

Conley Ward  
GIVENS PURSLEY LLP  
277 North 6th Street, Suite 200  
P.O. Box 2720  
Boise, ID 83701  
(208) 388-1200  
(208) 388-1300 (fax)  
Conley Ward Idaho State Bar ID#1683  
email: cew@givenspursley.com

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IDAHO PUBLIC  
UTILITIES COMMISSION

*A. Walker*

Attorneys for Fretel Communications, LLC

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE  
APPLICATION OF FRETTEL  
COMMUNICATIONS, LLC FOR A  
CERTIFICATE OF PUBLIC  
CONVENIENCE AND NECESSITY AS  
A COMPETITIVE LOCAL EXCHANGE  
CARRIER.

CASE NO. FRC-T-99-1  
FRETTEL COMMUNICATIONS'  
APPLICATION

Fretel Communications, LLC ("Fretel" or "Applicant"), through its counsel of record, hereby files this Application for a Certificate of Public Convenience and Necessity ("Application") with the Idaho Public Utilities Commission ("Commission"). Fretel requests that the Commission issue an order granting Fretel authority to provide local exchange service and other telecommunications services to customers in U S WEST Communication Inc.'s southern Idaho study area. In support whereof, Fretel states as follows:

I.

Fretel is a limited liability company organized under the laws of the State of Idaho. Fretel's Certificate of Incorporation from the Idaho Secretary of State is attached hereto as Exhibit A.

II.

Fretel's Operating Agreement attached hereto as Exhibit B.

III.

Fretel is owned by the individuals named in its Operating Agreement. The owners may be contacted at:

Fretel Communications, LLC  
110 E. Main  
St. Anthony, ID 83445  
(208) 624-7300  
(208) 624-7909 (fax)

IV.

Fretel's principal business office is located at the following address:

Fretel Communications, LLC  
110 E. Main  
St. Anthony, ID 83445  
(208) 624-7300  
(208) 624-7909 (fax)

Service of process may be accomplished by service on Mr. James Bauchman, at the aforementioned address.

V.

Fretel's officers (managers) are John Bauchman and James Bauchman.

VI.

Fretel was initially organized on December 18, 1998, to provide message telecommunications service and competitive local exchange service within the state of Idaho. 1999 is the company's first year of operations. Because the company has been in operation only a short time it has no meaningful balance sheet or income statement. Upon approval of this application Fretel's owners will provide the company with sufficient capital to insure that Fretel has the financial ability to perform as a local exchange carrier.

## VII.

Fretel's members have extensive experience in constructing and operating local telephone exchanges in Idaho and other states. Fretel intends to provide its local exchange customers with the most technically modern communications services available in the industry today. These include basic local exchange service, extended area service to U S WEST's EAS calling areas, touch-tone service, high speed data services, access to toll services, access to emergency services (911), and Lifeline and Link-Up services for low income residents. Fretel's proposed telephone plant will include copper cable loops, fiber optic cable transport facilities, next generation digital loop carrier, and digital switches. Fretel will construct the telephone plant in accordance with accepted industry standards.

## VIII.

The name and address of the incumbent local exchange company with whom Fretel is likely to compete is:

Ms. Barbara Wilson  
State CEO  
U S WEST Communications, inc.  
999 main Street  
Boise, ID 83702

Maps of U S WEST's southern Idaho study area, in which Fretel intends to compete, are on file with the Commission, and Fretel respectfully requests that the Commission take official notice of the same.

## IX.

Pursuant to Idaho Code § 62-622(2), Fretel has prepared a price list reflecting the availability, price, terms and conditions for local exchange service. A copy of this price list is attached as Exhibit C.

X.

The name, address and toll free telephone number of the person responsible for both tariff questions and customer inquiries and complaints is:

James Bauchman  
Fretel Communications, LLC  
110 E. Main  
St. Anthony, ID 83445  
(888) 624-7733  
(208) 624-7909 (fax)

XI.

Fretel has signed an interconnection agreement with U S WEST, and the Commission issued an order approving the agreement in Case No. USW-T-99-14 on September 1, 1999.

XII.

Fretel has reviewed the Commission's Rules of Procedure, Customer Relations Rules for Telephone Corporations, Universal Service Fund Rules, and Telecommunications Relay Service Rules. Fretel agrees to comply with all of these rules. Fretel does not currently anticipate charging a deposit for service. If this policy changes, Fretel will arrange an Escrow Account or Performance Bond to secure the return of customer deposits.

XIII.

Fretel will provide notice of this Application as may be required by Commission order.

XIV.

Fretel requests that all correspondence, pleadings or requests for information be directed to the following persons:

Conley E. Ward  
Givens Pursley LLP  
277 North Sixth Street, Suite 200  
Boise, ID 83701  
(208) 388-1200

with a copy to:

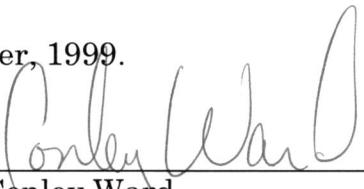
James Bauchman  
Fretel Communications, LLC  
110 E. Main  
St. Anthony, ID 83445  
(208) 624-7300  
(208) 624-7909 (fax)

XV.

Applicant believes that the public interest does not require a public hearing on this Application, and therefore requests that it be processed under Modified Procedure. If the Commission determines that hearings are necessary, Fretel stands ready for immediate hearings.

WHEREFORE, the Applicant, Fretel Enterprises, Inc. respectfully requests that the Idaho Public Utilities Commission issue an order: 1) granting it a Certificate of Public Convenience and Necessity authorizing Fretel to provide telecommunications services, including local exchange service, within U S WEST Communication, Inc.'s southern Idaho study area; and 2) granting such further relief as the Commission may find just and reasonable.

DATED this 23rd day of September, 1999.

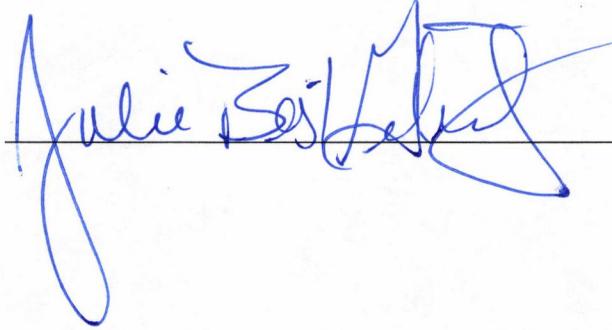
  
\_\_\_\_\_  
Conley Ward  
GIVENS PURSLEY LLP  
Attorneys for Fretel Communications, LLC

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 23rd day of September, 1999, I caused to be served a true and correct copy of the foregoing by the method indicated below, and addressed to the following:

Myrna Walters, Secretary  
Idaho Public Utilities Commission  
472 W. Washington Street  
Boise, ID 83702

HAND DELIVERY  
 U.S. MAIL  
 OVERNIGHT MAIL  
 TELECOPY (FAX)

A handwritten signature in blue ink, appearing to read "Julie Estabrook", is written over a horizontal line.

# State of Idaho

Office of the Secretary of State

## CERTIFICATE OF EXISTENCE

OF

FRETEL COMMUNICATIONS, LLC

I, PETE T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that I am the custodian of the limited liability company records of this State.

I FURTHER CERTIFY That the records of this office show that the above-named limited liability company was organized under the laws of Idaho and was issued a certificate of organization in Idaho on December 18, 1998 under the file number W 7575.

I FURTHER CERTIFY That the limited liability company's articles of organization have not been cancelled.

Dated: September 23, 1999



*Pete T. Cenarrusa*  
SECRETARY OF STATE

**EXHIBIT A**

By *Kerri Kroach*

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**OPERATING AGREEMENT**

of

**FRETEL COMMUNICATIONS, LLC**

Dated: December 18, 1998

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**EXHIBIT B**

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(The Table of Contents for this operating agreement is for convenience of reference only and is not intended to define, limit or describe the scope or intent of any provisions of this operating agreement.)

