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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Midvale Telephone Exchange, Incorporated
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ORIGINAL

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION
OF MIDVALE TELEPHONE EXCHANGE,
INCORPORATED FOR AUTHORITY TO
BORROW FROM THE UNITED STATES
OF AMERICA RURAL UTILITIES
SERVICE ("RUS") IN AN AGGREGATE
AMOUNT NOT TO EXCEED \$1,359,720.

Case No. MID-T-10-02

**APPLICATION OF MIDVALE
TELEPHONE EXCHANGE,
INCORPORATED**

Midvale Telephone Exchange, Incorporated ("Midvale" or "Applicant"), by and through its attorneys, Givens Pursley LLP, makes this Application pursuant to Idaho Code § 61-901 for authority to execute three Loan/Grant and Security Agreements for a loan amount not to exceed \$1,359,720 in the aggregate with the United States of America Rural Utilities Service ("RUS") Broadband Initiatives Program. In support of its Application, Midvale states as follows:

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

Cynthia A. Melillo
GIVENS PURSLEY LLP
601 W. Bannock Street
P. O. Box 2720
Boise, ID 83701-2720
cam@givenspursley.com

Steve Child
Midvale Telephone Exchange, Incorporated
2205 Keithley Creek Road
Midvale, ID 83645
Steve.child@mtecom.com

3. The proposed RUS financing consists of three separate loan/grant components. The first is for a grant in the amount \$888,420 and a 23-year term loan in the amount of \$380,751. The second is for a grant in the amount \$1,502,769 and a 23-year term loan in the amount of \$644,045. The third is for a grant in the amount \$781,488 and a 23-year term loan in the amount of \$334,924. The grants shall be unsecured and the loans, in the aggregate amount of \$1,359,720, are to be secured by a shared first mortgage lien with Rural Telephone Finance Cooperative ("RTFC"). The proceeds of these loans will be used to finance the construction of fiber to the home broadband infrastructure in the areas of Henderson Valley, Arizona; Stanley, Idaho; and Young, Arizona ("Projects").

4. The proposed transaction is consistent with the public interest. Construction of the broadband facilities will enable Midvale to provide broadband services to areas that are at least 75% rural.

5. A copy of the Applicant's most recent Annual Report showing the authorized and outstanding classes of Applicant's securities is on file with the Commission, and the Applicant respectfully requests the Commission take official notice thereof. Certified copies of Applicant's Board of Directors' resolutions authorizing the proposed transactions are attached hereto as Exhibit A.

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

7. Notice of this Application will be published within seven days in *The Idaho Statesman* (Boise). A copy of this Notice is attached as Exhibit C.

8. Applicant submits that the public interest does not require a hearing on this matter, and it requests that the Commission process this Application and determine this matter by Modified Procedure, pursuant to Rule 23 of the Commission's Rules of Practice and Procedure. In the event the Commission determines that formal proceedings on this Application are necessary, Applicant stands ready for immediate hearing.

9. Applicant has therefore attached its filing fee, calculated pursuant to Section 61-905, Idaho Code, in the amount of THREE HUNDRED SEVENTY-SIX DOLLARS (\$376.00).

WHEREFORE, Applicant respectfully requests an Order of this Commission:

1. Granting the foregoing Application of Midvale Telephone Exchange, Incorporated to execute and deliver to RUS three separate Loan/Grant and Security Agreements for a loan amount not to exceed \$1,359,720 and a Restated Mortgage, Security Agreement and Financing Statement; and

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

DATED this 19th day of October 2010.

