission on the status of its negotiations regarding modifications of GTE's interconnection agreements. The Commission retains jurisdiction to resolve all disputes that remain between CTC-Minnesota and the affected CLECs regarding these modifications.

The OAG and the Department also understand CTC-Minnesota has already reached agreement on these modifications with the Small CLECs, and a copy of a proposed addendum to the GTE interconnection agreement that CTC-Minnesota will agree to adopt is attached as Exhibit 1. The Department has asked all CLECs (or their legal counsel) that have interconnection agreements with GTE (either [*49] approved or pending approval) in Minnesota about the modifications contained in Exhibit 1, and the Department is unaware of any objections.

Based upon the above, the OAG and the Department agree not to object to any modifications that CTC-Minnesota and a CLEC make to existing GTE interconnection agreements pursuant to this section, to the extent said modification(s) are consistent with the modifications reflected in Exhibit 1, as well as applicable state and federal law.

VIII. RESERVATIONS.

The Parties have entered into this Stipulation and Agreement with the express intent and purpose of settling and resolving the issues in this proceeding in a manner that is consistent with the public interest. By executing this Stipulation and Agreement, the Parties agree to represent to the Commission that they recommend acceptance of this Stipulation and Agreement without reservation, except that the Parties agree to reserve those rights and privileges set forth below.

A. No Precedent.

The Parties agree that no precedent be established by the resolution of the contested matters in this Stipulation and Agreement. The resolutions reached herein are for settlement purposes only and do [*50] not necessarily represent the positions the Parties would take if they continued to litigate this proceeding. Except in matters involving the implementation or enforcement of the specific terms of this agreement, the Parties specifically reserve the right to take positions contrary to the resolutions agreed to herein in any future proceeding before the Commission or any other judicial or administrative body and to argue for entirely different results in any future proceeding before the Commission or any other administrative or judicial body. The Parties will not use this Stipulation and Agreement as evidence against or for impeachment of a Party in any future proceeding before the Commission or any other administrative or judicial body.

B. No Admission.

Unless this Stipulation and Agreement is approved by the Commission, this Stipulation and Agreement, and any statements made in furtherance hereof shall not be admissible in evidence.

C. No Waiver Of Rights.

Except as to matters expressly set forth herein, no Party shall be deemed to have waived, compromised, or limited any rights, remedies, or obligations arising out of, or relating to, matters previously determined by, or [*51] now pending before, the Commission or any other administrative or judicial entity as a result of this Stipulation and Agreement.

D. Commission Rejection, Modification And The Parties' Right To Void.

1. Right to void.

If the Commission alters any portion of this Stipulation and Agreement, including this portion, the Stipulation and Agreement will immediately become voidable by any Party. In order to exercise the right of voiding the Stipulation and Agreement, a Party must file written notice of its intent to void within ten days after the Commission issues a final order rejecting or altering any portion of the Stipulation and Agreement.

2. Party acceptance of Commission modification.

If the Commission issues a final order altering any portion of this Stipulation and Agreement and no Party exercises its right to void the Stipulation and Agreement within ten days of the final order, then the Stipulation and Agreement, as modified by the Commission, becomes binding on all Parties. If the Commission approves this Stipulation and Agreement as filed, or if the Commission modifies this Stipulation and Agreement and all Parties agree to the modification, the Parties waive their [*52] right to appeal the Commission's decision.

3. Effect of Commission rejection or party voiding the Stipulation and Agreement.

If the Commission rejects this Stipulation and Agreement or if the Commission modifies this Stipulation and Agreement and any Party exercises its right to void the Stipulation and Agreement within ten days of a final order, the Parties retain all of their rights in any related proceedings before the Commission. These rights include the right to file any relevant motions, briefs, or related documents with the Commission; participate in oral argument, or seek rehearing, reconsideration, clarification or alteration of the Commission's Order in this proceeding; appeal that Order, or take whatever action deemed necessary as if there had been no Stipulation and Agreement.

IX. MISCELLANEOUS.

A. Applicability And Scope.

1. General Applicability.

This Stipulation and Agreement, together with all its provisions, is binding on the OAG, the Department, GTE, and CTC-Minnesota and their subsidiaries and affiliates engaged in the provision of telecommunications services in Minnesota, and each will support this Stipulation and Agreement before all regulatory [*53] agencies with jurisdiction, and before all state and federal courts.