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**OPERATING AGREEMENT**  
**OF FRETTEL COMMUNICATIONS, LLC**  
**an Idaho Limited Liability Company**

The undersigned members, desiring to form a limited liability company under the Idaho Limited Liability Company Act (the "Act"), hereby agree as follows:

**ARTICLE 1**  
**FORMATION**

- 1.1 Name. The name of the limited liability company is Fretel Communications, LLC.
- 1.2 Articles of Organization. Articles of organization were filed with the Idaho Secretary of State on December 18, 1998.
- 1.3 Duration. The LLC shall exist for a period ending on December 31, 2028, unless earlier dissolved as provided in this operating agreement.
- 1.4 Principal Place of Business. The principal office of the LLC shall initially be at 1690 Del Mar, Idaho Falls, Idaho 83404. The managers may relocate the principal office or establish additional offices from time to time.
- 1.5 Registered Office and Registered Agent. The LLC's initial registered office shall be at 1690 Del Mar, Idaho Falls, Idaho, 83404, and the name of its initial registered agent at such address shall be James Bauchman. The manager may change the registered office and registered agent from time to time.
- 1.6 Business Purpose. The purpose of the LLC shall be to engage in any lawful business.
- 1.7 Agreement. The members executing the operating agreement hereby agree to the terms and conditions of the operating agreement, as it may from time to time be amended according to its terms. To the extent any provision of the operating agreement is prohibited or ineffective under the Act, the operating agreement shall be considered amended to the smallest degree possible in order to make the agreement effective under the Act. In the event the Act is subsequently amended or interpreted in such a way to make any provision of the operating agreement that was formerly invalid valid, such provision shall be considered to be valid from the effective date of such interpretation or amendment.

**ARTICLE 2**  
**MEMBERS, CONTRIBUTIONS, AND INTERESTS**

- 2.1 Names and Addresses. The names and addresses of the members of the LLC, the agreed value of their initial capital contributions, and their initial percentage membership interests are:

<u>Name and address</u>	<u>Contribution</u>	<u>Percentage</u>
John Robbins 1255 Odell School Rd. Concord, NC 28027	\$48.50	4.85%
Mary Alice Nielson 9037 Waterfield Court Las Vegas, NV 89134	\$24.20	2.42%
David Kingston 477 Shoup Ave., Suite 207 Idaho Falls, ID 83404	\$97.00	9.70%
James Bauchman 1690 Del Mar Drive Idaho Falls, ID 83404	\$219.00	21.90%
Peter C. Spaeth 1630 5 <sup>th</sup> Avenue Moline, IL 61265	\$48.50	4.85%
John Bauchman 4075 West Desert Inn Rd., Suite B Las Vegas, NV 89102	\$269.00	26.90%
Robert Bauchman 3101 High Range Las Vegas, NV 89102	\$97.00	9.70%
Dan Harwood Guardian Limited Partnership 2235 E. 21 <sup>st</sup> , Suite 220 Idaho Falls, ID 83404	\$48.50	4.85%
Doug Wagner Wagner Communications 2270 La Montana Way Colorado Springs, CO 80949	\$99.80	9.98%
Jim Strathmeyer Cold Springs Ventures 3200 Beechleaf Ct., Suite 500 Raleigh, NC 27619	\$48.50	4.85%

2.2 Limitation of Liability. Each member's liability shall be limited to the maximum extent permitted by applicable law. The failure of the LLC to observe any formalities or requirements relating to the exercise of its powers or management of its business or affairs shall not be grounds for imposing personal liability on the members or managers for liabilities of the LLC.

2.3 No Liability for Company Debts. A member shall not be personally liable for any debts or losses of the LLC beyond his respective capital contributions and any obligation of the member to make capital contributions, except as otherwise required by law.

2.4 No Member Authority. No member shall have any power or authority to contract on behalf of the LLC or otherwise bind the LLC unless the member has been given written authorization from the manager to act as an agent of the LLC.

2.5 Other Business of Members. Any member may engage independently or with others in other business and investment ventures of every nature and description, even if such business is competitive with the business of the LLC, and shall have no obligation to account to the LLC for such business or investments or for business or investment opportunities.

2.6 Additional Members. No additional members shall be admitted without the consent of the manager, except that the consent of the manager is not required to admit a deceased member's spouse, estate or other beneficiary as a member in place of the deceased member. All items of income, gain, loss, deduction, and credit shall be allocated among the existing and additional members pursuant to Section 7.1.

2.7 Additional Contributions.

(a) Except as set forth in this Section 2.7, no member shall be required or permitted to make any additional capital contributions. In the event that at any time, pursuant to the unanimous vote of the members, the members determine that additional funds in excess of the capital contributions are required by the LLC for its business or any of its obligations, expenses, costs, liabilities or expenditures, or for improvements with respect to any LLC property, the members shall be required to contribute such additional funds in proportion to their percentage interests.

(b) In the event, after being notified to do so, a member ("defaulting member") fails to contribute additional funds as required pursuant to subparagraph (a), the other members ("non-defaulting members") may, in addition to any other legal or equitable remedies available, in proportion to their percentage interests, contribute additional funds to cover such amount that has not been contributed, in which case the advance shall be deemed a demand loan by the non-defaulting member or members to the defaulting member bearing interest at the rate of twelve (12) percent per annum from the date the advance is made. To the extent of such advance plus interest, any distributions otherwise due to the defaulting member shall instead be paid to the non-defaulting member or members (pro rata with the amounts advanced by each non defaulting member) who made such contribution.

2.8 No Interest on Capital Contributions. No interest shall be paid on capital contributions.

2.9 Loans. The LLC may borrow money from any member or third parties upon such commercially reasonable terms and conditions as may be approved by the manager.

### ARTICLE 3 MEMBER MEETINGS

3.1 Meetings. A meeting of members shall be held (a) if it is called by the manager; or (b) if members holding at least 33 1/3% percent of the membership interests sign, date, and deliver to the LLC's principal office a written request for the meeting, describing the purpose or purposes for which it is to be held. Meetings of members shall be held at the principal office of the LLC or any other place specified in the notice of meeting.

3.2 Notice of Meeting. Notice of the date, time, and place of each members' meeting shall be given to each member not earlier than 60 days nor less than 10 days before the meeting date. The notice must include a description of the purpose or purposes for which the meeting is called.

3.3 Record Date. The persons entitled to notice of and to vote at a members' meeting, and their respective membership interests, shall be determined as of the record date for the meeting. The record date shall be a date, not earlier than 60 days nor less than 10 days before the meeting, selected by the managers. If the managers do not specify a record date, the record date shall be the date on which notice of the meeting was first mailed or otherwise delivered.

3.4 Quorum. The presence, in person or by proxy, of members holding at least 50 percent of the membership interests shall constitute a quorum.

3.5 Proxies. A member may be represented at a meeting in person or by written proxy.

3.6 Voting. Each member shall be entitled to vote based on the member's percentage of membership interest in the LLC on each matter requiring action by the members. Except as otherwise stated in the articles of organization, this operating agreement, or applicable law, a matter submitted to a vote of the members shall be deemed approved if the membership interests voted in favor exceed those voted against the matter.

### ARTICLE 4 MANAGEMENT

4.1 Number and Qualifications of Managers. The number of managers shall be the number elected by the members and acting as such from time to time, but shall not be less than one (1). Managers may be individuals or entities, and need not be members of the LLC. The initial managers shall be James Bauchman and John Bauchman.

4.2 Election of Managers. If the initial managers resign or are removed, the office of manager shall be filled by election at a meeting of members called for the purpose of electing managers; the meeting notice must state that the purpose, or one of the purposes, of the meeting is election of managers. A manager other than the initial managers shall serve for a term ending when the members next hold a meeting at which managers are elected, or until the manager's earlier death, resignation, or removal.

4.3 General Authority. Subject to restrictions that may be imposed from time to time by the managers or members, each manager shall be an agent of the LLC with authority to contract on behalf of the LLC or to otherwise bind the LLC in the ordinary course of its business. However, the managers shall have no authority to contract on behalf of the LLC as to the following matters without first obtaining approval by vote of the members:

- (a) Merger of the LLC with another entity;
- (b) Amendment to the articles of organization;
- (c) A change in the nature of the business of the LLC; or
- (d) Sale, lease, exchange, mortgage, pledge, or other transfer or disposition of all or substantially all the assets of the LLC.

4.4 Other Activities. Managers may have other business interests and may engage in other activities in addition to those relating to the LLC even if those activities are competitive with the business of the LLC. This Section 4.4 does not change each manager's duty to act in a manner that the manager reasonably believes to be in the best interests of the LLC.