GIVENS PURSLEY LLP

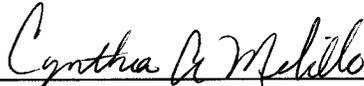
By Cynthia A. Melillo
Cynthia A. Melillo
Attorneys for Midvale Telephone Exchange,
Incorporated

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 19th day of October 2010, I caused to be served a true and correct copy of the foregoing document by the method indicated below, and addressed to the following:

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

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



Cynthia A. Melillo

EXHIBIT A

SECRETARY'S CERTIFICATE

I, Linda Klind, do hereby certify that: I am the secretary of idvale Telephone Exch (hereinafter called the "Corporation"), the following are true and correct copies of resolutions duly adopted by the Board of Directors of the Corporation at the special meeting held Sept. 23, 2010, and entered in the minute book of the Corporation; the meeting was duly and regularly called and held in accordance with the bylaws of the Corporation; the executed Loan/Grant and Security Agreement, Note and Pledged Deposit Account Control Agreement are true and exact copies of the forms thereof authorized and approved by the Board of Directors to be executed, and none of the following resolutions has been rescinded or modified:

RESOLUTIONS

RESOLVED that the Corporation borrow from the United States of America (the "Government"), acting through the Administrator of the Rural Utilities Service ("RUS"), an amount not to exceed \$644,045, ("Loan") to be used for such purposes as approved by RUS, and

RESOLVED that the Corporation accept a grant in an amount not to exceed \$1,502,769 ("Grant") from the Government, acting through RUS, to be used for such purposes as approved by RUS, and

RESOLVED that the President is authorized on behalf of the Corporation to execute and deliver under its corporate seal, which the secretary is directed to affix and attest, as many counterparts, respectively, as shall be deemed advisable of loan/grant documents, including a loan/grant and security agreement, note, pledged deposit account control agreement and financing statements, as required by RUS;

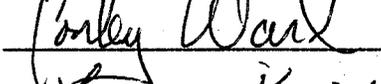
RESOLVED that a separate account (hereinafter called the "Pledged Deposit Account"), be opened in Wells Fargo (Name of Bank), and all proceeds of the Loan and Grant shall be deposited in such account which shall be pledged to the Government and held in accordance with the provisions of the loan/grant and security agreement and the pledged deposit account control agreement; and

RESOLVED that the officers of the Corporation be, and each of them is authorized in the name and on behalf of the Corporation, to execute all such instruments, make all such payments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions; and

I FURTHER CERTIFY THAT each member of the Board of Directors of the Corporation was furnished with notice of said meeting in compliance with the bylaws of the Corporation.

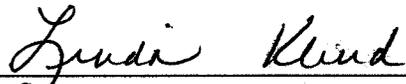
I FURTHER CERTIFY THAT the date of actual execution of the loan/grant documents referred to above is September 23, 2010.

I FURTHER CERTIFY THAT the following are the names and signatures, respectively, of the officers of the Corporation identified below who validly held and occupied their respective positions on said date of actual execution of the documents.

<u>Office</u>	<u>Name</u>	<u>Signature</u>
President	<u>Laure R. Williams</u>	<u></u>
Vice President	<u>Conley Ward</u>	<u></u>
Secretary	<u>Linda Klind</u>	<u></u>
Treasurer	<u>Emma R. Gross</u>	<u></u>

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Corporation this

23rd day of September, 2010.


Secretary

(Corporate Seal)

SECRETARY'S CERTIFICATE

I, Linda Klind, do hereby certify that: I am the secretary of Midvale Telephone Exch (hereinafter called the "Corporation"), the following are true and correct copies of resolutions duly adopted by the Board of Directors of the Corporation at the special meeting held Sept. 23, 2010, and entered in the minute book of the Corporation; the meeting was duly and regularly called and held in accordance with the bylaws of the Corporation; the executed Loan/Grant and Security Agreement, Note and Pledged Deposit Account Control Agreement are true and exact copies of the forms thereof authorized and approved by the Board of Directors to be executed, and none of the following resolutions has been rescinded or modified:

RESOLUTIONS

RESOLVED that the Corporation borrow from the United States of America (the "Government"), acting through the Administrator of the Rural Utilities Service ("RUS"), an amount not to exceed \$334,924, ("Loan") to be used for such purposes as approved by RUS, and

