

RECEIVED

2022 NOV 22 PM 2:57

IDAHO PUBLIC UTILITIES COMMISSION

ATTORNEYS AND COUNSELORS

Hawley Troxell Ennis & Hawley LLP
877 Main Street, Suite 1000
P.O. Box 1617
Boise, Idaho 83701-1617
208.344.6000
www.hawleytroxell.com

STEVE FRINSKO
E-MAIL: SFRINSKO@HAWLEYTROXELL.COM
DIRECT DIAL: 208.388.4876
DIRECT FAX: 208.954.5959

November 22, 2022

VIA HAND DELIVERY

Ms. Jan Noriyuki
Commission Secretary
Idaho Public Utilities Commission
11331 W. Chinden Blvd. Building 8, Suite 201-A
Boise, ID 83714

Re: *Case No. MID-T-22-01 - Application of Midvale Telephone Company for Authority to Borrow*

Dear Ms. Noriyuki:

I am enclosing an original of Midvale Telephone Company's ("**Midvale**") Application for Authority to Borrow. As noted in the Application, the Loan Documents (as defined in the Application) are being submitted on a USB contemporaneously with this letter as Midvale's confidential information for Commission and Commission Staff review.

Midvale will make payment of the applicable filing fee, pursuant to Idaho Code Section 61-905, upon the Commission's confirmation of that filing fee and generation of related invoice. I calculate the filing fee to be \$630.00 based on the fact that 49.11% of Midvale's total book value is located in Idaho. Hopefully, this matches the Commission's calculation. At your earliest convince, please direct the applicable invoice to my attention via email.

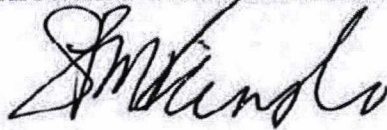
ATTENTION COMMISSION SECRETARY AND HEAD LEGAL SECRETARY: in order to meet lender-imposed deadlines, Midvale respectfully requests that the Commission issue its Order approving the within Application on or before December 15, 2022.

Ms. Jan Noriyuki
November 22, 2022
Page 2

Please acknowledge receipt by returning a stamped copy of this cover letter to me. Thank you very much for your prompt attention to this matter, and please do not hesitate to contact me with any questions or concerns.

Sincerely,

HAWLEY TROXELL ENNIS & HAWLEY LLP

A handwritten signature in black ink, appearing to read "S Frinsko", written over the printed name.

Steve Frinsko

Enclosures

- Application
- USB (Password: 2083884800)

Stephen M. Frinsko, ISB No. 8432
HAWLEY TROXELL ENNIS & HAWLEY LLP
877 Main Street, Suite 200
P.O. Box 1617
Boise, ID 83701-1617
Telephone: 208-344-6000
Facsimile: 208-954-5261
Email: sfrinsko@hawleytroxell.com

Attorneys for Midvale Telephone Company

RECEIVED
2022 NOV 22 PM 2:57
IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION
OF MIDVALE TELEPHONE COMPANY
FOR AUTHORITY TO BORROW FROM
THE RURAL UTILITIES SERVICE IN AN
AMOUNT OF \$10,583,267.

Case No. MID-T-22-01

**APPLICATION OF MIDVALE
TELEPHONE COMPANY**

Midvale Telephone Company (“**Applicant**”) makes this Application pursuant to Idaho Code Section 61-901 *et seq.* for authority to execute a ReConnect Loan Agreement with Mortgage and a Promissory Note in an amount of \$10,583,267, from the United States of America, acting through the Administrator of the Rural Utilities Service (“**RUS**”). In support of its Application, Applicant 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 states of Idaho and Arizona. The Certificate of Public Convenience and Necessity (No. 254) of Midvale Telephone Exchange, Incorporated (“**MTE**”) was transferred to MTE’s wholly-owned subsidiary, Applicant, by Order No. 30969 dated December 29, 2009 in Docket MID-T-09-03.

2. Applicant seeks funding from RUS in the aggregate amount of \$10,583,267 (the “**Loan**”). The Loan will be made upon the terms and conditions set forth in those certain ReConnect Loan Agreement with Mortgage, Promissory Note, and other documents and instruments contemplated therein and thereby (collectively the “**Loan Documents**”). The subject Loan Documents are submitted on a USB contemporaneously with this Application as Applicant’s confidential information for Commission and Commission Staff review.

3. The Loan will bear interest at a subsidized rate of 2%. The term of the Loan is 22 years from the date funds are first made available to the Applicant. The true and correct copy of the loan approval letter dated June 14, 2022, is attached as Exhibit A.