4.5 Meetings; Notices; Quorum; Voting. If there is more than one (1) manager, then meetings of the managers may be called by any manager. Meetings shall be held at the place fixed by the managers or, if no such place has been fixed, at the principal office of the LLC. Oral or written notice of the date, time, and place of any meeting shall be given at least twenty-four (24) hours in advance. Written notice may be delivered personally, given by facsimile or other form of wire communication, or by mail or private carrier, to each manager's business or home address. Written notice shall be effective at the earliest of the following: (a) when received, (b) when sent by facsimile or other form of wire communication, or (c) two business days after being mailed. Two (2) of the managers shall be required to constitute a quorum. Each manager shall be entitled to one vote. The matter submitted to a vote of the managers shall be deemed approved if the votes favor exceed those against the matter.

4.6 Resignation. A manager may resign at any time by delivering written notice to the members. The resignation is effective upon notice, unless the notice specifies a later effective date. Once delivered, a notice of resignation is irrevocable unless revocation is permitted by the members. The resignation of a manager who is also a member shall not affect the manager's rights as a member and shall not constitute a withdrawal of the member.

4.7 Removal of Manager by Members. The members may remove one or more managers with cause. A manager may be removed by the members only at a meeting called for the purpose of removing the manager and the meeting notice must state that the purpose, or one of the purposes, of the meeting is the removal of the manager.

4.8 Salaries. The salaries and other compensation of the managers shall be fixed from time to time by vote of the members, provided that managers shall receive reasonable compensation for services rendered to or on behalf of the LLC, in addition to his interest in profits. A manager shall not be precluded from receiving a salary because the manager is also a member. Managers shall also be reimbursed for out-of-pocket expenses incurred in performing their duties as managers of the LLC.

4.9 Other Agents. The manager may authorize any agent to enter into any lawful contract or to otherwise act on behalf of the LLC. Such authority may be general or be confined to specific instances.

4.10 Tax Matters. Except as otherwise specifically provided herein or prohibited by law, the managers shall make any and all elections for federal and state income tax purposes, including, without limitation, any election, if permitted by applicable law to: i) adjust the basis of LLC property pursuant to Code § 754, § 734(b), and § 743(b), or comparable provisions of state or local law, in connection with transfers of membership interests and LLC distributions; ii) extend the statute of limitations for assessment of tax deficiencies against members with respect to adjustments to the LLC's federal, state or local tax returns; and iii) represent the LLC before taxing authorities or courts of competent jurisdiction in tax matters affecting the LLC.

## ARTICLE 5

### ACTIONS WITHOUT NOTICE, WITHOUT MEETING, OR BY TELEPHONE

5.1 Meeting of all Members. Notwithstanding any other provision of this operating agreement, if all of the members shall hold a meeting at any time and place, such meeting shall be valid without call or notice, and any lawful action taken at such meeting shall be the action of the members.

5.2 Action Without Meeting. Any action required or permitted to be taken by the members at a meeting may be taken without a meeting if a consent in writing, describing the action taken, is signed by all of the members and is included in the minutes or filed with the LLC's records of meetings.

5.3 Meetings by Telephone. Meetings of the members may be held by conference telephone or by any other means of communication by which all participants can hear each other simultaneously during the meeting, and such participation shall constitute presence in person at the meeting.

## ARTICLE 6

### ACCOUNTING AND RECORDS

6.1 Books of Account. The LLC's books and records, a register showing the names, addresses, and membership interests of the members, and this operating agreement shall be maintained by the managers. Each member shall have access thereto at all reasonable times. The managers shall keep books and records of the operation of the LLC which are appropriate and adequate for the LLC's business and for the carrying out of this agreement.

6.2 Fiscal Year. The fiscal year of the LLC shall be the calendar year.

6.3 Accounting Reports. Within 90 days after the close of each fiscal year, the managers shall cause each member to receive an unaudited report of the activities of the LLC for the preceding fiscal year, including a copy of a balance sheet of the LLC as of the end of such year and a statement of income or loss for such year.

6.4 Tax Returns. The managers shall cause all required federal and state income tax returns for the LLC to be prepared and timely filed with the appropriate authorities. Within 90 days after the end of each fiscal year, each member shall be furnished a statement suitable for use in the preparation of the member's income tax return, showing the amounts of any distributions, contributions, gains, losses, profits, or credits allocated to the member during such fiscal year.

6.5 Taxes of Taxing Jurisdictions. Each non-resident member of Idaho acknowledges that Idaho claims taxing jurisdiction over such Member through such member's membership interest in the LLC. Such non-resident members shall make timely income tax payments to Idaho for income taxes attributable to the member's income, and interest, and penalties assessed by Idaho on such income. If the member fails to make such timely payments, or if the member so elects, the LLC shall withhold and pay over to Idaho the amount of tax, penalty and interest determined under the laws of Idaho with respect to such income. Any such payments made to Idaho with respect to the income of a member shall be treated as a distribution for purposes of Article 7. In addition, the LLC may, where permitted by the rules of any taxing jurisdiction, file a composite, combined or aggregate tax return reflecting the income of the LLC and pay the tax, interest and penalties of some or all of the members on such income to the taxing jurisdiction, in which case the LLC shall inform the members of the amount of such tax interest and penalties so paid.

6.6 Tax Matters Partner. James Bauchman shall be designated to act as the tax matters partner of the LLC pursuant to § 6231(a)(7) of the Internal Revenue Code. Any member designated as tax matters partner shall take such action as may be necessary to cause each other member to become a *notice partner* within the meaning of § 6223 of the Code. Any member who is designated tax matter partner may not take any action contemplated by §§ 6222 through 6232 of the Internal Revenue Code without the consent of the members.

## ARTICLE 7 ALLOCATIONS AND DISTRIBUTIONS

7.1 Allocations of Income and Loss for Tax Purposes. All items of income, gain, loss, deduction, and credit shall be allocated among all members in proportion to their membership interests.

7.2 Distributions. The LLC shall make distributions in such amounts and at such times as the managers shall determine in their discretion. Distributions shall be subject to the restrictions governing distributions under the Act.

7.3 Capital Accounts. An individual capital account shall be maintained for each member. Each member's capital account shall be (i) credited with all capital contributions by such member and the member's distributive share of all income and gain (including any income exempt from federal income tax); and (ii) charged with the amount of all distributions to such member and the member's distributive share of losses and deductions. Capital accounts shall be maintained in accordance with federal income tax accounting principles as set forth in Treas. Reg. 1.704-1(b)(2)(iv) or any successor provision.

7.4 Compliance with Section 704. The provisions of this Article 7 as they relate to the maintenance of capital accounts are intended, and shall be construed, and, if necessary, modified to cause the allocations of profits, losses, income, gain and credit pursuant to Article 7 to have substantial economic effect under the Regulations promulgated under §§ 704(b) and 704(c) of the Code, in light of the distributions made pursuant to Articles 7 and 9 and the capital contributions made pursuant to Article 2.

7.5 Priority and Return of Capital. Except as may be expressly provided in Article 7, no member shall have priority over any other member, either as to the return of capital contributions or as to profits, losses, or distributions; provided that this Section 7.5 shall not apply to loans (as distinguished from capital contributions) which a member has made to the LLC.

**ARTICLE 8**  
**TRANSFERS OF MEMBERSHIP INTERESTS**

8.1 Restriction on Disposition. No member or assignee shall transfer, sell, gift, encumber, hypothecate, exchange or otherwise dispose of all or any portion of his membership interest without the express unanimous written consent of the remaining members, except as provided in this Section 8.1, 8.3, or 8.4. The written consent of the managers or members is not required to admit a deceased member's spouse, estate, devisee, heir or other beneficiary as a member. Each member hereby acknowledges the reasonableness of the restrictions on disposition imposed by this operating agreement in view of the LLC purposes and the relationship of the members. Accordingly, the restrictions on disposition contained herein shall be specifically enforceable.

8.2 Prohibited Transfers. Any purported transfer of all or any portion of a membership interest that does not satisfy the requirements of Sections 8.1, 8.3 or 8.4 shall be null and void and of no force or effect whatever; provided that, if the LLC is required to recognize a transfer that does not meet such requirements (or if the LLC, in its sole discretion, elects to recognize a transfer that does not satisfy such requirements), the membership interest transferred shall be strictly limited to the transferor's economic rights with respect to the transferred membership interests, which economic rights may be applied (without limiting any other legal or equitable rights of the LLC) to satisfy any debts, obligations, or liabilities for damages that the transferor or assignee of such membership interests may have to the LLC. In the case of a transfer or attempted transfer of membership interests that does not satisfy such requirements, the parties engaging or attempting to engage in such transfer shall be liable to indemnify, defend and hold harmless the LLC and the other members from all cost, liability, and damage that any of such indemnified persons may incur (including, without limitation, incremental tax liability and lawyers' fees and expenses) as a result of such transfer or attempted transfer and efforts to enforce the indemnity granted hereby.