RESOLVED that the Corporation accept a grant in an amount not to exceed \$781,488 ("Grant") from the Government, acting through RUS, to be used for such purposes as approved by RUS, and

RESOLVED that the President is authorized on behalf of the Corporation to execute and deliver under its corporate seal, which the secretary is directed to affix and attest, as many counterparts, respectively, as shall be deemed advisable of loan/grant documents, including a loan/grant and security agreement, note, pledged deposit account control agreement and financing statements, as required by RUS;

RESOLVED that a separate account (hereinafter called the "Pledged Deposit Account"), be opened in Wells Fargo (Name of Bank), and all proceeds of the Loan and Grant shall be deposited in such account which shall be pledged to the Government and held in accordance with the provisions of the loan/grant and security agreement and the pledged deposit account control agreement; and

RESOLVED that the officers of the Corporation be, and each of them is authorized in the name and on behalf of the Corporation, to execute all such instruments, make all such payments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions; and

I FURTHER CERTIFY THAT each member of the Board of Directors of the Corporation was furnished with notice of said meeting in compliance with the bylaws of the Corporation.

I FURTHER CERTIFY THAT the date of actual execution of the loan/grant documents referred to above is September 23, 2010.

I FURTHER CERTIFY THAT the following are the names and signatures, respectively, of the officers of the Corporation identified below who validly held and occupied their respective positions on said date of actual execution of the documents.

<u>Office</u>	<u>Name</u>	<u>Signature</u>
President	<u>Laura Wilson</u>	<u>Laura Wilson</u>
Vice President	<u>Cowley Ward</u>	<u>Cowley Ward</u>
Secretary	<u>Linda Klind</u>	<u>Linda Klind</u>
Treasurer	<u>Emma R GROSS</u>	<u>Emma R GROSS</u>

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Corporation this

23rd day of September, 20 10.

Linda Klind
Secretary

(Corporate Seal)

SECRETARY'S CERTIFICATE

I, Linda Klind, do hereby certify that: I am the secretary of Midvale Telephone Exch (hereinafter called the "Corporation"), the following are true and correct copies of resolutions duly adopted by the Board of Directors of the Corporation at the special meeting held Sept. 23, 2010, and entered in the minute book of the Corporation; the meeting was duly and regularly called and held in accordance with the bylaws of the Corporation; the executed Loan/Grant and Security Agreement, Note and Pledged Deposit Account Control Agreement are true and exact copies of the forms thereof authorized and approved by the Board of Directors to be executed, and none of the following resolutions has been rescinded or modified:

RESOLUTIONS

RESOLVED that the Corporation borrow from the United States of America (the "Government"), acting through the Administrator of the Rural Utilities Service ("RUS"), an amount not to exceed \$380,751, ("Loan") to be used for such purposes as approved by RUS, and

RESOLVED that the Corporation accept a grant in an amount not to exceed \$888,420 ("Grant") from the Government, acting through RUS, to be used for such purposes as approved by RUS, and

RESOLVED that the President is authorized on behalf of the Corporation to execute and deliver under its corporate seal, which the secretary is directed to affix and attest, as many counterparts, respectively, as shall be deemed advisable of loan/grant documents, including a loan/grant and security agreement, note, pledged deposit account control agreement and financing statements, as required by RUS;

RESOLVED that a separate account (hereinafter called the "Pledged Deposit Account"), be opened in Wells Fargo (Name of Bank), and all proceeds of the Loan and Grant shall be deposited in such account which shall be pledged to the Government and held in accordance with the provisions of the loan/grant and security agreement and the pledged deposit account control agreement; and

RESOLVED that the officers of the Corporation be, and each of them is authorized in the name and on behalf of the Corporation, to execute all such instruments, make all such payments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions; and

I FURTHER CERTIFY THAT each member of the Board of Directors of the Corporation was furnished with notice of said meeting in compliance with the bylaws of the Corporation.

I FURTHER CERTIFY THAT the date of actual execution of the loan/grant documents referred to above is September 23, 2010.

