

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
DIRECT COMMUNICATIONS ROCKLAND,) **CASE NO. DCM-T-05-2**
INC. FOR AUTHORITY TO REISSUE CAPITAL)
STOCK IN THE AMOUNT OF 1,000,000) **ORDER NO. 29955**
SHARES)

On December 20, 2005, Direct Communications Rockland, Inc. (Direct, Company) filed an Application requesting authority to reissue its capital stock in the amount of 1,000,000 shares. Direct is currently authorized to issue, and has issued, 50,000 shares of common stock. Currently 25,000 shares are issued to each of its shareholders, Leonard May and Marilyn May (Shareholders). Direct requests authority to increase the total number of authorized shares to 1,000,000 consisting of 100,000 shares of voting stock and 900,000 shares of nonvoting stock. The proposed transaction is for estate planning purposes. It does not currently alter the ownership or financial status of Direct.

THE APPLICATION

The Application states that the Shareholders intend to convert each of their existing 25,000 shares of common stock to 5,000 shares of voting stock and 45,000 shares of nonvoting shares for a total of 50,000 shares each. At that time the total number of issued shares of Direct would be 100,000 shares consisting of 10,000 shares of voting stock and 90,000 shares of nonvoting stock.

STAFF REVIEW

Staff recommended approval of Direct's Application. In addition, the Staff recommended that Direct be directed to adopt the following reporting requirements:

- (1) Provide a "Report of Securities Issued."
- (2) Report the voting and nonvoting shares of stock issued annually and total shares outstanding on an annual basis. This can be accomplished by expanding the detail Direct includes in the Capital Stock section of the Annual Report (currently page 13) to include the required footnote information for all capital stock issuances, not only those when stock is sold.

FINDINGS OF FACT

Direct was incorporated under Idaho law on March 7, 1973 and is engaged principally in providing telecommunication services including local exchange service within the state of Idaho.

Based on the representations in the Application, we find that Direct is currently authorized to issue, and has issued, 50,000 shares of common stock, 25,000 to each of its two shareholders, Leonard May and Marilyn May. We find that Direct proposes to reissue capital stock in the amount of 1,000,000 shares that will consist of 100,000 voting shares and 900,000 nonvoting shares. After the number of authorized shares has been increased to 1,000,000 as described above, the shareholders each intend to convert their existing 25,000 shares of common stock to 5,000 shares of voting common stock and 45,000 shares of nonvoting common stock for a total of 50,000 shares each.

Based on the representations in the Application, we further find that the reissuance of said capital stock is for estate planning purposes.

No person has received or will receive from Direct any fee (1) for services in connection with the issuance or sale of the above-referenced capital stock, other than fees for legal, accounting or similar professional or technical services, or (2) for services to reissue the capital stock.

The Company has paid the required fees required by *Idaho Code* § 61-905.

CONCLUSIONS OF LAW

Direct Communications is a telephone corporation within the definition of *Idaho Code* § 61-121 and a public utility within the definition of *Idaho Code* § 61-129. The Idaho Public Utilities Commission has jurisdiction over this matter pursuant to Title 61, Idaho Code, Chapters 1 and 9, specifically *Idaho Code* §§ 61-119, 61-129, 61-901, and 61-902, and IDAPA 31.01.01.141-.150.

After examining the Application and Staff's comments, the Commission finds that an evidentiary hearing in this matter is not required and would serve no public purpose.

The Commission further finds that the Application requesting authority to reissue up to 1,000,000 shares of capital stock should be granted. The purpose of the transaction is for estate planning purposes.

This general approval of the general purposes to which the proceeds will be put is neither a finding of fact nor a conclusion of law that any particular program of the Company which may be benefited by the approval of this Application has been considered or approved by this Order, and this Order shall not be construed to that effect.

The issuance of this Order does not constitute agency determination/approval of the type of financing or the related costs for ratemaking purposes, which determination the Commission expressly reserves until the appropriate proceeding.

ORDER

IT IS HEREBY ORDERED that the Application of Direct Communications Rockland, Inc. requesting authority to reissue its capital stock in the amount of 1,000,000 shares consisting of 100,000 shares of voting stock and 900,000 shares of nonvoting stock is hereby granted.

IT IS FURTHER ORDERED that nothing in this Order or any act or deed performed in connection with this Order shall be construed to obligate the State of Idaho to pay or guarantee in any manner whatsoever any security authorized, issued, assumed 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, service, accounts, evaluation estimates or determination of costs or any other matter which may come before the Commission pursuant to its jurisdiction and authority as provided by law.

IT IS FURTHER ORDERED that Direct Communications Rockland, Inc. shall file the following as they become available:


1. A "Report of Securities Issued."
2. Verified copies of any agreement entered into in connection with the Company's sales and issuances of the Shares.

IT IS FURTHER ORDERED that the Company shall also report the voting and nonvoting shares of stock issued annually and total shares outstanding on an annual basis. This can be accomplished by expanding the detail the Company includes in the Capital Stock section of its Annual Report (currently page 13) to include the required footnote information for all capital stock issuances, not only those when stock is sold.

IT IS FURTHER ORDERED that the issuance of this Order does not constitute acceptance of Direct'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 the Order (or in issues decided by 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 and in this case. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code §§ 61-626 and 62-619.*

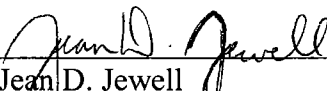
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 17th day of January 2006.


PAUL KJELLANDER, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


DENNIS S. HANSEN, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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