

Conley E. Ward [ISB No. 1683]  
GIVENS PURSLEY LLP  
601 W. Bannock Street  
P. O. Box 2720  
Boise, ID 83701-2720  
Telephone No. (208) 388-1200  
Fax No. (208) 388-1300

RECEIVED  
FILED  
2004 MAR 29 PM 2:53  
IDAHO PUBLIC  
UTILITIES COMMISSION

Attorneys for Direct Communications Rockland, Inc.  
S:\CLIENTS\125745\Application.DOC

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE APPLICATION  
OF DIRECT COMMUNICATIONS  
ROCKLAND, INC. FOR AUTHORITY TO  
BORROW FROM THE RURAL  
TELEPHONE FINANCE COOPERATIVE  
("RTFC") IN AN AMOUNT NOT TO  
EXCEED \$3,277,778.

Case No. *DCM-T-04-02*

**APPLICATION OF DIRECT  
COMMUNICATIONS ROCKLAND,  
INC.**

Direct Communications Rockland, Inc. ("Direct Communications" 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 \$1,777,778 and for an interim line of credit in an amount not to exceed \$1,500,000 with the Rural Telephone Finance Cooperative ("RTFC"). In support of its Application, Direct Communications states as follows:

1. Applicant is a certificated telephone corporation organized under the laws of the State of Idaho providing telecommunication services including local exchange service within the state of Idaho.
2. All notices and communications with regard to this Application should be served upon:

Conley E. Ward  
GIVENS PURSLEY LLP  
601 W. Bannock Street  
P. O. Box 2720  
Boise, ID 83701-2720

cew@givenspursley.com

Leonard May  
Direct Communications Rockland, Inc.  
P. O. Box 269  
Rockland, ID 83271  
leonard@starwest.dcdi.net

3. The proposed RTFC financing consists of two components. The first is a 15 year term loan in the amount of \$1,777,778, secured by a shared first mortgage lien with Rural Utilities Service. The proceeds of this loan will be used to refinance an existing interim line of credit, which was used to finance system improvements, and to purchase a Subordinated Capital Certificate equal to 10% of the loan proceeds.

The second portion of the requested financing authority is for a new revolving line of credit in an amount not to exceed \$1,500,000. This line of credit will be used from time to time as necessary to fund system improvements and upgrade facilities as necessary.

4. The proposed transaction is consistent with the public interest. Construction of upgraded facilities will improve service for Direct Communications's existing Idaho customers and enable the Applicant to offer broadband communications services to both business and residential users.

5. 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.

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

7. 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.

8. 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.

9. Applicant has therefore attached its filing fee, calculated pursuant to Section 61-905, Idaho Code, in the amount of FIVE HUNDRED FIFTY THREE DOLLARS (\$553.00).

WHEREFORE, Applicant respectfully requests an Order of this Commission:

1. Granting the foregoing Application of Direct Communications Telephone Company to execute and deliver to the Rural Telephone Finance Cooperative a Loan Agreement in an amount not to exceed \$1,777,778; and

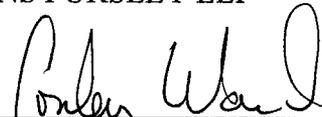
2. Granting the foregoing Application of Direct Communications Telephone Company to enter into an interim line of credit with the Rural Telephone Finance Cooperative in an amount not to exceed \$1,500, 000; and

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

DATED this 29<sup>th</sup> day of March 2004.

GIVENS PURSLEY LLP

By



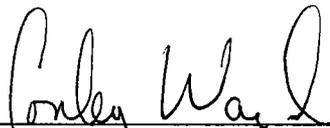
Conley E. Ward  
Attorneys for Direct Communications  
Rockland, Inc.