4. The Loan proceeds will be used to pay for, and partially reimburse general funds to: (a) extend broadband internet to certain additional service areas in Stanley, Idaho, Cascabel, Arizona, and Young, Arizona (the “**Service Areas**”); (b) provide for router and switch upgrades to handle broadband traffic growth; (c) deploy additional fiber optic and buried cable networks in the Service Areas; (d) extend fiber-to-the-home and broadband Ethernet transport facilities to provide larger pipes and redundant paths; and (e) for related system improvements.

5. The proposed transaction is consistent with the public interest. The extension of broadband and fiber service and related upgrades will provide and improve service for Applicant’s Idaho customers and make it possible for Applicant to meet new service demands. Extension and construction of additional infrastructure will further serve the goals of universal internet service.

6. 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.

7. A certified copy of Applicant's Board of Directors' resolution authorizing the proposed transaction is attached as Exhibit B. The subject Loan Documents referenced as exhibits in Exhibit B have been removed and are submitted on a USB contemporaneously with this Application as Applicant's confidential information for Commission and Commission Staff review as noted in Paragraph 2.

8. A Proposed Order granting this Application is attached as Exhibit C.

9. Notice of this Application will be published within seven days in *The Idaho Statesman* (Boise) and the *Idaho Business Review* (Boise), as required under Rule 141.08 of the Commission's Rules of Procedure. A copy of this Notice is attached as Exhibit D.

10. 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, under Rule 144 of the Commission's Rules of Procedure. If the Commission determines that formal proceedings on this Application are necessary, Applicant stands ready for immediate hearing.

11. 49.11 percent of Applicant's total book value is located in Idaho. Applicant will make payment of the applicable filing fee, pursuant to Idaho Code Section 61-905, upon the Commission's calculation of the same and generation of related invoice.

12. All notices and communications with regard to this Application should be served upon:

Steve Frinsko
Hawley Troxell Ennis & Hawley LLP
877 Main Street, Suite 200 (ZIP 83702)
P.O. Box 1617
Boise, Idaho 83701-1617
Telephone: 208-388-6000
Facsimile: 208-954-5261
sfrinsko@hawleytroxell.com

John Stuart
President & Chief Executive Officer
Midvale Telephone Company
2205 Keithley Creek Road
Midvale, Idaho 83645
john.stuart@mtecom.com
Telephone: 208-355-2211

13. Applicant respectfully requests, pursuant to Rule 145 of the Commission's Rules of Procedure, that the Commission process this Application on an expedited basis and issue its Order granting this Application on or before December 15, 2022.

WHEREFORE, Applicant respectfully requests an Order of this Commission:

1. Granting the foregoing Application and authorizing Midvale Telephone Company to execute and deliver to the Rural Utilities Service a ReConnect Loan Agreement with Mortgage, Promissory Note, and other documents and instruments contemplated therein and thereby for a combined loan and grant in an amount of \$10,583,267; and
2. Granting such other relief as the Commission deems just and reasonable in this matter.

Dated: November 22, 2022

HAWLEY TROXELL ENNIS & HAWLEY LLP

By: 

Stephen M. Frinsko, ISB No. 8432

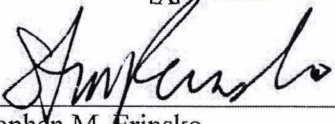
Attorney for Midvale Telephone Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 22nd day of November, 2022, I caused to be served a true and correct copy of the foregoing document by the method indicated below, and addressed to the following:

Jan Noriyuki, Secretary,
Idaho Public Utilities Commission
11331 West Chinden Boulevard
Building 8, Suite 201-A
Boise, ID 83714

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



Stephen M. Frinsko

EXHIBIT A

LOAN APPROVAL LETTER
[Attached]



United States Department of Agriculture

Rural Development

RUS Telecommunications
Program

1400 Independence Ave,
SW
Room 4121 - Stop 1590
Washington, DC 20250

Voice 202.720.0800

John Stuart
President & CEO
Midvale Telephone Company
2205 Keithley Creek Road
Midvale, Idaho 83645

Dear Mr. John Stuart,

We are pleased to inform you that your application for a loan from the Rural Utilities Service ReConnect Program has been approved. We are offering you a loan in the amount of \$10,583,267 carrying an interest rate of 2% over 22 years. The loan is subject to the terms of the enclosed Loan Agreement. The loan designation for your project is ID 1701-C60. This designation should be referenced in all future correspondence concerning this loan.

