

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF ALBION TELEPHONE COMPANY'S) **CASE NO. ALB-T-12-01**
REQUEST TO BORROW UP TO)
\$17,075,000) **ORDER NO. 32458**
)

On January 11, 2012, Albion Telephone Company (“Albion” or “Company”) filed an Application requesting authority to borrow up to \$17,075,000 from the Federal Finance Bank (FFB) to be guaranteed by the Rural Utilities Service (RUS). The loan will be secured by a Restated Mortgage, Security Agreement and Financing Statement. Proceeds of the loan will be utilized to build fiber to premises facilities capable of providing telephony, high-speed data and broadband services to customers in the Albion, Arco and Malad exchanges.

The requested borrowing authority will consist of more than one loan. The Broadband Loan will bear interest at the comparable Treasury rate, currently 4% per annum. The Telecommunications Loan will bear interest at the cost-of-money interest rate established by the government, currently 5% per annum. Both loans will have a five-year time period where advances may be drawn. The final maturity date is set as December 31, 2030, with the first payment scheduled for October 31, 2013. The loans have provisions allowing for prepayment, refinancing and maturity extensions if requested and accepted by the FFB and RUS. Albion will endeavor to maintain a 1.0x Times Interest Earned Ratio (TIER). Additional indebtedness may not be incurred without prior written consent of RUS if the TIER is below 1.0. A portion of these loan funds will be used for non-regulated services. Allocations and any adjustments associated with non-regulated costs will occur in future rate cases.

STAFF ANALYSIS AND RECOMMENDATION

Staff recommended approval of Albion’s Application for the requested loan authority. To monitor any loan covenants required by FFB and RUS, Staff recommended the following reporting requirements be included in the Order approving the Application:

- 1) Provide copies of the FFB/RUS final loan approvals including documentation for advances;
- 2) Provide a copy of any executed collateral documentation;

- 3) Provide copies of **all** annual and special financial reports, certification, covenant reports, and letters regarding these determinations; and
- 4) The “Report of Securities Issued.”

CONCLUSIONS OF LAW

The Idaho Public Utilities Commission has jurisdiction over Albion Telephone Company pursuant to *Idaho Code* §§ 61-120, 61-121, 61-129, 61-301, 61-303, 61-501, 61-502, 61-901, and 61-902, and the Commission’s Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

COMMISSION FINDINGS

The Commission finds that Albion’s filing satisfies the requirements of *Idaho Code* §§ 61-901 *et seq.* and the Commission’s Rules of Procedure 141-147, IDAPA 31.01.01.141-147. The purpose of the requested borrowing authority is appropriate and we find this Application should be approved pursuant to *Idaho Code* § 61-902. After reviewing the Application and Staff’s recommendations, the Commission finds that it is reasonable and prudent to allow Albion to borrow up to \$17,075,000 from the FFB and guaranteed by the RUS. The Commission also directs Albion to comply with certain conditions more fully described below.

ORDER

IT IS HEREBY ORDERED that the Application of Albion Telephone Company requesting Commission authority to borrow up to \$17,075,000 from the Federal Finance Bank, and guaranteed by the Rural Utilities Service, is approved.

IT IS FURTHER ORDERED that Albion shall also file the following documents with the Commission: (1) copies of the FFB/RUS final loan approvals, including documentation for advances; (2) a copy of any executed collateral documentation; (3) copies of all annual and special financial reports, certification, covenant reports, and letters regarding these determinations; and (4) a copy of the “Report of Securities Issued.”

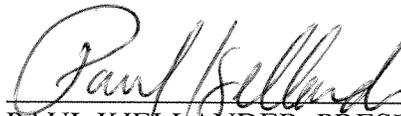
IT IS FURTHER ORDERED that nothing in this Order shall be construed to obligate the State of Idaho to pay or guarantee in any manner whatsoever any security authorized, issued, assumed, repurchased, defeased or guaranteed under the provisions of this order.

IT IS FURTHER ORDERED that this authorization is without prejudice to the regulatory authority of this Commission with respect to rates, services, accounts, evaluation, estimates or determination of costs, or any other matter which may come before this Commission pursuant to its jurisdiction and authority as provided by law.

IT IS FURTHER ORDERED that the issuance of this Order does not constitute acceptance of Albion's exhibits or other material accompanying this Application for any purpose other than the issuance of this Order.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 13th day of February 2012.



PAUL KJELLANDER, PRESIDENT

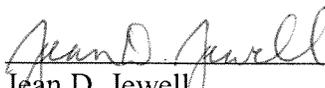


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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