

# DIVIDER

STATE OF NORTH DAKOTA  
INFORMATION TECHNOLOGY DEPARTMENT  
SFN 2053 (4-2002)

PU-427-02-454

Reservation Telephone Cooperative

Local Exchange

Public Convenience & Nece

Filed 8/23/2002

Closed 12/5/2002

02

## DESCRIPTION



Public Service Commission  
Receipt of Payment

Receipt# 5487

Received: 7/14/2003 Check# 38930 for \$105.71  
Subject: Utility Valuation

**Docket # PU-427-02-454**

Reservation Telephone Cooperative

Parshall ND 58770

**35 PU-427-02-454**

Pages: 1

Receipt# 5,487 \$105.71

by Reservation Telephone Cooperative

07/14/2003



Public Service Commission  
State of North Dakota

COMMISSIONERS

Tony Clark, President  
Leo M. Reinbold  
Susan E. Wefald

Executive Secretary  
Jon H. Mielke

600 E Boulevard Ave. Dept. 408  
Bismarck, North Dakota 58505-0480  
web: www.psc.state.nd.us  
e-mail: sab@psc.state.nd.us  
TDD 800-366-6888  
Fax 701-328-2410  
Phone 701-328-2400

June 19, 2003

Patrick W Durick  
Pearce & Durick  
P O Box 400  
Bismarck ND 58502

Dear Mr. Durick:

We received your letter dated June 16<sup>th</sup> informing us of the completion of the CTC sale to Reservation Telephone Cooperative.

Enclosed are the original Certificates of Public Convenience and Necessity. These certificates are to be kept either in your files or you can send them to Reservation to keep them in their files.

If you have any questions, please call me at 701-328-4076.

Sincerely,

A handwritten signature in cursive script, appearing to read "Sharon Helbling".

Sharon Helbling  
Public Utilities Division

sdh

Enclosures

**PUBLIC SERVICE COMMISSION  
STATE OF NORTH DAKOTA**

**Certificate of Public Convenience and Necessity**

**Certificate Number 4971**

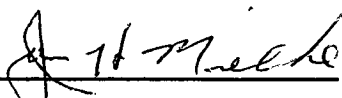
*This is to certify that public convenience and necessity require, and permission is granted for Reservation Telephone Cooperative, a telecommunications public utility, to provide local exchange telecommunications services inside the Alexander, North Dakota local exchange area.*

*This certificate is issued in Case No. PU-427-02-454 and is conditioned upon Reservation Telephone Cooperative securing the franchise or other authority of the proper municipal or other authority for the exercise of these rights and privileges and other conditions and limitations noted in the Order dated December 4, 2002.*

*Bismarck, North Dakota, April 1, 2003.*

**ATTEST:**

**PUBLIC SERVICE COMMISSION**

  
**Executive Secretary**

  
**Commissioner**

**PUBLIC SERVICE COMMISSION  
STATE OF NORTH DAKOTA**

**Certificate of Public Convenience and Necessity**

**Certificate Number 4972**

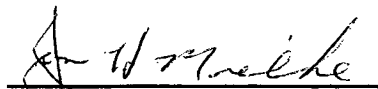
*This is to certify that public convenience and necessity require, and permission is granted for Reservation Telephone Cooperative, a telecommunications public utility, to provide local exchange telecommunications services inside the Watford City, North Dakota local exchange area.*

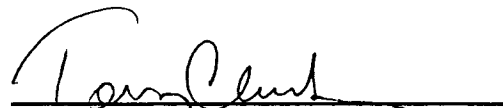
*This certificate is issued in Case No. PU-427-02-454 and is conditioned upon Reservation Telephone Cooperative securing the franchise or other authority of the proper municipal or other authority for the exercise of these rights and privileges and other conditions and limitations noted in the Order dated December 4, 2002.*

*Bismarck, North Dakota, April 1, 2003.*

**ATTEST:**

**PUBLIC SERVICE COMMISSION**

  
**Executive Secretary**

  
**Commissioner**

# PEARCE & DURICK

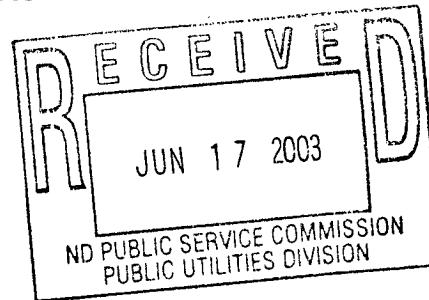
WILLIAM R. PEARCE 1910-1978  
WILLIAM P. PEARCE  
PATRICK W. DURICK  
B. TIMOTHY DURICK  
GARY R. THUNE •  
DAVID E. REICH  
JEROME C. KETTLESON  
LARRY L. BOSCHEE •  
LAWRENCE BENDER, PC •  
JONATHAN P. SANSTEAD

ATTORNEYS AT LAW  
314 EAST THAYER AVENUE  
P.O. BOX 400  
BISMARCK, NORTH DAKOTA 58502

TELEPHONE (701) 223-2890  
FAX (701) 223-7865  
E-MAIL: law.office@pearce-durick.com

OF COUNSEL  
HARRY J. PEARCE

June 16, 2003



Public Service Commission  
State of North Dakota  
600 East Boulevard Avenue  
Dept. 408  
Bismarck, ND 58505-0480

RE: Reservation Telephone Cooperative

Dear Commission Members:

Enclosed is Reservation Telephone Cooperative's NOTIFICATION OF COMPLETION OF TRANSACTION.

Thank for your attention to this matter.

Sincerely,

PEARCE & DURICK

  
for PATRICK W. DURICK

PWD/jf  
Enclosure.

23 PU-427-02-453 Pages: 1

Letter re Notification

by Reservation Telephone Cooperative by Patrick W [

06/17/2003

CC: Comm Legal Ilona Jerry .

31 PU-427-02-454 Pages: 1

Letter re Notification

by Reservation Telephone Cooperative

06/17/2003

CC: Comm Legal Ilona Jerry .

SO LICENSED IN S

**STATE OF NORTH DAKOTA**  
**PUBLIC SERVICE COMMISSION**

**Application of Reservation Telephone Cooperative  
for Certificates of Public Convenience and Necessity  
and Expansion of Reservation Telephone Cooperative's  
Eligible Telecommunications Carrier Designated  
Geographical Service Area**

**Case Nos.: PU-427-02-453  
PU-427-02-454**

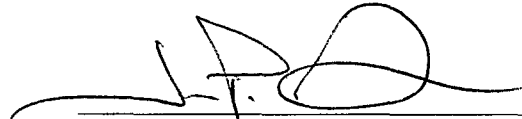
**NOTIFICATION OF COMPLETION OF TRANSACTION**

Pursuant to Paragraph 1 of the Recommended Order of the Commission dated November 26, 2002, as adopted by the Commission on December 4, 2002, Reservation Telephone Cooperative ("Reservation") hereby notifies the Commission that the contemplated sale by CTC to Reservation of the assets of CTC relating to the provision of local exchange telecommunications services, exchange access and other telecommunications services in the Watford City and Alexander exchanges, has been completed. Reservation began providing service in the Watford City and Alexander exchanges on April 1, 2003

Reservation hereby requests that the Commission issue Reservation a Certificate of Public Convenience and Necessity to operate the Alexander and Watford City exchanges.

Dated this 16<sup>th</sup> day of June, 2003.

PEARCE & DURICK



For PATRICK W. DURICK ND#03141  
P. O. Box 400  
314 E. Thayer Avenue  
Bismarck, ND 58502-0400  
(701) 223-2890

Attorney for Reservation Telephone Cooperative

22    **PU-427-02-453**    Pages: 1  
Notification of Completion of Transaction  
by Reservation Telephone Cooperative  
06/17/2003    CC: Comm Legal Ilona Jerry .

30    **PU-427-02-454**    Pages: 1  
Notification of Completion of Transaction  
by Reservation Telephone Cooperative  
06/17/2003    CC: Comm Legal Ilona Jerry .



Public Service Commission  
Receipt of Payment

Receipt# 5255

Received: 2/5/2003 Check# 37380 for \$105.71  
Subject: Utility Valuation

**Docket # PU-427-02-454**

Reservation Telephone Cooperative  
Parshall ND 58770

**APPROVED**

MOTION

DATE: 1-15-03  
KME

January 15, 2003

Reservation Telephone Cooperative  
Local Exchange  
Public Convenience & Necessity

Case No. PU-427-02-454

I move the Commission bill Reservation Telephone Cooperative for costs incurred to date in Case No. PU-427-02-454, Reservation Telephone Cooperative, Local Exchange, Public Convenience & Necessity.



Public Service Commission  
State of North Dakota

COMMISSIONERS

Susan E. Wefald, President  
Leo M. Reinbold  
Anthony T. Clark

Executive Secretary  
Jon H. Mielke

600 E Boulevard Ave. Dept. 408  
Bismarck, North Dakota 58505-0480  
web: [www.psc.state.nd.us](http://www.psc.state.nd.us)  
e-mail: [sab@psc.state.nd.us](mailto:sab@psc.state.nd.us)  
TDD 800-366-6888  
Fax 701-328-2410  
Phone 701-328-2400

January 15, 2003

Patrick W Durick  
Pearce & Durick  
PO Box 400  
Bismarck ND 58502-0400

RE: Case No. PU-427-02-454  
Reservation Telephone Cooperative  
Local Exchange  
Public Convenience & Necessity

Enclosed is a copy of the statement approved at the January 15, 2003 Public Service Commission meeting for the expenses incurred to date in Case No. PU-427-02-454.

Under N.D.C.C. 49-21-01.7, these expenses are billed through the Valuation Fund and must be paid for by the telecommunications company involved.

Please make your check payable to the *Public Service Commission*.

Sincerely,

Gloria Geiger  
Admin Staff Officer  
701-328-2401

Enc.

c: Royce Aslakson  
Reservation Telephone Cooperative  
PO Box 68  
Parshall ND 58770-0068

# Billing Statement

January 15, 2003

Reservation Telephone Cooperative  
Local Exchange  
Public Convenience & Necessity

Case No. PU-427-02-454

## Bill To:

Reservation Telephone Cooperative.....\$105.71

## Expenses Incurred to Date:

Advertising Costs .....\$31.52  
Hearing Expenses.....64.19  
Building Rent..... 10.00

## Send Payment and a Copy of this Statement To:

Public Service Commission  
600 E Boulevard Ave Dept 408  
Bismarck ND 58505-0480

Federal Tax ID 45-0309764

STATE OF NORTH DAKOTA  
PUBLIC SERVICE COMMISSION

Reservation Telephone Cooperative  
Designated Eligible Carrier  
Application

Case No. PU-427-02-453

Reservation Telephone Cooperative  
Local Exchange  
Public Convenience and Necessity

Case No. PU-427-02-454

AFFIDAVIT OF SERVICE BY CERTIFIED MAIL

STATE OF NORTH DAKOTA  
COUNTY OF BURLEIGH

Sharon Helbling deposes and says that:

she is over the age of 18 years and not a party to this action and, on the **5th day of December, 2002**, she deposited in the United States Mail, Bismarck, North Dakota, **two** envelopes with certified postage, return receipt requested, fully prepaid, securely sealed and each containing a photocopy of:

Order

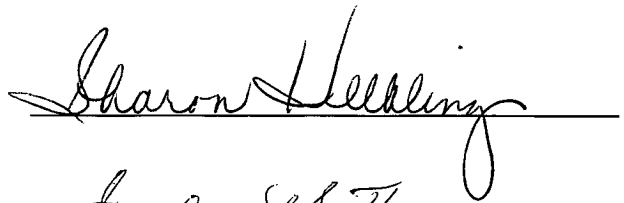
The envelopes were addressed as follows:

Patrick W Durick  
Pearce & Durick  
P O Box 400  
Bismarck ND 58502-0400  
Cert. No. 7001 1940 0005 3425 2252

Royce Aslakson  
Reservation Telephone Cooperative  
P O Box 68  
Parshall ND 58770  
Cert. No. 7001 1940 0005 3425 2269

Each address shown is the respective addressee's last reasonably ascertainable post office address.

Subscribed and sworn to before me  
this **5th day of December, 2002**.

  
Notary Public

SEAL



**APPROVED**

DATE: 12-4-02  
KMF

**MOTION**

**December 4, 2002**

**Reservation Telephone Cooperative  
Designated Eligible Carrier  
Application**

**Case No. PU-427-02-453**

**Reservation Telephone Cooperative  
Local Exchange  
Public Convenience and Necessity**

**Case No. PU-427-02-454**

I move the Commission adopt the Order adopting the Hearing Officer's Recommended Findings of Fact, Conclusions of Law, and Order approving the application of Reservation Telephone Cooperative for certificates of public convenience and necessity to provide incumbent local exchange telecommunications service and for designation as eligible telecommunications carrier for the Watford City and Alexander exchanges, Case Nos. PU-427-02-453 and PU-427-02-454.

sdh

STATE OF NORTH DAKOTA

PUBLIC SERVICE COMMISSION

Reservation Telephone Cooperative  
Designated Eligible Carrier  
Application

Case No. PU-427-02-453

Reservation Telephone Cooperative  
Local Exchange  
Public Convenience and Necessity

Case No. PU-427-02-454

ORDER

December 4, 2002

Having considered the evidence of record in this proceeding, the Public Service Commission adopts the Hearing Officer's November 26, 2002 Recommended Findings of Fact, Conclusions of Law and Order.

PUBLIC SERVICE COMMISSION

  
Anthony T. Clark  
Commissioner

  
Susan E. Weald  
President

  
Leo M. Reinbold  
Commissioner



Public Service Commission  
State of North Dakota

COMMISSIONERS

Susan E. Wefald, President  
Leo M. Reinbold  
Anthony T. Clark

Executive Secretary  
Jon H. Mielke

600 E Boulevard Ave. Dept. 408  
Bismarck, North Dakota 58505-0480  
web: www.psc.state.nd.us  
e-mail: sab@psc.state.nd.us  
TDD 800-366-6888  
Fax 701-328-2410  
Phone 701-328-2400

December 4, 2002

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

Re: Request for Waivers filed by Citizens Telecommunications Company of North Dakota, Nemont Telephone Cooperative, Inc., Missouri Valley Communications, Inc. and Reservation Telephone Cooperative in Connection with the Sale of Exchanges

Dear Ms. Dortch:


On December 4, 2002, the North Dakota Public Service Commission approved the applications for certificates of public convenience and necessity filed by Missouri Valley Communications, Inc. and Reservation Telephone Cooperative in connection with their purchase of certain exchanges in the State of North Dakota from Citizens Telecommunications Company of North Dakota. It is our understanding that these companies filed a Joint Petition for Expedited Waivers with the FCC on September 24, 2002 and a Supplement to Joint Petition for Expedited Waivers on October 25, 2002, requesting a waiver of certain FCC rules, including the study area rule, in connection with the purchase and sale of these exchanges.

The North Dakota Public Service Commission hereby affirmatively states that it does not object to the request for waiver of the FCC study area rule for the exchanges to be transferred from Citizens Telecommunications Company of North Dakota to Missouri Valley Communications, Inc. and Reservation Telephone Cooperative.

If you have any questions, please contact Jerry Lein at 701 328-1035.

Sincerely

  
Anthony T. Clark  
Commissioner

  
Susan E. Wefald  
President

  
Leo M. Reinbold  
Commissioner

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Pages: 1

Letter to FCC re application

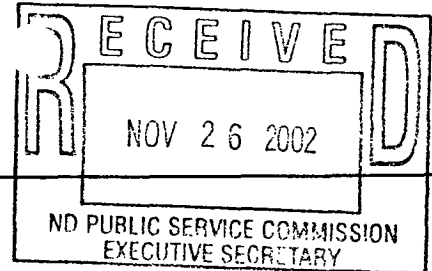
by Public Service Commission

12/04/2002

CC: Comm Legal Ilona Jerry



Public Service Commission  
State of North Dakota



COMMISSIONERS

Susan E. Wefald, President  
Leo M. Reinbold  
Anthony T. Clark

Executive Secretary  
Jon H. Mielke

600 E Boulevard Ave. Dept. 408  
Bismarck, North Dakota 58505-0480  
web: www.psc.state.nd.us  
e-mail: sab@psc.state.nd.us  
TDD 800-366-6888  
Fax 701-328-2410  
Phone 701-328-2400

November 26, 2002

Mr. Jon H. Mielke  
Public Service Commission  
600 East Blvd. Ave., Dept. 408  
Bismarck, ND 58505-0480

RE: Case Nos. PU-427-02-453 and PU-427-02-454  
Reservation Telephone Cooperative  
Designate Eligible Carrier and PC&N Applications

Dear Jon:

Enclosed for filing in the above is the original and seven copies of the Hearing Officer's Recommended Findings of Fact, Conclusions of Law and Order.

Thank you.

Sincerely,

William W. Binek  
Hearing Officer

WWB/sls  
Enclosure

C: Patrick W. Durick

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Cover letter re Recommended Findings of Fact, Conclusions of Law and Order by Public Service Commission by Bill Binek

11/26/2002

CC: Comm Legal Ilona Jerry

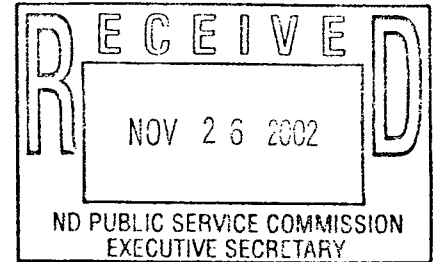
23 PU-427-02-454 Pages: 1

Cover letter re Recommended Findings of Fact, Conclusions of Law and Order by Public Service Commission by Bill Binek

11/26/2002

CC: Comm Legal Ilona Jerry

**STATE OF NORTH DAKOTA**  
**PUBLIC SERVICE COMMISSION**



**Reservation Telephone Cooperative  
Designated Eligible Carrier  
Application**

**Case No. PU-427-02-453**

**Reservation Telephone Cooperative  
Local Exchange  
Public Convenience and Necessity**

**Case No. PU-427-02-454**

**RECOMMENDED FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER**

**November 26, 2002**

**Appearances**

**William W. Binek**, Chief Counsel, Public Service Commission, State Capitol, Bismarck, North Dakota 58505-0480, Substantive Hearing Officer.