2. Future Mergers.

Should CTC-Minnesota merge with, be acquired by, or otherwise combine or consolidate with another entity during the period when any provision of this Stipulation and Agreement is effective, the terms of this Stipulation and Agreement shall apply to and be binding on that entity and any subsidiary or affiliate of that entity engaged in the provision of local telecommunications services in Minnesota.

3. Complete Resolution of the Issues.

This Stipulation and Agreement resolves, between the Parties, all issues related to the Commission's approval of the sale in Docket No. P-5316, 407/PA-99-1239.

4. Entire Agreement.

This Stipulation and Agreement constitutes the Parties' entire agreement on all matters set forth herein, and it supersedes any and all prior oral and written understanding or agreements on such matters.

B. Enforcement.

This Stipulation and Agreement shall be enforceable as a Commission Order under Minn. Stat. @@ 216A.07, 237.27, 237.46, 237.461, and 237.462.

C. Conflicting Legislation.

The Company agrees to comply with this Stipulation and Agreement for its entire [*54] term specified in subsection D below, notwithstanding any conflicting state or federal legislation enacted after the date on which this Stipulation and Agreement is executed. This provision shall not be enforced if to do so would put CTC-Minnesota in direct violation of said federal or State legislation.

D. Effective Date And Duration.

Unless otherwise indicated herein, this Stipulation and Agreement shall become effective on the date of the Commission Order in which the sale is approved. The Stipulation and Agreement shall remain in effect until revoked or rescinded by written Order of the Commission, or December 31, 2004, whichever is earlier. The Parties agree that this Stipulation and Agreement shall terminate in the event and on the date that GTE or CTC-Minnesota files a letter with the Commission stating that it no longer seeks to consummate the proposed sale.

E. Commission Approval.

The provisions of this Stipulation and Agreement are subject to Commission approval. The Parties agree that the proposed sale, as modified by the forgoing conditions, is consistent with the public interest.

X. EXECUTION.

This Stipulation and Agreement may be executed in separate, [*55] identical counterparts. Copies sent by facsimile are as effective as original document.

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Dated: May 11, 2000

OFFICE OF ATTORNEY GENERAL

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DEPARTMENT OF COMMERCE

Anthony Mendoza
Assistant Commissioner for Telecommunications
Minnesota Department of Commerce
121 Seventh Place East, Suite 200
St. Paul, MN 55101-2145

Tel: (651) 296-2266

Dated: 5/11/00

EXHIBIT 1

CTC-Minnesota agrees to adopt the existing interconnection agreements, subject to the following clarifications [*56] and implementation requirements.

1. Resale of Advanced Intelligent Network features.

CTC-Minnesota does not have an AIN platform and is not acquiring that functionality from GTE-Minnesota. However, CTC-Minnesota will implement the necessary triggers to provide Local Number Portability (LNP) in those exchanges where a bona fide request for LNP has been provided (Milaca and Herman exchanges). CTC-Minnesota will also meet its LNP requirements in other exchanges when bona fide requests for LNP are provided.

2. Unbundled Network Elements and Transit Switching Functionality.

At closing, CTC-Minnesota will not provide unbundled Local Switching, unbundled Tandem Switching, or unbundled Common Transport. CTC-Minnesota is working with several other Incumbent Local Exchange Carriers (ILECs) in developing the "UNE-Platform" which rebundles Local Switching, Common Transport and where appropriate Tandem Switching. CTC-Minnesota expects to provide the UNE-Platform within ninety days of closing, and it commits to provide these UNEs and the UNE-Platform as soon as possible after industry standards are published.

CLECs desire the ability to exchange traffic with Citizens end offices and the [*57] ability to obtain local tandem and transit functionality to EAS routes served by those end offices. Citizens agrees to provide that functionality and CLECs agree to be liable for associated "transit switching" and common transport charges.

3. Unbundled Operator Services/Directory Assistance.

CTC-Minnesota will not be providing operator services and directory assistance to itself at closing, but rather will obtain these services from a third party. While CTC-Minnesota could act as an intermediary, it would prefer that Competitive Local Exchange Carriers (CLECs) obtain those services directly from a third party provider.

