

## DECISION MEMORANDUM

**TO:** COMMISSIONER ANDERSON  
COMMISSIONER CHATBURN  
COMMISSIONER HAMMOND  
COMMISSION SECRETARY  
LEGAL  
WORKING FILE

**FROM:** JOSEPH TERRY  
CLAIRE SHARP

**DATE:** DECEMBER 13, 2022

**RE:** MIDVALE TELEPHONE'S REQUEST FOR AUTHORITY TO BORROW  
FROM THE RURAL UTILITIES SERVICE; CASE NO. MID-T-22-01

On November 22, 2022, Midvale Telephone Exchange ("Midvale" or "Company") filed an application requesting authority to execute a Mortgage and Promissory Note in an amount of \$10,583,267. The interest rate on the loan is subsidized and will be 2% with a term of 22 years. Staff calculated the application fee to be \$680.02. A partial payment of the fee was received on November 23, 2022, with the remaining balance received on November 30, 2022.

The proposed loan and grant proceeds will pay for and partially reimburse general funds to: (a) extend broadband internet to certain additional service areas within Stanley, Idaho; Cascabel, Arizona; and Young, Arizona; (b) provide for router and switch upgrades to handle broadband traffic growth; (c) deploy additional fiber optic and buried cable networks in those areas; (d) extend fiber-to-the-house and broadband ethernet transport facilities to provide larger pipes and redundant paths; and (e) for related system improvements.

### STAFF DISCUSSION AND RECOMMENDATION

The Company's proposed projects will improve service to existing customers and make it possible for the Company to meet new service demands. The additional infrastructure will further serve the goals of universal internet service. The interest rates proposed in the loan documents, are significantly better than a company the size of Midvale could reasonably expect to receive from the open market.

Due to recent legislation, there may be grants available for these projects. Staff expects the Company will pursue these grants where available. Staff recommends that any grants received for these projects be tracked in a separate account.

Staff recommends the Commission approve the loan. To monitor any loan covenants, Staff also recommends the following reporting requirements:

1. The Company shall provide copies of the final loan approvals including documentation for advances.

2. The Company shall provide a copy of any executed collateral documentation.
3. The Company shall provide copies of all annual certification, covenant reports, and letters regarding the determinations.

### COMMISSION DECISION

Does the Commission wish to approve the application with Staff's recommended reporting requirements?

Does the Commission wish to order the Company to pursue all applicable grants and record all grants for these projects in separate accounts?



Joseph Terry