8.3 Sale of Membership Interest, Right of First Refusal. No sale, transfer, encumbrance, exchange, hypothecation or other dispositions of all or any portion of a membership interest shall be made by a member or the heirs, executors, administrators or assigns of any member to any person who is not a member of the LLC, except according to the following terms and conditions:

8.3.1 If a member (an "Offering Member") desires to sell his or her membership interest in the LLC, or any portion thereof (the "Offered Membership Interest"), to any person who is not a member, the Offering Member shall first submit to the LLC and remaining members of the LLC satisfactory written evidence of the agreement to purchase the Offered Membership Interest by such third person, including the price and complete terms agreed to be paid for the Offered Membership Interest (the "Offer Notice").

8.3.2 The LLC shall have the first right of refusal to purchase the Offered Membership Interest on the same terms and conditions as contained in the Offer Notice. If the LLC agrees to purchase the Offered Membership Interest at the same price and according to the same terms as contained in the Offer Notice, the Offered Membership Interest shall be sold to the LLC.

8.3.3 If the LLC does not desire to purchase all of the Offered Membership Interest, the remaining members may agree to purchase the remaining portion of the Offered Membership Interest at the same price and according to the same terms as contained in the Offer Notice, with the Offered Membership Interest to be sold to the remaining members in such proportionate amounts as their respective membership interests bear to the entire membership interest held by such purchasing members of the LLC, or in such other proportion as the purchasing members may agree.

8.3.4 If any of the remaining members do not desire to purchase the Offered Membership Interest, then it shall be sold at the same price and according to the same terms as contained in the Offer Notice to the members of the LLC who desire to purchase it, and in the same proportion specified above unless the purchasing members otherwise agree.

8.3.5 No membership interest, or any portion thereof, shall be sold to any person other than the LLC or members of the LLC until the LLC and all of the members have been afforded an opportunity to purchase it at the same price and terms and have declined to do so.

8.3.6 Any Offering Member shall give notice in writing to the LLC and the members of the LLC, which notice shall include satisfactory evidence of the price and terms of any proposed sale of an Offered Membership Interest as set forth above in Section 8.3.1 (i.e., the "Offer Notice"). The LLC shall have thirty (30) days after the receipt of said notice within which to elect in writing to purchase the Offered Membership Interest. If the LLC has not elected to purchase the Offered Membership Interest by within the thirty (30) day period, or has declined in writing to purchase the Offered Membership Interest, the Offering Member shall give the above-described notice to the remaining members. The members shall have thirty (30) days after the receipt of said notice within which to elect in writing to purchase the Offered Membership Interest. If the LLC has not elected to purchase the Offered Membership Interest by within the thirty (30) day period, or has declined in writing to purchase the Offered Membership Interest, the Offering Member may sell the Offered Membership Interest to such third person named in the agreement to purchase said membership interest, and to that person only, which sale shall be in strict accordance with the price and terms set forth in the agreement to purchase. Satisfactory evidence of compliance with the terms of the foregoing restriction upon the transfer of membership interests shall be submitted to the managers and accepted by them before any such transfer shall be effective.

8.3.7 The Offered Membership Interest shall continue to be subject to all of the terms of this operating agreement, including, without limitation, all restrictions on transfers irrespective of whether the Offered Membership Interest is sold.

8.3.8 The closing of the sale of the Offered Membership Interest shall occur on a date and time mutually convenient to the parties; provided that the closing date shall occur no later than the sixtieth (60th) day following the day that the last notice given pursuant to Section 8.3.6. On the closing date, the parties shall execute such documents and instruments of conveyance as may be necessary or appropriate to confirm the sale of the Offered Membership Interest, the withdrawal of the selling as a member as of the date of the retiring event, and the assumption by the purchaser of all liabilities with respect to the Offered Membership Interest.

8.3.9 The payment for the Offered Membership Interest shall be made in on the same terms as contained in the Offer Notice.

8.4 Option to Purchase on Bankruptcy. Upon the bankruptcy of a member (a "Triggering Event"), the LLC shall have the first option to purchase all or a portion of his or her membership interest. If the LLC exercises such option with respect to less than all of the membership interest, then the remaining members shall have the second option to purchase the remaining portion of his or her membership interest based upon the relative percentage interest owned by such member and the remaining members electing to purchase the membership interest. If the LLC and remaining members exercise their option with respect to less than all of his or her membership interest, then the remaining members who have elected to purchase a portion of such membership interest shall have the third option to purchase the remaining portion of his

or her membership interest. The LLC shall give notice to the members within a reasonable time after learning of the occurrence of a Triggering Event. The option shall be exercised as follows:

(a) The LLC shall give notice to the members of its decision to exercise its option as to all or a portion of the membership interest the LLC may purchase within sixty (60) days of receiving notice of the occurrence of a Triggering Event.

(b) If the LLC and remaining members exercise their option with respect to less than all of the membership interest, then each remaining member shall have the second option to purchase the remaining portion of the membership interest by giving notice to the LLC and the remaining members of his or her decision to exercise his or her option as to all or a portion of the membership interest he or she may purchase within thirty (30) days of receipt of the first notice.

(c) If the LLC exercises its option with respect to less than all of the membership interest, then the members who have elected to purchase a portion of such membership interest shall have the third option to purchase the remaining portion of the membership interest, pro rata based on membership interests, by giving notice to the LLC and the remaining members within thirty (30) days of receipt of the LLC notice. If some members purchase portions of the membership interest and others do not, the purchasing members may purchase the unpurchased portion pro rata based upon the membership interests of the purchasing members.

(d) The price to be paid for the membership interest shall be sixty five percent (65%) of the fair market value of the membership interest as determined under Section 9.6.

(e) The closing of the sale of the membership interest shall occur on a date and time mutually convenient to the parties; provided that the closing date shall occur no later than the sixtieth (60th) day following the day that the last notice given in subsections (a), (b), or (c) above. On the closing date, the parties shall execute such documents and instruments of conveyance as may be necessary or appropriate to confirm the sale of the membership interest, the withdrawal of the selling as a member as of the date of the Triggering Event, and the assumption by the new owners of all liabilities with respect to the LLC.

(f) The payment for the membership interest shall be made in installments ("Installment Payments") as follows: ten percent (10%) of the price shall be paid on the closing date. The remainder of the price shall be paid in equal annual installments on the next five (5) consecutive anniversaries of the closing date. The unpaid portion of the price shall bear interest at the prime rate of U.S. Bank on the closing date. The remaining amount of the purchase price may be prepaid at any time.

(g) In the event the options to purchase are exercised with respect to less than all of the membership interest, so that less than all of the membership interest is purchased in accordance with the terms of this Section 8.4, the option shall lapse and the remaining members shall be deemed to have given consent to the transfer to the representative of the bankrupt member, subject to the application of Article 9. The membership interest shall remain subject to the all of the terms, covenants, conditions and restrictions of this operating agreement, including this option. During the period in which payments are being made, the former member shall have no rights as a member in the LLC.

8.5 Admission of Assignees as Members. Subject to the other provisions of this Article 8, an assignee of membership interests may be admitted to the LLC as a member only upon the consent of the manager and the satisfaction of such other terms and conditions as the manager shall require.

8.6 Rights of Unadmitted Assignees. A person who acquires one or more membership interests but who is not admitted as a member pursuant to this Article 8 shall be entitled only to the economic rights with respect to such transferred membership interests in accordance with this operating agreement, and shall have no right to vote on any matters as a member, shall have no right to any information or accounting of the affairs of the LLC, shall not be entitled to inspect the books or records of the LLC, and shall not have any of the rights of a member under the Act or this operating agreement.

## ARTICLE 9 WITHDRAWAL AND DISSOLUTION

9.1 Withdrawal. Each member agrees not to withdraw from the LLC without the consent of a majority of the other members. A voluntary withdrawal in violation of this Section 9.1 shall be effective after ninety (90) days written notice delivered to the managers, but shall constitute a breach of this operating agreement for which the LLC and other members shall have the remedies provided under applicable law or in equity.