4. Unbundled SS7.

CTC-Minnesota will not be acquiring any Signal Transfer Points or Service Control Points/Databases from GTE. Thus, it will not be in a position to offer those capabilities to Competitive Local Exchange Providers (CLECs) on an unbundled basis at closing. CTC-Minnesota will be contracting with a third party provider for those capabilities to support the provision of SS7 based services to its customers and CLECs who are reselling its services in the exchanges being acquired from GTE in Minnesota. For facility-based CLECs who use GTE as their SS7 [*58] provider, their networks will be unchanged. For other facility-based carriers, CTC-Minnesota could act as an intermediary for obtaining unbundled SS7. However, it would prefer that CLECs negotiate their

SS7 agreements directly with third party providers.

5. Unbundled Operating Support Systems.

CTC-Minnesota will provide the ability for CLECs to directly place service and dispatch/repair orders to CTC-Minnesota's systems, such that orders "flow through" and re-keying the order is not required. CTC-Minnesota will provide that ability within twelve months after the closing date. As part of this initiative, CTC-Minnesota will provide the "front end" systems that will allow CLECs to forward Local Service Requests (LSRs) to CTC-Minnesota over the Internet within ninety days of the closing date. CTC-Minnesota will need to re-key such orders. CTC-Minnesota commits that the interval in providing services will not be adversely affected due to the lack of a fully mechanized ordering system. Prior to rejecting any order from a CLEC, CTC-Minnesota will contact the affected CLEC to discuss the reason for rejecting the order, and will accept verbal changes/corrections to the order. For a complex [*59] order, CTC-Minnesota will assign a single person to coordinate implementation of the order.

6. Data exchange: billing, order completion, and usage data.

CTC-Minnesota will work with CLECs to develop mechanized billing feeds, including usage data, mechanized order completion notices and firm order confirmations to meet CLEC needs. CTC-Minnesota will make available to CLECs a mechanized data file containing all required customer billing information, including customer usage information, on a customer-specific basis, such that the CLEC is not required to manually enter the billing information in order to bill customers and validate the bill.

a. Customer service records.

Upon receiving notice from a CLEC that has an interconnection agreement with CTC-Minnesota that it has a letter of authorization from a customer, CTC-Minnesota will supply a copy of the customer's service record to the CLEC. The service record will be provided via facsimile, within eight normal business hours of notification.

b. Updated street address information.

CTC-Minnesota will provide updated street address guide information to CLECs with which it has interconnection agreements. This information will [*60] be provided in a mechanized data file, on a quarterly basis.

7. End user premises and central office dispatch until mechanized schedule is available.

CTC-Minnesota will accept fax and telephone orders from CLECs for end user premises and central office dispatch orders. Service orders may be made between 7 a.m. and 4 p.m. on business days. Repair orders may be made seven (7) days a week, twenty-four (24) hours a day. The person answering the service order or repair call shall generally have the ability to schedule the service or repair during the call. In those instances where a facility check is required (e.g. service to a new location or second line) the CLEC will provide an LSR requesting the facility check along with the preferred premises visit date and time. Within forty-eight (48) hours of receiving the LSR, CTC-Minnesota will, by facsimile (first ninety (90) days) and by e-mail thereafter, notify the CLEC of the availability of the requested facility and whether the requested service date and time is available. If the requested date and time are not available, the CLEC, with the customer on the line, may call CTC-Minnesota to schedule the premises visit. The person answering [*61] the call on behalf of CTC-Minnesota will have the ability to schedule the visit. Should the premises visit be rescheduled at this time, the CLEC will submit a new LSR reflecting the new visit date. CTC-Minnesota will perform facility checks and key these orders into its ordering provisioning system with "scheduling parity."

a. Provisioning standards.

CTC-Minnesota will provide the CLEC with standard ordering and repair intervals so the CLEC can schedule end user premises and dispatch requests with their customers in an efficient manner. The standard ordering intervals are specified in the Local Interconnection Guide. CTC-Minnesota will clear trouble reports within 24 hours of receipt of the call. CLECs' requests will be provided the same level of service as CTC-Minnesota provides to its own customers.

8. Applicability of Minnesota Statutes and Rules.

CTC-Minnesota agrees that the Minnesota Commission rules regarding call center response (Minn. Rules pt. 7810.5200) will apply to wholesale customers, and that the modified interconnection agreements are enforceable by a Commission Order, pursuant to Section 237.462 of the Minnesota Statutes.

