

GIVENS PURSLEY LLP

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CONLEY WARD

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WILLIAM C. COLE

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Gary G. Allen
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Kelly T. Barbour
Christopher J. Beeson
William C. Cole
Michael C. Creamer
Thomas E. Dvorak
Roy Lewis Eiguren
Timothy P. Fearnside
Jeffrey C. Fereday
Melissa A. Finocchio*
Steven J. Hippler
Karl T. Klein
Debra K. Kristensen
Anne C. Kunkel

Jeremy G. Ladle
Franklin G. Lee
David R. Lombard
John M. Marshall
Kenneth R. McClure
Kelly Greene McConnell
Cynthia A. Melillo
Christopher H. Meyer
L. Edward Miller
Patrick J. Miller
Judson B. Montgomery
Angela K. Nelson
Deborah E. Nelson
W. Hugh O'Riordan, LL.M.
Bradley V. Sneed

H. Barton Thomas, LL.M.
J. Will Varin
Conley E. Ward
Robert B. White

Raymond D. Givens
RETIRED

James A. McClure
RETIRED

Kenneth L. Pursley
RETIRED
**Licensed In California*

January 26, 2006

VIA HAND DELIVERY

Jean Jewell, Secretary
Idaho Public Utilities Commission
472 W. Washington Street
P. O. Box 83720
Boise, ID 83720-0074

COL-T-06-02

RECEIVED
JAN 26 11:25
UTILITIES COMMISSION

RE: Columbine Telephone Company's Application. ATTENTION COMMISSION SECRETARY AND HEAD LEGAL SECRETARY: Columbine Telephone Company requests that the Commission issue an Order approving loan agreement on or before February 25, 2006.

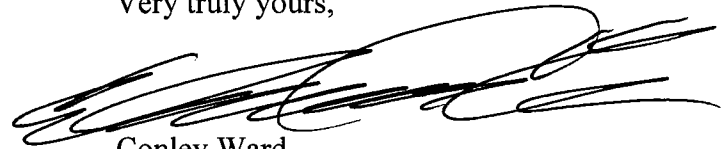
Dear Jean:

I am enclosing an original and four copies of Columbine Telephone Company's application for loan approval, together with a filing fee in the amount of \$1000.00. Please acknowledge receipt by returning a stamped copy of this cover letter.

You will note that Exhibit B has not yet been executed. We will substitute fully executed copies as soon as they are received.

Thank you for your help.

Very truly yours,



Conley Ward
William C. Cole

CEW/WCC/kaa

Enclosures

S:\CLIENTS\1534\50\Ltr to PUC re application.doc

Conley Ward [ISB No. 1683]
William C. Cole [ISB No. 4883]
GIVENS PURSLEY LLP
601 W. Bannock Street
P. O. Box 2720
Boise, ID 83701-2720
Telephone No. (208) 388-1200
Fax No. (208) 388-1300

RECEIVED
2002 JUN 25 PM 4:26
IDAHO PUBLIC UTILITIES COMMISSION

Attorneys for Columbine Telephone Company, Inc.
S:\CLIENTS\1534\50\PUC Application.DOC

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION
OF COLUMBINE TELEPHONE COMPANY,
INC. D/B/A TETON TELECOM FOR
AUTHORITY TO BORROW FROM THE
RURAL TELEPHONE FINANCE
COOPERATIVE ("RTFC") IN AN AMOUNT
NOT TO EXCEED \$11,000,000.

Case No.

COL-T-06-02

**APPLICATION OF COLUMBINE
TELEPHONE COMPANY**

Columbine Telephone Company, Inc. d/b/a Teton Telecom ("Columbine" or "Applicant"), by and through its attorneys, Givens Pursley LLP, makes this Application pursuant to Idaho Code § 61-901 for authority to execute a Loan Agreement with and Promissory Note to the Rural Telephone Finance Cooperative ("RTFC") in an amount not to exceed \$11,000,000. In support of its Application, Columbine states as follows:

1. Applicant is a certificated telephone corporation organized under the laws of the State of Colorado providing telecommunication services including local exchange service within the states of Idaho and Wyoming.