9.2 Events of Dissolution. Except as otherwise provided in this operating agreement, the LLC shall dissolve upon the earlier of: (a) the time for dissolution specified in the articles of organization; (b) the death, withdrawal, expulsion, bankruptcy, or dissolution of any member; or (c) approval of dissolution by a vote of the members.

9.3 Effect of Death of a Member. In the event of the death of a member, then the remaining members and the deceased member's spouse, estate or other beneficiary may within 90 days elect by majority vote to continue the LLC. If the surviving members and the deceased member's spouse, estate or other beneficiary do not so elect, the LLC shall be dissolved.

9.4 Effect of Withdrawal or Other Event. Upon the withdrawal, expulsion, or dissolution of a member, or bankruptcy if the option under Section 8.4 is not triggered or is exercised as to less than all of the membership interest subject to the option, and if there are at least two remaining members, then the remaining members may within 90 days, without waiving any remedies in the case of voluntary withdrawal, elect by majority vote to continue the LLC among themselves and to have the LLC purchase the interest of the affected member pursuant to the provisions of Sections 9.6 and 9.7. The election shall be at the discretion of the remaining members and shall require their majority consent. If the option under Section 8.4 is exercised as to all of the subject membership interest, then the LLC shall be continued. If the option under Section 8.4 is not exercised as to all of the membership interest subject to the option, and if the remaining members do not elect to continue as provided above, then the LLC shall be dissolved.

9.5 Liquidation Upon Dissolution and Winding Up. Upon the dissolution of the LLC, the managers shall wind up the affairs of the LLC. A full account of the assets and liabilities of the LLC shall be taken. The assets shall be promptly liquidated and the proceeds:

- (a) First, to the payment and discharge of all of the LLC's debts and liabilities to creditors other than members;
- (b) Second, to the payment and discharge of all of the LLC's debts and liabilities to members;
- (c) Third, to the members to repay their capital contributions;

(d) The balance, if any, to the members in accordance with their capital accounts after giving effect to all contributions, distributions, and allocations for all periods.

With approval by vote of the members, the LLC may, in the process of winding up the LLC, elect to distribute certain property in kind.

9.6 Valuation of Member's Interest. Upon an election by the LLC to purchase the interest of a member pursuant to Section 9.4, within a reasonable time of the event triggering the requirement for an appraisal, the LLC shall pay for an appraisal of the membership interest being purchased. Such appraisal shall be made by an MAI certified appraiser. The appraisal shall be completed within a reasonable time and shall be the price determined for the membership interest under this Section 9.6.

9.7 Payment for Member's Interest. The purchase price for a member's interest purchased pursuant to Section 9.4 shall be made in installments ("Installment Payments") as follows: ten percent (10%) of the price shall be paid on the closing date. The remainder of the price shall be paid in equal annual installments on the next five (5) consecutive anniversaries of the closing date. The unpaid portion of the price shall bear interest at the prime rate of U.S. Bank on the closing date. The LLC may prepay the remaining amount of the purchase price at any time.

9.8 Effect of Purchase of Member's Interest. A member shall cease to be a member upon the LLC's election to purchase the member's interest pursuant to Section 9.4. During the period in which the LLC is making payments, the former member shall have no rights as a member in the LLC.

## ARTICLE 10 INDEMNIFICATION

10.1 Indemnification. The LLC shall indemnify each of its managers to the fullest extent permissible under Idaho law, as the same exists or may hereafter be amended, against all liability, loss and costs (including, without limitation, attorney fees) incurred or suffered by such person by reason of or arising from the fact that such person is or was a manager of the LLC, or is or was serving at the request of the LLC as a manager, director, officer, partner, trustee, employee, or agent of another foreign or domestic limited liability company, corporation, partnership, joint venture, trust, benefit plan, or other enterprise. The LLC may, by action of the members or managers, provide indemnification to employees and agents of the LLC who are not managers. The indemnification provided in this Section 10.1 shall not be exclusive of any other rights to which any person may be entitled under any statute, bylaw, agreement, resolution of members or managers, contract, or otherwise.

10.2 Limitation of Liability. Managers of the LLC shall not be liable to the LLC or its members for monetary damages for conduct as managers except to the extent that the Act, as it now exists or may hereafter be amended, prohibits elimination or limitation of manager liability. No repeal or amendment of this section or of the Act shall adversely affect any right or protection of a manager for actions or omissions prior to the repeal or amendment.

## ARTICLE 11 AMENDMENTS

11.1 By Members. The members may amend or repeal the provisions of this operating agreement by majority vote set forth in writing or by action taken at a meeting of members called for that purpose, except that this operating agreement may not be amended adversely as to any member without the consent

of such member. This operating agreement may not be amended or repealed by oral agreement of the members.

11.2 By Managers. The managers may not amend or repeal the provisions of this operating agreement.

## ARTICLE 12 MISCELLANEOUS

12.1 Additional Documents. Each member shall execute such additional documents and take such actions as are reasonably requested by the managers in order to complete or confirm the transactions contemplated by this operating agreement.

12.2 Headings. Headings in this operating agreement are for convenience only and shall not affect its meaning.

12.3 Severability. The invalidity or unenforceability of any provision of this operating agreement shall not affect the validity or enforceability of the remaining provisions.

12.4 No Third-Party Beneficiaries. The provisions of this operating agreement are intended solely for the benefit of the members and shall create no rights or obligations enforceable by any third party, including creditors of the LLC, except as otherwise provided by applicable law.

12.5 No Partnership Intended for Nontax Purposes. The members have formed the limited liability company under the Act, and expressly do not intend hereby to form a partnership under any Idaho statute. The members do not intend to be partners one to another, or partners as to any third party. To the extent any member, by word or action, represents to another person that any other member is a partner or that the limited liability company is a partnership, the member making such wrongful representation shall be liable to any other member who incurs personal liability by reason of such wrongful representation.

12.6 Partnership Intended for Tax Purposes. It is the express intention of the members that the LLC be treated as a partnership for purposes of federal and state taxation. The members agree to take such actions and make such elections as may be necessary or convenient to all the LLC to be treated as a partnership. If it is determined that the LLC is or will not be classified as a partnership under the Internal Revenue Code, then the operating agreement shall be considered amended to the smallest degree possible in whatever manner necessary to ensure that the LLC is or shall be treated as a partnership under the Code for purposes federal and state taxation.

12.7 Binding Effect. Except as otherwise provided in this operating agreement, every covenant, term, and provision of this operating agreement shall be binding upon and inure to the benefit of the members and their respective heirs, legatees, legal representatives, successors, transferees, and assigns.

12.8 Construction. Every covenant, term, and provisions of this operating agreement shall be construed simply according to its fair meaning and not strictly for or against any member. The terms of this operating agreement are intended to embody the economic relationship among the members and shall not be subject to modification by, or be conformed with, any actions by the Internal Revenue Service except as this operating agreement may be explicitly so amended and except as may relate specifically to the filing of tax returns.

12.9 Time. Time is of the essence with respect to this operating agreement.

12.10 Governing Law. The laws of the State of Idaho shall govern the validity of this operating agreement, the construction of its terms, and the interpretation of the rights and duties of the members.

12.11 Waiver of Action for Partition; No Bill for Partnership Accounting. Each of the members irrevocably waives any right that he may have to maintain any action for partition with respect to any of the company property. To the fullest extent permitted by law, each member covenants (except with the consent of the managers) not to file a bill for limited liability company accounting.

12.12 Counterpart Execution. This operating agreement may be executed in any number of counterparts with the same effect as if all of the members had signed the same document. All counterparts shall be construed together and shall constitute one agreement.

12.13 Specific Performance. Each member agrees with the other members that the other members would be irreparably damaged if any of the provisions of this operating agreement are not performed in accordance with their specific terms and that monetary damages would not provide an adequate remedy in such event. Accordingly, it is agreed that, in addition to any other remedy to which the nonbreaching members may be entitled, at law or in equity, the nonbreaching members shall be entitled to injunctive relief to prevent breaches of the provisions of this operating agreement and specifically to enforce the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having subject matter jurisdiction thereof.

12.14 Notice. All notices, demands, requests and other communications required or permitted hereunder shall be in writing and shall be deemed delivered on the earlier of (i) three (3) days after the date of posting of registered or certified mail, addressed to the addressee at its address set forth herein or at such other address as such party may have specified theretofore by notice delivered in accordance with this Section 12.14, (ii) attempted delivery or refusal to accept delivery if sent by courier or other personal delivery service, or (iii) actual receipt by the addressee regardless of the method of giving notice. The addresses in this operating agreement, as amended from time to time, shall be used for purposes of giving notice to members.