9. Normal Business Hours for Coordinated [*62] Cuts.

As detailed in its Local Interconnection Guide, CTC-Minnesota will schedule coordinated cuts outside of normal business hours, upon CLEC request. Additional charges shall apply for coordinated cuts occurring outside normal business hours. In the context of coordinated cuts, normal business hours shall be 8 AM to 5 PM, weekdays. Upon consummation of the acquisition of local exchange properties in Minnesota from U S WEST, normal business hours for the purposes of coordinated cuts will be 7:00 a.m. to 7:00 p.m. weekdays, for all exchanges of CTC-Minnesota.

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BRIGGS AND MORGAN
PROFESSIONAL ASSOCIATION

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FAX COVER SHEET

May 3, 2001

Please deliver the following 8 page(s) (This includes this cover sheet)

RECIPIENTS

Name	Firm	Phone Number	Fax Number
Art Bresnahan	Skadden Law Firm		312-407-0646

FROM **Mark J. Ayotte**
PHONE 651-223-6561

INSTRUCTIONS OR COMMENTS

Copy of MPUC Order approving the transfer of HBC per your request.

If you have problems receiving these pages, please contact us at 651-223-6645 and ask to speak with the fax operator.

Exhibit C

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Gregory Scott	Chair
Edward Garvey	Commissioner
Joel Jacobs	Commissioner
Marshall Johnson	Commissioner
LeRoy Koppendrayer	Commissioner

SERVICE DATE: MAR 23 2001
Docket No. P5835/PA-01-135

To: Mark J. Ayotte
Briggs and Morgan
2200 First National Bank Building
332 Minnesota Street
St. Paul, Minnesota 55101

In the Matter of a Request for Authority to Transfer Control of HBC Telecom, Inc. to Telephone and Data Systems, Inc.

The above entitled matter has been considered by the Commission and the following disposition made:

> **Approved the transfer of control of HBC Telecom, Inc. to Telephone and Data Systems, Inc.**
>
> **HBC Telecom, Inc. retains its certificate of authority to provide local exchange service in Minnesota.**

The Commission agrees with and adopts the recommendations of the Department of Commerce which are attached and hereby incorporated in this Order.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(SEAL)

This document can be made available in alternative formats (i.e., large print or audio tape) by calling 651-297-4596 (voice), 651-297-1200 (TTY), or 1-800-627-3529 (TTY relay service).

MINNESOTA
DEPARTMENT OF
COMMERCE

85 7th Place East, Suite 500
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February 21, 2001

RECEIVED
FEB 22 2001
MN PUBLIC UTILITIES COMMISSION

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce**
Docket No. P5835/PA-01-135

Dear Dr. Haar:

Attached are the comments of the Department of Commerce in the following matter:

In the matter of a request for authority to transfer control of HBC Telecom, Inc. to Telephone and Data Systems, Inc.

The petition was filed on January 20, 2001 by:

Mark J. Ayotte
Briggs and Morgan
2200 First National Bank Building
332 Minnesota Street
St. Paul, Minnesota 55101

The Department recommends **approval** and is available to answer any questions the Commission may have.

Sincerely,

BRUCE L. LINSCHEID
Financial Analyst

BLL/jl
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE MINNESOTA DEPARTMENT OF COMMERCE

DOCKET NO. P5835/PA-01-135

I. BACKGROUND

On January 20, 2001, Chorus Communications, Group, Ltd. (Chorus) and Telephone and Data Systems, Inc. (TDS) requested that the Minnesota Public Utilities Commission (Commission) approve the transfer of control of HBC Telecom, Inc. (HBC) to TDS.

Chorus is a telecommunications company serving approximately 45,000 business and residential access lines and 30,000 Internet customers primarily in Wisconsin through various wholly owned subsidiary local exchange carriers. It also has interests in certain wireless partnerships in Wisconsin. Chorus has also entered the business as a competitive local exchange carrier in Minnesota through HBC.

HBC received authority to provide competitive local exchange service in Minnesota in Docket No. P5835/NA-99-1502 on March 20, and April 14, 2000. HBC will continue to provide service under its current tariff and operating authority as a wholly owned subsidiary of TDS. HBC is a wholly owned subsidiary corporation of Chorus Networks, which in turn is a wholly owned subsidiary corporation of Chorus. HBC is authorized to provide local exchange services in the cities of Winona and Rollingstone, the villages of Goodview and Minnesota City, and townships of Rollingstone, Homer, and Wilson.