**Patrick W. Durick**, Attorney at Law, Pearce & Durick, 314 East Thayer Avenue, Bismarck, North Dakota 58502, on behalf of Reservation Telephone Cooperative.

**Jerry Lein and Mike Diller**, Staff Analysts, Public Service Commission, State Capitol, Bismarck, ND 58505-0480, on behalf of the Public Service Commission.

**Preliminary Statement**

On August 23, 2002 Reservation Telephone Cooperative ("RTC") filed an application for a certificate of public convenience and necessity to provide facilities-based incumbent local exchange telecommunications services in the Watford City and Alexander exchanges, Case No. PU-427-02-453. RTC also requests designation as an Eligible Telecommunications Carrier ("ETC") for receiving federal universal service support for the Watford City and Alexander exchanges, Case No. PU-427-02-454. Incumbent local exchange telecommunications services for the Watford City and Alexander exchanges are currently provided by Citizens Telecommunications Company of North Dakota ("CTC").

On September 25, 2002 the Commission issued a Notice of Public Hearing for Case Nos. PU-427-02-453 and PU-427-02-454 for October 22, 2002 at 10:00 a.m. CDT at the Watford City Hall, Heritage Room, 213 2<sup>nd</sup> Street NE, Watford City, North Dakota. The notice identified the following issues to be considered:

**14 PU-427-02-453** Pages: 6

Hearing Officer's Recommended Findings  
of Fact Conclusions of Law and Order  
by Public Service Commission by Bill Binek

11/26/2002

CC: Comm Legal Ilona Jerry .

**22 PU-427-02-454** Pages: 6

Hearing Officer's Recommended Findings  
of Fact Conclusions of Law and Order  
by Public Service Commission by Bill Binek

11/26/2002

CC: Comm Legal Ilona Jerry .

1. Fitness and ability of RTC to provide service.
2. Adequacy of the proposed service.
3. The technical, financial and managerial ability of RTC to provide service.
4. Qualification of RTC under the Telecommunications Act of 1996, Section 214 (e) for designation as an ETC eligible to receive federal universal service funding.
5. What ETC universal service support area should be designated for RTC.

N.D.C.C. section 49-03.1-04 includes two issues not indicated above. They are need for service and the effect on other public utilities providing similar service. N.D. Admin. Code section 69-09-05-11(3) provides:

*"In order to implement North Dakota Century Code chapter 49-03.1 consistent with the Telecommunications Act of 1996, issues to be considered in an application for a certificate of public convenience and necessity for a facilities-based provider of telecommunications services are:*

- a. *Fitness and ability of the applicant to provide service.*
- b. *Adequacy of the proposed service.*
- c. *The technical, financial, and managerial ability of the applicant to provide service."*

On October 18, 2002 National Information Solutions Cooperative filed an affidavit of Support for the application of RTC in Case Nos. PU-427-02-453 and PU-427-02-454.

On October 22, 2002 at 10:00 a.m. CDT, a public hearing was held at the Watford City Hall, Heritage Room, 213 2<sup>nd</sup> Street NE, Watford City, ND. Several members of the public made public interest comments.

On October 31, 2002 RTC filed late exhibits 3 and 4, Enumeration of ETC Service and Proposed Waiver letter, respectively.

Having heard and considered this matter, the Hearing Officer makes the following:

### **Findings of Fact**

1. RTC is a North Dakota business corporation, with its business offices located in Parshall, North Dakota. RTC is engaged in the business of providing local exchange telecommunications at various locations within the State of North Dakota.

2. On July 26, 2002 RTC entered into an agreement with CTC for the purchase of assets relating to the provision of local exchange telecommunications services, exchange access and other telecommunications services in the Watford City and Alexander exchanges. Upon closing, CTC intends to cease providing service and RTC intends to begin providing service in the Watford City and Alexander exchanges.

3. All subscribers currently served by CTC in the Watford City and Alexander exchanges will be served by RTC on the closing date of the transaction. CTC presently serves approximately 1,113 access lines in the Watford City exchange and 236 access lines in the Alexander exchange. CTC intends to relinquish its ETC designation and certificate of public convenience and necessity for the Watford City and Alexander exchanges effective as of the closing date of the transaction.

4. RTC presently provides telecommunications services to approximately 7,823 customers in eighteen exchanges in twelve communities spread over 7,000 square miles in north-central North Dakota. RTC has an experienced managerial staff and a seasoned and stable Board of Directors from the service areas that it serves. RTC provides a variety of technologically advanced telecommunications services to its subscribers including Call Waiting, Call Forwarding, Three Way Calling, Call Forward on Busy, Speed Dial 8 and Speed Dial 30, Cancel Call Waiting, Call Screening, Selective Call Forwarding, Special Call Acceptance and Priority Ringing, Caller ID, Voice Mail, Toll Restriction, Distinctive Ringing, Second Line, North Dakota Long Distance ("NDLD"), NDLD Prepaid Calling Cards, NDLD Toll Free Numbers and Calling Cards, Alarm Systems, Business Phone Systems, Internet, Paging, Retail Phone Equipment and Supplies, Telecommunication Equipment Leasing and RTC Telephone Cooperative Gift Certificates. RTC offers dial up internet access to all of its subscribers and presently offers Digital Subscriber Lines (InstaNet) to some of its customers. RTC plans to expand the availability of this DSL service as its plant is upgraded. RTC also offers cable television services in Arnegard, New Town, Parshall, Plaza, Makoti and Ryder and paging services in Keene, New Town and Parshall. RTC's website [www.RTC.coop](http://www.RTC.coop) contains public service materials, such as the community calendar, which lists all activities in all of the towns served by RTC. The Hearing Officer finds that RTC has the fitness and ability to provide adequate service to the Watford City and Alexander exchanges.

5. RTC intends to honor the existing local rates and the extended calling area for the Watford City and Alexander exchanges. RTC intends to honor existing interconnection agreements with Competitive Local Exchanges and wireless providers and to adopt the intrastate access rates currently used by RTC for its exchanges in North Dakota.

6. CoBank has issued a conditional loan commitment to RTC, and the proceeds of the loan as well as the present assets and operating margins of RTC provide ample assets for the purchase and operation of the Watford city and Alexander exchanges and the repayment of the loan. The Hearing Officer finds that RTC is fit, able, and has the

technical, financial and managerial ability to provide service for the Watford City and Alexander exchanges.

7. The Watford City and Alexander exchanges that are the subject of this sale are currently part of CTC's study area for purposes of determining universal service obligations. Both RTC and CTC request that the Commission notify the FCC that the Commission does not object to the study area changes necessary to remove the Watford City and Alexander exchanges from CTC's study area and to add those exchanges to RTC's study area.

8. To be designated as an eligible telecommunications carrier, a carrier must: (1) offer the services that are supported by federal universal service support mechanisms, and offer the services designated by the FCC for such federal support mechanisms for schools, libraries, and health care providers; and (2) advertise the availability of such services and the charges therefore using media of general distribution.

9. For telecommunications customers, the services designated by the FCC for support by Universal service support mechanisms include voice grade access to the public switched network, local usage, dual tone multi-frequency signaling or its functional equivalent, single-party service or its functional equivalent, access to emergency services, access to operator services, access to interexchange service, access to directory assistance and toll limitation for qualifying low-income consumers.

10. For schools and libraries, the service designated by the FCC for support by universal support mechanisms include all items listed on the Eligible Services List of the Schools and Libraries Support Mechanism of the Universal Service Administrative Company dated October 18, 2002. For health care providers, the services supported by universal service support mechanisms include any telecommunications service that is used primarily for the provision of health care.

11. RTC affirms it will offer all services that are supported by the federal universal service support mechanisms and will advertise the availability of and charges for those services using media of general distribution throughout the Watford City and Alexander exchanges.

12. RTC affirms that its Lifeline and Link Up offerings will continue to meet the requirements established by the FCC and the North Dakota Lifeline Plan and Link Up Plan in the Watford City and Alexander exchanges.

13. The Hearing Officer finds that RTC is qualified under the Telecommunications Act of 1996, Section 214 (e) for designation as an ETC eligible to receive federal universal service funding.

From the foregoing Findings of Fact, the Hearing Officer makes the following:

## **Conclusions of Law**

1. The Commission has jurisdiction over the applicant and over the subject matter of these applications under Title 49 of the North Dakota Century Code.
2. RTC is fit, able, and has the technical, financial and managerial ability to provide service for the Watford City and Alexander exchanges.
3. RTC's proposed service for Watford City and Alexander is adequate.
4. RTC meets the federal requirements for designation as an eligible telecommunications carrier in the Watford City and Alexander exchanges.

From the foregoing Findings of Fact and Conclusions of Law, the Hearing Officer makes the following:

## **Order**

The Commission Orders:

1. The application of Reservation Telephone Cooperative for a certificate of public convenience and necessity to provide incumbent local exchange telecommunications services in the Watford City and Alexander exchanges area is approved, effective with the date that the asset acquisition transaction is complete. A certificate of public convenience and necessity will be issued upon notification by the applicants that the transaction is complete.
2. Reservation Telephone Cooperative's application to expand its designated eligible carrier status is granted, and RTC is designated as an eligible telecommunications carrier in the Watford City and Alexander exchange areas, effective with the issuance of a certificate of public convenience and necessity and receipt of any required Part 36 study area waivers from the FCC.
3. Citizens Telecommunications Company of North Dakota's certificates of public convenience and necessity for the Watford City and Alexander exchanges shall be relinquished and cancelled effective with the issuance to RTC of a new certificate of public convenience and necessity for the Watford City and Alexander exchanges.
4. Citizens Telecommunications Company of North Dakota will no longer be designated as an ETC for the Watford City and Alexander exchanges effective upon

Citizen's relinquishing its certificate of public convenience and necessity for the Watford City and Alexander exchanges and receipt of any required Part 36 study area waivers from the FCC.

By:   
William W. Binek, Hearing Officer  
Public Service Commission  
600 East Boulevard Avenue  
Bismarck, ND 58505-0480



WILLIAM R. PEARCE 1910-1978  
 WILLIAM P. PEARCE  
 PATRICK W. DURICK  
 B. TIMOTHY DURICK  
 GARY R. THUNE •  
 DAVID E. REICH  
 JEROME C. KETTLESON  
 LARRY L. BOSCHEE •  
 LAWRENCE BENDER, PC •  
 JONATHAN P. SANSTEAD

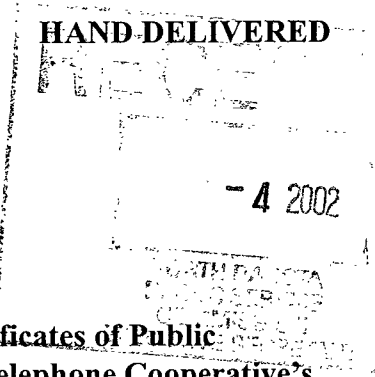
ATTORNEYS AT LAW  
 314 EAST THAYER AVENUE  
 P.O. BOX 400  
 BISMARCK, NORTH DAKOTA 58502

TELEPHONE (701) 223-2890  
 FAX (701) 223-7865  
 E-MAIL: law.office@pearce-durick.com

OF COUNSEL  
 HARRY J. PEARCE

November 4, 2002

Mr. William W. Binek  
 Chief Counsel  
 North Dakota Public Service Commission  
 600 East Boulevard Avenue  
 Bismarck, ND 58505



RE: **Application of Reservation Telephone Cooperative for Certificates of Public Convenience and Necessity and Expansion of Reservation Telephone Cooperative's Eligible Telecommunications Carrier Designated Geographical Service Area**  
**Case Nos.: PU-427-02-453 and PU-427-02-454**

Dear Mr. Binek:

Enclosed for filing in this matter please find the following:

1. Original and seven copies of Proposed Findings of Fact, Conclusions of Law and Order; and
2. Disc containing a file with the Proposed Findings of Fact, Conclusions of Law and Order and a file containing Late Filed Exhibit 4 - Proposed Waiver letter to FCC.

Thank you for your cooperation in this matter.

Sincerely,

PEARCE & DURICK  
  
 PATRICK W. DURICK

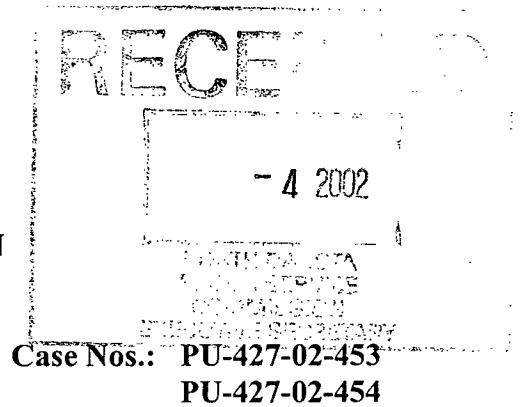
*See PU 427-02-453 for disk*

PWD/jf  
 Enclosures.  
 cc: Mr. Royce S. Aslakson (w/o disc)  
 Mr. Kevin Saville (w/o disc)  
 Mr. Steve Metts (w/o disc)  
 Ms. Kathy Greenwood (w/o disc)

**13 PU-427-02-453** Pages: 1  
 Cover letter re filing and disk  
 by Reservation Telephone Cooperative by Patrick Dur  
 11/04/2002 CC: Comm Legal Illona Jerry .

✓ **21 PU-427-02-454** Pages: 1  
 Cover letter re filing and disk  
 by Reservation Telephone Cooperative by Patrick Dur  
 11/04/2002 CC: Comm Legal Illona Jerry .

STATE OF NORTH DAKOTA  
PUBLIC SERVICE COMMISSION



**Application of Reservation Telephone Cooperative  
for Certificates of Public Convenience and Necessity  
and Expansion of Reservation Telephone Cooperative's  
Eligible Telecommunications Carrier Designated  
Geographical Service Area**

**PROPOSED**

**FINDINGS OF FACT, CONCLUSIONS OF LAW AND PROPOSED ORDER**

**Preliminary Statement**

On August 23, 2002 Reservation Telephone Cooperative ("RTC") filed an application for a certificate of public convenience and necessity to provide facilities-based incumbent local exchange telecommunications services in the Watford City and Alexander exchanges, Case No. PU-427-02-453. RTC also requests designation as an Eligible Telecommunications Carrier ("ETC") for receiving federal universal service support for the Watford City and Alexander exchanges, Case No. PU-427-02-454. Incumbent local exchange telecommunications services for the Watford City and Alexander exchanges are currently provided by Citizens Telecommunications Company of North Dakota ("CTC").

On September 25, 2002 the Commission issued a Notice of Public Hearing for Case Nos. PU-427-02-453 and PU-427-02-454 for October 22, 2002 at 10:00 a.m. CDT at the Watford City Hall, Heritage Room, 213 2<sup>nd</sup> Street NE, Watford City, North Dakota. The notice identified the following issues to be considered:

1. Fitness and ability of RTC to provide service.
2. Adequacy of the proposed service.
3. The technical, financial and managerial ability of RTC to provide service.
4. Qualification of RTC under the Telecommunications Act of 1996, Section 214 (e) for designation as an ETC eligible to receive federal universal service funding.
5. What ETC universal service support area should be designated for RTC.

On October 18, 2002 National Information Solutions Cooperative filed an affidavit of Support for the application of RTC in Case Nos. PU-2779-02-451 and PU-2779-02-452.

12 **PU-427-02-453** Pages: 5

Proposed Findings of Fact, Conclusions  
of Law and Order  
by Reservation Telephone Cooperative

11/04/2002

CC: Comm Legal Illona Jerry .

20 **PU-427-02-454** Pages: 5

Proposed Findings of Fact, Conclusions  
of Law and Order  
by Reservation Telephone Cooperative

11/04/2002

CC: Comm Legal Illona Jerry .

On October 22, 2002 at 10:00 a.m. CDT, a public hearing was held at the Watford City Hall, Heritage Room, 213 2<sup>nd</sup> Street NE, Watford City, ND, on Case Nos. PU-2779-02-451 and PU-2779-02-452, William W. Binek, Chief Counsel, Public Service Commission, presiding. Witness for RTC was Royce S. Aslakson. Jerry Lein and Mike Diller of the Commission staff presented testimony, including testimony by Mr. Diller, that RTC has the financial wherewithal to complete the purchase of the Watford City and Alexander exchanges and continue to provide service to the people of Watford City and Alexander on an ongoing basis. Several members of the public made appearances.

On October 31, 2002 RTC filed late exhibits 3 and 4, Enumeration of ETC Service and Proposed Waiver letter, respectively.

