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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Columbine Telephone Company, Inc.

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Application of Columbine) Case No. COL-T-03-01
Telephone Company, Inc. d/b/a Teton Telecom)
for Authority to Borrow from the Rural) APPLICATION OF COLUMBINE
Telephone Finance Cooperative ("RTFC") in) TELEPHONE COMPANY
an Amount Not to Exceed \$8,500,000)
)
)
)

Columbine Telephone Company, Inc. d/b/a Teton Telecom ("Columbine" or "Applicant"), by and through its attorneys Givens Pursley LLP, makes this Application pursuant to Idaho Code § 61-901 for authority to execute a Loan Agreement in an amount not to exceed \$8,400,000 with the Rural Telephone Finance Cooperative ("RTFC"). In support of its Application, Columbine states as follows:

1. Applicant is a certificated telephone corporation organized under the laws of the State of Colorado providing telecommunication services including local exchange service within the states of Idaho and Wyoming.

2. All notices and communications with regard to this Application should be served upon:

Conley Ward
Givens Pursley LLP
277 North 6th Street, Suite 200
P. O. Box 2720
Boise, ID 83701

Allen Hoopes
Columbine Telephone Company, Inc.
P. O. Box 226
Freedom, Wyoming 83120
(307) 883-6671

3. The proposed RTFC senior credit facility constitutes a crucial element in the restructuring of the ownership of Silver Star Telephone Company (“Silver Star”), Columbine’s sister corporation. At present, 100% of Silver Star’s stock is held by Hoopes Telephone Management, LP (“HTM”), which is in turn owned by Mel Hoopes. The proceeds from the proposed RTFC loan would be deposited in a Wells Fargo Investment Management Account (“IMA”) designed to partially fund life insurance premiums on Mel Hoopes’ life. The underlying life insurance policies are issued in favor of Silver Star in order to fund a buy-sell agreement that will enable Silver Star to purchase Silver Star’s stock from HTM on Mel Hoopes death. The Silver Star stock will then be distributed to Silver Star’s current management and to other employees through an Employee Stock Ownership Plan (“ESOP”).

4. The actual amount of the funds to be deposited in the Wells Fargo IMA is \$7,500,000. However, the total loan amount will be approximately \$8,350,000, with the excess used to fund RTFC’s patronage capital requirement. The loan will initially carry an interest rate equivalent to RTFC’s variable rate at the time of closing (currently 5.25% per annum) with a term of 15 years.

5. The proposed transaction is consistent with the public interest. Silver Star and Columbine are closely held family corporations that, in the absence of the buy-sell agreement described above, would be financially disrupted by the passing away of their principal owner. The buy-sell agreement is a crucial element of an overall estate plan that will assure a smooth transition in the ownership of Silver Star and Columbine without jeopardizing the companies’ financial health.

6. A copy of the Applicant's most recent Annual Report showing the authorized and outstanding classes of Applicant's securities is on file with the Commission, and the Applicant respectfully requests the Commission take official notice thereof. A certified copy of Applicant's Board of Directors' resolution authorizing the proposed transaction is attached hereto as Exhibit A.

7. A Proposed Order granting this Application is attached hereto as Exhibit B.

8. Notice of this Application will be published within seven (7) days in *The Idaho Statesman* (Boise). A copy of this Notice is attached as Exhibit C.

9. Applicant submits that the public interest does not require a hearing on this matter and it requests that the Commission process this Application and determine this matter by Modified Procedure, pursuant to Rule 23 of the Commission's Rules of Practice and Procedure. In the event the Commission determines that formal proceedings on this Application are necessary, Applicant stands ready for immediate hearing.

10. 90.5 percent of Applicant's total book value is located in Idaho. Applicant has therefore attached its filing fee, calculated pursuant to Section 61-905, Idaho Code, in the amount of \$972.87.

WHEREFORE, Applicant respectfully requests an Order of this Commission:

1. Granting the foregoing Application of Columbine Telephone Company, Inc. to execute and deliver to the Rural Telephone Cooperative a Loan Agreement in an amount not to exceed \$8,400,000;

2. Granting such other relief as the Commission deems just and reasonable in this matter.

DATED this 16th day of April 2003



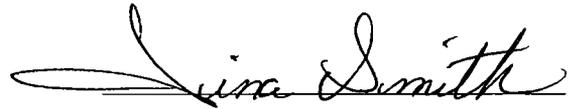
Conley Ward
GIVENS PURSLEY LLP
Attorneys for Applicant

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 16th day of April, 2003 I caused a true and correct copy of the foregoing to be served upon:

Ms. Jean Jewell, Secretary
Idaho Public Utilities Commission
472 W. Washington Street
Boise, ID 83702

by hand delivering the same to the above-named at the last known address(s) as set forth above.

A handwritten signature in cursive script that reads "Lisa Smith". The signature is written in black ink and is positioned to the right of the text above.