12.15 Rights and Remedies Cumulative. The rights and remedies provided by this operating agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive the right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

12.16 Waivers. The failure of any party to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this operating agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

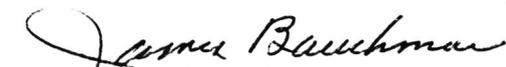
12.17 Attorney Fees. In the event any action is instituted to enforce or determine the parties' rights or duties arising out of the terms of this operating agreement, the prevailing party shall recover reasonable attorney fees and costs through all levels of any action incurred in such proceeding.

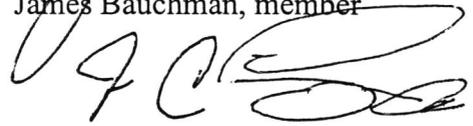
ADOPTED effective as of December 18, 1998, by the undersigned, constituting all of the members.

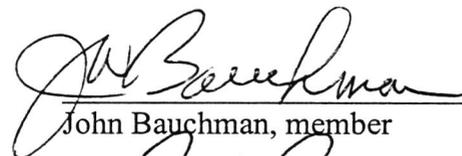
  
John Robbins, member

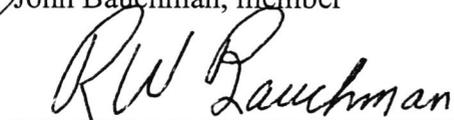
  
Mary Alice Nielson, member

  
David Kingston, member

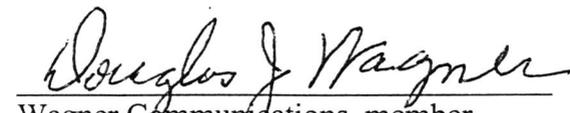
  
James Bauchman, member

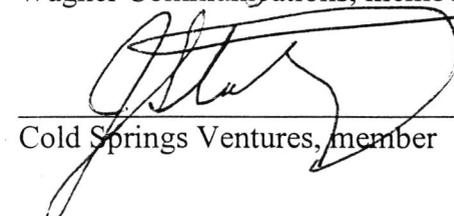
  
Peter C. Spaeth, member

  
John Bauchman, member

  
Robert Bauchman, member

  
Guardian Limited Partnership, member

  
Wagner Communications, member

  
Cold Springs Ventures, member

FRETEL COMMUNICATIONS, LLC

BASIC EXCHANGE LOCAL SERVICE

Fretel Communications, LLC  
Toll Free Telephone Number  
1-888-624-7733

Idaho Public Utilities Commission  
472 W. Washington Street  
Boise, ID 83702-5983  
1-800-432-0369

This price list contains the rates, terms and conditions applicable to the sale of basic exchange local service within the state of Idaho provided by Fretel Communications, LLC

**EXHIBIT C**

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1) Definitions, Terms and Abbreviations

**Company** – Whenever used in this price list, company refers to Fretel Communications, LLC unless otherwise specified.

**Customer** – The person, firm, corporation or government unit that orders service and is responsible for the payment of charges and for compliance with company tariff regulations.

**Basic Local Exchange Service** – The provision of access lines to residential and small business customers with the associated transmission of two-way interactive switched voice communications within a local exchange area.

**Basic Local Exchange Rate** – The monthly charge imposed by the company for basic local exchange service, but not including any charges resulting from action by a state or federal agency or taxes or surcharges imposed by a governmental body which are separately itemized and billed by the company to its customers.

**Local Exchange Area** – The geographic area encompassing one or more local communities as described in maps, tariffs or rate schedules filed with and approved by the commission, where basic local exchange rates apply.

**Commission** – The Idaho Public Utilities Commission.

2) General Rules and Regulations

2.1 Undertaking of Fretel Communications, LLC.

The company's services are furnished for basic local exchange service and additional optional services as described in this price list. Any services not described herein are not governed by this price list's terms, conditions, rules and rates.

Fretel Communications, LLC will install, operate, own and maintain the facilities provided in accordance with the terms and conditions set forth in this price list.

The company's services are provided on a monthly basis unless otherwise noted, and are available twenty-four hours per day, seven days a week.

2.2 Limitations

2.2.1 Services are offered subject to the availability of the necessary facilities and equipment and subject to the provisions of this price list.

2.2.2 The company reserves the right to interrupt or limit service when necessitated by conditions beyond its control, or when the customer is using service in violation of provisions of the price list, or in violation of the law.

2.2.3 The company does not undertake to transmit messages, but offers the use of its facilities when available and will not be liable for errors in transmission or for a failure to establish connections.

2.2.4 A customer, joint user, or authorized user may not assign or transfer in any manner the service or any rights associated with the service without the written consent of the company. The company will permit customers to transfer their existing service to another entity if the existing customer has paid all charges owed to the company for regulated communications service. Such a transfer will be treated as a disconnection of existing service and installation of new service and non-recurring installation charges as stated in this price list will apply.

### 2.3 Use

Services provided under this price list may be used for any lawful purpose for which the service is technically suited.

### 2.4 Payment for Service

All charges due by the customer are payable to the company or any agency duly authorized to receive such payments. Any objections to billed charges must be reported to the company within thirty (30) days of the invoice date. Adjustments to the customer's bill shall be made to the extent that circumstances exist which reasonably indicate that such changes are appropriate. Once service is activated, the customer is liable for the payment of all usage charges for the services provided by the company including any fraudulent use, misuse, or abuse of the customer's service or customer provided equipment by third parties, the customer's employees or the public.

### 2.5 Taxes

All state and local taxes are listed as separate line items and are not included in the quoted rates.

### 2.6 Regulatory Fees

All state and federal commission ordered rates, fees, and surcharges are listed as separate line items and are not included in quoted rates.

## 2.7 Customer Relations Rules

The rules applicable to the company's relationships with its customers are contained in IDAPA 31.41.01 and IDAPA 31.41.02 which address the following:

- Residential and small business deposits and service guarantee practices.
- Billing
- Denial, restriction and termination of service – payment arrangements
- Complaint procedures
- Explanation of rate schedules
- Notification of rate changes
- Summary of testimony
- Non published service
- Miscellaneous provisions

## 2.8 Establishment and Reestablishment of Credit

The company may conduct a credit investigation of each new customer prior to accepting the service application. A customer whose service has been discontinued for nonpayment of bills will be required to reestablish credit before service is restored. The company may require a customer to pay all amounts past due in addition to any service connection charges and/or a deposit.

## 2.9 Deposits and Advanced Payments

### A) Advance Payments

To safeguard its interests, the company may require a customer to make an advance payment before services and facilities are furnished. In addition, where special construction is involved, the advance payment may also include an amount equal to the estimated non-recurring charges for the special construction. An advance payment may be required in addition to a deposit. Advanced payments will be credited to the customer's first month's bill.

### B) Deposits

The company may require the customer to make a deposit to be held as a guarantee for the payment of charges. A deposit does not relieve the customer of the responsibility for the prompt payment of bills on presentation. The company's deposit practices are set forth in the commission's customer relation rules IDAPA 31.41.01.

Interest will be payable on deposits at the rate determined by the commission.

## 2.10 Rendering and Payment of Bills

- A) Billing of the customer by the company will begin on the service commencement date which is the day on which the company notifies the customer that the service or facility is available for use. The service commencement date may be postponed by mutual agreement of the parties, or if the service or facility does not conform to standards set forth in this tariff or the service order. Billing accrues through and includes the day that the service, circuit, arrangement or component is discontinued.
- B) Customer bills are due and payable on presentation and become delinquent if not paid by the due date on the bill which will be 30 days after the billing date.
- C) The customer will be assessed a charge of fifteen dollars (\$20.00) for each check submitted by the customer to the company which a financial institution refuses to honor.

