

## DECISION MEMORANDUM

**TO:** COMMISSIONER KJELLANDER  
COMMISSIONER SMITH  
COMMISSIONER RAPER  
COMMISSION SECRETARY  
LEGAL  
WORKING FILE

**FROM:** GRACE SEAMAN  
TERRI CARLOCK

**DATE:** NOVEMBER 20, 2015

**RE:** SILVER STAR TELEPHONE COMPANY, INC. AND COLUMBINE  
TELEPHONE COMPANY, INC.'S APPLICATION FOR APPROVAL OF  
TRANSFER OF IDAHO ASSETS, OPERATIONS AND CERTIFICATE;  
CASE NOS. COL-T-15-01 AND SIL-T-15-01.

On October 29, 2015, Silver Star Telephone Company, Inc. ("Silver Star" or "Company") and Columbine Telephone Columbine Telephone Company, Inc. ("Columbine" or "Company") (Collectively "Companies") filed an Application for Commission approval of the transfer of Silver Star's Idaho local exchange assets, operations and certificated service area under Certificate No. 207 to its sister company, Columbine. The Application's requests that the Commission approve: 1) transfer of Silver Star's Idaho Title 61 assets and certificated service for the Irwin and Wayan, Idaho exchanges to Columbine; 2) Silver Star's subsequent discontinuance of local exchange service to the Irwin and Wayan exchanges; and 3) amendment of Columbine's Certificate No. 329 to incorporate the Irwin and Wayan exchanges into Columbine's certificated service area within which it is entitled to provide Title 61 services. Application at 1-2.

Because the proposed asset transfer does not involve discontinuance of service, as addressed in Rule 20, and as discussed below, Staff recommends that the Commission approve the transfer without further process.

### **The Application**

Silver Star is a certificated telephone corporation organized under the laws of the State of Wyoming and provides telecommunication services, including regulated Title 61 local exchange

services, within the states of Idaho and Wyoming. Silver Star is the incumbent local exchange carrier (“ILEC”) in Idaho’s Irwin and Wayan exchanges under Certificate No. 207. The Company has served the exchanges for over 50 years and currently serves approximately 500 local exchange customers. *Id.* at 2.

Columbine is a certificated telephone corporation organized under the laws of the State of Wyoming providing telecommunication services, including regulated Title 61 local exchanges services, within the State of Idaho. Columbine is the ILEC in the Idaho exchanges of Driggs, Teton, and Victor under Certificate No. 329. *Id.* Columbine acquired these exchanges from US WEST Communications in 1997 during the sale of its rural telephone exchanges in southern Idaho. *Id.* Columbine was specifically incorporated to serve these exchanges, to facilitate a rate freeze in the acquired exchanges following the acquisition, and to accommodate the then-existing IRS 1031 exchange restrictions. *Id.*

Columbine states that since the 1997 acquisition, it has upgraded the local exchange switching and transmission facilities to provide state-of-the-art digital telecommunications service to all of its customers. *Id.* at 3. Likewise, Silver Star’s exchanges have been upgraded to the state-of-the-art digital telecommunications facilities. *Id.* Silver Star is a designated eligible telecommunications carrier (“ETC”) in Idaho and Wyoming. *Id.* Both Companies are wholly-owned subsidiaries of Horizon Communications, Inc. and hold Certificates of Good Standing with the Idaho Secretary of State’s Office. *Id.* (Exh. A and B).

Silver Star proposes to transfer all of its customer information and accounts, including any customer deposits, to Columbine. Customer deposits will be handled by Columbine, consistent with Commission Rules (*See Telephone Customer Relations Rules 31.41.01.100-109*) and Columbine’s revised tariff (*See Confidential Preliminary Revised Tariff*). These changes will be transparent to the Irwin and Wayan exchange customers. *Id.* at 4. Silver Star and Columbine currently maintain separate cost accounting for purposes of Title 61 operations in the exchanges, and Columbine intends to maintain the exchange separation. *Id.* at 4. Silver Star and Columbine also affirm that no costs associated with the asset transfer will be assigned as costs to the Title 61 customers. *Id.* at 4. Silver Star has provided customer notification of the intended transfer of service responsibility to Columbine. *Id.* Exh. C. Finally, Silver Star wishes to surrender Certificate No. 207, contingent upon approval of the asset transfer and amendment of Columbine’s Certificate No. 329 to include Irwin and Wayan exchanges. *Id.* at 4

The Companies assert that the proposed asset transfer will simplify its management, operations, and accounting for both companies. The Companies state that the Application “amounts in essence to a corporate structure name change that will not affect individual customer service.” *Id.* at 5. Silver Star and Columbine request an effective date of November 30, 2015 for Silver Star’s discontinuance of service. *Id.*

## **STAFF ANALYSIS AND RECOMMENDATION**

Staff has reviewed the Application, including the revised tariffs, and recommends Commission approval of Silver Star and Columbine’s Application for approval of the Transfer of Idaho assets, Operations, and changes in Certificate Nos. 207 and 329.

Rule 20, cited in the Application, requires advance notice of discontinuance of telecommunications service. *See* IDAPA 31.01.01.020. This case involves the transfer of assets and operations, but does not involve a discontinuation of service. Because the changes for which the companies seek approval “will not affect individual customer service” (Application at 5), and will be transparent to Silver Star’s customers, Staff believes that modified procedure or an extended notice period is unnecessary. Instead, Staff recommends that the Commission approve the asset and operations transfer without further process, per Rules 21-22, IDAPA 31.01.01.021-022.

Staff requested and reviewed additional documents to more fully understand impacts of the transfer request. These documents include, but are not limited to: customer deposits, current and proposed organizational charts, accounting trial balance records to identify the assets to be transferred, proposed agreements between the parties, proposed Board of Director resolutions, and draft tariffs. Rural Utility Service (RUS) loans outstanding for Silver Star must be paid or refinanced. The financing aspects are not fully determined at this point but the Companies recognize that any new loans or guarantee by Columbine requires a separate application and must be approved by the Idaho Commission. Staff will also audit the post-closing transfer records.

Staff specifically recommends that the Commission approve: 1) transfer of Silver Star’s Idaho Title 61 assets and certificated service area for the Irwin and Wayan exchanges to its sister company, Columbine; 2) Silver Star’s discontinuance of local exchange service in the Irwin and Wayan exchanges; and 3) amendment of Columbine’s Certificate No. 329 to incorporate the Irwin and Wayan Exchanges.

**COMMISSION DECISION**

Does the Commission wish to approve Silver Star Company, Inc. and Columbine Telephone Company's Inc.'s Application, Case Nos. COL-T-15-01 and SIL-T-15-01?

Grace Seaman by TC  
Grace Seaman

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