I FURTHER CERTIFY THAT the following are the names and signatures, respectively, of the officers of the Corporation identified below who validly held and occupied their respective positions on said date of actual execution of the documents.

<u>Office</u>	<u>Name</u>	<u>Signature</u>
President	<u>Lana R. Williams</u>	<u>[Signature]</u>
Vice President	<u>Conley Ward</u>	<u>[Signature]</u>
Secretary	<u>Linda Klind</u>	<u>[Signature]</u>
Treasurer	<u>EMMA R. GROSS</u>	<u>[Signature]</u>

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Corporation this

23rd day of September, 2010.

[Signature]
Secretary

(Corporate Seal)

EXHIBIT B

Cynthia A. Melillo [ISB No. 5819]
GIVENS PURSLEY LLP
601 W. Bannock Street
P. O. Box 2720
Boise, ID 83701-2720
Telephone No. (208) 388-1200
Fax No. (208) 388-1300.

Attorneys for Midvale Telephone Exchange, Incorporated
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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION
OF MIDVALE TELEPHONE EXCHANGE,
INCORPORATED FOR AUTHORITY TO
BORROW FROM THE UNITED STATES
OF AMERICA RURAL UTILITIES
SERVICE ("RUS") IN AN AGGREGATE
AMOUNT NOT TO EXCEED \$1,359,720.

Case No.

ORDER

On October 19, 2010, Midvale Telephone Exchange, Incorporated (hereinafter "Applicant"), filed an Application for Loan Approval with this Commission requesting authority to execute three Loan/Grant and Security Agreements for a loan amount not to exceed \$1,359,720 in the aggregate with the United States of America Rural Utilities Service ("RUS") Broadband Initiatives Program.

In support of said Application, Applicant alleges that the proposed RUS loan proceeds will be used to finance the construction of fiber to the home broadband infrastructure in the areas of Henderson Valley, Arizona; Stanley, Idaho; and Young, Arizona ("Projects").

After examining the Application and supporting documents and being fully advised in the premises, the Commission hereby finds that a hearing in this matter is not required and that the proposed transaction is consistent with the public interest and the Applicant's proper performance of its duties as a public utility.

IT IS THEREFORE ORDERED that the Application of Midvale Telephone Exchange, Incorporated, for authority to execute three Loan/Grant and Security Agreements with RUS for a loan amount not to exceed \$1,359,720 in the aggregate and a Restated Mortgage, Security Agreement and Financing Statement be, and the same is hereby granted.

DONE by Order of the Idaho Public Utilities Commission this ____ day of _____
2010.

Jim D. Kempton, President

Marsha H. Smith, Commissioner

Mack A. Redford, Commissioner

ATTEST:

EXHIBIT C

**LEGAL NOTICE OF MIDVALE TELEPHONE EXCHANGE, INCORPORATED'S
APPLICATION FOR AUTHORITY TO BORROW FUNDS**

NOTICE IS HEREBY GIVEN that on October 19, 2010, Midvale Telephone Exchange, Incorporated completed and filed with the Idaho Public Utilities Commission an Application for authority to borrow up to \$1,359,720 from the United States of America Rural Utilities Service and, in connection with the borrowing, to execute three separate Loan/Grant and Security Agreements and a Restated Mortgage, Security Agreement and Financing Statement.

The Application is on file and is available for public inspection at the Idaho Public Utilities Commission. Any person desiring to comment on said Application must file petitions or protests with the Idaho Public Utilities Commission within fourteen (14) days of the filing date. If no protests are received within this time limit, the Commission may consider the Application and enter its Order without setting the matter for hearing. If written protests are filed with the Commission within the time limit set, the Commission will consider the same and, in its discretion, may set a hearing. Petitions or protests must be filed with: Jean Jewell, Secretary, Idaho Public Utilities Commission, Statehouse, Boise, Idaho 83720.

Jean Jewell, Secretary
Idaho Public Utilities Commission