TDS is a diversified telecommunications corporation founded in 1969. It provides cellular and local telephone service to approximately 3.6 million customers in 35 states, including Minnesota. TDS is the indirect parent of several facilities-based incumbent local exchange carriers certified by the Commission in Minnesota, including Arvig

Telephone Company, BridgeWater Telephone Company, Mid State Telephone Company, and Winsted Telephone Company. TDS also owns U.S. Link, Inc., which provides long distance and competitive local service in Minnesota.

Minn. Stat. Section 237.74, Subd. 12 addresses the acquisition requirements of telecommunication carriers and the requirement for telecommunications carriers to be certified to provide interexchange services.

II. STATEMENT OF ISSUES

A. Does the transfer of control from Chorus to TDS require Commission approval?

B. Will HBC be able to continue providing reliable service to its customers after the transfer?

C. Have Chorus and TDS sought prior Commission approval for the transfer of control?

III. DISCUSSION OF LAW AND DEPARTMENT POLICY

Minn. Stat. § 237.74, Subd. 12 provides that no telecommunications carrier shall construct or operate any line, plant, or system, or any extension of it, or acquire ownership or control of it, either directly or indirectly, without first obtaining from the commission a determination that the present or future public convenience and necessity require or will require the construction, operation, or acquisition, and a new certificate of territorial authority.

Minn. Stat. § 237.16, Subd. 1(b) states that no person shall provide telephone service in Minnesota without first obtaining a determination that the person possesses the technical. managerial, and financial resources to provide the proposed telephone services.

The Department reviews telecommunications companies' acquisition petitions to determine if the acquiring company meets the managerial, technical and financial qualifications required to obtain authority to provide telecommunications service in Minnesota. Many acquisition petitions come from interexchange carriers that operate in a competitive environment. If they are unable to continue as a going concern, competitors are available to serve its customers. However, customers of failed telecommunications companies can be inconvenienced if their telecommunications provider fails and goes out of business. Therefore, the impact of the acquisition on the surviving company is analyzed.

Non-authorized companies that plan to operate under the authority of authorized companies they acquire are required to meet the criteria for a telecommunications provider in Minnesota as described in Minnesota Rules Parts 7812.0300-0400. HBC has authority to provide local exchange telecommunications services in Minnesota. HBC will be operated as a wholly owned subsidiary of TDS, and no further new authority requirements are required.

IV. ANALYSIS

A. *COMMISSION ACTION IS NEEDED FOR THE TRANSFER OF CONTROL OF HBC*

Commission approval is not required for corporate reorganizations in which ownership and control do not change and the operating company is not impacted by the reorganization.[1] In this case, control of HBC transfers to TDS. HBC is a wholly owned subsidiary corporation of Chorus Networks, which is a wholly owned subsidiary of Chorus. Chorus will be a wholly owned subsidiary of TDS, and all subsidiaries of Chorus, including HBC, will be indirect subsidiaries of TDS. State law requires the Commission to approve the transfer of control of HBC to TDS.

B. *HBC WILL BE ABLE TO CONTINUE PROVIDING RELIABLE SERVICE TO ITS CUSTOMERS AFTER ITS ACQUISITION BY TDS*

TDS is a diversified telecommunications service company with cellular telephone and telephone operations. At December 31, 1999, TDS served approximately 3.2 million customers in 35 states, including 2.6 million cellular telephones and 645,800 telephone access lines. For the year ended December 31, 1999, cellular operations provided 72 percent of TDS's consolidated revenues and telephone operations provided 28%. TDS conducts substantially all of its cellular operations through its 80.7 percent-owned subsidiary, United States Cellular Corporation. TDS conducts substantially all of its telephone operations through its wholly-owned subsidiary, TDS Telecommunications Corporation (TDS Telecom).

TDS Telecom telephone operations are conducted through 104 telephone company subsidiaries and two competitive local exchange carrier (CLEC) subsidiaries. Each of the 104 telephone

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[1] *In the Matter of an Application for Approval of a Corporate Reorganization by Winstar Wireless, Inc.*, Docket No P5246/PA-00-925, August 25, 2000.