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

Conley Ward
William C. Cole
GIVENS PURSLEY LLP
601 W. Bannock Street
P. O. Box 2720

Boise, ID 83701-2720
cew@givenspursley.com
wcc@givenspursley.com

Allen Hoopes
Columbine Telephone Company, Inc.
P.O. Box 226
Freedom, WY 83120
(307) 883-6671

3. The proposed loan is for a term of fifteen (15) years and will carry interest rates determined in accordance with the lender's fixed and/or variable interest rates at the time the loan proceeds are advanced, with a current estimated variable interest rate of 7.1% per annum and a current estimated fixed interest rate ranging between 7.1% and 7.24%, depending on the term of the loan. RTFC's conditional loan commitment is attached hereto as Exhibit A. As set forth in such commitment, the proceeds from the loan will be used to finance the construction of a new office-building complex; to finance general plant and equipment upgrades; to fund the purchase of RTFC's 10% Subordinated Capital Certificates, and other corporate purposes.

4. The proposed loan transaction is consistent with the public interest because all of the loan proceeds will be used to improve the assets of Applicant and its affiliates. None of the assets of the Applicant or its regulated affiliate, Silver Star Telephone Company, Inc. ("Silver Star") will be pledged to secure the loan. The stock of the Applicant, Silver Star, and Goldstar Communications ("Goldstar"), a wholly owned subsidiary of Silver Star, will be pledged to secure the loan. The assets of several nonregulated affiliates of the Applicant, including Goldstar, will be pledged to secure the loan.

5. 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. A certified copy of Applicant's Board of Directors' resolution authorizing the proposed transaction is attached hereto as Exhibit B.

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

7. Notice of this Application will be published within seven (7) days in *The Idaho Statesman* (Boise). A copy of this Notice is attached hereto as Exhibit D.

8. 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, pursuant to Rule 23 of the Commission's Rules of Practice and Procedure. In the event the Commission determines that formal proceedings on this Application are necessary, Applicant stands ready for immediate hearing.

9. 90.5 percent of Applicant's total book value is located in Idaho. Applicant has therefore attached its filing fee, calculated pursuant to Section 61-905, Idaho Code, in the amount of \$1000.00.

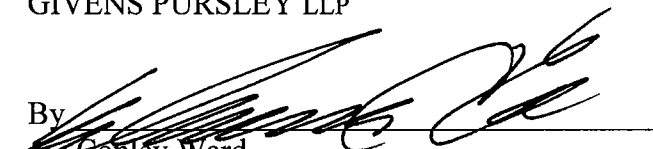
WHEREFORE, Applicant respectfully requests an Order of this Commission:

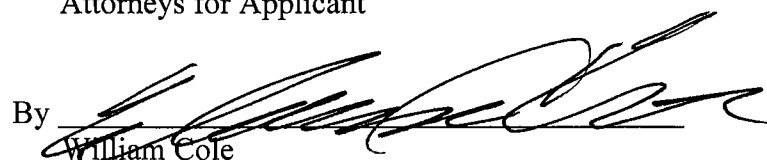
1. Granting the foregoing Application of Columbine Telephone Company, Inc. to execute and deliver to the Rural Telephone Finance Cooperative a Loan Agreement, Promissory Note and related documents for a loan in an amount not to exceed \$11,000,000; and

2. Granting such other relief as the Commission deems just and reasonable in this matter.

DATED this 26th day of January, 2006.