In order to comply with USDA's appropriations law requirements, you will need to execute and submit the enclosed Form AD-3031, "Assurance Regarding Felony Conviction or Tax Delinquent Status for Corporate Applicants."

Please be advised that pursuant to federal regulations at 7 CFR 1970.11(b), the Agency has determined that assured access to ReConnect funding for this Project is necessary for economic rural development. As a result, the attached Loan and Security Agreement is subject to the completion of all necessary environmental procedures required by Federal law. Given that all such procedures have not yet finished on your Project, no work on the Project, whether work which will be reimbursed through federal funds, or work which will be paid for with Awardees own funds, may be engaged until successful completion of the environmental reviews. Awardee acknowledges that unless it has received written notice from the Agency, it will not engage in any work on the Project, under any circumstances, except for that required to finalize the environmental reviews. Failure to abide by this requirement will result in the termination of the Loan and Security Agreement. Additionally, Awardee acknowledges that should any findings in the environmental reviews require significant changes to the Project, and as a result to the Loan and Security Agreement, such changes will constitute an immediate deobligation of federal funding and the termination of the Loan and Security Agreement and will not result in an amended agreement until revised terms are agreed upon and funding is determined to be still available.



United States Department of Agriculture

Rural Development

RUS Telecommunications
Program

1400 Independence Ave,
SW
Room 4121 - Stop 1590
Washington, DC 20250

Voice 202.720.0800

It is acceptable for ReConnect awardees to order materials and enter into engineering contracts prior to the commencement of "work". However, applicants must request permission to purchase the materials and must submit the engineering contracts for approval and must be informed that any purchases completed or contracts entered into before all environmental clearances have been obtained are at their own risk and that RUS has no obligation to reimburse these purchases.

Finally, before funds are drawn, you should have in place a cybersecurity plan, a supply chain plan, and a plan to comply with cybersecurity requirements of the National Institute of Technology and Cybersecurity and Infrastructure Security Administration.

Please indicate your acceptance of this offer by having **the president or other authorized official** sign this letter, and within five (5) days from the date hereof, returning it and an executed copy of the AD3031 form **by email** to:

Mr. Randall Millhiser, Deputy Assistant Administrator
Loan Origination and Approval Division
USDA, Rural Utilities Service
Stop 1590, Room 4121, South Building
1400 Independence Avenue, S.W.
Washington, D.C. 20250-1590
Email: LOADinfo@usda.gov

Upon receipt of the signed copy of this letter and the AD3031 form, the loan documents will be prepared and forwarded in the near future for execution. This loan/grant is approved with the understanding that the loan/grant documents will be authorized and executed by your organization and returned to us within the time period which will be set forth in the letter of transmittal.



United States Department of Agriculture

Rural Development

RUS Telecommunications
Program

1400 Independence Ave,
SW
Room 4121 - Stop 1590
Washington, DC 20250

Voice 202.720.0800

Although we are very glad to be making this loan combination to Midvale Telephone Company, we would appreciate it if you did not announce this loan offer until USDA makes a formal announcement of your acceptance of the loan.

Sincerely,

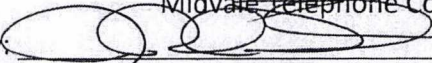
CHRISTOPH
ER MCLEAN

Digitally signed by
CHRISTOPHER MCLEAN
Date: 2022.06.10 17:59:24
-04'00'

CHRISTOPHER MCLEAN
Acting Administrator
Rural Utilities Service

ACCEPTANCE:

Midvale Telephone Company

By: 
Name: JOHN STUART
Title: PRESIDENT / CEO
Date: 06/14/2022

Enclosures:
Loan and Security Agreement
Form AD-3031

A.A#: RECON 257

EXHIBIT B

APPLICANT'S BOARD OF DIRECTORS' RESOLUTION

[Attached]

**MIDVALE TELEPHONE COMPANY
AN IDAHO CORPORATION**

SECRETARY'S CERTIFICATE

I, Nick Rynearson, do hereby certify that:

1. I am the duly elected, qualified and acting Secretary of Midvale Telephone Company, an Idaho corporation (the "**Corporation**").

