

## **DECISION MEMORANDUM**

**TO: COMMISSIONER KEMPTON  
COMMISSIONER SMITH  
COMMISSIONER REDFORD  
COMMISSION SECRETARY  
LEGAL  
WORKING FILE**

**FROM: DONN ENGLISH  
TERRI CARLOCK**

**DATE: OCTOBER 29, 2009**

**SUBJECT: IN THE MATTER OF MIDVALE TELEPHONE EXCHANGE,  
INC.'S PETITION FOR DECLARATORY RULING;  
CASE NO. MID-T-09-03.**

On September 22, 2009, Midvale Telephone Exchange (Midvale) filed a Petition for Declaratory Ruling requesting the Commission approval of (1) the transfer of all assets and liabilities of Midvale to Midvale Telephone Company (MTC); (2) the proposed contributions by MTC to an employee stock ownership plan (ESOP); and (3) the acquisition by the ESOP of authorized and unissued shares of Midvale stock. Midvale also requests in its Application the transfer of its certificate of public convenience and necessity (CPCN) to MTC.

Midvale is currently owned by two shareholders, Lane Williams (50%) and the Estate of Shirley Archer (50%). Since Shirley Archer's death, Midvale has been exploring options to ensure its continued existence and ongoing operations with the least impact on its customers, service and employees. Mr. Williams and Midvale's Board of Directors believe that the best method to achieve these goals is to transfer the ownership of the corporation to its employees through an ESOP. Midvale adopted the ESOP on December 22, 2008.

On August 27, 2009, Midvale incorporated Midvale Telephone Company (MTC). Midvale proposes to transfer to MTC all of Midvale's assets and liabilities (including all operating assets, all debt, all public licenses and the CPNC) in exchange for all of the issued and outstanding shares of MTC stock. After the proposed transfer is complete, the

ESOP would acquire a portion of the Midvale stock held by Mr. Williams and the estate of Ms. Archer. Midvale would then redeem the remainder of the shares from the current ownership by delivering to Mr. Williams and the Archer estate a promissory note for the full value of their remaining Midvale shares. Upon favorable Commission ruling and completion of the transfer, MTC would adopt the ESOP and contribute funds to the ESOP annually as retirement fund contributions for its employees.

Midvale asserts that the proposed transactions are contemplated to be implemented so as to have only minimal, if any, impact upon current Midvale customers, and the tax advantages of the proposed transaction are substantial.

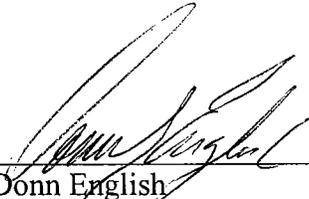
Midvale also requests that the Commission use modified procedure in the consideration of this Petition/Application.

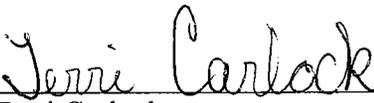
#### **STAFF RECOMMENDATION**

Staff recommends that the Petition/Application be processed under Modified Procedure with a proposed 28-day comment period.

#### **COMMISSION DECISION**

Does the Commission wish to process this case under Modified Procedure and establish a 28-day comment period?

  
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Donn English

  
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Terri Carlock

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