## 2.11 The Company May Offer Discounted Service to Its Employees

## 2.12 Liability of the Company

- A) The liability of the company for damages arising out of the furnishing of its services, including, but not limited to: mistakes, omissions, interruptions, delays, errors, or other defects, representations, or use of these services or arising out of the failure to furnish the service, whether caused by acts or omission, shall be limited to the extension of allowances for interruption and as required by the commission's rules (IDAPA 31.41.01.503). The extension of such allowances for interruption shall be the sole remedy of the customer and the sole liability of the company. The company will not be liable for any direct, indirect, incidental, special, consequential, exemplary or punitive damages to the customer as a result of any company service, equipment or facilities, or the acts or omissions or negligence of the company's employees or agents.
- B) The company shall not be liable for any delay or failure of performance or equipment due to causes beyond its control, including but not limited to: acts of God, fire, flood, explosion or other catastrophes; any law, order, regulation, direction, action, or request of the United

States Government, or of any other government, including state and local governments having or claiming jurisdiction over the company, or of any department, agency, commission, bureau, corporation, or other instrumentality of any one or more of the federal, state, or local governments, or of any civil or military authority; national emergencies; insurrections; riots; war; unavailability of rights-of-way or materials; or strikes, lock-outs, work stoppages, or other labor difficulties.

- C) The company shall not be liable for any damages or losses due to the fault or negligence of the customer or due to the failure or malfunction of customer-provided equipment or facilities.
- D) The company shall be indemnified, defended and held harmless by the customer against any claim, loss or damage arising from the customer's use of services, involving claims for libel, slander, invasion of privacy, or infringement of copyright laws arising from the customer's own communications.
- E) The entire liability for any claim, loss, damage, or expense from any cause whatsoever shall in no event exceed sums actually paid the company by the customer for the specific services giving rise to the claim. No action or proceeding against the company shall be commenced more than one year after the service is rendered. THE COMPANY MAKES THIS WARRANTY IN LIEU OF ALL OTHER WARRANTIES AND MAKES NO OTHER WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.
- F) The included tariff language does not constitute a determination by the commission that a limitation of liability imposed by the company should be upheld in a court of law. Acceptance for filing by the commission recognizes that it is a court's responsibility to adjudicate negligence and consequential damage claims. It is also the court's responsibility to determine the validity of the exculpatory clause.

## 2.13 Provision of Equipment and Facilities

- A) The company shall use reasonable efforts to make available services to a customer on or before a particular date, subject to the provisions of an compliance by the

customer with the regulations contained in this tariff and the availability of facilities and equipment.

- B) The company shall use reasonable efforts to maintain only the facilities and equipment that it furnishes to the customer. The customer may not, nor may the customer permit others to, rearrange, disconnect, remove, attempt to repair, or otherwise interfere with any of the facilities or equipment installed by the company.
- C) The company may substitute, change, or rearrange any equipment or facility at any time as long as the change does not thereby diminish the technical parameters of the service provided the customer.
- D) Equipment the company provides or installs at the customer premises for use in connection with the services the company offers shall not be used for any purpose other than that for which the company provided it.
- E) The customer shall be responsible for the payments of service charges as set forth herein for visits by the company's agents or employees to the premises of the customer when the service difficulty or trouble report results from the use of equipment or facilities provided by any party other than the company, including, but not limited to, the customer.
- F) The company shall not be responsible for the installation, operation, or maintenance of any customer-provided communications equipment. Where such equipment is connected to the facilities furnished pursuant to this tariff, the responsibility of the company shall be limited to the furnishing of facilities offered under this tariff and to the maintenance and operation of such facilities. Subject to this responsibility, the company shall not be responsible for: the transmission, or the reception of signals by customer-provided equipment.

## 2.14 Customer Equipment and Channels

### A) General

A user may transmit or receive information or signals via the facilities of the company. The company's services are designed primarily for the transmission of voice-grade telephonic signals, except as otherwise stated in this tariff. A user may transmit any form of signal that is compatible with the company's equipment, but the

company does not guarantee that its service will be suitable for purposes other than voice-grade telephonic communication except as specifically stated in this tariff.

B) Station Equipment

- 1) Terminal equipment on the user's premises and the electric power consumed by such equipment shall be provided by and maintained at the expense of the user. The user is responsible for the provision of wiring or cable to connect its terminal equipment to the company point of connection.
- 2) The customer is responsible for ensuring that customer-provided equipment connected to company equipment and facilities is compatible with such equipment and facilities. The magnitude and character of the voltages and currents impressed on company-provided equipment and wiring by the connection, operation, or maintenance of such equipment and wiring shall be such as not to cause damage to the company-provided equipment and wiring or injury to the company's employees or to other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by the company at the customer's expense.

C) Interconnection of Facilities

- 1) Any special interface equipment necessary to achieve compatibility between the facilities and equipment of the company used for furnishing communications services and the channels, facilities, or equipment of others shall be provided at the customer's expense.
- 2) Communication services may be connected to the services or facilities of other communications carriers only when authorized by, and in accordance with, the terms and conditions of the tariffs of the other communications carriers which are applicable to such connections.

2.15 Non-routine Installation and Special Construction

A) Non-routine Installation

At the customer's request, installation and/or maintenance may be performed outside the company's regular business hours or in hazardous locations. In such cases, charges based on cost of the actual labor, material, or other costs incurred by or charged to the company will apply. If installation is started during regular business hours into time periods including, but not limited, to, weekends, holidays, and/or night hours, additional charges may apply.

B) Special Construction

Subject to the agreement of the company and to all of the regulations contained in this tariff, special construction of facilities may be undertaken on a reasonable efforts basis at the request of the customer. Special construction is that construction undertaken:

- 1) where facilities are not presently available, and there is no other requirement for the facilities so constructed;
- 2) of a type other than that which the company would normally utilize in the furnishing of its services;
- 3) over a route other than that which the company would normally utilize in the furnishing of its services;
- 4) in a quantity greater than that which the company would normally utilize in the furnishing of its services;
- 5) on an expedited basis;
- 6) on a temporary basis until permanent facilities are available
- 7) involving abnormal costs; or
- 8) in advance of its normal construction schedule.

2.16 Ownership of Facilities

Title to all facilities provided in accordance with this tariff remains in the company, its agents or contractors.

2.17 Prohibited Uses

- A) The services the company offers shall not be used for any unlawful purpose or for any use as to which the customer has not obtained all required governmental approvals, authorizations, licenses, consents and permits.
- B) The company may require a customer to immediately shut down its transmission of signals if said transmission is causing interference to others.

### 2.18 Shortage of Equipment or Facilities

The company reserves the right to limit or allocate the use of existing facilities, or of additional facilities offered by the company, when necessary because of lack of facilities, or due to some other cause beyond the company's control.

The furnishing of service under this price list is subject to the availability on a continuing basis of all the necessary facilities and is limited to the capacity of the company's facilities, as well as facilities the company may obtain from other carriers to furnish service from time to time, as required, at the sole discretion of the company.

### 3) Description of Services Offered

#### 3.1 General

Exchange access service, as defined for this price list, provides a customer with a telephonic connection to, and a unique telephone number address on the public switched telecommunications network. Each exchange access service enables users to:

- 1) receive calls from other stations on the public switched telecommunications network;
- 2) access other services offered by the company as set forth in this price list;
- 3) access interstate and international calling services;
- 4) access (at no additional charge) emergency services by dialing 9-1-1;
- 5) access (at no additional charge) the company's or its contracted agent for operator services; and
- 6) access services provided by other common carriers which purchase the company's switched access services as provided under the company's filed price lists at the federal and state level.

### 3.2 Local Calling Area

Geographically defined local calling areas are associated with each exchange access service provided pursuant to this section. Unless specifically noted otherwise herein, local calling areas are as specified in US West Communications, Inc.-Basic Local Exchange, in effect and as amended from time to time; and as specified in GTE Northwest Incorporated – I.P.U.C. No. 3, in effect and as amended from time to time.

The rates and charges for local exchange service entitle the customer to local calls, without toll charges, to all local exchange access lines connected to a Central Office of the exchange, or to all exchange lines served by Central Offices of the extended local service area where comprised of more than one exchange.

### 3.3 Exchange Access Line Service

Line service provides a customer with a single, voice-grade telephonic communications channel which can be used to place or receive one call at a time. Lines are provided for connection of customer-provided terminal equipment to the public switched telecommunications network. Each line may be configured into a hunt group with other company provided lines.

### 3.4 Basic Trunk Service

Basic trunk service provides a customer with a single, voice grade telephonic communications channel which can be used to place or receive one call at a time. Basic trunks are provided for connection of customer provided private branch exchange (PBX) lines to the public switched telecommunications network. Each basic trunk is provided with touch tone signaling and may be configured into a hunt group with other company provided basic trunks.

### 3.5 Service Order Charges

Absent a promotional offering, service order charges will apply to new service orders or to orders to change existing service.