GIVENS PURSLEY LLP

By 
Conley Ward
For: GIVENS PURSLEY LLP
Attorneys for Applicant

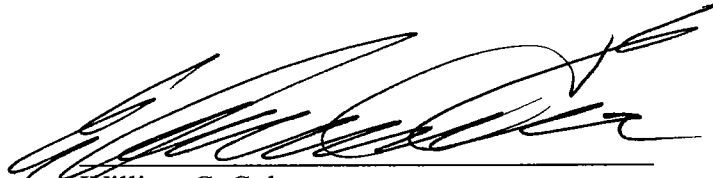
By 
William Cole
GIVENS PURSLEY LLP
Attorneys for Applicant

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 26th day of January 2006, I caused to be served a true and correct copy of the foregoing document by the method indicated below, and addressed to the following:

Jean Jewell
Idaho Public Utilities Commission
472 W. Washington Street
P. O. Box 83720
Boise, ID 83720-0074

U.S. Mail
 Hand Delivered
 Overnight Mail
 Facsimile



William C. Cole



RURAL TELEPHONE FINANCE COOPERATIVE
2201 Cooperative Way · Herndon, Virginia 20171-3025
703-709-6700

August 29, 2005

Mr. Allen R. Hoopes
President
Horizon Communications, Inc.
104101 Highway 89
Freedom, WY 83120

Dear Allen:

Re: Conditional Commitment for Long-Term Loan: WY 802-9002

Rural Telephone Finance Cooperative ("RTFC" or "Lender") hereby provides Horizon Communications, Inc. ("HCI"), Columbine Telephone Company, Teton Communications, Inc., Gold Star Communications, LLC, and Mountain Land Long Distance, LLC (collectively, the "Company" or "Borrower") with a conditional commitment for a long-term loan in the maximum amount of \$11,000,000 and for a term of fifteen (15) years. A conditional commitment letter is neither a formal loan commitment nor an offer to make a loan, but is merely intended as a basis for continuing the loan application review and discussions between the parties. This conditional commitment is subject to the terms described in this letter and the loan documents that are executed by and between RTFC and the Borrower. It is contemplated that loan proceeds will be used to finance the construction of PCS wireless facilities; to construct a new office-building complex; to upgrade existing wireline plant and equipment; and to purchase RTFC's 10% Subordinated Capital Certificates ("SCCs").

This letter is furnished as evidence of RTFC's conditional commitment to the Company. This letter shall not be used for any other purpose absent the express written consent of RTFC. The conditional commitment herein contained is reserved for the use of the Company only and is non-transferable.

RTFC offers the following credit arrangements under the terms and conditions set forth below:

- LENDER:** Rural Telephone Finance Cooperative.
- CO-BORROWERS:** Horizon Communications, Inc., Columbine Telephone Company, and Teton Communications, Inc., Mountain Land Long Distance, Gold Star Communications, LLC and any subsidiaries that are formed in connection with this transaction, jointly and severally.
- LOAN TYPE / AMOUNT:** A 15-year secured term loan in the amount of \$11,000,000. This loan will be used to finance the construction of a new office-building complex; to finance plant and equipment for the creation of a wireless subsidiary; to finance general plant and equipment upgrades; and to fund the purchase of RTFC's 10% SCCs ("the Loan").
- AVAILABILITY OF FUNDS:** Immediate upon satisfaction of requisite terms and conditions of the Loan Agreement including, but not limited to, the conditions outlined below and continuing until the fourth anniversary of the Loan Agreement date ("Termination Date").
- COLLATERAL:** The term loan will be secured by a blanket lien on the assets of HCI and by a pledge of stock and membership and partnership interests from each of the Company's wholly owned subsidiaries, including, but not limited to, Silver Star Telephone Company and Columbine Telephone Company. RTFC will also be secured by a first mortgage lien on the assets of each of the subsidiaries, with the exception of Silver Star Telephone and Columbine Telephone Company. The credit agreement and supporting documentation will include restrictions on the sale and transfer of assets by and between subsidiary companies.

AMORTIZATION: The Borrower will have the option to choose a two-year deferment of principal payments, with the deferment effective from the date of the initial advance. Principal amortization will begin in the first full billing cycle following either after the initial advance of loan funds or subsequent to the deferment period, if elected by the Borrower. Interest will be billed quarterly beginning with the first billing cycle following the initial advance using the interest rate or rates detailed in the following section.

