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BEFORE THE ARIZONA CORPORATION

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
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MAR 24 2014

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IN THE MATTER OF THE APPLICATION OF VALLEY TELEPHONE COOPERATIVE, INC., AN ARIZONA CORPORATION, FOR A HEARING TO DETERMINE THE EARNINGS OF THE COMPANY, THE FAIR VALUE OF THE COMPANY FOR RATEMAKING PURPOSES, AND TO INCREASE RESIDENTIAL RATES AS NECESSARY TO COMPENSATE FOR THE RATE IMPACTS OF THE FCC'S USF/ICC TRANSFORMATION ORDER.

DOCKET NO. T-01847A-13-0457

STAFF'S NOTICE OF FILING
TESTIMONY SUMMARY OF WILFRED SHAND

Staff of the Arizona Corporation Commission ("Staff") hereby files the Testimony Summary of Wilfred Shand in the above docket.

RESPECTFULLY SUBMITTED this 24th day of March, 2014.

Charles H. Hains, Attorney
Maureen Scott, Senior Staff Counsel
Attorneys, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

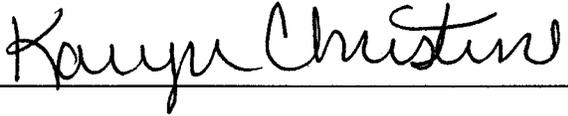
Original and thirteen (13) copies of the foregoing filed this 24th day of March, 2014, with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

ORIGINAL

1 Copy of the foregoing emailed/mailed
2 this 24th day of March, 2014, to:

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**TESTIMONY SUMMARY OF WILFRED SHAND
VALLEY TELEPHONE COOPERATIVE, INC.
DOCKET NO. T-01847A-13-0457**

On December 19, 2013, Valley Telephone Cooperative, Inc. ("Valley Telephone" or "Applicant") filed an application for a determination of its earnings and the fair value of its investment and requested that its residential rates be increased to compensate for the rate impacts of the Federal Communication Commission's ("FCC's") November 18, 2011, Universal Service Fund/Intercarrier Compensation ("USF/ICC") Transformation Order ("USF/ICC Order") pursuant to Arizona Revised Statutes ("A.R.S.") §§ 40-250 and 40-367.

Staff recommends approval of Valley Telephone Cooperative, Inc.'s request to increase its monthly residential local exchange service rate from \$14.00 to the lesser of \$19.00 or the 2014 local service rate floor established by the FCC. Staff further recommends that the rate increase become effective on the rate floor compliance date, as determined by the FCC. Staff believes the proposed increase is just, fair and reasonable for the following reasons:

- The increase is necessitated by the FCC's November 18, 2011 USF/ICC Order;
- The increase is necessary to preserve the entirety of the Federal Universal Service Fund ("FUSF") funds that may flow to Valley Telephone pursuant to the FCC's rules;
- The increase will minimize/reduce the amount of future rate increases; and
- The increase will allow the Applicant to receive matching funds from the FUSF.

Staff further recommends that any future rate increase applications filed by Valley Telephone be processed per full A.A.C. R14-2-103 requirements, not streamlined.