CERTIFIED COPY OF MINUTES AUTHORIZING LOAN
APPLICATION AND AGREEMENT

I, Bonnie E. Hoopes, do hereby certify that: I am the Secretary of Columbine Telephone Company, Inc (the "Member").

The following is a true and correct copy of excerpts from the minutes of a meeting of the Board of Directors of the Member held _____, 2003, as they appear in the Minutes Book of the Member, said resolutions duly adopted thereat; the meeting was duly and regularly called in accordance with the bylaws of the Member; the Loan Application and Agreement (the "Agreement") to be submitted to Rural Telephone Finance Cooperative ("RTFC") was authorized by the Board of Directors and said resolutions have not been modified or rescinded:

The Board of Directors of Columbine Telephone Company having been advised by its counsel that the Member is legally constituted, is in compliance with all applicable statutory, regulatory and other legal requirements and is in good standing, and that an application to be made to RTFC for a loan and its approval by RTFC, together with the execution of an agreement as authorized by the Board, will constitute valid and binding obligations of the Member, enforceable by and against the Member, in accordance with the terms of these documents;

RESOLVED, that the Member borrow from the Rural Telephone Finance Cooperative ("RTFC") an amount which shall not exceed in the aggregate \$8,400,000 for a term as set forth in the Agreement, and at such interest rate or rates as shall be prescribed in the Agreement executed by and on behalf of the Member and delivered to RTFC, the proceeds of such loan to be used for purposes set forth in the Agreement and consistently with the requirements of existing agreements and security documents of the Member; and,

RESOLVED, that the President of the Member be and is hereby authorized to execute, on behalf of the Member, an agreement substantially in the form of the Agreement presented to this meeting, to revise and modify said Agreement within the amount so authorized; and to apply such further documents as may be need to comply with RTFC's requirements; and,

RESOLVED, that the President is authorized on behalf of the Member to request and receive funds pursuant to the Agreement; and,

RESOLVED, that the appropriate officers are authorized to take all actions they deem advisable to carry out the purpose of these resolutions.

IN WITNESS WHEREOF, I have hereunder set my hand and affixed the seal of
the Member, this _____ day of _____, 2003.

Secretary

Conley Ward, Idaho State Bar # 1683
GIVENS PURSLEY LLP
277 North 6th Street, Suite 200
P. O. Box 2720
Boise, ID 83701
(208) 388-1200
(208) 388-1201 (fax)

Attorneys for Columbine Telephone Company, Inc.

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Application of Columbine) Case No. _____
Telephone Company, Inc. d/b/a Teton Telecom)
for Authority to Borrow from the Rural) PROPOSED ORDER
Telephone Finance Cooperative ("RTFC") in)
an Amount Not to Exceed \$8,500,000)
_____)
_____)

On, April 16, 2003, Columbine Telephone Company, Inc. (hereinafter Applicant), filed an Application for Loan Approval with this Commission requesting authority to execute a loan contract amendment and supplemental mortgage in the amount of not more than \$8,400,000 with the Rural Telephone Finance Cooperative ("RTFC").

In support of said Application, Applicant alleges that the proceeds of the RTFC loan will be used to restructure the ownership of Silver Star Telephone Company, Columbine's sister corporation.

After examining the Application and supporting documents and being fully advised in the premises, the Commission hereby finds that a hearing in this matter is not required, and that the proposed transaction is consistent with the public interest and the Applicant's proper performance of its duties as a public utility.

IT IS THEREFORE ORDERED that the Application of Columbine Telephone Company for authority to execute a loan contract with the RTFC in an amount not to exceed \$8,400,000 be, and the same is hereby granted.

DONE by Order of the Idaho Public Utilities Commission this ____ day of _____, 2003.

Paul Kjellander, President

Dennis S. Hansen, Commissioner

Marsha Smith, Commissioner

ATTEST:

LEGAL NOTICE OF SILVER STAR TELEPHONE COMPANY
APPLICATION FOR AUTHORITY TO BORROW FUNDS

NOTICE IS HEREBY GIVEN that on April 16, 2003, Columbine Telephone Company, completed and filed with the Idaho Public Utilities Commission an Application for authority to borrow up to \$8,400,000 from the Rural Telephone Finance Cooperative and in connection with the borrowing, to execute a telephone loan contract amendment and a supplemental mortgage.

The Application is on file and is available for public inspection at the Idaho Public Utilities Commission. Any person desiring to comment on said Application must file petitions or protests with the Idaho Public Utilities Commission within fourteen (14) days of the filing date. If no protests are received within this time limit, the Commission may consider the Application and enter its Order without setting the matter for hearing. If written protests are filed with the Commission within the time limit set, the Commission will consider the same, and in its discretion, may set a hearing. Petitions or protests must be filed with: Jean Jewell, Secretary, Idaho Public Utilities Commission, Statehouse, Boise, Idaho 83720.

Jean Jewell, Secretary
Idaho Public Utilities Commission