### FINDINGS OF FACT

1. On July 26, 2002 RTC entered into an agreement with CTC for the purchase of assets relating to the provision of local exchange telecommunications services, exchange access and other telecommunications services in the Watford City and Alexander exchanges. Upon closing, CTC intends to cease providing service and RTC intends to begin providing service in the Watford City and Alexander exchanges.
2. All subscribers currently served by CTC in the Watford City and Alexander exchanges will be served by RTC on the closing date of the transaction. CTC presently serves approximately 1,113 access lines in the Watford City exchange and 236 access lines in the Alexander exchange. CTC intends to relinquish its ETC designation and certificate of public convenience and necessity for the Watford City and Alexander exchanges effective as of the closing date of the transaction.
3. RTC presently provides telecommunications services to approximately 7,823 customers in eighteen exchanges in twelve communities spread over 7,000 square miles in north-central North Dakota. RTC has an experienced managerial staff and a seasoned and stable Board of Directors from the service areas that it serves. RTC provides a variety of technologically advanced telecommunications services to its subscribers including Call Waiting, Call Forwarding, Three Way Calling, Call Forward on Busy, Speed Dial 8 and Speed Dial 30, Cancel Call Waiting, Call Screening, Selective Call Forwarding, Special Call Acceptance and Priority Ringing, Caller ID, Voice Mail, Toll Restriction, Distinctive Ringing, Second Line, North Dakota Long Distance ("NDLD"), NDLD Prepaid Calling Cards, NDLD Toll Free Numbers and Calling Cards, Alarm Systems, Business Phone Systems, Internet, Paging, Retail Phone Equipment and Supplies, Telecommunication Equipment Leasing and RTC Telephone Cooperative Gift Certificates. RTC offers dial up internet access to all of its subscribers and presently offers Digital Subscriber Lines (InstaNet) to some of its customers. RTC plans to expand the availability of this DSL service as its plant is upgraded. RTC also offers cable television services in

Arnegard, New Town, Parshall, Plaza, Makoti and Ryder and paging services in Keene, New Town and Parshall. RTC's website [www.RTC.coop](http://www.RTC.coop) contains public service materials, such as the community calendar, which lists all activities in all of the towns served by RTC.

4. RTC intends on honoring the existing local rates and the extended calling area for the Watford City and Alexander exchanges. RTC intends to honor existing interconnection agreements with Competitive Local Exchanges and wireless providers and to adopt the Intrastate access rates currently used by RTC for its exchanges in North Dakota.
5. CoBank has issued a conditional loan commitment to RTC and the proceeds of the loan as well as the present assets and operating margins of RTC provide ample assets for the purchase and operation of the Watford city and Alexander exchanges and the repayment of the loan.
6. The Watford City and Alexander exchanges that are the subject of this sale are currently part of CTC's study area for purposes of determining universal service obligations. Both RTC and CTC request that the Commission notify the FCC that the Commission does not object to the study area changes necessary to remove the Watford City and Alexander exchanges from CTC's study area and to add those exchanges to RTC's study area.
7. To be designated as an eligible telecommunications carrier, a carrier must: (1) offer the services that are supported by federal universal service support mechanisms, and offer the services designated by the FCC for such federal support mechanisms for schools, libraries, and health care providers; and (2) advertise the availability of such services and the charges therefore using media of general distribution.
8. For telecommunications customers, the services designated by the FCC for support by Universal service support mechanisms include voice grade access to the public switched network, local usage, dual tone multi-frequency signaling or its functional equivalent, single-party service or its functional equivalent, access to emergency services, access to operator services, access to interexchange service, access to directory assistance and toll limitation for qualifying low-income consumers.
9. For schools and libraries, the service designated by the FCC for support by universal support mechanisms include all items listed on the Eligible Services List of the Schools and Libraries Support Mechanism of the Universal Service Administrative Company dated October 18, 2002. For health care providers, the services supported by universal service support mechanisms include any telecommunications service which is used primarily for the provision of health care.

10. **RTC affirms it will offer all services that are supported by the federal universal service support mechanisms and will advertise the availability of and charges for those services using media of general distribution throughout the Watford City and Alexander exchanges.**
11. **RTC affirms that its Lifeline and Link Up offerings will continue to meet the requirements established by the FCC and the North Dakota Lifeline Plan and Link Up Plan in the Watford City and Alexander exchanges.**

#### CONCLUSIONS OF LAW

1. **The Commission finds that RTC is fit, able, and has the technical, financial and managerial ability to provide service for the Watford City and Alexander exchanges.**
2. **The Commission finds that RTC's proposed service for Watford City and Alexander are adequate.**
3. **The Commission finds that RTC meets the federal requirements for designation as an eligible telecommunications carrier in the Watford City and Alexander exchanges.**

**From the foregoing Findings of Fact and Conclusions of Law, the Commission makes the following:**

#### ORDER

1. **The application of Reservation Telephone Cooperative for a certificate of public convenience and necessity to provide incumbent local exchange telecommunications services in the Watford City and Alexander exchanges area is approved, effective with the date that the asset acquisition transaction is complete. A certificate of public convenience and necessity will be issued upon notification by the applicants that the transaction is complete.**
2. **Reservation Telephone Cooperative's application to expand its designated eligible carrier status is granted, and RTC is designated as an eligible telecommunications carrier in the Watford City and Alexander exchange areas, effective with the issuance of a certificate of public convenience and necessity and receipt of any required Part 36 study area waivers from the FCC.**
3. **Citizens Telecommunications Company of North Dakota's certificates of public convenience and necessity for the Watford City and Alexander exchanges shall be relinquished and cancelled effective with the issuance to RTC of a new certificate of public convenience and necessity for the Watford City and Alexander exchanges.**

4. **Citizens Telecommunications Company of North Dakota will no longer be designated as an ETC for the Watford City and Alexander exchanges effective upon Citizen's relinquishing its certificate of public convenience and necessity for the Watford City and Alexander exchanges and receipt of any required Part 36 study area waivers from the FCC.**

**Dated:** \_\_\_\_\_, 2002.

**PUBLIC SERVICE COMMISSION**

\_\_\_\_\_  
**ANTHONY T. CLARK**  
Commissioner

\_\_\_\_\_  
**SUSAN E. WEFALD**  
President

\_\_\_\_\_  
**LEO M. REINBOLD**  
Commissioner



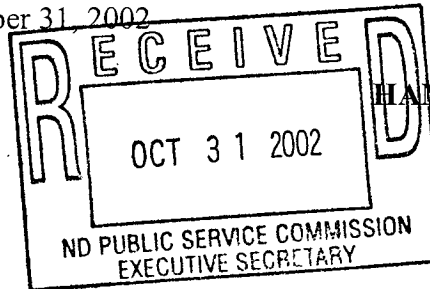
WILLIAM R. PEARCE 1910-1978  
 WILLIAM P. PEARCE  
 PATRICK W. DURICK  
 B. TIMOTHY DURICK  
 GARY R. THUNE •  
 DAVID E. REICH  
 JEROME C. KETTLESON  
 LARRY L. BOSCHEE •  
 LAWRENCE BENDER, PC •  
 JONATHAN P. SANSTEAD

ATTORNEYS AT LAW  
 314 EAST THAYER AVENUE  
 P.O. BOX 400  
 BISMARCK, NORTH DAKOTA 58502

TELEPHONE (701) 223-2890  
 FAX (701) 223-7865  
 E-MAIL: law.office@pearce-durick.com

OF COUNSEL  
 HARRY J. PEARCE

October 31, 2002



HAND DELIVERED

Mr. William W. Binek  
 Chief Counsel  
 North Dakota Public Service Commission  
 600 East Boulevard Avenue  
 Bismarck, ND 58505

RE: **Application of Reservation Telephone Cooperative for Certificates of Public Convenience and Necessity and Expansion of Reservation Telephone Cooperative's Eligible Telecommunications Carrier Designated Geographical Service Area**  
**Case Nos.: PU-427-02-453 and PU-427-02-454**

Dear Mr. Binek:

Enclosed herein please find the following:

1. Late Filed Exhibit 3 - Enumeration of ETC Service; and
2. Late Filed Exhibit 4 - Proposed Waiver letter to FCC.

I anticipate filing Proposed Findings of Fact, Conclusions of Law and Order on Tuesday, November 5, 2002.

Thank you for your cooperation in this matter.

Sincerely,

PEARCE & DURICK  
  
 PATRICK W. DURICK

PWD/jf  
 Enclosures.  
 cc: Mr. Royce S. Aslakson  
 Mr. Kevin Saville  
 Mr. Steve Metts  
 Ms. Kathy Greenwood

11 **PU-427-02-453** Pages: 1  
 Cover letter re Late Filed Exhibits 3 & 4  
 by Reservation Telephone Cooperative by Patrick W. I  
 10/31/2002 CC: Comm Legal Ilona Jerry .

19 **PU-427-02-454** Pages: 1  
 Cover letter re Late Filed Exhibits 3 & 4  
 by Reservation Telephone Cooperative by Patrick W. I  
 10/31/2002 CC: Comm Legal Ilona Jerry .

ENUMERATION OF ETC REQUIRED SERVICE

1. Voice grade access to the public switched network.
2. Local usage.
3. Dual tone multi-frequency signaling or its functional equivalent.
4. Single-party service or its functional equivalent.
5. Access to emergency services.\
6. Access to operator services.
7. Access to interexchange service.
8. Access to directory assistance.
9. Toll limitation for qualifying low-income consumers.

Source: 47 CFR Section 54.101

**Late Filed Exhibit 3, Case Nos.: PU-2779-02-453 and PU-2779-02-454**

**10 PU-427-02-453**

Pages: 1

Enumeration of ETC Service

by Reservation Telephone Cooperative

10/31/2002

**Exhibit # Late Filed 3**

CC. Comm Legal Ilona Jerry .

**18 PU-427-02-454**

Pages: 1

Enumeration of ETC Service

by Reservation Telephone Cooperative

10/31/2002

**Exhibit # Late Filed 3**

CC. Comm Legal Ilona Jerry .

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C., 20554

**RE: Request for Waivers filed by Citizens Telecommunications Company of North Dakota, Nemont Telephone Cooperative, Inc.; Missouri Valley Communications, Inc. and Reservation Telephone Cooperative in Connection with the Sale of Certain Exchanges**

Dear Ms. Dortch:

On November \_\_\_, 2002, the North Dakota Public Service Commission (Commission) approved the applications for certificate of public convenience and necessity filed by Missouri Valley Communications, Inc. and Reservation Telephone Cooperative in connection with their purchase of certain exchanges in the State of North Dakota from Citizens Telecommunications Company of North Dakota. It is the Commission's understanding that the above-referenced companies filed a Joint Petition for Expedited Waivers at the Federal Communications Commission (FCC) on September 24, 2002, and a Supplement to Joint Petition for Expedited Waivers on October 25, 2002, requesting a waiver of certain FCC rules, including the FCC's study area rule, in connection with the purchase and sale of these exchanges.

The North Dakota Public Service Commission hereby affirmatively states that it does not object to the request for waiver of the FCC's study area rule for the exchanges to be transferred from Citizens Telecommunications Company of North Dakota to Missouri Valley Communications, Inc. and Reservation Telephone Cooperative.

If you have any questions concerning this matter, please do not hesitate to contact Jerry Lein at 701 328-1035.

Sincerely,

\_\_\_\_\_  
ANTHONY T. CLARK  
Commissioner

\_\_\_\_\_  
SUSAN E. WEFALD  
President

\_\_\_\_\_  
LEO M. REINBOLD  
Commissioner

9 **PU-427-02-453** Pages: 2

Proposed Waiver letter to FCC

by Reservation Telephone Cooperative  
Exhibit # Late Filed 4  
10/31/2002 CC: Comm Legal Ilona Jerry .

17 **PU-427-02-454** Pages: 2

Proposed Waiver letter to FCC

by Reservation Telephone Cooperative  
Exhibit # Late Filed 4  
10/31/2002 CC: Comm Legal Ilona Jerry .

cc: Patrick W. Durick  
P.O. Box 400  
Bismarck, North Dakota 58502-0400

Mary J. Sisak  
Blooston, Mordkofsky, Dickens, Duffy, & Prendergast  
2120 L Street, NW  
Washington, DC 20037

**Late Filed Exhibit 4 - Waiver letter to FCC, Case Nos.: PU-2779-02-453 and PU-2779-02-454.**

**Late Filed Exhibit 3 - Waiver letter to FCC, Case Nos.: PU-2779-02-451 and PU-2779-02-452.**

# RTC Number of Subscribers Represented by Each Director - Comparative Report as of 3-1-01

Director	District	Exchange	Subscribers 3-1-00	Subscribers 3-1-01	% of System
Wisness	1	Arnegard	189	183	12%
		Keene	243	231	
		Mandaree	297	325	
		Squaw Gap	<u>153</u>	<u>137</u>	
		<b>total</b>	<b>882</b>	<b>876</b>	
Littlefield	2A	New Town	1,630	1,733	27%
	Wilber	2B	Ross	<u>223</u>	
		<b>total</b>	<b>1,856</b>	<b>1,951</b>	
Froseth	3	Norma	152	148	15%
		Kenmare	816	802	
		Spencer	<u>172</u>	<u>164</u>	
		<b>total</b>	<b>1,140</b>	<b>1,114</b>	
A.J. Johnson	4	Parshall	708	714	13%
		Plaza	<u>259</u>	<u>253</u>	
		<b>total</b>	<b>967</b>	<b>967</b>	
Anderson	5	Ryder	144	141	15%
		Douglas	105	106	
		Makoti	165	173	
		Roseglen	339	364	
		Max	<u>334</u>	<u>325</u>	
		<b>total</b>	<b>1,087</b>	<b>1,109</b>	
Nelson	6	Garrison	889	802	18%
		Emmet	<u>544</u>	<u>531</u>	
		<b>total</b>	<b>1,433</b>	<b>1,333</b>	
<b>RTC Total Subscribers</b>			<b><u>7,365</u></b>	<b><u>7,350</u></b>	



by Reservation Telephone Cooperative

Exhibit # 2

10/22/2002

CC: Comm Legal Ilona Jerry

Direct Testimony

**Royce S. Aslakson**

Before the **North Dakota Public Service Commission**

**Reservation Telephone Cooperative**

Case No. PU-427-02-454

**Public Convenience & Necessity  
Watford City and Alexander Exchanges**

October 22, 2002

**15**    **PU-427-02-454**    Pages: 9

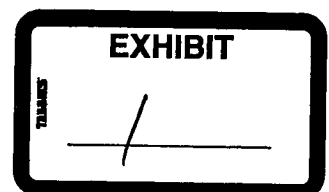
Royce S Aslakson Direct Testimony

by Reservation Telephone Cooperative

**Exhibit # 1**

10/22/2002

CC: Comm Legal Ilona Jerry .



Q. Please provide you name and position with Reservation Telephone Cooperative.

A. My name is Royce S. Aslakson, and I am the General Manager of Reservation Telephone Cooperative.

Q. Did you sign an Affidavit in support of the Application of Reservation Telephone Cooperative for a Certificate of Public Convenience and Necessity and Expansion of Reservation Telephone Cooperative's Eligible Telecommunications Carrier Designated Geographical Area.

A. Yes.

Q. Are the facts set forth in that Affidavit still valid today.

A. Yes.

Q. Please provide a summary of Reservation Telephone Cooperative's operations and plans concerning Watford City and Alexander.

A. Reservation Telephone Cooperative is a North Dakota cooperative presently operating under a Certificate of Public Convenience and Necessity in providing telecommunications service through 18 exchanges in twelve communities servicing 7,800 access lines spread over 7,000 square miles in North Central North Dakota. Reservation Telephone Cooperative wishes to extend its service area to include the exchanges in Watford City and Alexander where it will provide all services required by federal and state law. Reservation Telephone Cooperative intends to purchase 1,113 access lines in Watford City and 236 access lines in Alexander from Citizens Telecommunications Company of North Dakota. Reservation Telephone Cooperative intends to charge subscribers the same rate for basic local service as are presently charged by Citizens for that service. The provision of adequate essential and

nonessential telecommunications service in the Alexander and Watford City exchanges will be facilitated and supported by the full current technical, managerial and financial capabilities of Reservation Telephone Cooperative. Reservation Telephone Cooperative intends to adopt the Intrastate access rates currently used by Reservation Telephone Cooperative for its exchanges in North Dakota. Reservation Telephone Cooperative has agreed to adopt and honor all existing interconnect agreements with Competitive Local Exchange Carriers and wireless providers.

- Q. Please provide a summary of Reservation Telephone Cooperative's status and capabilities.
- A. With respect to its financial capabilities, Reservation Telephone Cooperative has attached to its Application a copy of audited financial statements for December 31, 2001 and 2002, which show total assets of approximately \$24 million, equities of approximately \$14 million, and healthy operating margins of over \$1 million in the year 2000 and \$1.4 million in the year 2001. Reservation Telephone Cooperative is on track to report similar positive results for this year. Reservation Telephone Cooperative is financially very strong, as evidenced by its equity position of sixty percent. To finance the purchase of the assets of the Watford City and Alexander exchanges, Reservation Telephone Cooperative has a conditional loan commitment with CoBank. Reservation Telephone Cooperative intends to call on that commitment. Reservation Telephone Cooperative has a business plan that will provide for payments on the loan from anticipated operating margins generated from its operations including the Watford City and Alexander exchanges.
- Q. Please provide a summary of the management team at Reservation Telephone Cooperative.

A. I am the General Manager of Reservation Telephone Cooperative and I have been with the Cooperative since 1987. I am well acquainted with the telecommunications industry and I have a stable and well qualified staff of 49 full time employees to assist me in the operation of the cooperative. The names, positions and length of service of my management team is set ad follows:

MANAGEMENT TEAM

<u>Name</u>	<u>Position</u>	<u>Years of Service</u>
Aamot, David	Controller	13
Aslakson, Royce	General Manager	15
Burckhard, Marcia	Administrative Assistant/HR23	
Hart, Shane	Office Manager	4
Hovda, Roger	Plant Manager	24
Kellar, Dennis	Construction Foreman21	
Westgard, Denese	Executive Secretary	14

Q. Please state the location of Reservation Telephone Cooperatives office and a summary of the governance aspects of Reservation.