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this 29<sup>th</sup> day of March 2004, I caused to be served a true and correct copy of the foregoing document by the method indicated below, and addressed to the following:

Jean Jewell  
Idaho Public Utilities Commission  
472 W. Washington Street  
P.O. Box 83720  
Boise, ID 83720-0074

- U.S. Mail
- Hand Delivered
- Overnight Mail
- Facsimile

  
\_\_\_\_\_  
Conley E. Ward

**EXHIBIT "A"**

**CERTIFIED COPY OF MINUTES AUTHORIZING LOAN  
APPLICATION AND AGREEMENT**

I, Marilyn May, do hereby certify that: I am the Secretary of Direct Communications Rockland, Inc. ("Company").

The following is a true and correct copy of excerpts from the minutes of a meeting of the Company's Board of Directors held March 24, 2004, as they appear in Company's Minutes Book, said resolutions being duly adopted thereat. The meeting was duly and regularly called in accordance with Company's bylaws and said resolutions have not been modified or rescinded:

"The Board of Directors of Direct Communications Rockland, Inc. having been advised by its counsel that the Company is legally constituted, is in compliance with all applicable statutory, regulatory and other legal requirements and is in good standing, and that an application made to Rural Telephone Finance Cooperative ("RTFC") for two loans and their approval by RTFC, together with the execution of an agreement as authorized by the Board, will constitute valid and binding obligations of the Company, enforceable by and against the Company, in accordance with the terms of these documents;

"RESOLVED, that the Company borrow from the Rural Telephone Finance Cooperative ("RTFC") an amount which shall not exceed in the aggregate \$1,777,778 for a term, and at such interest rate or rates as shall be prescribed in the Agreement executed by and on behalf of the Company 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 Company; and

"Resolved that the Company enter into an interim line of credit agreement with the RTFC in an amount not to exceed \$1,500,000; and

"RESOLVED, that the President of the Company be and is hereby authorized to execute, on behalf of the Company, to revise and modify said agreements 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 Company to request and receive funds pursuant to the agreements and is directed to deposit such funds in a bank account used for the general funds of the Company; 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 Company, this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

---

Secretary

**EXHIBIT "B"**

Conley E. Ward [ISB No. 1683]  
GIVENS PURSLEY LLP  
601 W. Bannock Street  
P. O. Box 2720  
Boise, ID 83701-2720  
Telephone No. (208) 388-1200  
Fax No. (208) 388-1300.

Attorneys for Direct Communications Rockland, Inc.  
S:\CLIENTS\1257\45\Proposed Order.DOC

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE APPLICATION  
OF DIRECT COMMUNICATIONS  
ROCKLAND, INC. FOR AUTHORITY TO  
BORROW FROM THE RURAL  
TELEPHONE FINANCE COOPERATIVE  
("RTFC") IN AN AMOUNT NOT TO  
EXCEED \$3,277,778.

Case No.

**ORDER**

On March 29, 2004, Direct Communications Rockland (hereinafter Applicant), filed an Application for Loan Approval with this Commission requesting authority to execute a loan contract amendment and interim line of credit in an amount not to exceed \$3,277,778 with the the Rural Telephone Finance Cooperative ("RTFC").

In support of said Application, Applicant alleges that the proposed RTFC loan proceeds will be used to pay for, and partially reimburse general funds for, general system improvements.

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 Direct Communications Rockland, for authority to execute a loan contract amendment and interim line of credit with the RTFC in an amount not to exceed \$3,277,778 be, and the same is hereby granted.

DONE by Order of the Idaho Public Utilities Commission this \_\_\_\_ day of \_\_\_\_\_, 2004.

\_\_\_\_\_  
Paul Kjellander, President

\_\_\_\_\_  
Dennis S. Hansen, Commissioner

\_\_\_\_\_  
Marsha Smith, Commissioner

ATTEST:

\_\_\_\_\_

**EXHIBIT "C"**

**LEGAL NOTICE OF DIRECT COMMUNICATIONS ROCKLAND, INC.'S  
APPLICATION FOR AUTHORITY TO BORROW FUNDS**

NOTICE IS HEREBY GIVEN that on March 29, 2004, Direct Communications Rockland, Inc., completed and filed with the Idaho Public Utilities Commission an Application for authority to borrow up to \$3,277,778 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