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

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| IN THE MATTER OF THE APPLICATION OF COLUMBINE TELEPHONE COMPANY, INC.  AND SILVER STAR TELEPHONE COMPANY FOR AUTHORITY TO BORROW FROM THE RURAL TELEPHONE FINANCE COOPERA­TIVE IN THE AMOUNT OF $10,000,000. | ))))))) | CASE NO. SIL-T-97-2ORDER NO.  26919 |

On April 28, 1997, Columbine Telephone Company, Inc.  (Columbine) and Silver Star Telephone Company (Silver Star) (hereinafter Applicants), filed an Application for loan approval with this Commission requesting authority for Columbine to execute loan contracts and first mortgage liens in the amount of $10,000,000 with the Rural Telephone Finance Cooperative (RTFC), and further requesting authority for Silver Star to guarantee periodic payments thereunder.  In support of the Application, applicants allege that the proceeds of the RTFC loans will be utilized to purchase U S WEST’s local exchange property in Victor, Driggs and Tetonia, Idaho and to pay for the cost of construction and service upgrades in the purchased exchanges.  The maturity for the loans would be 15 years with the interest rate fixed or variable and to be determined at the time of closing.  The term sheet for Columbine and Silver Star is attached showing RTFC as the lender, loan amounts, construction loan, annual equity contributions, interest rate options and other covenants.

The Idaho Public Utilities Commission having fully considered the Application, including the information and exhibits attached thereto, and all of the Commission’s files and records pertaining to this Application, makes the following findings of fact and conclusions of law.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Columbine and Silver Star are telephone corporations within the definition of Idaho Code § 61-114 and public utilities within the definition of Idaho Code § 61-129.

The Idaho Public Utilities Commission has jurisdiction over this matter pursuant to the provisions of Idaho Code § 61-901 et seq., and the Application reasonably conforms to Rule 141 through 150 of the Commission’s Rules of Procedure, IDAPA 31.01.01.141-150.

The method of issuance is proper.

Columbine and Silver Star have sought approval from the Commission for a loan relating to the financing for the purchase of U S WEST’s exchanges of Victor, Driggs and Tetonia, Idaho.  The Commission previously authorized the purchase of these exchanges in Commission Order No. 26353 issued March 5, 1996.  The requested authority is for two RTFC loans with specific covenants.  The maturity for the loans would be 15 years with the interest rate fixed or variable and to be determined at the time of closing.  The term sheet is attached showing RTFC as the lender, loan amounts, construction loan, annual equity contribution, interest rate options and other covenants.

The general purposes to which the proceeds will be put are lawful and under the public utility law of the state of Idaho and are compatible with the public interest.  However, this is only a general approval of the purposes to which the proceeds will be put, and is not a finding of fact nor a conclusion of law that any particular construction program is approved by this Order.  The issuance of an Order authorizing proposed financing does not constitute agency determination or approval of the type of financing or the related cost for ratemaking purposes.  The Public Utilities Commission does not have before it determination, and therefore does not determine, the effect of the proposed transaction on rates to be charged by Columbine or Silver Star for telephone service to consumers in the state of Idaho.

All lawful fees have been paid by the Applicants as provided by Idaho Code § 61-905.

The Application should be approved.

O R D E R

IT IS THEREFORE ORDERED that the Application of Columbine Telephone Company, Inc. for authority to execute loan contracts and supplemental mortgages with RTFC in the total amount of $10,000,000 is hereby granted.

IT IS FURTHER ORDERED that Silver Star Telephone Company is authorized to guarantee Columbine’s periodic payment under the RTFC loan agreements.

IT IS FURTHER ORDERED that the Applicants shall file with this Commission a report of security issued including verified copies of any agreement entered into in connection with the issuance of debt setting forth the date of issuance, principal amount, interest rate, date of maturity and all other terms.  The Applicants shall also file with the Staff the covenant calculations and required RTFC certifications.

IT IS FURTHER ORDERED that the foregoing authorization is without prejudice to the regulatory authority of this Commission with respect to rates, service, accounts, valuation, estimates, or determination of costs or any other matter that may come before this Commission pursuant to this 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 with this Order 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 provision of Chapter 9, Title 61 of the Idaho Code.

IT IS FURTHER ORDERED that issuance of this Order does not constitute acceptance of the Applicants’ exhibits or other material accompanying this Application for any other 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 May 1997.

DENNIS S. HANSEN, PRESIDENT

RALPH NELSON, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

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**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

May 14, 1997