A. Reservation Telephone Cooperative's general offices are in Parshall, North Dakota. Reservation Telephone Cooperative is governed by a seven member Board of Directors. The members of the board are elected from seven districts within the Cooperative's service area and they are all leaders in their respective communities. The Board meets monthly and they are well versed in Cooperative operations through various reports presented by

management. The membership of the Board of Reservation Telephone Cooperative has been very stable which provides continuity to the organization. The names, addresses, districts and years of service of members of the Board are as follows:

DIRECTORS

<u>Name</u>	<u>Address</u>	<u>District #</u>	<u>Years Served</u>
Anderson, Hilman	36500 331 <sup>st</sup> Ave SW Makoti, ND 58756	5	14
Froseth, Marlyn	PO Box 182 Kenmare, ND 58784-0182	3	24
Littlefield, Kenneth	7897 46 <sup>th</sup> St NW New Town, ND 58763-9575	2A	29
Nelson, Norlan	4624 17 <sup>th</sup> St NW Garrison, ND 58540-9431	6	23
Wilber, Terry	PO Box 998 New Town, ND 58763-0998	2B	3
Wisness, Paul	3862 Highway 23 Keene, ND 58847-8822	1	19
Vacant	Parshall, ND	4	

Q. Please provide a summary of the membership of Reservation Telephone Cooperative in organizations that are involved in the Telephone business.

A. The staff of Reservation Telephone Cooperative is assisted in maintaining its operational, technical and organizational skills and in providing up to date services to its customers in part by Reservation

Telephone Cooperative's affiliations with a number of organizations including the North Dakota Association of Telephone Cooperatives, the National Telecommunications Cooperatives Association, The North Dakota Telephone Association, North Dakota Long Distance, the National Information Solutions Cooperative, Minot State University Online and the Dakota Carrier Network.

Q. Please provide a summary of telecommunications services offered to subscribers of Reservation Telephone Cooperative.

A. Currently, members of Reservation Telephone Cooperative and subscribers to its services enjoy comprehensive and technologically advanced services including Call Waiting, Call Forwarding, Three Way Calling, Call Forward on Busy, Speed Dial 8 and Speed Dial 30, Cancel Call Waiting, Call Screening, Selective Call Forwarding, Special Call Acceptance and Priority Ringing. Other services include Caller ID, Voice Mail, Toll Restriction, Distinctive ringing, Second Line, North Dakota Long Distance ("NDLD"), NDLD Prepaid Calling Cards, NDLD Toll Free Numbers and Calling Cards, Alarm Systems, Business Phone Systems, Internet, Paging, Retail Phone Equipment and Supplies, Telecommunication Equipment Leasing and Reservation Telephone Cooperative Telephone Cooperative Gift Certificates. Reservation Telephone Cooperative offers dial up internet access to all of its subscribers and presently offers Digital Subscriber Lines (InstaNet) to some of its customers. Reservation Telephone Cooperative plans to expand the availability of this DSL service as its plant is upgraded. Reservation Telephone Cooperative also offers cable television services in Arnegard, New Town, Parshall, Plaza, Makoti and Ryder and paging services in Keene, New Town & Parshall. Reservation Telephone Cooperative's website [www.ReservationTelephoneCooperative.coop](http://www.ReservationTelephoneCooperative.coop) is a source of information on services provided by Reservation Telephone Cooperative and contains public service materials such as the community calendar which lists all activities in all of the towns served by Reservation Telephone Cooperative.

Q. Please provide a summary of Reservation Telephone Cooperative's plans for operating the Watford City and Alexander exchanges in the event the planned purchase of those exchanges is successful.

A. Reservation Telephone Cooperative intends to operate the anticipated addition of the exchanges in Watford City and Alexander by utilizing its present staff and adding the position of Communications Technician from the Watford City and Alexander exchanges to its staff. Reservation Telephone Cooperative does not anticipate any major problems in incorporating the Watford City and Alexander exchanges into its existing operations. Members of Reservation Telephone Cooperative's staff have discussed the operations of the Watford City and Alexander exchanges with the employees of Citizens who presently operate those exchanges. Employees of Reservation Telephone Cooperative have also visited and inspected the exchanges at Watford City and Alexander and are familiar with the equipment and operation of those exchanges. Reservation Telephone Cooperative has previous experience in adding exchanges to its system. In 1996, Reservation Telephone Cooperative added exchanges in Kenmare, Garrison and Max to its operations. Based upon the discussions and inspections, Reservation Telephone Cooperative is confident that it can incorporate the operations of the Watford City and Alexander exchanges into its current operation without any major problems or interruptions in service. To insure a seamless transition, Reservation Telephone Cooperative will provide an 800 number for subscribers in the event any of those subscribers have questions or comments on the transition.

Q. Please summarize your activities in preparing for any acquisition of the Watford City and Alexander exchanges.

A. In further preparation for the acquisition of the Watford City and Alexander exchanges, I have recently visited service organizations and residents of the communities of Watford City and Alexander. I

find widespread and favorable reactions to the anticipated purchase by Reservation Telephone Cooperative of the exchanges in these two communities. Reservation Telephone Cooperative's presently owns and operates exchanges in communities adjacent to and comparable to Watford City and Alexander in North Dakota. Reservation Telephone Cooperative is knowledgeable of the needs and wishes of persons in these communities and Reservation Telephone Cooperative has taken part in community activities in these communities in the past. Reservation Telephone Cooperative has participated in and sponsored activities at the McKenzie County Fair and various Rodeos in Watford City for a number of years. Reservation Telephone Cooperative has also granted scholarships to students from Watford City High School. Based on its broad and extensive experience Reservation Telephone Cooperative is able and willing to provide telecommunications services which will satisfy the needs of Watford City and Alexander.

- Q. Please summarize Reservation Telephone Cooperative's plans for the Watford City and Alexander exchanges.
- A. In the event that the Commission enters an order granting Reservation Telephone Cooperative the Certificate of Public Convenience and Necessity and expansion of Reservation Telephone Cooperative Telephone Cooperative's eligible telecommunications carrier geographical service area enabling Reservation Telephone Cooperative to assume the operation of the Watford City and Alexander exchanges, Reservation Telephone Cooperative intends to provide to those exchanges the same level of services offered to its present customers, including Extended Area Services to Williston from either Watford City or Alexander. Reservation Telephone Cooperative also intends to initially add to its staff the employee of Citizens who presently works in the Watford City exchanges. In addition, for purposes of electing directors, Reservation Telephone Cooperative's Board of Directors is considering adding the Watford City and Alexander exchanges to its existing district consisting of

exchanges at Arnegard, Keene, Mandaree and Squaw Gap. These exchanges presently elect one of the seven directors that govern Reservation Telephone Cooperative. As a final matter, Reservation Telephone Cooperative anticipates establishing customer service sites at the City Auditor's offices in Watford City and Alexander. The customer service sites would maintain service orders and service applications and would serve as collection sites where monthly bills could be paid and deposited into local banks.

Q. Does this conclude your testimony?

A. Yes



**National Information Solutions Cooperative**

www.nisc.cc



October 18, 2002

Mr. Jon Mielke  
Executive Secretary  
North Dakota Public Service Commission  
Bismarck, ND 58505-0480

Re: Reservation Telephone Cooperative.  
Case No. PU-2779-02-453 and PU-2770-02-454

Dear Mr. Mielke:

Please file the Supporting Affidavit of Vern Dosch of NISC in the above captioned matter since Mr. Dosch will be unable to personally attend the public hearing on October 22, 2002 in Watford City. We have enclosed five original copies for the convenience of the Commissioners.

Please extend our best regards to Commissioners Wefald, Reinbold and Clark.

Yours very truly,

Wally Goulet  
Vice President and General Counsel  
NISC  
Encl.(5)

**St. Peters Office**

4178 N. Service Road

P.O. Box 76900

St. Peters, MO 63376-0092

1.800.345.2237

Fax: 636.922.9175

**Mandan Office**

3201 Nygren Dr, NW

P.O. Box 728

Mandan, ND 58554-0728

701.663.6511

Fax: 701.667.1

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Pages: 1

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**PU-427-02-453**

Pages: 1

Cover Letter for Affidavit of Support

by Reservation Telephone Cooperative

10/21/2002

CC: Comm Legal Ilona Jerry .

Cover Letter for Affidavit of Support

by Reservation Telephone Cooperative

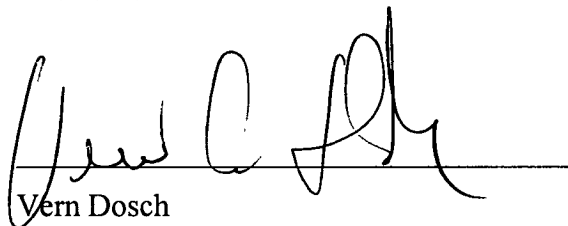
10/21/2002

CC: Comm Legal Ilona Jerry .



Message Processing, Message Transmission, and Switch Polling. It is my opinion it would have a very beneficial impact upon the economy of North Dakota to approve this transfer which would incidentally also bring these service opportunities and the attendant revenues to NISC, an employer of over two hundred and fifty (250) North Dakotans. These service opportunities and revenues are currently both going to business concerns outside the State of North Dakota. NISC is excited about this potential growth in its business and hereby wants to advise the Public Service Commission of this additional beneficial impact of the proposed transfer and its support for Reservation Telephone Cooperative, an outstanding provider of telecommunications service.

That this affidavit is hereby executed on October 18, 2002 for presentation at the October 22<sup>nd</sup>, 2002 public hearing on this matter before the Public Service Commission of the State of North Dakota.

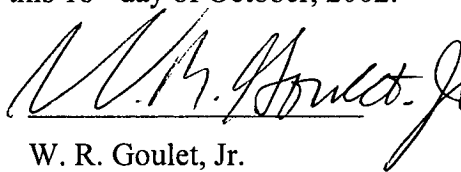


Vern Dosch

President and CEO

National Information Solutions Cooperative

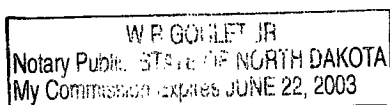
Subscribed and sworn to before me this 18<sup>th</sup> day of October, 2002.



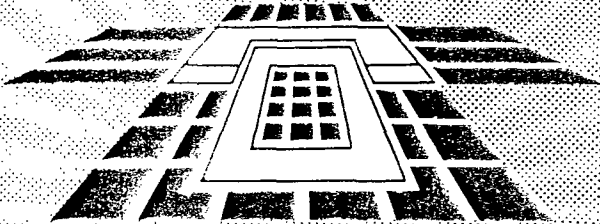
W. R. Goulet, Jr.

Notary Public, State of North Dakota

My Commission Expires June 22, 2003

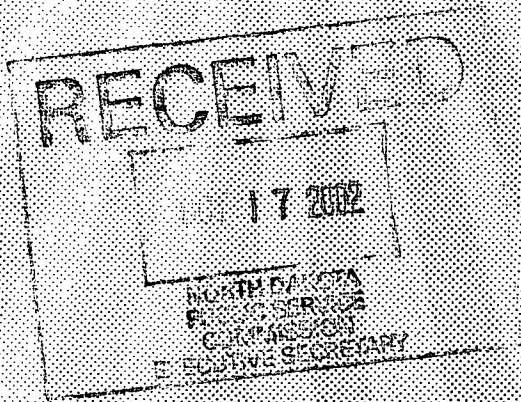


# BY-LAWS



"OWNED BY THOSE WE SERVE"

## Reservation Telephone Cooperative



Phone 701/862-3115  
P.O. Box 68  
Parshall, North Dakota  
58770-0068

## ARTICLES OF INCORPORATION OF

### RESERVATION TELEPHONE COOPERATIVE

1. The name of the cooperative is Reservation Telephone Cooperative.
2. The duration of the cooperative shall be perpetual.
3. The purpose for which the cooperative is organized is to furnish, improve, and expand communication service.
4. The cooperative is organized without capital stock and the property rights and interests of the members shall be unequal. The general rules applicable to all members by which property rights and interests respectively of each member shall be determined and fixed are as follows: Upon dissolution, after
  - (a) all debts and liabilities of the cooperative shall have been paid, and
  - (b) all capital furnished through patronage shall have been retired as provided in the by-laws, the remaining property and assets of the cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all such members.
5. The place where the principle business of the cooperative will be transacted and the post office address of its business office is Parshall, North Dakota.
6. Facilities of the cooperative shall be constructed in the counties of Mountrail, McLean, McKenzie, Ward, Renville, Burke, Williams, Dunn and Golden Valley of North Dakota and Richland and Wibaux of Montana at a cost not to exceed \$25,000,000.00.
7. It is the election of the corporation to come under the Cooperative Laws of the 1957 Legislative Session as soon as these Articles are filed.
8. The by-laws of the cooperative shall specify the number, territorial designation, and term of office of its directors.

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**BY-LAWS  
OF  
RESERVATION TELEPHONE COOPERATIVE**

**ARTICLE I - MEMBERSHIP**

**SECTION 1. REQUIREMENTS FOR MEMBERSHIP.** Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of Reservation Telephone Cooperative (hereinafter called the "cooperative") upon receipt of telephone or other communication services from the cooperative, provided that he or it has first:

- (a) made a written application for membership therein;
- (b) agreed to purchase from the cooperative communication service as hereinafter specified;
- (c) agreed to comply with and be bound by the articles of incorporation and by-laws of the cooperative and any rules and regulations adopted by the board of directors (hereinafter called the "board").

No member may hold more than one membership in the cooperative, and no membership in the cooperative shall be transferable, except as provided in these by-laws.

**SECTION 2. MEMBERSHIP CERTIFICATES.** Membership in the cooperative shall be evidenced by records kept at the cooperative main office.

**SECTION 3. JOINT MEMBERSHIP.** A husband and wife may apply for a joint membership and, subject to their compliance with the requirements of Section 1 of this Article, may be accepted for such membership. The term "member" as used in these by-laws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- (a) the presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b) the vote of either separately or both jointly shall constitute a joint vote;
- (c) a waiver of notice signed by either or both shall constitute a joint waiver;
- (d) notice of either shall constitute notice to both;
- (e) expulsion of either shall terminate the joint membership;
- (f) withdrawal of either shall terminate the joint membership;
- (g) either but not both may be elected or appointed as an officer or board member, provided that both meet the qualifications for such office.

**SECTION 4. CONVERSION OF MEMBERSHIP.**

- (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the articles of incorporation, by-laws, and any rules and regulations adopted by the board.
- (b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. Provided, however, that the estate of the deceased shall not be released from any debts due the cooperative.

**SECTION 5. PURCHASE OF SERVICES.** Each member shall, as soon as service is available, take service from the cooperative and shall pay therefor monthly at rates in accordance with established tariffs as fixed by the board. It is expressly understood that amounts paid for services in excess of costs are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these by-laws. Each member shall also pay all amounts owed by him to the cooperative as and when the same shall become due and payable.

**SECTION 6. TERMINATION OF MEMBERSHIP.** Any member may withdraw from membership upon compliance with such uniform terms and conditions as the board may prescribe. The board may, by the affirmative vote of not less than two-thirds of all the members of the board, expel any member who fails to comply with any of the provisions of the articles of incorporation, by-laws, or rules and regulations adopted by the board, but only if such member shall have been given written notice by the cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the board or by vote of the members at an annual or special meeting. The membership of a member who for a period of thirty (30) days after service is available to him has not permitted the installation of service, or of a member who has ceased to purchase service from the cooperative, or upon the withdrawal, death, cessation of existence or expulsion of a member the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or his estate from any debts due the cooperative.

## **ARTICLE II - RIGHTS AND LIABILITIES OF MEMBERS**

**SECTION 1. PROPERTY INTEREST OF MEMBERS.** Upon dissolution, after

- (a) all debts and liabilities of the cooperative shall have been paid;
- (b) all capital furnished through patronage shall have been retired as provided in these by-laws, and the remaining property and assets of the cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each member bears to the total patronage of all members, unless otherwise provided by law.

**SECTION 2. NON-LIABILITIES FOR DEBTS OF THE COOPERATIVE.** The private property of the members shall be exempt from execution or other liability for the debts of the cooperative and

no member shall be liable or responsible for any debts or liabilities of the cooperative.

## **ARTICLE III - MEETINGS OF MEMBERS**

**SECTION 1. ANNUAL MEETING.** The Reservation Telephone Cooperative Board of Directors to set Annual Meeting on an annual basis at such time and place within the area served by the cooperative, as selected by the board and which shall be designated in the notice of the meeting, for the purpose of electing board members, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the cooperative.

**SECTION 2. SPECIAL MEETINGS.** Special meetings of the members may be called by resolution of the board, or upon a written request signed by any three board members, by the president, or by not less than 200 members or by ten per centum of all the members, whichever shall be the lesser, and it shall thereupon be the duty of the secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the territories served by the cooperative as designated by the board and shall be specified in the notice of the special meeting.

**SECTION 3. NOTICE OF MEMBERS' MEETINGS.** Written or printed notice stating the place, day, and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days nor more than twenty days before the date of the meeting, either personally or by mail, or by at the direction of the secretary, or upon a default in duty by the secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the cooperative, with postage thereon prepaid. The failure

of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

**SECTION 4. QUORUM.** A quorum shall be ten percent of the first one hundred members plus five percent of additional members, but shall never be less than five members nor more than fifty members or a majority of members, whichever is smaller. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. The minutes of each meeting shall contain a list of the members present in person.