### 3.6 Service Restoration

A charge applies to restoration of service temporarily suspended because of non-payment of bills and is payable at the time that service is restored. The charge does not apply when service has been terminated and later reinstalled.

### 3.7 Exchange Access Optional Features

A) Directory Listings

For each customer of the company provided exchange access service(s), the company will arrange for the listing of the customer's main billing telephone number in the directory(ies) published by the dominant local exchange carrier. A listing will include the customer's name, address and telephone number at no additional charge. Other customer specified listing options and additional listings are available at an additional charge.

B) Traffic Blocking and Restriction

1) 9XX Blocking Service

This service blocks access from the customer's access line to 9XX (900/976) telephone numbers.

A customer may have 9XX blocking installed one time for no charge. Subsequent unblocking or blocking shall incur a nonrecurring charge.

2) 1+ and 0+ Restriction

This service blocks access from the customer's access line to all calls starting with 1 or 0. The company may impose this on a customer's line in the event the customer's account is more than 30 days past due. Customers with this restriction will still have calling to numbers within the local exchange, however calls to numbers in other EAS exchanges will be blocked.

C) Measured Service

1) Local Measured Service

This service offers a reduced rate per month for basic exchange service and charges a per minute rate for all calls within that exchange. Calls to numbers in another local exchange that is in the same EAS area may be assessed a per minute rate higher than the rate for calls within the exchange.

2) EAS Measured Service

This service offers a reduced rate per month for basic exchange service and all calls within that

customer's local exchange can be made for no additional charge. Calls to another exchange in the same EAS area will be assessed a per minute rate.

D) Installation

1) New Service

New service is defined as service at a location that has not had telephone service with any local exchange carrier in the past.

2) Transfer Service

Transfer service is defined as service at a location that has had telephone service in the past with any local exchange carrier.

E) Volume and Promotional Discounts

Any charges may be discounted for multi-line customers and for promotional programs and combination packages of multiple service.

F) Vacation Plan

Vacation rates will be one-half of the customer's basic local exchange rate.

G) Long Distance Carrier Changes (PIC)

Customer requested changes of their long distance carrier will have a charge associated with that activity.

H) Virtual Phone Accounts

Virtual phone numbers will be available at a separate rate from basic local exchange service. These accounts are accessed by using a pin number from any phone in the company's local exchange area. It is not necessary for a customer to have a basic local access line to have a virtual phone number. Any calls made using that customer's pin number will be directly billed to that customer's mailing address.

I) Customer Calling Features

Custom calling features available:

### Call Forwarding Busy

this feature allows a subscriber to have calls forwarded to another (selected) directory number when the subscriber's line is Busy or in Do Not Disturb. When the feature is active it does not affect the normal operation of the subscriber's line when idle (i.e., the subscriber can make and receive calls in the normal manner).

### Call Forwarding No Answer

This feature allows a subscriber to have all calls forwarded to another (selected) directory number when the call remains unanswered for a predefined period of time.

### Call Forwarding Variable

This feature allows a subscriber to have all calls forwarded to another (selected) directory number. While Call Forwarding Variable is active, the forwarding subscriber can originate calls in the normal manner. The subscriber with Call Forwarding Variable active receives a ring reminder each time a call is forwarded, but cannot answer the ring reminder.

### Call Hold

This feature allows a subscriber to return the telephone's handset on-hook while a call is in progress. Calls placed on Hold are retrieved via a feature access code (see CALL HOLD RETRIEVE).

### Call Hold Retrieve

This feature allows a subscriber to retrieve calls that have been placed on hold (see CALL HOLD). Held calls are retrieved by dialing the Call Hold - Retrieve feature access code.

### Call Restriction

This feature allows a subscriber to restrict outgoing calls from their line under account code control.

### Call Waiting

This feature allows a subscriber engaged in an existing call to be given an indication that another caller is

attempting to obtain a connection to the engaged subscriber. The called subscriber receives call waiting tone and the calling subscriber receives audible ringing or a recorded announcement followed by audible ringing. The called subscriber can then choose whether to answer the call (therefore placing the existing caller on hold) or remain with the current caller and ignore the new caller.

The Call Waiting feature applies to the first call made to a busy subscriber. Subsequent callers will receive a busy tone when there is a current caller waiting.

#### Call Waiting - Cancel

This feature allows a subscriber with the Call Waiting feature enabled and invoked to disable the Call Waiting feature for the duration of a call. It is activated by dialing a feature access code prior to placing a call, and is automatically deactivated when the subscriber disconnects from the call. The Cancel Call Waiting (CCW) feature may also be activated during an established call. The operation can be executed whenever recall dial tone is received. Three Way Calling, Call Hold and Call Trace provide this capability. Subscribers who place a call to a busy subscriber who has invoked Cancel Call Waiting will receive busy tone.

#### Calling Number Delivery Blocking

Calling Number Delivery Blocking allows the calling party to inhibit the delivery of their Directory Number to the called party's line. This may be done on a 'per line' or 'per call' basis. If done on a per line basis, the subscriber's directory number is automatically marked as 'private' in the outgoing IAM. If done on a per call basis, the subscriber must dial a feature access code to set his directory number's privacy status before dialing the called directory number.

#### Customer Originate Call Trace

This feature allows a subscriber to identify calling lines in order to determine the source of nuisance or threatening calls. Output is in the form of a maintenance log.

#### Calling Identity Delivery and Suppression

Calling Identity Delivery and Suppression allows the calling party to control the presentation of their name and

number on a 'per call' basis by dialing feature access codes.

#### Do Not Disturb

This feature allows a subscriber to place their telephone in an apparent busy condition to all incoming calls without affecting the outgoing features of the line (i.e., calls and feature activations can be made). The feature is set up and removed as required by the subscriber. Special Busy Tone is returned if a line in a Do Not Disturb (DND) condition is called.

#### Home Intercom

This feature allows a subscriber to use any extension in a home or business as an intercom device to call other extensions connected to the same line.

#### Last Number Redial

This feature allows a subscriber to automatically redial the last number dialed at their telephone. Each time a subscriber dials a number, the digit string is stored in the system as the subscriber's "last number dialed". The system dials this stored number automatically when the subscriber enters the appropriate feature code.

#### Make Busy

This feature allows a subscriber who is a member of a hunt group to temporarily remove their directory number from hunt operations directed towards the group. While in the Make Busy condition, a hunt group member cannot be accessed by dialing a hunt group pilot number, but will receive calls made directly to their directory number.

#### Message Waiting Indication

This feature allows a subscriber to hear a special (stutter) dial when they go off-hook and a message is waiting. This feature is used as an enhancement to voice mail services.

#### Speed Call

This feature allows a subscriber to dial frequently called numbers using a short one or two digit code. A subscriber who has been allocated this feature can store and invoke

frequently dialed numbers, each number being associated with a short code called a speed call number.

### Three Way Calling

This feature allows a subscriber to add a third party to an existing conversation. The Three Way Calling (TWC) feature is a software function and requires no additional equipment. The party initiating a three way call (the controller) may place one party on hold while dialing and talking to a second party. The controller may then include the held party in a three way connection. The added party may be dropped from the connection by a flash from the controller.

### Voice Mail

This feature uses electronic storage capabilities to receive and record calls directed to it and store information offered by the caller. Voice mail can be programmed to answer after a set number of rings or if the customer's line is busy.

### Wakeup Call

This feature allows a wakeup call to be set up to ring a subscriber's telephone at a pre-programmed time.

## 4) Rates for Service Offered

### 4.1 Standard Rates

Description	Business	Residence
Exchange Access Line Service	\$40.00	\$25.00
Basic Trunk Service	\$50.00	
Standard Installation	\$50.00	\$50.00
Installation of Customer Owned Equipment	\$60.00/hr	\$60.00/hr
Restoration of Service	\$20.00	\$20.00
Measured Service Within Local Exchange		
Flat Rate	\$17.50	\$10.50

Plus Rate/Min	\$ .02/min	\$ .02/min
Within Total EAS Area		
Flat Rate	\$20.00	\$15.00
Plus Rate/Min	\$ .08/min	\$ .08/min
Virtual Phone Accounts	\$15.00	\$15.00
Long Distance Carrier Change	\$5.00	\$ 5.00
Custom Calling Features		
Voice Mail plus Any 10 Features	\$12.95	\$6.95
Additional Features (Price per Feature)	\$ 1.50	\$ 1.50
Usage Sensitive Features (Maximum Charge \$5.00)	\$ .75	\$ .75