INTEREST RATE: RTFC's standard cost-based variable and/or fixed interest rate(s) for long-term loans with 10% SCCs. The variable rate is subject to change monthly. Fixed interest rates are matched-funded and are placed at the Borrower's request for a Borrower-specified period of time. The Borrower will have the option to convert all or a portion of outstanding Loan funds to a fixed interest rate at any time without a fee. The conversion of a loan or portions thereof in the fixed rate mode are subject to certain notice provisions to Lender and make whole premiums to cover any unwinding costs that may be associated with the conversion.

EQUITY PURCHASE

REQUIREMENT: Purchase of an equity certificate (SCC) equal to 10% of the total amount borrowed. The SCC is amortized annually to maintain a 10% SCC-to-outstanding loan ratio. Amounts amortized are paid in cash to the Borrower. Amortization begins approximately one-year after full purchase of the SCC. The Borrower may elect to purchase the SCC using loan funds (borrowing option) or cash (installment plan option). If the borrowing option is selected, the SCC is included in the loan amount and is purchased with each advance. If the installment plan option is selected, the Borrower uses its own funds and purchases the SCC in twenty (20) quarterly installments beginning with the first full billing cycle following the initial advance of loan funds.

CAPITALIZATION: The Borrower will invest a minimum of 20% of the total project cost for its newly formed wireless subsidiary from its own funds.

KEY LOAN

COVENANTS: Financial covenants will be measured on a consolidated basis for the operations of Horizon Communications, Inc and its wholly owned subsidiaries. The credit documentation for the Loan will include, without limitation, the following covenants:

Financial Ratio Requirements: The Company shall achieve a minimum annual Times Interest Earned Ratio ("TIER") of 1.50 and a minimum annual Debt Service Coverage Ratio ("DSC") of 1.25. TIER, for any given year, is defined as net income plus interest on long-term debt expense plus income taxes payable divided by interest on long-term debt expense. DSC, for any given year, is defined as net income plus depreciation and amortization plus interest on long-term debt expense divided by interest on long-term debt expense and principal on long-term debt payable in such year.

Dividend & Distributions: The Company may make dividend and distributions without Lender's prior written approval provided that (i) after giving effect to such dividend payment, it achieves an equity-to-total assets ratio ("Post Transaction Net Worth") of 40% or greater, or (ii) the dividend payment does not exceed 25% of Borrower's prior fiscal year's Cash Margins and its Post Transaction Net Worth is 25% or greater. Cash Margins shall mean, in any given year, the Borrower's income before non-cash charges and after non-cash credits and principal on long-term debt payable for the year.

Additional Indebtedness: The Company may incur additional secured or unsecured indebtedness without Lender's prior written approval provided that its Post Transaction Net Worth is 40% or greater, except that Borrower may incur additional unsecured trade debt provided that, in the aggregate, the total does not exceed 5% of Borrower's total assets.

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Leverage Ratio: The Company will be required to maintain a Leverage Ratio not to exceed a ratio of 5.00 times cash flow. The Leverage Ratio is calculated on a consolidated basis by dividing total long and short-term indebtedness by operating cash flow for the most recent four quarters. Operating cash flow is calculated by adding a) pre-tax income or losses, excluding extraordinary gains from the write-up of any assets or investment income/loss; b) total interest expense including capitalized, accreted or paid-in-kind interest; and c) depreciation and amortization expense.

**CONDITIONS
OF CLOSING:**

Including, but not limited to:

- a) Satisfactory completion of RTFC's due diligence investigation, including the review and/or approval of the Company's business plan.
- b) Final approval by an authorized officer of RTFC;
- c) Borrower providing RTFC, in a form satisfactory to RTFC, (i) an executed Loan Agreement and Promissory Note evidencing specific terms of the Loan together with terms of repayment thereof; (ii) executed collateral documentation deemed necessary by Lender; (iii) opinion(s) of counsel; and (iv) evidence of all necessary regulatory/government approvals; and
- d) No material adverse change or misrepresentation shall have occurred or have been made by or on behalf of Borrower to Lender with respect to the Borrower's business, financial condition or the financing transaction contemplated herein.