2. The following resolutions are true and correct copies of resolutions duly adopted by the Corporation's Board of Directors (the "**Board**") at the Board's special meeting held on November 21, 2022 (the "**Meeting**"), and entered in the Corporation's minute books:

RESOLVED that the Corporation borrow from the United States of America (the "**Government**"), acting through the Administrator of the Rural Utilities Service ("**RUS**"), the amount of \$10,583,267 ("**Loan**") to be used for such purposes as approved by RUS;

RESOLVED that John Stuart, as president and CEO of the Corporation, is authorized on behalf of the Corporation to execute and deliver as many counterparts of the Loan Documents as required by RUS;

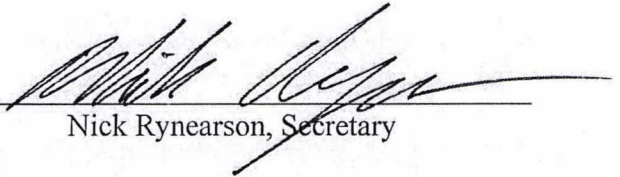
RESOLVED that a separate account (hereinafter called the "**Pledged Deposit Account**"), be opened at Zions Bank, and all proceeds of the Loan and Grant shall be deposited in such account which shall be pledged to the Government and held in accordance with the provisions of the Loan Documents and a deposit account control agreement;

RESOLVED that the officers of the Corporation are, and each of them is, authorized and directed to execute, deliver, and certify in the name and on behalf of the Corporation, all such instruments and all such other documents, make all such payments and do all such other acts as such officer, in such officer's discretion, deems necessary or advisable to carry out the purposes and intent of the foregoing resolutions or the transactions contemplated thereby; and

RESOLVED that any person or entity may rely upon any of the foregoing upon presentation of a copy of this Resolution certified by the Secretary or any Assistant Secretary of the Corporation declaring that this Resolution has not been later revoked.

3. The Meeting was duly called and held in accordance with the Corporation's bylaws.
4. Each member of the Board of Directors of the Corporation was furnished with notice of the Meeting in compliance with the bylaws of the Corporation.
5. None of the resolutions set forth above has been rescinded or modified.

The undersigned makes the foregoing certification effective as of November 21, 2022.



Nick Rynearson, Secretary

(Corporate Seal)





RESOLUTION

Approval of RUS ReConnect Loan

A. The Board of Directors (“**Board**”) of Midvale Telephone Company (“**Corporation**”), is familiar with the Corporation’s proposal to seek funding from the United States of America, acting through the Administrator of the Rural Utilities Service (“**RUS**”), in the aggregate amount of \$10,583,267 to be made upon the terms and conditions set forth in those certain ReConnect Loan Agreement with Mortgage, Promissory Note, a Deposit Account Control Agreement, and other documents and instruments contemplated therein and thereby (collectively the “**Loan Documents**”).

B. The Loan Agreement with Mortgage provides for RUS to have a first lien on the Corporation’s property, and which mortgage is intended to secure the loan, as well as all prior loans from RUS in parity.

C. The Board has reviewed the Loan Documents and desires and has determined that it is in the best interests of the Corporation to approve and execute the Loan Documents, by and between the Corporation and RUS, dated as of November 2, 2022.

D. True and correct copies of the following Loan Documents are attached: Exhibit A (ReConnect Loan Agreement with Mortgage) and Exhibit B (Promissory Note).

E. Forms containing model terms for the Deposit Account Control Agreement are attached as Exhibit C.

NOW THEREFORE, IT IS:

RESOLVED, that the Corporation: (a) borrow from RUS the amount of \$10,583,267 (“**Loan**”) upon the terms as set forth in the Loan Documents; and (b) use the proceeds of such Loan for such purposes as approved by RUS and consistently with the requirements of other existing agreements and security documents;

RESOLVED, that a separate account (hereinafter called the “**Pledged Deposit Account**”), be opened at Zions Bank, and all proceeds of the Loan shall be deposited in such account, which shall be pledged to RUS and held in accordance with the provisions of the Loan Documents and a deposit control agreement;

RESOLVED, that, should RUS not approve the deposit account contemplated by the preceding resolution as an appropriate deposit account to serve as the Pledged Deposit Account, the Corporation is authorized and directed to open a separate account with a bank approved by RUS, and all proceeds of the Loan must be deposited in such account, which shall be pledged to RUS and held in accordance with the provisions of the Loan Documents, and which account will be the “**Pledged Deposit Account**” for purposes of these resolutions;

RESOLVED, that the officers of the Corporation are, and each of them is, authorized and directed to negotiate the terms of the Deposit Account Control Agreement containing substantially the same terms and conditions as the model agreement attached as Exhibit C;

RESOLVED, that John Stuart, as president and CEO of the Corporation, in conjunction with the Loan, is authorized on behalf of the Corporation to execute and deliver as many counterparts of the Loan Documents as required by RUS;

RESOLVED, that the officers of the Corporation are, and each of them is, authorized and directed to execute, deliver, and certify in the name and on behalf of the Corporation, all such instruments and all such other documents, make all such payments and do all such other acts as such officer, in such officer's discretion, deems necessary or advisable to carry out the purposes and intent of the foregoing resolutions or the transactions contemplated thereby; and

RESOLVED, that any person or entity may rely upon any of the foregoing upon presentation of a copy of this Resolution certified by the Secretary or any Assistant Secretary of the Corporation declaring that this Resolution has not been later revoked.