**SECTION 5. VOTING.** Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon in person except as otherwise provided by law, the articles of incorporation or these by-laws. Voting may be by mail on any question as provided by state law except for election of board members. Upon a mail vote each member shall be entitled to only one vote upon each matter submitted to such mail vote. All questions shall be decided by a vote of a majority of the members voting thereon. Proxy voting is prohibited.

**SECTION 6. VOTING DISTRICTS.** The territory served or to be served by the cooperative shall be divided into six districts. Each district shall be represented by at least one board member. The districts shall be as follows:

- District 1 - consists of the Arnegard, Keene, Mandaree and Squaw Gap exchanges
- 2A - consists of the New Town and Ross exchanges
- District 2B - consists of the New Town and Ross exchanges
- District 3 - consists of the Kenmare, Norma, and Spencer exchanges
- District 4 - consists of the Parshall and Plaza exchanges
- District 5 - consists of the Douglas, Makoti, Max, Roseglen and Ryder exchanges
- District 6 - consists of the Emmet and Garrison exchanges

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Not less than seventy days before any meeting of the members at which board members are to be elected, the board shall review the composition of the six districts and if it should be found the inequalities in representation have developed which can be corrected by redelineation of districts, the board shall reconstitute the districts so that each shall contain as nearly as possible the same number of members or the board may increase the number of representatives from any district. The board members serving at the time of adoption of this by-law amendment shall serve until their successors have been elected and shall have qualified.

**SECTION 7. ORDER OF BUSINESS.** The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows, except as otherwise determined by the members at such meeting:

1. Report on the number of members present in person and in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of reports of officers, directors and committees.
5. Election of directors.
6. Unfinished business.
7. New business.
8. Adjournment.

#### **ARTICLE IV - DIRECTORS**

**SECTION 1. GENERAL POWERS.** The business and affairs of the cooperative shall be managed by a board of seven members which shall exercise all of the powers of the cooperative except such as are by law, articles of incorporation or these by-laws conferred upon or reserved to the members.

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SECTION 2. TENURE OF OFFICE. The persons named as board members in the articles of incorporation shall compose the board until the first annual meeting of the members or until their successors shall have been elected and shall have qualified. At the annual meeting of the members to be held in 1993, one board member from each district 3 and 2B; at the annual meeting of the members to be held in 1994, one board member from each district 2A and 5; at the annual meeting of the members to be held in 1995, one board member from each district 1, 4, and 6 shall be elected by secret ballot by and from the members to serve terms of three (3) years or until their successors have been elected and shall have qualified. At each annual meeting thereafter, directors shall be elected by secret ballot by and from the members to succeed those directors whose term of office have expired, to serve for a period of three (3) years or until their successors have been elected and shall have qualified. If an election of directors shall not be held on the day designated for the annual meeting or at any adjournment thereof, the board shall cause an election to be held at a special meeting of the members within a reasonable time thereafter. Board members may be elected by a plurality vote of the members present.

SECTION 3. QUALIFICATIONS. No person shall be eligible to become or remain a member of the board of the cooperative who:

- (a) is not a member of the cooperative and who is not a bona-fide resident in the area served or to be served by the cooperative or the district which he is to represent; or
- (b) is in any way employed by or financially interested in a competing enterprise or a business engaged in selling telephone service or supplies, or construction or maintaining communication facilities, other than a business operating on a cooperative non-profit basis for the purpose of furthering rural telephony.

Upon establishment of the fact that a board member is holding office in violation of any of the foregoing provisions, the board shall remove such board member from office. Nothing contained in

this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the board.

#### SECTION 4. NOMINATION AND ELECTION OF BOARD MEMBERS.

- (a) Nomination. It shall be the duty of the board to appoint not less than forty (40) days nor more than ninety (90) days before the date of a meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than six (6) or more than nine (9) members. At least one member of the committee shall be selected from each district from which a director is to be elected. No member of the board shall serve on such committee.

The committee shall prepare and post at the principal office of the cooperative at least 30 days before the meeting a list of nominations for board members. At least one candidate shall be nominated from each district by the committee. Any 15 or more members acting together may make other nominations by petition not less than 20 days prior to the meeting and the secretary shall post such nominations at the place where the list of nominations made by the committee is posted.

The secretary shall mail with the notice of the meeting or separately but at least ten (10) days before the date of the meeting a statement of the number of board members to be elected and the names and addresses of the candidates. The names of the candidates shall be arranged by districts. Such statement shall also designate the candidates nominated by the committee and those nominated by petition. Nothing contained herein shall be construed to prohibit additional nominations from the floor at any meeting of the members at which board members are to be elected.

The members may at any meeting at which a board member shall be removed as provided in these by-laws, elect a successor thereto without compliance with the foregoing requirements with respect to nominations, provided, however, that any such

successor must reside in the same district as the board member in respect of whom the vacancy occurs.

Notwithstanding anything herein contained, failure to comply with any of the provisions of this subsection shall not affect in any manner whatsoever the validity of any election of a board member.

- (b) Election of directors. Election of board members shall be by printed or mimeographed ballot. The ballots shall list the names of the candidates nominated by the committee and by petition; such names shall be arranged by districts. Any member desiring to vote for a candidate nominated from the floor at the meeting shall write in the name of such candidate beneath the names of the candidates nominated by the committee on nomination and by petition of the particular district which such candidate would represent if elected.

Each member of the cooperative present in person at the meeting shall be entitled to vote for one candidate from each district from which a board member is to be elected. The candidate from each district from which a board member is to be elected receiving the highest number of votes at such meeting shall be declared elected as a board member.

**SECTION 5. REMOVAL OF BOARD MEMBERS BY MEMBERS.** Except as provided in Article IV, Section 3, no board member shall be removed from office unless by a vote of majority of the members of the cooperative at a general meeting held after notice of the time and place thereof and of the intention to propose such removal. Meetings of members for this purpose may be called by the president, by the board or by members holding at least one-fifth of the votes. Such calls must be in writing and addressed to the secretary who thereupon must give notice of the time, place and object of the meeting in accordance with these by-laws and by whose order it was called. In case of removal the vacancy may be filled by election at the same meeting. Provided, however, that the successor must reside in the same district as the board member in respect of whom the vacancy occurs.

**SECTION 6. VACANCIES.** Subject to the provisions of these by-laws with respect to the filling of vacancies caused by the removal of board members by the members, a vacancy occurring in the board shall be filled by the affirmative vote of a majority of the remaining board members for the unexpired portion of the term, provided, however, that in the event the vacancy is not filled by the board within sixty (60) days after the vacancy occurs, the members shall have a right to fill such vacancy at a meeting of the members without compliance with the foregoing provisions in respect to nomination. The member elected as a board member to fill the vacancy must reside in the same district as the board member to whose office he succeeds.

#### **ARTICLE V - MEETING OF DIRECTORS**

**SECTION 1. REGULAR MEETINGS.** The regular meeting of the board shall be held without notice, immediately after, and at the same place as the annual meeting of the members. A regular meeting of the board may also be held monthly at such time and place in the territory in which the cooperative operates as the board may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

**SECTION 2. SPECIAL MEETINGS.** Special meetings of the board may be called by the president or by any three (3) board members, and it shall thereupon be the duty of the secretary to cause notice of such meeting to be given as hereinafter provided. The president or the board members calling the meeting shall fix the time and place for the holding of the meeting.

**SECTION 3. NOTICE OF DIRECTORS MEETING.** Written notice of the time and place and purpose of any special meeting of the board shall be delivered to each board member not less than five (5) days previous thereto either personally or by mail, by or at the direction of the secretary, or upon a default in duty by the secretary, by the president or the directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail

addressed to the board member at the address as it appears on the records of the cooperative with postage thereon prepaid.

**SECTION 4. QUORUM.** A majority of the board shall constitute a quorum, provided, that if less than such majority of the board members is present at said meeting, a majority of the board members present may adjourn the meeting from time to time, and provided further, that the secretary shall notify any absent board member of the time and place of such adjourned meeting. The act of a majority of the board members present at a meeting at which a quorum is present shall be the act of the board.

## **ARTICLE VI - OFFICERS**

**SECTION 1. NUMBER.** The officers of the cooperative shall be a president, vice-president, secretary-treasurer and such other officers as may be determined by the board from time to time.

**SECTION 2. ELECTION AND TERM OF OFFICE.** The officers shall be elected by ballot, annually by the board at the meeting of the board held immediately after the annual meeting of the members. The secretary-treasurer need not be a member. All other officers shall be members of the board. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the board following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. Except as otherwise provided in these by-laws, the vacancy in any office shall be filled by the board for the unexpired portion of the term.

**SECTION 3. REMOVAL OF OFFICERS AND AGENTS BY DIRECTORS.** Any officer or agent elected or appointed by the board may be removed by the board whenever in its judgment the best interests of the cooperative will be served thereby. In addition, any member of the cooperative may bring charges against an officer, and by filing with the secretary such charges in writing together with a petition signed by ten per centum of the members, or two hundred (200) members, whichever is the lesser, may request the removal of such officer.

The officer against whom such charges have been brought shall be informed in writing of the charges at least ten (10) days prior to the board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges, and the person or persons bringing the charges against him shall have the same opportunity. In the event the board does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

**SECTION 4. PRESIDENT.** The president shall:

- (a) be the principal executive officer of the cooperative and unless otherwise determined by the members or the board, shall preside at all meetings of the members and the board;
- (b) sign, with the secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the board or by these by-laws to some other officer or agent of the cooperative, or shall be required by law to be otherwise signed, or executed; and
- (c) in general perform all duties incident to the office of president and such other duties as may be prescribed by the board from time to time.

**SECTION 5. VICE-PRESIDENT.** In the absence of the president, or in the event of his inability or refusal to act, the vice-president shall perform the duties of the president, and when so acting, shall have all the power of and be subject to all the restrictions upon the president. The vice-president shall also perform such other duties as from time to time may be assigned to him by the board.

**SECTION 6. SECRETARY-TREASURER.** The secretary-treasurer shall:

- (a) keep the minutes of the meetings of the members and of the board in one or more books provided for that purpose;

- (b) see that all notices are duly given in accordance with these by-laws or as required by law;
- (c) be custodian of the seal of the cooperative and affix the seal to all documents, the execution of which on behalf of the cooperative under its seal is duly authorized in accordance with the provisions of these by-laws;
- (d) keep on file at all times a complete copy of the articles of incorporation and by-laws of the cooperative containing all amendments thereto (which copy shall always be open to the inspections of any members) and at the expense of the cooperative forward a copy of the by-laws and all amendments thereto to each member;
- (e) in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the board.

**SECTION 7. MANAGER.** The board may appoint a manager who may be, but who shall not be required to be, a member of the cooperative. The manager shall perform such duties and shall exercise such authority as the board may from time to time vest in him.

**SECTION 8. BONDS OF OFFICERS.** The secretary-treasurer and any other officer or agent of the cooperative charged with responsibility for the custody of any of its funds or property shall give bond in such sum and with such surety as the board shall determine. The board in its discretion may also require any other officer, agent or employee of the cooperative to give bond to such amount and with such surety as it shall determine.

**SECTION 9. COMPENSATION.** The powers, duties and compensation of officers, board members, agents and employees shall be fixed by the board, subject to the provision of these by-laws.

**SECTION 10. REPORTS.** The officers of the cooperative shall submit at each annual meeting of the members reports covering the business of the cooperative for the previous fiscal year. Such reports shall set forth the condition of the cooperative at the close of such fiscal year.

## **ARTICLE VII - NON-PROFIT OPERATION**

**SECTION 1. INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED.** The cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the cooperative on any capital furnished by its patrons.

### **SECTION 2. PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING TELEPHONE AND OTHER COMMUNICATION SERVICES.**

In the furnishing of telephone and other communication services the cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the cooperative. In order to induce patronage and to assure that the cooperative will operate on a non-profit basis, the cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of telephone and other communication services in excess of operating costs and expenses properly chargeable against the furnishing of telephone and other communication services. All such amounts in excess of operating costs and expenses at the moment of receipt by the cooperative are received with the understanding that they are furnished by the patrons as capital. The cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited on his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the cooperative corresponding amounts for capital.

All other amounts received by the cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be

- (a) used to offset any losses incurred during the current or any prior fiscal year and;
- (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the cooperative, after all outstanding indebtedness of the cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the board shall determine that the financial condition of the cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part. Any such retirements of capital shall be made by resolution of the board. Capital credited to the account of each patron shall be assignable only on the books of the cooperative, pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or in part of each patron's premises served by the cooperative unless the board, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provision of these by-laws, the board, at its discretion, shall have the power at any time upon death of any patron, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these by-laws, to retire capital credited to any such patron immediately upon such terms and conditions as the board, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon, provided, however, that the financial condition of the cooperative will not be impaired thereby. The patrons of the cooperative, by dealing with the cooperative, acknowledge that the terms and provisions of the articles of incorporation and by-laws shall constitute and be contract between the cooperative and each patron, and both the cooperative and the patrons are bound by such contract, as fully as though each patron

had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the by-laws shall be called to the attention of each patron of the cooperative by posting in a conspicuous place in the cooperative's office.

#### **ARTICLE VIII - DISPOSITION OF PROPERTY**

The cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all the members of the cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the board of the cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all the property, assets, rights, privileges, licenses, franchises, and permits of the cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the board shall determine, to secure and indebtedness of the cooperative to the United States of America or any instrumentality or agency thereof; provided further that the board may upon the authorization of a majority of those members of the cooperative present at a meeting of the members thereof; sell, lease or otherwise dispose of all or a substantial portion of its property to another cooperative or foreign corporation doing business in this state pursuant to the act under which this cooperative is incorporated.

## ARTICLE IX - SEAL

The corporate seal of the cooperative shall be in the form of a circle and shall have inscribed thereon the name of the cooperative and the words "Corporate Seal, North Dakota". 5 16

## ARTICLE X - FINANCIAL TRANSACTIONS

SECTION 1. CONTRACTS. Except as otherwise provided by these by-laws, the board may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the cooperative, and such authority may be general or confined to specific instances.

SECTION 2. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the cooperative shall be signed by such officer or officers, agent or agents, employee or employees of the cooperative and in such manner as shall from time to time be determined by resolution of the board.

SECTION 3. DEPOSITS. All funds of the cooperative shall be deposited from time to time to the credit of the cooperative in such bank or banks as the board may select.

SECTION 4. CHANGE IN RATES. Written notice shall be given to the administrator of Rural Electrification Administration of the United States of America not less than ninety (90) days prior to the date upon which any proposed change in the monthly rates charges by the cooperative for telephone service becomes effective.

SECTION 5. FISCAL YEAR. The fiscal year of the cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

## ARTICLE XI - MISCELLANEOUS

SECTION 1. MEMBERSHIP IN OTHER ORGANIZATIONS. The cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly proposed meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock

purchase, provided, however, that the cooperative may upon the authorization of the board, purchase stock in or become a member of any corporation or organization on a non-profit basis for the purpose of engaging in or furthering the cause of area-wide telephone service, or with the approval of the administrator of Rural Electrification Administration, or any other corporation for the purpose of acquiring telephone facilities or assuring more adequate telephone service to its members.

SECTION 2. WAIVER OF NOTICE. Any member or board member may waive in writing any notice of a meeting required to be given by these by-laws. The attendance of a member or board member at any meeting shall constitute a waiver of notice of such meeting by each member or board member, except in case a member or board member shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

SECTION 3. RULES AND REGULATIONS. The board shall have power to make and adopt such rules and regulations, not inconsistent with law, the articles of incorporation or these by-laws, as it may deem advisable for the management of the business and affairs of the cooperative.

SECTION 4. ACCOUNTING SYSTEM AND REPORTS. The board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the administrator of the Rural Electrification Administration of the United States of America. The board shall also cause to be made by a certified public accountant a full and complete annual audit of the accounts, books, and financial condition of the cooperative. The results of such audit shall be reported to the members at the next following annual meeting.

## ARTICLE XII - AMENDMENTS

These by-laws may be altered, amended or repealed by a vote of two-thirds of the board members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal. Any such alteration, amendment, or repeal shall be certified by a majority of the board members and the secretary of the cooperative and copied in the book of by-laws together with the date of such meeting. No such alteration, amendment or repeal shall take effect until so copied.



Public Service Commission  
State of North Dakota

COMMISSIONERS

Susan E. Wefald, President  
Leo M. Reinbold  
Anthony T. Clark

Executive Secretary  
Jon H. Mielke

600 E Boulevard Ave. Dept. 408  
Bismarck, North Dakota 58505-0480  
web: [www.psc.state.nd.us](http://www.psc.state.nd.us)  
e-mail: [sab@oracle.psc.state.nd.us](mailto:sab@oracle.psc.state.nd.us)  
TDD 800-366-6888  
Fax 701-328-2410  
Phone 701-328-2400

October 21, 2002

Mr. Jon Mielke, Executive Secretary  
Public Service Commission  
State Capitol  
Bismarck, ND 58505

Re: Sale of Watford City and Alexander Exchange  
Case No. PU-427-02-454

Dear Mr. Mielke:

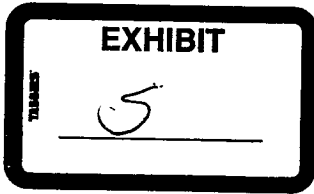
Attached is my pre-filed testimony for the hearing in Watford City tomorrow morning.