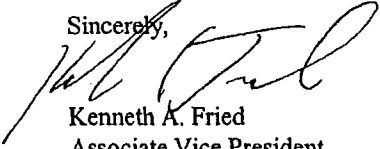
ASSIGNMENT: This commitment cannot be assigned.

GOVERNING LAW: This commitment and the Loan to be evidenced thereby will be governed by the laws of the Commonwealth of Virginia.

If you agree to the terms as set forth above, please so indicate by signing in the space provided below and returning a copy of this letter with an original signature to RTFC along with the commitment fee of \$22,000. In the event that RTFC does not approve the Loan, the commitment fee will be refunded in full. The fee will also be refunded if the Loan is approved and funds are fully advanced by the Termination Date. Under all other circumstances, the commitment fee will be retained by RTFC.

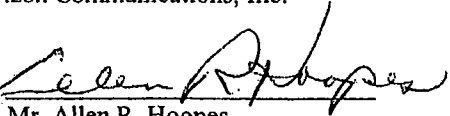
If a counter-signed copy of this letter and the commitment fee are not received within 60-days of the date of this letter, this commitment shall terminate and RTFC shall have no further obligations hereunder.

Sincerely,


Kenneth A. Fried
Associate Vice President
Account Manager

AGREED TO AND ACCEPTED:

Horizon Communications, Inc.

By 
Mr. Allen R. Hoopes
President

Date: 9/1/05

**CONSENT RESOLUTION
OF THE BOARD OF DIRECTORS
COLUMBINE TELEPHONE COMPANY**

The undersigned, being all of the directors of COLUMBINE TELEPHONE COMPANY, INC., a Colorado corporation (the "Company") doing business as Teton Telecom, do hereby take the following corporate actions without a meeting in accordance with the general corporation laws of the State of Colorado and the constituent documents of the Company:

WHEREAS, the directors, at a duly called meeting of the directors, have given their approval to pursue a loan commitment to provide funding for itself and certain affiliates to finance the construction of a new office-building complex; to finance general plant and equipment upgrades; to fund the purchase of RTFC's 10% Subordinated Capital Certificates, and other corporate purposes; and

WHEREAS, the directors of the Company have obtained a loan commitment from Rural Telephone Finance Cooperative ("RTFC") in the amount of Eleven Million Dollars and no/100 (\$11,000,000) (the "Loan"); and

WHEREAS, the directors believe the Loan to be in the best interests of the Company; and

WHEREAS, the directors now desire to approve the Loan.

NOW, THEREFORE BE IT RESOLVED, that the Company borrow from RTFC, and that the directors hereby authorize borrowings from RTFC, from time to time in amounts which shall not at any one time exceed \$11,000,000 in the aggregate;

RESOLVED, that the proceeds of such borrowings shall be used by the Company or its affiliates solely as specified in the Loan Agreement (as defined below);

RESOLVED, that Allen R. Hoopes, the President, is hereby authorized on behalf of the Company to execute and deliver under its corporate seal, which the Secretary or Assistant Secretary is directed to affix and attest:

- (a) as many counterparts as shall be deemed advisable for a Loan Agreement with RTFC (the "Loan Agreement"), substantially in the form presented to the Board of Directors;
- (b) a Secured Promissory Note payable to the order of RTFC in the aggregate principal amount not to exceed \$11,000,000, bearing such interest as provided for therein and providing for the payment of the indebtedness evidenced thereby within fifteen (15) years after the date thereof (the "Note"), substantially in the form presented to the Board of Directors;

RESOLVED, that said officer be, and hereby is, authorized and directed to execute and deliver in the name of and on behalf of the Company such other documents and to take such other actions as such person, in his/her sole discretion, shall deem necessary or advisable to carry out the intent and purpose of the foregoing resolutions or the transactions contemplated thereby;

RESOLVED, that Allen R. Hoopes is authorized on behalf of the Company to request and receive funds on account of the Note from time to time, to repay such funds in accordance with the Loan Agreement and the Note, and is directed to deposit such funds in a special bank account used to receive advances from the Lender; and

RESOLVED, that all actions heretofore taken by the authorized agents of the Company in connection with and in furtherance of the Loan are hereby ratified and confirmed in all respects as acts of the Company.

