

## DECISION MEMORANDUM

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

**FROM:** TERRI CARLOCK

**DATE:** JANUARY 6, 2012

**RE:** MIDVALE TELEPHONE EXCHANGE, INC.'S REQUEST TO  
BORROW UP TO \$411,000; CASE NO. MID-T-11-2.

On December 21, 2011, Midvale Telephone Exchange, Incorporated (MTE; Midvale) filed an Application requesting authority to execute promissory notes for up to \$411,000 for real property purchases. The request consists of three separate loan components. Promissory notes are anticipated to be signed with Lane Williams, Bank of the Cascades and the Lee Family Trust. The required fees have been paid.

The proposed loan proceeds will be used to finance the purchase of real property currently used in the operation of Midvale to provide service to customers or is in the plan to be available to serve customers of Midvale. The purchases include four properties with the following general use description:

1. Midvale shop and land properties are immediately adjacent to the MTE Central Office in Midvale. MTE currently leases part of this property for its equipment shop/storage. Midvale anticipates that it will need to expand its CO in the future and having ownership of the adjacent land ensures that MTE will not have to incur greater expense to relocate. The current lease payments for the shop property will be eliminated.
2. Lakeview property is the land where Midvale currently owns a building housing central office equipment.
3. Cascabel, AZ property is a building leased by MTE for its central office. This property will not be allocated to Idaho customers.
4. Weiser property is a vacant lot on the main street in Weiser, immediately adjacent to MTE's current central office. Midvale's future plans include a more secure building to house the CO and equipment.

The regulatory treatment, including inclusion of costs in rates will be determined in a future rate proceeding. The financial statements of Midvale currently provide adequate information indicating Midvale should be able to support these notes. Staff recommends approval of the loan request with the ratemaking treatment to be determined in a later proceeding.

Staff also recommends adopting the following reporting requirements:

- 1) Provide copies of the final loan approval and documentation.
- 2) Provide a copy of any executed collateral documentation.
- 3) The "Report of Securities Issued".

### **COMMISSION DECISION**

Should the Application be approved with Staff's recommended reporting requirements?

  
Terri Carlock  
Terri Carlock

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