Sincerely,

A handwritten signature in black ink that reads "Mike Diller".

Mike Diller  
Director of Accounting

c: Mr. Patrick Durick  
Mr. Royce Aslakson



Direct Testimony

**Mike Diller**

Before the **North Dakota Public Service Commission**

**Reservation Telephone Cooperative**

Case No. PU-427-02-454

**Public Convenience & Necessity**  
**Watford City and Alexander Exchanges**

October 22, 2002

Direct Testimony

**Mike Diller**

Before the **North Dakota Public Service Commission**

**Reservation Telephone Cooperative**

Case No. PU-427-02-454

**Public Convenience & Necessity**  
**Watford City and Alexander Exchanges**

October 22, 2002

1 **Qualifications**

2 Q: Provide your name and position at the North Dakota Public  
3 Service Commission.

4 A: My name is Mike Diller and I am the Director of Accounting. I  
5 am responsible for the Commission's accounting and data  
6 processing operations and any assigned public utility matters.

7

8 Q: Provide a summary of your educational background and public  
9 utility regulatory experience.

10 A: I have more than 18 years of public utility regulatory  
11 experience including service for both the Oklahoma Corporation  
12 Commission and the North Dakota Public Service Commission. I  
13 received a Bachelor of Science Degree in Accounting from  
14 Oklahoma Christian College in Edmond, Oklahoma in 1981. I am a  
15 Certified Public Accountant licensed in the state of Oklahoma, and I  
16 am a member of the American Institute of Certified Public  
17 Accountants.

18

19 Q: Have you provided testimony in North Dakota before?

20 A: Yes. I have testified before the Commission on telephone  
21 acquisition proposals, rate cases, offers of settlement and other  
22 issues.

23

24 **Summary**

25 Q: What is the purpose of your testimony?

26 A: I am responsible for addressing the financial ability of  
27 Reservation Telephone Cooperative (Reservation) to acquire the  
28 Watford City and Alexander local telephone exchanges from Citizens  
29 Telephone Company of North Dakota (Citizens).

1 Q: Based on your review, what conclusions have you reached?

2 A: I believe that Reservation has the financial wherewithal to  
3 complete this transaction and to continue providing service to the  
4 people of Watford City and Alexander on an ongoing basis.

5

6 **Analysis**

7 Q: What did you consider in reaching your conclusion?

8 A: The strongest argument for financial viability is the completion  
9 of the deal itself. In this instance, CoBank, ACB (CoBank) has  
10 provided a two-year unsecured revolver proposal of \$3 million with a  
11 negative pledge. A commitment to provide the funds is subject to  
12 the completion of CoBank's due diligence and its receipt of credit  
13 approval. In the end, those lending the money are in the best  
14 position to judge whether the acquisition will result in financial  
15 success.

16 I also considered the audited consolidated financial  
17 statements of Reservation, to get an idea of the financial strength of  
18 the cooperative prior to acquiring the exchanges. On the asset side  
19 of the balance sheet, Reservation has a cash balance of  
20 approximately \$.7 million as of December 31, 2001, compared to  
21 total net assets \$23.9 million. On the liability and equity side of the  
22 balance sheet, Reservation has \$8.4 million of long-term debt or  
23 about 59 cents of long-term debt for every one dollar of equity.  
24 During the past two years, Reservation has been able to increase its  
25 equity through net margins of \$1 million and \$1.4 million for the  
26 years ending 2000 and 2001, respectively. Further, Reservation  
27 enjoyed a 2001 TIER ratio of 4.16 or the ability to pay actual long-  
28 term debt costs 4.21 times. Based on my review and experience,  
29 Reservation is a very healthy financial enterprise.

1 Q: In a worst-case scenario, what if the financial objectives are  
2 not achieved and Reservation fails to service its debt obligations?

3 A: Under the terms of the proposal, CoBank would share first  
4 priority security interest with the Rural Utilities Service (RUS). As a  
5 result of default and bankruptcy, CoBank and RUS would share any  
6 remaining assets left after the existing common mortgage was  
7 satisfied. In the end, any acquisition costs and improvements made  
8 by Reservation would be lost and would accrue to the benefit of the  
9 lenders. Such a scenario would likely end up with the lenders  
10 reselling the exchange to another buyer for less money.  
11 Accordingly, a new buyer with less capital invested would be in a  
12 better position to succeed. I believe the chance of such occurring is  
13 not likely but illustrates why I support the sales transaction from a  
14 financial viability standpoint.

15  
16 Q: Do you have any other comments?

17 A: Yes, I will comment on the number of customer complaints  
18 filed with the commission. In 2001, the commission has no record of  
19 a complaint from a customer of Reservation, which currently  
20 provides service to 7,823 customers in 18 exchanges in North  
21 Dakota. Comparatively, the commission received 56 complaints in  
22 2001 from the customers of the seller, Citizens Telecommunications  
23 Company of North Dakota. Citizens currently provides service to  
24 approximately 10,699 customers in North Dakota. Given these  
25 statistics, I believe the people of Watford City and Alexander will  
26 enjoy better customer service under the ownership of Reservation.

27  
28 Q: Does this conclude your testimony?

29 A: Yes, it does.



WILLIAM R. PEARCE 1910-1978  
WILLIAM P. PEARCE  
PATRICK W. DURICK  
B. TIMOTHY DURICK  
GARY R. THUNE •  
DAVID E. REICH  
JEROME C. KETTLESON  
LARRY L. BOSCHEE •  
LAWRENCE BENDER, PC •  
JONATHAN P. SANSTEAD

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BISMARCK, NORTH DAKOTA 58502

TELEPHONE (701) 223-2890  
FAX (701) 223-7865  
E-MAIL: law.office@pearce-durick.com

OF COUNSEL  
HARRY J. PEARCE

October 18, 2002

HAND DELIVERED

Mr. Jerry Lein  
Public Service Commission  
State of North Dakota  
12<sup>th</sup> Floor, Capitol  
Bismarck, ND 58505-0480

RE: **Application of Reservation Telephone Cooperative. for Certificate of Public Convenience and Necessity and Expansion of Reservation Telephone Cooperative's Eligible Telecommunications Carrier Designated Geographical Service Area.**  
**Case No. PU-424-020454.**

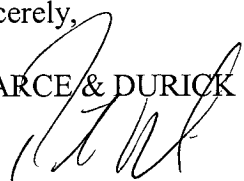
Dear Mr. Lein:

In support of the captioned application, I have attached hereto an original and seven copies of a Summary of Testimony we expect to present in support of the captioned application at the public hearing to be held in Watford City, North Dakota at 10:00 a.m. CDT on Tuesday, October 22, 2002.

Please feel free to contact me if you require any further information or if you wish to discuss any matter concerning the captioned application. I appreciate your cooperation and assistance in this matter.

Sincerely,

PEARCE & DURICK

  
PATRICK W. DURICK

PWD/jf

Enclosures.

cc w/ enc: Mr. Royce Aslakson  
Mr. Shane Hart  
Mr. Steve Metts

10 PU-427-02-454

Pages: 5

Testimony

by Reservation Telephone Cooperative

10/18/2002

CC: Comm Legal Ilona Jerry

• ALSO LICENSED IN MINNESOTA

• ALSO LICENSED IN SO

**SUMMARY OF TESTIMONY TO BE PRESENTED TO THE  
PUBLIC SERVICE COMMISSION ON OCTOBER 22, 2002 AT 10:00 A.M. CDT  
IN WATFORD CITY, NORTH DAKOTA IN SUPPORT OF APPLICATION  
OF RESERVATION TELEPHONE COOPERATIVE. FOR  
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY  
AND EXPANSION OF RESERVATION TELEPHONE COOPERATIVE'S  
ELIGIBLE TELECOMMUNICATIONS CARRIER DESIGNATED  
GEOGRAPHICAL SERVICE AREA CASE NO. PU-424-020454.**

It is anticipated that Mr. Royce S. Aslakson, General Manager of Reservation Telephone Cooperative ("RTC") will present the following testimony at the hearing before the Commission on October 22, 2002 in Watford City, North Dakota:

RTC and Citizens Telecommunication Company of North Dakota ("CTC") have entered into an agreement for the sale of CTC's current assets and facilities relating to the provision of local exchange telecommunications service, exchange access, and other telecommunications services in the Alexander and Watford City exchanges to RTC. In furtherance of that agreement, RTC has filed an application for a certificate of public convenience and necessity and expansion of RTC's eligible telecommunications carrier designated geographical service area. This public hearing has been called to consider RTC's Application.

I have signed an affidavit in support of RTC's application which is part of the record in this matter. I hereby affirm the contents of that affidavit which I will briefly summarize for you. RTC is a North Dakota cooperative presently operating under a Certificates of Public Convenience and Necessity in providing telecommunications service through 18 exchanges in twelve communities servicing 7,800 access lines spread over 7,000 square miles in North Central North Dakota. RTC wishes to extend its service area to include the exchanges in Watford City and Alexander where it will provide all services required by federal and state law. RTC intends to charge subscribers the same rate for basic local service as are presently charged by Citizens for that service. The provision of adequate essential and nonessential telecommunications service in the Alexander and Watford City exchanges will be facilitated and supported by the full current technical, managerial and financial capabilities of RTC.

RTC intends to adopt the Intrastate access rates currently used by RTC for its exchanges in North Dakota. RTC has agreed to adopt and honor all existing interconnect agreements with Competitive Local Exchange Carriers and wireless providers.

With respect to its financial capabilities, RTC has attached to its Application a copy of audited financial statements for December 31, 2001 and 2002, which show total assets of approximately \$24 million, equities of approximately \$14 million, and healthy operating margins of over \$1 million in the year 2000 and \$1.4 million in the year 2001. RTC is on track to report similar positive results for this year. RTC is financially very strong, as evidenced by its equity position of sixty percent.

To finance the purchase of the assets of the Watford City and Alexander exchanges, RTC has a conditional loan commitment with CoBank. RTC intends to call on that commitment. RTC has a business plan that will provide for payments on the loan from anticipated operating margins generated from its operations including the Watford City and Alexander exchanges.

I am the General Manager of RTC and I have been with the Cooperative since 1987. I am well acquainted with the telecommunications industry and I have a stable and well qualified staff of 49 full time employees to assist me in the operation of the cooperative. The names, positions and length of service of my management team is set out below:

#### MANAGEMENT TEAM

<u>Name</u>	<u>Position</u>	<u>Years of Service</u>
Aamot, David	Controller	13
Aslakson, Royce	General Manager	15
Burckhard, Marcia	Administrative Assistant/HR	23
Hart, Shane	Office Manager	4
Hovda, Roger	Plant Manager	24
Kellar, Dennis	Construction Foreman	21
Westgard, Denese	Executive Secretary	14

RTC's general offices are in Parshall, North Dakota. RTC is governed by a seven member Board of Directors. The members of the board are elected from seven districts within the Cooperative's service area and they are all leaders in their respective communities. The Board meets monthly and they are well versed in Cooperative operations through various reports presented by management. The membership of the Board of RTC has been very stable which provides continuity to the organization. The names, addresses, districts and years of service of members of the Board are set out below:

#### DIRECTORS

<u>Name</u>	<u>Address</u>	<u>District #</u>	<u>Years Served</u>
Anderson, Hilman	36500 331 <sup>st</sup> Ave SW Makoti, ND 58756-9570	5	14
Froseth, Marlyn	PO Box 182 Kenmare, ND 58784-0182	3	24

Littlefield, Kenneth	7897 46 <sup>th</sup> St NW New Town, ND 58763-9575	2A	29
Nelson, Norlan	4624 17 <sup>th</sup> St NW Garrison, ND 58540-9431	6	23
Wilber, Terry	PO Box 998 New Town, ND 58763-0998	2B	3
Wisness, Paul	3862 Highway 23 Keene, ND 58847-8822	1	19
Vacant	Parshall, ND	4	

The staff of RTC is assisted in maintaining its operational, technical and organizational skills and in providing up to date services to its customers in part by RTC's affiliations with a number of organizations including the North Dakota Association of Telephone Cooperatives, the National Telecommunications Cooperatives Association, The North Dakota Telephone Association, North Dakota Long Distance, the National Information Solutions Cooperative, Minot State University Online and the Dakota Carrier Network.

Currently, members of RTC and subscribers to its services enjoy comprehensive and technologically advanced services including Call Waiting, Call Forwarding, Three Way Calling, Call Forward on Busy, Speed Dial 8 and Speed Dial 30, Cancel Call Waiting, Call Screening, Selective Call Forwarding, Special Call Acceptance and Priority Ringing. Other services include Caller ID, Voice Mail, Toll Restriction, Distinctive ringing, Second Line, North Dakota Long Distance ("NDLD"), NDLD Prepaid Calling Cards, NDLD Toll Free Numbers and Calling Cards, Alarm Systems, Business Phone Systems, Internet, Paging, Retail Phone Equipment and Supplies, Telecommunication Equipment Leasing and RTC Telephone Cooperative Gift Certificates. RTC offers dial up internet access to all of its subscribers and presently offers Digital Subscriber Lines (InstaNet) to some of its customers. RTC plans to expand the availability of this DSL service as its plant is upgraded. RTC also offers cable television services in Arnegard, New Town, Parshall, Plaza, Makoti and Ryder and paging services in Keene, New Town & Parshall. RTC's website [www.RTC.coop](http://www.RTC.coop) is a source of information on services provided by RTC and contains public service materials such as the community calendar which lists all activities in all of the towns served by RTC.

RTC intends to operate the anticipated addition of the exchanges in Watford City and Alexander by utilizing its present staff and adding the position of Communications Technician from the Watford City and Alexander exchanges to its staff. RTC does not anticipate any major problems in incorporating the Watford City and Alexander exchanges into its existing operations. Members of RTC's staff have discussed the operations of the Watford City and Alexander exchanges with the employees of Citizens who presently operate those exchanges. Employees of RTC have also visited and inspected the exchanges at Watford City and Alexander and are familiar with the equipment and operation of those exchanges. RTC has previous experience in adding exchanges to its system. In 1996, RTC added exchanges in Kenmare, Garrison and Max

to its operations.

Based upon the discussions and inspections, RTC is confident that it can incorporate the operations of the Watford City and Alexander exchanges into its current operation without any major problems or interruptions in service. To insure a seamless transition, RTC will provide an 800 number for subscribers in the event any of those subscribers have questions or comments on the transition.

In further preparation for the acquisition of the Watford City and Alexander exchanges, I have recently visited service organizations and residents of the communities of Watford City and Alexander. I find widespread and favorable reactions to the anticipated purchase by RTC of the exchanges in these two communities. RTC's presently owns and operates exchanges in communities adjacent to and comparable to Watford City and Alexander in North Dakota. RTC is knowledgeable of the needs and wishes of persons in these communities and RTC has taken part in community activities in these communities in the past. RTC has participated in and sponsored activities at the McKenzie County Fair and various Rodeos in Watford City for a number of years. RTC has also granted scholarships to students from Watford City High School. Based on its broad and extensive experience RTC is able and willing to provide telecommunications services which will satisfy the needs of Watford City and Alexander.

In the event that the Commission enters an order granting RTC the Certificate of Public Convenience and Necessity and expansion of RTC Telephone Cooperative's eligible telecommunications carrier geographical service area enabling RTC to assume the operation of the Watford City and Alexander exchanges, RTC intends to provide to those exchanges the same level of services offered to its present customers, including Extended Area Services to Williston from either Watford City or Alexander. RTC also intends to initially add to its staff the employee of Citizens who presently works in the Watford City exchanges. In addition, for purposes of electing directors, RTC's Board of Directors is considering adding the Watford City and Alexander exchanges to its existing district consisting of exchanges at Arnegard, Keene, Mandaree and Squaw Gap. These exchanges presently elect one of the seven directors that govern RTC. As a final matter, RTC anticipates establishing customer service sites at the City Auditor's offices in Watford City and Alexander. The customer service sites would maintain service orders and service applications and would serve as collection sites where monthly bills could be paid and deposited into local banks.

I would be pleased to respond to any questions or comments of the Commission or anyone in attendance.





**North Dakota Newspaper Association**

1435 Interstate Loop  
 Bismarck, ND 58503-0567  
 Ph (701) 223-6397 • Fax (701) 223-8185

**INVOICE**

Order **02101PP0-16698**

Invoice # **5171**

October 3, 2002

Attn: **JONH. MIELKE**  
**PUBLIC SERVICE COMMISSION**  
**STATE CAPITOL**  
**BISMARCK, ND 58505**

Advertiser: **Public Service Commission**

P.O.#:

Amount Due **\$126.10**

Amount Paid

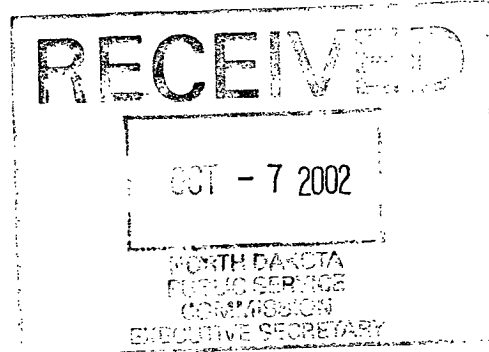
Voice: 328-4076

*Please detach and return this portion with your payment*

Public Service Commission Invoice # 02101PP0-16698-5171

Ad Size	Rate Type	Rate	Total	Discount (%)	Caption	Page	Run Date
<b>Watford City McKenzie County Farmer (Watford City ND)</b>							
96.00	SPR3	0.64	61.44	0.00	Missouri Val...Reserva		10/02/02
<b>Williston Herald (Williston ND)</b>							
1.00	Special	64.66	64.66	0.00	Missouri Val...Reserva		10/02/02

Gross Advertising	126.10	Total Misc	0.00	Amount Paid	0.00
Agency Discount		Tax	0.00	Adjustments	0.00
Other Discount	0.00	Total Billed	126.10	Payment Date	
Service Charge	0.00	Unbilled	0.00	Balance Due	126.10



**6 PU-2779-02-451** Pages: 1  
 Affidavit of Publication  
 by North Dakota Advertising Service, Inc.  
 10/07/2002 CC: Comm Legal Illona Jerry .

