(text box: 1)BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THEAPPLICATION OF DIRECT COMMUNICATIONS ROCKLAND, INC. AND DIRECT COMMUNICATIONS LAKESIDE COMMUNICATIONS, INC. FOR AN ORDER AUTHORIZING THE MERGER OF THE APPLICANT COMPANIES. | )  )  )  )  )  )  ) | CASE NO. ROK-T-98-1  NOTICE OF APPLICATION  NOTICE OF MODIFIED           PROCEDURE  ORDER NO.27831 |

On November 3, 1998, the Commission received an Application from Direct Communications Rockland, Inc. and Direct Communications Lakeside Communications, Inc. for an order authorizing the merger of the applicant companies.  Rockland is a regulated company that provides basic local exchange and other telecommunications services in the Rockland and Arbon exchanges in southeastern Idaho.  Lakeside is a regulated company that provides basic local exchange and other telecommunications services in the Paris exchange in southeastern Idaho.  Lakeside is a wholly-owned subsidiary of Rockland.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that in this Application Direct Communications Rockland, Inc. and Direct Communications Lakeside Communications, Inc. applied for an order authorizing the merger of the applicant companies.  Rockland is a regulated company that provides basic local exchange and other telecommunications services in the Rockland and Arbon exchanges in southeastern Idaho.  Lakeside is a regulated company that provides basic local exchange and other telecommunications services in the Paris exchange in southeastern Idaho.  Lakeside is a wholly-owned subsidiary of Rockland.

YOU ARE FURTHER NOTIFIED thatLakeside was created as a Rockland subsidiary to acquire the Paris exchange from U S WEST pursuant to a 1994 asset purchase agreement.  One of the conditions of the agreement required the purchaser to maintain U S WEST’s applicable local exchange rates for a period of three years.  According to the Applicants, the Lakeside subsidiary was created “in order to provide a clean line of demarcation between Rockland and the Paris exchange” to simplify accounting and regulatory issues.  The Applicants claim that this original rationale for operating the Paris telephone property as a separate subsidiary is no longer valid.

YOU ARE FURTHER NOTIFIED thatthe Applicants claim that the merger will be advantageous to both companies and to the Commission.  They claim that both will realize cost savings by eliminating duplicate functions and will alleviate regulatory costs associated with investigating and resolving the proper allocation of joint and common costs between the companies.  Moreover, the Applicants claim it will give them better access to capital and the combined companies will be eligible for Rural Utilities Service hardship loans with a five percent (5%) annual interest rate.

YOU ARE FURTHER NOTIFIED that the Application states that the merger is revenue neutral and will not affect either Rockland or Lakeside’s rates and charges.  The two companies now have identical rates for basic local exchange service.  However, there are some remaining rate differences, primarily involving access charges and recurring rates for vertical services

YOU ARE FURTHER NOTIFIED that this Application, together with supporting exhibits, has been filed with the Commission and is available for public inspection during regular business hours at the Commission offices.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and, therefore, will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201 through -.204.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission within twenty-one (21) days from the date of this Notice.  The comment must contain a statement of reasons supporting the comment.  Persons desiring a hearing must specifically request a hearing in their written comments.  Written comments concerning this Application shall be mailed to the Commission and the Applicants at the addresses reflected below:

COMMISSION SECRETARYCONLEY E. WARD

IDAHO PUBLIC UTILITIES COMMISSIONMICHAEL C. CREAMER

PO BOX 83720GIVENS PURSLEY LLP

BOISE, IDAHO  83720-0074P.O. BOX 2720

BOISE, IDAHO  83701-2720

Street Address for Express Mail:

472 W WASHINGTON ST 277 NORTH SIXTH STREET, SUITE 200

BOISE, IDAHO  83702-5983BOISE, IDAHO  83701-2720

These comments should contain the case caption and case number shown on the first page of this document.

YOU ARE FURTHER NOTIFIED that if no written comments are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing.  If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 et seq.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and that the Commission may enter any final Order consistent with its authority under Title 61.

O R D E R

IT IS HEREBY ORDERED that upon review of the filings in this case and determination of the Commission, that this Case No. ROK-T-98-1 shall be processed by Modified Procedure, Commission Rules of Procedure 201-204, IDAPA 31.01.01.201-04.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this                  day of December 1998.

                                                                                                                                      DENNIS S. HANSEN, PRESIDENT

                                                                                           RALPH NELSON, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

December 16, 1998