EXHIBIT A
Loan Agreement
[attached]

EXHIBIT B

**Promissory Note
[attached]**

EXHIBIT C

**Model Deposit Account Control Agreement
[attached]**

EXHIBIT C

PROPOSED ORDER

[Attached]

Stephen M. Frinsko, ISB No. 8432
HAWLEY TROXELL ENNIS & HAWLEY LLP
877 Main Street, Suite 200
P.O. Box 1617
Boise, ID 83701-1617
Telephone: 208-344-6000
Facsimile: 208-954-5261
Email: sfrinsko@hawleytroxell.com

Attorneys for Midvale Telephone Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION
OF MIDVALE TELEPHONE COMPANY
FOR AUTHORITY TO BORROW FROM
THE RURAL UTILITIES SERVICE (“RUS”)
IN AN AMOUNT OF \$10,583,267.

Case No. MID-T-22-01

PROPOSED ORDER

On November 22, 2022, Midvale Telephone Company (“**Applicant**”) filed an Application for Loan Approval with this Commission requesting authority to execute a ReConnect Loan Agreement with Mortgage and a Promissory Note in an amount of \$10,583,267 with the United States of America, acting through the Administrator of the RUS.

In support of its Application, Applicant states that the proceeds of the RUS loan will be used to pay for, and partially reimburse general funds to: (a) extend broadband internet to certain additional service areas in Stanley, Idaho, Cascabel, Arizona, and Young, Arizona (the “**Service Areas**”); (b) provide for router and switch upgrades to handle broadband traffic growth; (c) deploy additional fiber optic and buried cable networks in the Service Areas; (d) extend fiber-to-the-home and broadband Ethernet transport facilities to provide larger pipes and redundant paths; and (e) for related system improvements.

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 Company for authority to execute a ReConnect Loan Agreement with Mortgage and a Promissory Note with the RUS in an amount of \$10,583,267 be, and the same is hereby granted.

DONE by Order of the Idaho Public Utilities Commission this ____ day of December, 2022.

John Chatburn, President

John R. Hammond, Jr., Commissioner

Eric Anderson, Commissioner

ATTEST:

Jan Noriyuki
Commission Secretary

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

NOTICE IS HEREBY GIVEN that on November 22, 2022, Midvale Telephone Exchange Incorporated, completed and filed with the Idaho Public Utilities Commission an Application for authority to borrow an amount of \$10,583,267 from the United States of America, acting through the Administrator of the Rural Utilities Service, to be used for upgrades and expansions within the State of Idaho. The loan will be evidenced by a ReConnect Loan Agreement with Mortgage and a Promissory Note.

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, 11331 W. Chinden Blvd. Building 8, Suite 201-A, Boise, Idaho 83714.

Jan Noriyuki, Secretary
Idaho Public Utilities Commission

EXHIBIT D

NOTICE OF THIS APPLICATION

**LEGAL NOTICE OF MIDVALE TELEPHONE COMPANY'S
APPLICATION FOR AUTHORITY TO BORROW FUNDS**

NOTICE IS HEREBY GIVEN that on November 22, 2022, Midvale Telephone Company, completed and filed with the Idaho Public Utilities Commission an Application for authority to borrow up to \$10,583,267 from the United States of America, acting through the Administrator of the Rural Utilities Service. The loan will be evidenced by, without limitation, a Promissory Note given to the Rural Utilities Services and secured by that certain ReConnect Loan Agreement with Mortgage.

The Application is on file and is available for public inspection at the Idaho Public Utilities Commission. Any person desiring to comment on that Application must file petitions or protests with the Idaho Public Utilities Commission within 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: Jan Noriyuki, Secretary, Idaho Public Utilities Commission, 11331 W. Chinden Blvd. Building 8, Suite 201-A, Boise, Idaho 83714.

Jan Noriyuki, Secretary
Idaho Public Utilities Commission