**6 PU-427-02-453** Pages: 1  
 Affidavit of Publication  
 by North Dakota Advertising Service, Inc.  
 10/07/2002 CC: Comm Legal Illona Jerry .

**9 PU-2779-02-452** Pages: 1  
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**9 PU-427-02-454** Pages: 1  
 Affidavit of Publication  
 by North Dakota Advertising Service, Inc.  
 10/07/2002 CC: Comm Legal Illona Jerry .

Notice Of Hearings  
September 25, 2002  
Case no. PU-427-02-454

Watford City	10-2
Williston	10-2

STATE OF NORTH DAKOTA  
PUBLIC SERVICE COMMISSION

Missouri Valley Communications, Inc.  
Designated Eligible Carrier  
Application

Case No. PU-2779-02-451

Missouri Valley Communications, Inc.  
Local Exchange  
Public Convenience and Necessity

Case No. PU-2779-02-452

Reservation Telephone Cooperative  
Designated Eligible Carrier  
Application

Case No. PU-427-02-453

Reservation Telephone Cooperative  
Local Exchange  
Public Convenience and Necessity

Case No. PU-427-02-454

**AFFIDAVIT OF SERVICE BY CERTIFIED AND ORDINARY MAIL**

STATE OF NORTH DAKOTA  
COUNTY OF BURLEIGH

**Sharon Helbling** deposes and says that:

she is over the age of 18 years and not a party to this action and, on the **26th day of September, 2002**, she deposited in the United States Mail, Bismarck, North Dakota, **three** envelopes with certified postage, return receipt requested, fully prepaid, securely sealed and each containing a photocopy of:

**Notice of Hearing**

The envelopes were addressed as follows:

Patrick W Durick  
Pearce & Durick  
P O Box 400  
Bismarck ND 58502-0400  
**Cert. No. 7099 3220 0002 8483 3032**

Richard Thronson  
Missouri Valley Communications Inc  
P O Box 600  
Scobey MT 59263-0600  
**Cert. No. 7099 3220 0002 8483 3049**

Royce Aslakson  
Reservation Telephone Cooperative  
P O Box 68  
Parshall ND 58770  
**Cert. No. 7099 3220 0002 8483 3056**

Each address shown is the respective addressee's last reasonably ascertainable post office address.

Subscribed and sworn to before me  
this **26th day of September, 2002.**

SEAL

*Sharon Hedding*  
*Sandra L Scott*  
Notary Public

**SANDRA L. SCOTT**  
Notary Public, STATE OF NORTH DAKOTA  
My Commission Expires JUNE 11, 2004

STATE OF NORTH DAKOTA  
PUBLIC SERVICE COMMISSION

Missouri Valley Communications, Inc.  
Designated Eligible Carrier  
Application

Case No. PU-2779-02-451

Missouri Valley Communications, Inc.  
Local Exchange  
Public Convenience and Necessity

Case No. PU-2779-02-452

Reservation Telephone Cooperative  
Designated Eligible Carrier  
Application

Case No. PU-427-02-453

Reservation Telephone Cooperative  
Local Exchange  
Public Convenience and Necessity

Case No. PU-427-02-454

AFFIDAVIT OF SERVICE BY ORDINARY AND ELECTRONIC MAIL

STATE OF NORTH DAKOTA  
COUNTY OF BURLEIGH

Sharon Helbling deposes and says that:

she is over the age of 18 years and not a party to this action and, on the **26th day of September, 2002**, she deposited in the United States Mail, Bismarck, North Dakota, envelopes by first class mail, fully prepaid, securely sealed, each containing a photocopy of:

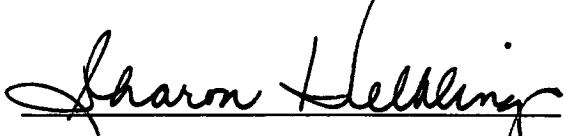
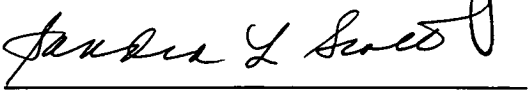
**Notice of Hearing**

The envelopes were addressed as follows:

***See Attached List***

Each address shown is the respective addressee's last reasonably ascertainable post office address.

Subscribed and sworn to before me  
this **26th day of September, 2002**.

  
  
Notary Public

SEAL



wbrudvik@ohnstadlaw.com  
William Brudvik

donlee@martin-associates.com  
Don Lee

jlchapman@acomminc.com  
Jerry Chapman  
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Minneapolis MN 55403-0343

Advanced Telcom Inc  
19 Old Courthouse Sq  
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Denver CO 80202

smassey@bepc.com  
Sheryl Massey  
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1717 E Interstate Ave  
Bismarck ND 58501-0564

jtmgr@bektel.com  
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BEK Communications Cooperative  
PO Box 230  
Steele ND 58482-0230

jtmgr@bektel.com  
Jerome Tishmack  
BEK Communications I Inc  
PO Box 230  
Steele ND 58482-0230

C12 Inc  
200 Galleria Pkwy Ste 1200  
Atlanta GA 30339

Citizens Telecomm Co of Minnesota  
3 High Ridge Park  
Stamford CT 06905

Citizens Telecomm Co of ND  
3 High Ridge Pk  
Stamford CT 06905

ltade@czn.com  
Lance Tade  
Citizens Telecomm of ND

Daniel L Barth  
Comm South Companies Inc  
6830 Walling Ln  
Dallas TX 75231-7204

Computer Integrated Communications Inc  
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Potomac MD 20854-4071

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1012 Industrial Blvd  
South Lake Tahoe CA 96150

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Reston VA 20190

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**Helbling, Sharon D.**

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**From:** Helbling, Sharon D.  
**Sent:** Thursday, September 26, 2002 8:33 AM  
**To:** ndna (E-mail)  
**Subject:** Attached Notice of Hearings

**Colleen Park  
North Dakota Newspaper Associatio**

**Colleen:**

**Please have the attached Notice of Hearings published as a legal publication in the next issue of the Williston Herald and the McKenzie County Farmer. Please run this as a "News Item Only" article as well.**

**Send the bill to the Public Service Commission, along with a tear sheet for billing purposes.**

**If you have any questions, please call me at 701-328-4076.**

**Thank you.**

**Sincerely,**

**Sharon Helbling  
Public Utilities Division**



1.doc

7

**PU-427-02-454**

Pages: 1

Notice e-mailed to NDNA requesting  
publication  
by Public Service Commission

09/26/2002

CC: Comm Legal Ilona Jerry .

**APPROVED**

DATE: 9-25-02  
KMF

**MOTION**

**September 25, 2002**

**Missouri Valley Communications, Inc.  
Designated Eligible Carrier  
Application**

**Case No. PU-2779-02-451**

**Missouri Valley Communications, Inc.  
Local Exchange  
Public Convenience and Necessity**

**Case No. PU-2779-02-452**

**Reservation Telephone Cooperative  
Designated Eligible Carrier  
Application**

**Case No. PU-427-02-453**

**Reservation Telephone Cooperative  
Local Exchange  
Public Convenience and Necessity**

**Case No. PU-427-02-454**

I move the Commission issue a Notice of Hearing in the captioned applications for certificates of public convenience and necessity to provide incumbent local exchange telecommunications service and for designation as eligible telecommunications carriers as follows: Missouri Valley Communications, Inc. for the Williston exchange; and Reservation Telephone Cooperative for the Alexander and Watford City exchanges.

JRL/sdh

**STATE OF NORTH DAKOTA**  
**PUBLIC SERVICE COMMISSION**

**Missouri Valley Communications, Inc.  
Designated Eligible Carrier  
Application**

**Case No. PU-2779-02-451**

**Missouri Valley Communications, Inc.  
Local Exchange  
Public Convenience and Necessity**

**Case No. PU-2779-02-452**

**Reservation Telephone Cooperative  
Designated Eligible Carrier  
Application**

**Case No. PU-427-02-453**

**Reservation Telephone Cooperative  
Local Exchange  
Public Convenience and Necessity**

**Case No. PU-427-02-454**

**NOTICE OF HEARINGS**

**September 25, 2002**

On August 23, 2002, Missouri Valley Communications, Inc. (MVCI), a subsidiary of Nemont Telephone Cooperative, Inc. of Scobey, Montana, filed an application for a certificate of public convenience and necessity to provide facilities-based incumbent local exchange telecommunications services in the Williston exchange, Case No. PU-2779-02-452. MVCI also requests designation as an Eligible Telecommunications Carrier (ETC) for receiving federal universal service support for the Williston exchange, Case No. PU-2779-02-451.

Also on August 23, 2002, Reservation Telephone Cooperative (RTC) of Parshall, North Dakota filed an application for certificates of public convenience and necessity to provide facilities-based incumbent local exchange telecommunications services in the exchanges of Alexander and Watford City, North Dakota, Case No. PU-427-02-454. RTC also requests ETC designation for the Alexander and Watford City exchanges, Case No. PU-427-02-453.

Each applicant reports entering into an agreement for the purchase of assets of Citizens Telecommunications Company of North Dakota (CTC) relating to the provision of telecommunications services in the respective exchanges for which each applicant requests authority. The applicants state that as of the closing date of the transactions CTC intends to cease providing service in these exchanges and each applicant intends to begin providing service in each respective exchange.

**A public hearing** in Case Nos. PU-427-02-453 and PU-427-02-454 will be held beginning **October 22, 2002 at 10 a.m. CDT (9 MDT) at the Watford City Hall**, Heritage Room, 213 2nd Street NE, Watford City, North Dakota.

**A public hearing** in Case Nos. PU-2779-02-451 and PU-2779-02-452 will be held beginning **October 22, 2002 at 2 p.m. CDT (1 MDT) in the Williams County Courthouse**, Memorial Room, 205 East Broadway, Williston, North Dakota.

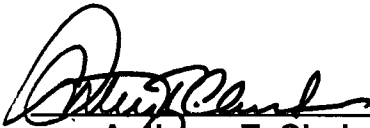
The issues to be considered in these matters are:

1. Fitness and ability of each applicant to provide service.
2. Adequacy of the proposed service.
3. The technical, financial and managerial ability of each applicant to provide service.
4. Qualification of each applicant under the Telecommunications Act of 1996, Section 214(e) for designation as an ETC eligible to receive federal universal service funding.
5. What ETC universal service support area should be designated for each applicant.

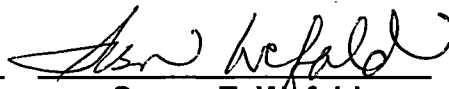
Anyone wishing to be heard regarding these proceedings will be given an opportunity at the hearings. Anyone wishing to become a party to the proceedings must file a petition to intervene with the Commission under N.D. Admin. Code Section 69-02-02-05.

For more information contact the Public Service Commission, State Capitol, Bismarck, North Dakota 58505, 701-328-2400; or Relay North Dakota 1-800-366-6888 TTY. If you require any auxiliary aids or services, such as readers, signers, or Braille materials please notify Jon Mielke, Executive Secretary at least 24 hours prior.

**PUBLIC SERVICE COMMISSION**



**Anthony T. Clark**  
Commissioner



**Susan E. Wefald**  
President



**Leo M. Reinbold**  
Commissioner

STATE OF NORTH DAKOTA  
PUBLIC SERVICE COMMISSION

Reservation Telephone Cooperative  
Local Exchange  
Public Convenience and Necessity

Case No. PU-427-02-454

AFFIDAVIT OF SERVICE BY CERTIFIED MAIL

STATE OF NORTH DAKOTA  
COUNTY OF BURLEIGH

Sharon Helbling deposes and says that:

she is over the age of 18 years and not a party to this action and, on the **6th day of September, 2002**, she deposited in the United States Mail, Bismarck, North Dakota, **two** envelopes with certified postage, return receipt requested, fully prepaid, securely sealed and each containing a photocopy of:

**Staff Memorandum on Financial Ability**

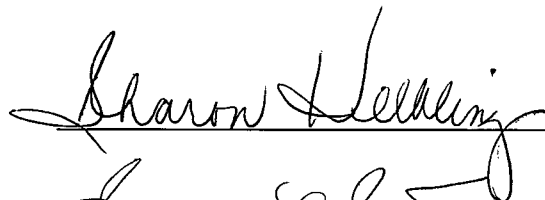
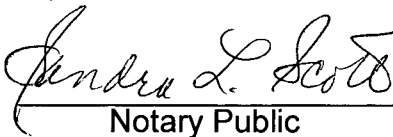
The envelopes were addressed as follows:

Patrick W Durick  
Pearce & Durick  
P O Box 400  
Bismarck ND 58502-0400  
Cert. No. 7099 3220 0002 8483 3063

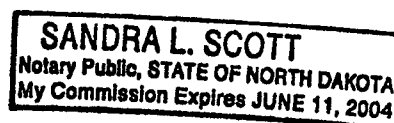
Royce Aslakson  
Reservation Telephone Cooperative  
P O Box 68  
Parshall ND 58770  
Cert. No. 7099 3220 0002 8483 3070

Each address shown is the respective addressee's last reasonably ascertainable post office address.

Subscribed and sworn to before me  
this **6th day of September, 2002**.

  
\_\_\_\_\_  
  
\_\_\_\_\_  
Notary Public

SEAL



# Memorandum

RECEIVED

**To:** Jon Mielke  
**From:** Mike Diller *Mike Diller*  
**Date:** September 5, 2002  
**Re:** **Reservation Telephone Cooperative  
Local Exchange PC&N Application  
Case No. PU-424-02-454**

SEP - 6 2002

NORTH DAKOTA  
PUBLIC SERVICE  
COMMISSION  
EXECUTIVE SECRETARY

The following is written to provide the commission with a very limited review of this case regarding the applicant's financial ability to provide service.

Staff has reviewed the financial information provided by the applicant and concludes that the applicant has access to sufficient equity to provide service in North Dakota.

The Telecommunications Act of 1996 established a national policy to create a competitive environment for telephone service. The applicant is one of many companies responding to the act.

Staff sees no reason to deny this application.

In accordance with the Commission's wishes, staff will serve this document on the applicant.

# PEARCE & DURICK

WILLIAM R. PEARCE 1910-1978  
WILLIAM P. PEARCE  
PATRICK W. DURICK  
B. TIMOTHY DURICK  
GARY R. THUNE •  
DAVID E. REICH  
JEROME C. KETTLESON  
LARRY L. BOSCHEE •  
LAWRENCE BENDER, PC •  
JONATHAN P. SANSTEAD

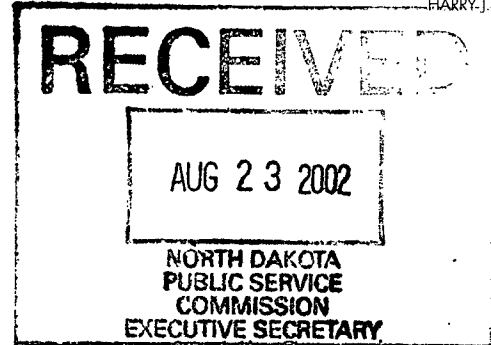
ATTORNEYS AT LAW  
314 EAST THAYER AVENUE  
P.O. BOX 400  
BISMARCK, NORTH DAKOTA 58502

TELEPHONE (701) 223-2890  
FAX (701) 223-7865  
E-MAIL law.office@pearce-durick.com

August 23, 2002

OF COUNSEL  
HARRY J. PEARCE

Public Service Commission  
State of North Dakota  
12<sup>th</sup> Floor  
Capitol  
600 East Boulevard Avenue  
Bismarck, ND 58505-0480



Re: Application of Reservation Telephone Cooperative for Certificate of Public Convenience and Necessity and Expansion of Reservation Telephone Cooperative's Eligible Telecommunications Carrier Designated Geographical Service Area.

Dear Sir:

Enclosed for filing please find an original and seven copies of an Application of Reservation Telephone Cooperative for Certificate of Public Convenience and Necessity and Expansion of Reservation Telephone Cooperative's Eligible Telecommunications Carrier Designated Geographical Service Area and an Affidavit in support thereof. After the documents are filed please return to me a file stamped copy of the Application and the Affidavit. The signature on the affidavit is by facsimile transmission and I will file the original of the signature when I receive it.

Sincerely,

PEARCE & DURICK

  
PATRICK W. DURICK

PWD/jf

Enclosures.

