

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )**  
**OF MIDVALE TELEPHONE COMPANY ) CASE NO. MID-T-16-01**  
**FOR AUTHORITY TO BORROW FROM )**  
**THE RURAL UTILITIES SERVICE ("RUS") )**  
**IN AN AMOUNT NOT TO EXCEED ) ORDER NO. 33700**  
**\$12,691,000 )**

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On December 21, 2016, Midvale Telephone Company ("Company") filed an Application for Loan Approval with this Commission requesting authority to execute a loan contract amendment and supplemental mortgage in an amount not to exceed \$12,691,000 with the United States of America, acting through the Rural Utilities Service ("RUS"). Having fully considered the Application, the Commission enters this Order granting it as follows.

**THE APPLICATION**

RUS has provided an offering letter to loan the funds to Midvale at the Cost-of-Money rate for nineteen (19) years. The actual interest rate will be set at the time each advance is made to Midvale. The rate will be based on the average yield on outstanding marketable obligations of the United States with a comparable maturity, but not to exceed 7 percent per year.

The Company states that the proceeds of the RUS loan will be used to pay for, and partially reimburse general funds to: (1) extend services to approximately 368 new customers; (2) provide for router and switch upgrades to handle broadband traffic growth; (3) allow the Company to provide faster broadband speeds in each of its eleven exchanges; (4) provide fiber to the home ("FTTH") in several areas and extend fiber for toll and broadband Ethernet transport facilities to provide larger pipes and redundant paths; (5) build approximately 49.59 miles of new toll fiber, 83.61 miles of local fiber, and 17.56 miles of drops; (6) serve two new FTTH Carrier Serving Areas ("CSA") and one new CSA for copper DSL; and (7) replace six existing CSAs without Ethernet capabilities. The total new Optical Network Terminals ("ONT") for FTTH are 309 and four Digital Subscriber Line Access Multiplexers ("DSLAM") with 192 lines.

These upgrades and installations of new plant will occur in Idaho and Arizona. Plant in the respective states will be used as collateral for the loans. Plant expenditures in Idaho including network costs, construction equipment, and engineering is expected to be \$7,103,921.

## **FINDINGS OF FACT AND CONCLUSIONS OF LAW**

The Company is an Idaho corporation providing telecommunications services, including local exchange service, within the states of Idaho and Arizona. It is a certified telephone corporation and public utility as defined in *Idaho Code* §§ 61-121 and 61-129.

The Commission has jurisdiction over the Application under *Idaho Code* §§ 61-901, *et seq.* We find that the proposed transaction is in the public interest and a formal hearing on this matter is not required. We further find that the proposed issuance is for a lawful purpose and is within the Company's corporate powers, that the Application reasonably conforms to Rules 141 through 150 of the Commission's Rules of Procedure, IDAPA 31.01.01.141-150, and that the Company has paid all fees due under *Idaho Code* § 61-905. Accordingly, we find that the Application should be approved and the proposed debt authority should be allowed.

The Commission's Order approving the proposed debt authority and the general purposes to which the proceeds may be put is not a determination that the Commission approves of the particular use to which these funds will be put. The Order also is not a Commission determination nor approval of the type of financing or the related costs for ratemaking purposes. The Commission does not have before it for determination, and so does not determine, the effect of the proposed transaction on rates the Company will charge for telecommunication service.

## **ORDER**

IT IS HEREBY ORDERED that the Application of Midvale Telephone Company for authority to execute a loan contract amendment and supplemental mortgage with the RUS in an amount not to exceed \$12,691,000 is granted.

IT IS FURTHER ORDERED that the Company must file with the Commission copies of the RUS final loan approvals, including documentation for advances.

IT IS FURTHER ORDERED that the Company must file with the Commission a copy of any executed collateral documentation.

IT IS FURTHER ORDERED that the Company must file with the Commission copies of all annual certifications and covenant reports, and letters regarding these determinations.

IT IS FURTHER ORDERED that the Company must file with the Commission a copy of the "Report of Securities Issued."

IT IS FURTHER ORDERED that the foregoing authorization is without prejudice to the regulatory authority of the Commission with respect to rates, utility capital structure, service accounts, valuation, estimates for determination of cost or any other matter which may come before this Commission pursuant to its jurisdiction and authority as provided by law.

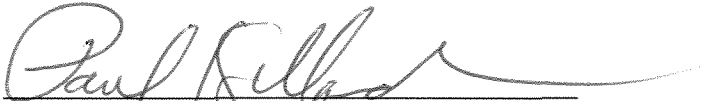
IT IS FURTHER ORDERED that nothing in this Order and no provisions of Chapter 9, Title 61, Idaho Code, or any act or deed done or performed in connection therewith shall be construed to obligate the State of Idaho to pay or guarantee in any manner whatsoever any security authorized, issued, assumed or guaranteed under the provisions of Chapter 9, Title 61, Idaho Code.

IT IS FURTHER ORDERED that issuance of this Order does not constitute acceptance of the Company's exhibits or other material accompanying the Application for any purpose other than the issuance of this Order.

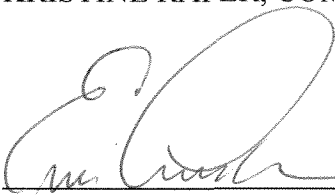
THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this  
day of January 2017.


19<sup>th</sup>

  
PAUL KJELLANDER, PRESIDENT

  
KRISTINE RAPER, COMMISSIONER

  
ERIC ANDERSON, COMMISSIONER

ATTEST:

  
Diane M. Hanian  
Commission Secretary

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