[end of text]

Dated effective the _____ day of _____, 2006.

Tom Davis, Director

Melvin R. Hoopes, Director

Allen R. Hoopes, Director

Bonnie E. Hoopes, Director

Brad E. Hoopes, Director

Rod R. Jensen, Director

Conley Ward [ISB No. 1683]
William C. Cole [ISB No. 4883]
GIVENS PURSLEY LLP
601 W. Bannock Street
P. O. Box 2720
Boise, ID 83701-2720
Telephone No. (208) 388-1200
Fax No. (208) 388-1300.

Attorneys for Columbine Telephone Company, Inc.
S:\CLIENTS\1534\50\Proposed Order.DOC

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION
OF COLUMBINE TELEPHONE COMPANY,
INC. D/B/A TETON TELECOM FOR
AUTHORITY TO BORROW FROM THE
RURAL TELEPHONE FINANCE
COOPERATIVE ("RTFC") IN AN AMOUNT
NOT TO EXCEED \$11,000,000

Case No.

PROPOSED ORDER

On January 26, 2006, Columbine Telephone Company, Inc. (hereinafter Applicant), filed an Application for Loan Approval with this Commission requesting authority to execute a loan agreement and promissory note in an amount not to exceed \$11,000,000.

In support of said Application, Applicant states that the proceeds of the RTFC loan will be used by the Applicant and certain affiliates to finance the construction of a new office-building complex; to finance general plant and equipment upgrades; to fund the purchase of RTFC's 10% Subordinated Capital Certificates, and other corporate purposes.

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 Columbine Telephone Company for authority to execute a loan agreement with and promissory note to the RTFC in an amount not to exceed \$11,000,000 be, and the same is hereby granted.

DONE by Order of the Idaho Public Utilities Commission this ____ day of _____, 2006.

Paul Kjellander, President

Dennis S. Hansen, Commissioner

Marsha Smith, Commissioner

ATTEST:

Jean Jewell, Secretary

LAW OFFICES
601 W. Bannock Street
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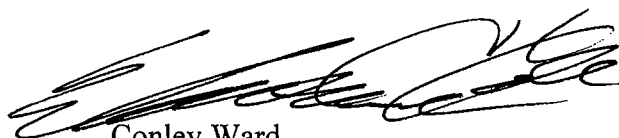
January 26, 2006

The Idaho Statesman
1200 N. Curtis Road
Boise, ID 83706

To Whom It May Concern:

Please publish the enclosed Legal Notice of Columbine Telephone Company, Inc.'s application for authority to borrow funds in your newspaper. A single publication will be sufficient. Thank you.

Sincerely yours,



Conley Ward
William C. Cole

CEW/WCC/kaa

Enclosure

S:\CLIENTS\1534\50\Legal Notice to Idaho Statesman.doc

LEGAL NOTICE OF COLUMBINE TELEPHONE COMPANY, INC.
APPLICATION FOR AUTHORITY TO BORROW FUNDS

NOTICE IS HEREBY GIVEN that on January 26, 2006, Columbine Telephone Company, Inc. completed and filed with the Idaho Public Utilities Commission an Application for authority to borrow up to \$11,000,000 from the Rural Telephone Finance Cooperative and in connection with the borrowing, to execute a loan agreement and 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, Statehouse, Boise, Idaho 83720.

Jean Jewell, Secretary
Idaho Public Utilities Commission