

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF COLUMBINE TELEPHONE COMPANY,) CASE NO. COL-T-06-2
INC. DBA TETON TELECOM FOR)
AUTHORITY TO BORROW FROM THE)
RURAL TELEPHONE FINANCE) ORDER NO. 29979
COOPERATIVE ("RTFC") IN AN AMOUNT)
NOT TO EXCEED \$11,000,000)**

On January 26, 2006, Columbine Telephone Company, Inc. dba Teton Telecom ("Columbine" or "Company") filed an Application with the Idaho Public Utilities Commission ("Commission") seeking an Order for authority to execute a Loan Agreement with and a Promissory Note to the Rural Telephone Finance Cooperative ("RTFC"). Pursuant to *Idaho Code* § 61-901, *et seq.*, the Commission is empowered to grant such authority.

THE APPLICATION

Columbine requests authority to borrow up to \$11,000,000 from the RTFC. This Application was filed January 26, 2006 with a requested Order date of February 25, 2006. To facilitate the schedule for decision meetings, Columbine agreed to an extension for the Order to be issued.

The proposed loan is for a term of 15 years at a fixed or variable rate to be determined at issue. Current estimated rates are approximately 7.1% variable or 7.1% - 7.24% fixed. The variable rate is subject to change monthly and may be converted to a fixed rate at any time without a fee. The assets of Columbine and Silver Star Telephone Company, Inc. ("Silver Star") will *not* be pledged to secure the loan. Instead, the stock of Columbine, Silver Star and Goldstar Communications (a wholly-owned subsidiary of Silver Star) along with the assets of Goldstar Communications and other unregulated subsidiaries will be pledged to secure the loan. RTFC will require Silver Star to maintain a minimum Times Interest Earned Ratio of at least 1.5 and a minimum Debt Service Coverage Ratio of 1.25. The covenants also include restrictions on dividend distribution, additional indebtedness and a Leverage Ratio not to exceed 5 times cash flow.

The proceeds of the loan will be used to finance construction of a new office-building complex; general plant and equipment for regulated and unregulated operations; purchase of

RTFC 10% Capital Certificates; and other corporate purposes. The budgeted amounts include: approximately \$2.75 million for the Columbine office-building complex in Driggs, Idaho; \$1 million supplemental funds for the Freedom, Wyoming headquarters building; \$1.3 million for fiber cable; \$800,000 for terminal equipment; \$600,000 for switching; \$850,000 for facilities in the Teton Springs subdivision; \$2.7 million for wireless and Internet facilities; and \$1 million for the RTFC certificates.

Company has paid the requisite fees pursuant to *Idaho Code* § 61-905.

STAFF COMMENTS

As with other debt authority requests, Staff continues to express concern about using regulated operations to secure non-regulated activities. Any adjustments associated with allocations, non-regulated costs or the need for a new office building will occur in future rate cases.

To monitor the loan covenants required by RTFC, Staff recommended the following reporting requirements be included in the Order approving the Application:

- 1) Provide copies of the RTFC final loan approvals including documentation for advances.
- 2) Provide a copy of any and **all** executed collateral documentation.
- 3) Provide copies of **all** annual certification, covenant reports, and letters regarding these determinations.
- 4) The "Report of Securities Issued."

Columbine informed Staff that it accepts these reporting requirements.

FINDINGS OF FACT

The Company is incorporated under the laws of the State of Colorado, providing telecommunications services including local exchange service within the States of Idaho and Wyoming, and is duly authorized to do business in this state in connection with its utility operations.

Based on the representations in the Application, we find that the proceeds from the subject 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.

All requisite fees have been paid by the Company in accordance with *Idaho Code* § 61-905.

CONCLUSIONS OF LAW

Columbine is a telephone corporation within the definition of *Idaho Code* § 61-121 and a public utility within the definition of *Idaho Code* § 61-129. The Commission has jurisdiction over this Application pursuant to *Idaho Code* §§ 61-901, *et seq.*, and the Application reasonably conforms to Rules 141 through 150 of the Commission's Rules of Procedure. IDAPA 31.01.01.141-150.

The proposed loan to be issued to Columbine by RTFC is for a lawful purpose and is within the Company's corporate powers. The proposed transaction is consistent with the public interest, and a formal hearing on this matter would serve no public purpose.

The Commission finds that this Application shall be approved, conditioned on the reporting requirements suggested by the Staff. Columbine shall file copies of (1) the RTFC final loan approvals, including documentation for advances, (2) any and all executed collateral documentation, (3) all annual certification, covenant reports, and letters regarding these determinations, and (4) the Report of Securities Issued, as they are completed.

This general approval of the general purposes to which the proceeds will be put is neither a finding of fact nor a conclusion of law that any particular program of the Company which may be benefited by the approval of this Application has been considered or approved by this Order, and this Order shall not be construed to that effect.

ORDER

IT IS HEREBY ORDERED that the Application of Columbine Telephone Company, Inc. dba Teton Telecom for an Order granting authority to borrow from the Rural Telephone Finance Cooperative, Case No. COL-T-06-2, is approved with certain conditions. The Company is directed to file copies of the following: (1) RTFC final loan approvals, including documentation for advances, (2) any and all executed collateral documentation, (3) all annual certification, covenant reports, and letters regarding these determinations, and (4) the Report of Securities Issued, as they are completed.

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 *1st* day of March 2006.



PAUL KJELLANDER, PRESIDENT

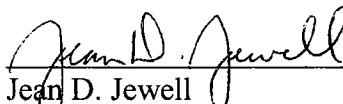


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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