Cc: Royce S. Aslakson  
Shane Hart  
Richard J. Thomson  
Kathy Greenwood  
Steve Metts  
Matt Knierim  
Kevin Saville

2

PU-427-02-454

Pages: 1

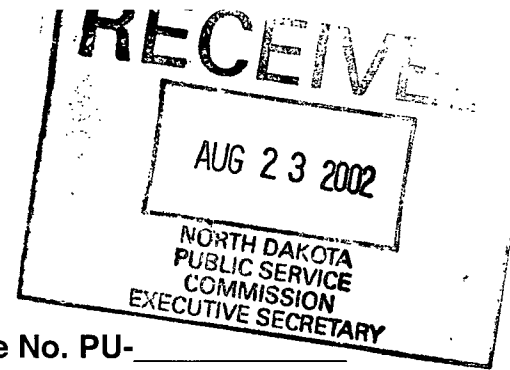
Cover letter re filing

by Reservation Telephone Cooperative by Patrick W L

08/23/2002

CC: Comm Legal Illona Jerry

STATE OF NORTH DAKOTA  
PUBLIC SERVICE COMMISSION



**Application of Reservation Telephone Cooperative  
for Certificates of Public Convenience and Necessity  
and Expansion of Reservation Telephone  
Cooperative's Eligible Telecommunications  
Carrier Designated Geographical Service Area**

Case No. PU-\_\_\_\_\_

**APPLICATION**

I.

Reservation Telephone Cooperative (hereinafter, "RTC"), a North Dakota business corporation, under Certificates of Public Convenience and Necessity issued by the North Dakota Public Service Commission (hereinafter, the "Commission"), is engaged in the business of providing local exchange telecommunications service, exchange access and other telecommunications activities in Emmet, Kenmare, Garrison, Norma, Plaza, Douglas Squaw Gap, Arnegard, New Town, Keene, Max, Makoti, Roseglen, Ross, Ryder, Mandaree Spencer, and Parshall North Dakota as well as Squaw Gap, Montana, which shall hereinafter be collectively referred to as the "RTC Service Area."

II.

Citizens Telecommunications Company of North Dakota (hereinafter, "CTC"), a Delaware corporation, under a Certificate of Public Convenience and Necessity issued by the Commission, is engaged in the business of providing local exchange telecommunications service, exchange access, and other telecommunications services in the following exchanges: Alexander (PC&N No. 4595) and Watford City (PC&N No. 4600).

III.

CTC and RTC have entered into a purchase and sale agreement dated July 26, 2002, for the purchase and sale of CTC's current assets and facilities relating to the provision of local exchange telecommunications service, exchange access, and other telecommunications services in the Alexander and Watford City exchanges. As of the closing date of said transaction (anticipated for early 2003) (hereinafter, the "Closing Date"), CTC intends to cease doing business as a provider of local exchange telecommunications service and exchange access in the Alexander and Watford City exchanges. In addition, as of the Closing Date, RTC intends to engage in the business of providing local exchange telecommunications service, exchange access, and other telecommunications activities in the Alexander and Watford City exchanges.

#### IV.

CTC wishes to relinquish its Certificate of Public Convenience and Necessity No. 4595 for the Alexander exchange and Certificate of Public Convenience and Necessity No. 4600 for the Watford City exchange, issued by the Commission on October 31, 2000, effective as of the Closing Date.

#### V.

RTC has been designated by the Commission as an eligible telecommunications carrier to receive universal service support under §§ 214 and 254 of the federal Communications act of 1934, as amended by the federal Telecommunications Act of 1996 (hereinafter, the "1996 Act"). RTC's eligible telecommunications carrier designated geographical service area for the purpose of determining universal service obligations and support mechanisms under the 1996 Act is currently the RTC Service Area. Effective as of the Closing Date, CTC wishes to contract its designated geographical service area to no longer include the Alexander and Watford City exchanges, and RTC wishes to expand its designated geographical service area to include the Alexander and Watford City exchanges, for purposes of determining universal service obligations and support mechanisms under the 1996 Act.

#### VI.

All subscribers served by CTC in the Alexander and Watford City exchanges prior to the Closing Date will be served by RTC beginning on the Closing Date. RTC intends to charge the same rates for basic local service in the Alexander and Watford City exchanges as CTC is currently charging its subscribers in said exchanges.

#### VII.

There is a clear need for continuing quality telecommunications services in the Alexander and Watford City exchanges. The relinquishment of CTC's Certificates of Public Convenience and Necessity will have no effect on other public utilities providing similar services, as there are no other public utilities providing similar services in the Alexander and Watford City exchanges. RTC, having provided telephone service in North Dakota for many years, has demonstrated that it has the technical, financial, and managerial fitness and ability to provide adequate essential and nonessential telecommunications services in the Alexander and Watford City exchanges. The technical fitness and ability of RTC to provide services in the Alexander and Watford City exchanges will be enhanced and facilitated by RTC's purchase of the assets that CTC is currently using to provide such services in the Alexander and Watford City exchanges. The provision of adequate essential and nonessential telecommunications service in the Alexander and Watford exchanges will be facilitated and supported by the full current technical and financial capabilities of RTC.

VIII.

Beginning on the Closing Date, RTC will offer all services that are supported by federal universal service support mechanisms under § 254(c) of the 1996 Act and 47 C.F.R. §§ 54.101 and 54.401, using a combination of its own facilities and resale of other carriers' services, and will advertise the availability of such services and the charges therefore using media of general distribution, throughout Alexander and Watford City.

IX.

The Commission has: (1) authority under N.D.C.C. § 49-21-01.7(7) to act upon applications dealing with certificates of public convenience and necessity; and (2) authority under N.D.C.C. § 49-21-01.7(13) to designate geographic service areas for designated eligible telecommunications carriers for the purpose of determining universal service obligations and support mechanisms under the 1996 Act.

X.

WHEREFORE, CTC hereby applies to: (1) contract its designated geographical service area to no longer include the Alexander and Watford City exchanges, pursuant to N.D.C.C. § 49-21-01.7(13), effective as of the Closing Date; and (2) relinquish its Certificates of Public Convenience and Necessity Nos. 4595 and 4600, respectively, effective as of the Closing Date, pursuant to N.D.A.C. § 69-09-05-11(6).

XI.

WHEREFORE, RTC hereby applies to the Commission, pursuant to N.D.C.C. Ch. 49-03.1 and N.D.A.C. § 69-09-05-11, for Certificates of Public Convenience and Necessity for the Alexander and Watford City exchanges, effective as of the Closing Date.

XII.

WHEREFORE, RTC hereby applies to the Commission for expansion of its designated geographic service area for the purpose of determining universal service obligations and support mechanisms under the 1996 Act, effective as of the Closing Date, to also include the Alexander and Watford City exchanges.

XIII.

WHEREFORE, RTC and CTC hereby request a letter indicating to the Federal Communications Commission this Commission's approval (or non-opposition) to a waiver/modification of the Part 36 study area for North Dakota to reflect RTC's acquisition of the Alexander and Watford City exchanges. RTC and CTC will provide

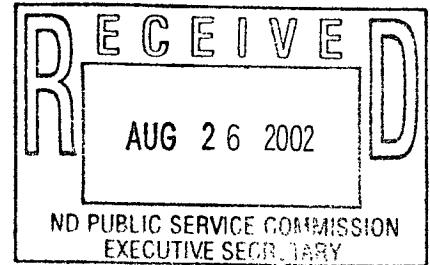




**STATE OF NORTH DAKOTA**  
**PUBLIC SERVICE COMMISSION**

**Application of Reservation Telephone Cooperative  
for Certificates of Public Convenience and Necessity  
and Expansion of Reservation Telephone Cooperative's  
Eligible Telecommunications Carrier Designated  
Geographical Service Area**

Case No. PU-\_\_\_\_\_



**AFFIDAVIT**

STATE OF NORTH DAKOTA    )  
  ) ss.  
COUNTY OF MOUNTRAIL    )

Royce S. Aslakson, the General Manager of Reservation Telephone Cooperative, being first duly sworn, affirms the following statement of facts, in support of the application of Reservation Telephone Cooperative for certificates of public convenience and necessity, and expansion of Reservation Telephone Cooperative's eligible telecommunications carrier geographical service area.

I.

Reservation Telephone Cooperative (hereinafter, "RTC"), a North Dakota business corporation, under Certificates of Public Convenience and Necessity issued by the North Dakota Public Service Commission (hereinafter, the "Commission"), is engaged in the business of providing local exchange telecommunications service, exchange access and other telecommunications activities in Emmet, Kenmare, Garrison, Norma, Plaza, Douglas, Squaw Gap, Arnegard, New Town, Keene, Max, Makoti, Roseglen, Ross, Ryder, Mandaree, Spencer, and Parshall, North Dakota as well as Squaw Gap, Montana, which shall hereinafter be collectively referred to as the "RTC Service Area."

II.

RTC and Citizens Telecommunications Company of North Dakota (hereinafter "CTC") have entered into a purchase and sale agreement dated July 26, 2002, for the purchase and sale of CTC's current assets and facilities relating to the provision of local exchange telecommunications service, exchange access, and other telecommunications services in the Alexander and Watford City exchanges. As of the closing date of said transaction (anticipated for early 2003) (hereinafter, the "Closing Date"), CTC intends to cease doing business as a provider of local exchange telecommunications service and exchange access in the Alexander and Watford City exchanges. In addition, as of the Closing Date, RTC intends to engage in the business of providing local

exchange telecommunications service, exchange access, and other telecommunications activities in the Alexander and Watford City exchanges.

III.

Effective as of the Closing Date, CTC wishes to contract its designated geographical service area to no longer include the Alexander and Watford City exchanges, and RTC, having been designated by the North Dakota Public Service Commission (hereinafter, the "Commission") as an eligible telecommunications carrier to receive universal service support under §§ 214 and 254 under the federal Communications Act of 1934, as amended by the federal Telecommunications Act of 1996 (hereinafter, the "1996 Act"), requests to expand its existing designated geographical service area to include the Alexander and Watford City exchanges, for purposes of determining universal service obligations and support mechanisms under the 1996 Act.

IV.

All subscribers served by CTC in the Alexander and Watford City exchanges prior to the Closing Date will be served by RTC beginning on the Closing Date. RTC intends to charge the same rates for basic local service in the Alexander and Watford City exchanges as CTC is currently charging its subscribers in said exchanges.

V.

There is a clear need for continuing quality telecommunications services in the Alexander and Watford City exchanges. The relinquishment of CTC's Certificates of Public Convenience and Necessity will have no effect on other public utilities providing similar services. RTC has the technical, financial, and managerial fitness and ability to provide adequate essential and nonessential telecommunications services in the Alexander and Watford City exchanges. The technical fitness and ability of RTC to provide services in the Alexander and Watford City exchanges will be enhanced and facilitated by RTC's purchase of the assets that CTC is currently using to provide such services in the Alexander and Watford City exchanges. The provision of adequate essential and nonessential telecommunications service in the Alexander and Watford City exchanges will be facilitated and supported by the full current technical and financial capabilities of RTC.

VI.


Beginning on the Closing Date, RTC will offer all services that are supported by federal universal service support mechanisms under § 254(c) of the 1996 Act and 47 C.F.R. §§ 54.101 and 54.401, using a combination of its own facilities and resale of other carriers' services, and will advertise the availability of such services and the charges therefore using media of general distribution, throughout all of the following exchanges: Alexander and Watford City.

VII.

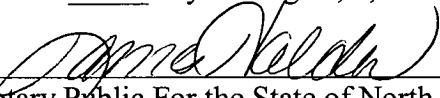
As required by N.D.A.C. § 69-09-05-11(2): attached and hereby incorporated by reference are the following exhibits: Exhibit "A" - Articles of Incorporation of RTC, as filed with the North Dakota Secretary of State on October 16, 1951; Articles of Amendment as filed with the North Dakota Secretary of State on March 18, 1955; Certificate of Change of Corporate Headquarters of Reservation Mutual Aid Telephone Corporation filed with the North Dakota Secretary of State on October 18, 1955; Articles of Incorporation of Reservation Telephone Cooperative, Formerly Reservation Mutual Aid Telephone Corporation filed with the North Dakota Secretary of State on September 8, 1960; Certificate of Amendment of Articles of Incorporation of Reservation Telephone Cooperative of Parshall, North Dakota filed with the North Dakota Secretary of State on November 2, 1977; and Cooperative Association Registered Agent/Registered Office Principal Place of Business Statement of Change filed with the North Dakota Secretary of State on April 28, 1998. Exhibit "B" - Certificate of Incorporation of Reservation Mutual Aid Telephone Corporation issued by the North Dakota Secretary of State on October 16, 1951; Certificate of Amendment issued by the North Dakota Secretary of State on March 18, 1955; Certificate of Change of Corporate Headquarters issued by the North Dakota Secretary of State on November 25, 1955; Certificate of Amendment of Reservation Mutual Aid Telephone Corporation issued by the North Dakota Secretary of State on September 8, 1960; and Certificate of Amendment of Reservation Telephone Cooperative. Exhibit "C" - a copy of audited financial statements for December 31, 2001 and 2002 for Reservation Telephone Cooperative.

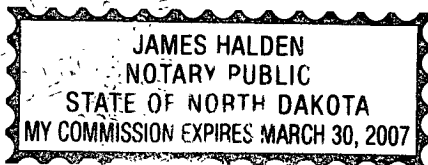
The affiant is the General Manager of Applicant Reservation Telephone Cooperative and affirms the truth of the foregoing statement of facts based on his first-hand knowledge.

Dated this 23rd day of August, 2002.

  
\_\_\_\_\_  
ROYCE S. ASLAKSON

SUBSCRIBED AND SWORN to before me this 23 day of August, 2, 2002.

  
\_\_\_\_\_  
Notary Public For the State of North Dakota



My commission expires: 3-30-2007

## **EXHIBIT "A"**

Articles of Incorporation of RTC; Articles of Amendment as filed with the North Dakota Secretary of State on March 18, 1955; Certificate of Change of Corporate Headquarters of Reservation Mutual Aid Telephone Corporation filed with the North Dakota Secretary of State on October 18, 1955; Articles of Incorporation of Reservation Telephone Cooperative, Formerly Reservation Mutual Aid Telephone Corporation filed with the North Dakota Secretary of State on September 8, 1960; Certificate of Amendment of Articles of Incorporation of Reservation Telephone Cooperative of Parshall, North Dakota filed with the North Dakota Secretary of State on November 2, 1977; and Cooperative Association Registered Agent/Registered Office Principal Place of Business Statement of Change filed with the North Dakota Secretary of State on April 28, 1998

# *State of North Dakota*

## SECRETARY OF STATE



### CERTIFICATE OF GOOD STANDING

OF

RESERVATION TELEPHONE COOPERATIVE

The undersigned, as Secretary of State of the State of North Dakota, hereby certifies that RESERVATION TELEPHONE COOPERATIVE, a North Dakota COOPERATIVE ASSOCIATION, was incorporated in this office on October 16, 1951 and, according to the records of this office as of this date, has paid all fees due this office as required by North Dakota statutes governing a North Dakota COOPERATIVE ASSOCIATION.

ACCORDINGLY the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Certificate of Good Standing to

RESERVATION TELEPHONE COOPERATIVE

Issued: August 26, 2002

A handwritten signature in cursive script, reading "Alvin A. Jaeger".

Alvin A. Jaeger  
Secretary of State

ARTICLES OF INCORPORATION  
RESERVATION MUTUAL AID TELEPHONE CORPORATION  
To Thomas Hall, Secretary of State:

We, the undersigned, residents of the state of North Dakota, and of the territory to be served thereby, for the purpose of forming a corporation (hereinafter referred to as the "Cooperative") under the Mutual Aid Corporation Act of the State of North Dakota, do hereby adopt the following Articles of Incorporation:

1. The name of the corporation is Reservation Mutual Aid Telephone Corporation.

2. The purpose for which the corporation is organized is to furnish, improve and expand telephone service.

3. The place where the principal business of the Cooperative will be transacted, and the postoffice address of its business office, is Garrison.

4. Lines of the cooperative shall run through McLean, Eoun-trail, McKenzie, Ward, Burleigh, Sheridan, Burke, Renville, and McHenry counties. The length of all lines shall be approximately 2500 miles, and cost of lines approximately \$1,500,000.

Lines shall run to and from the following communities: Wilton, Washburn, Underwood, Turtle Lake, Mercer, Cole-harbor, Garrison, Emmet, Roseglen, Rau, Butte, Kongsberg, Benedict, Douglas, Ryder, Makoti, Wabek, Marshall, Plaza, Belden, Stanley, Manitou, Ross, Palermo, Blaisdell, Tagus, Coulee, Lostwood, Keniston, Kenmare, Van Hook, Sanish, Newtown, and other communities in the vicinities of those named, and shall also run to and from farms in the vicinities and trade territories of the above communities and between such farms and communities.

5. The duration of the cooperative shall be perpetual.

6. The cooperative is organized without capital stock and the property rights and interests of the members shall be unequal. The general rules applicable to all members by which property rights and interests respectively of each member shall be determined and fixed are as follows:

Upon dissolution, after (a) all debts and liabilities of the Cooperative shall have been paid, and (b) all capital furnished through patronage shall have been re-tired as provided in the bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total pa-tronage of all such members.

2  
7. The Corporation is authorized to borrow money in an amount not to exceed Four Million Dollars (\$4,000,000.00).

8. The names and residences of the persons who shall constitute the first board of directors of the Cooperative and who shall serve until their successors are elected and qualified are:

<u>NAME</u>	<u>RESIDENCE</u>
Donnell Haugen	Rosaglen, North Dakota
John Conklin	Garrison, " "
John A. Hanzal	Plaza, " "
Christ. Nathan	Underwood, " "
W. H. Nissen	Van Hook, " "
Robert VanEckhout	Plaza, " "
Wayne Jones	Ryder, " "
G S. H. Klemenhagen	Makoti, " "
Silas Naas	Kenmare, " "

9. The number of directors shall be nine.  
IN WITNESS WHEREOF, we have hereunto set our hands and seal

18th day of July, 1951.

*Donnell Haugen*  
*Thomas Jones*  
*John A. Hanzal*  
*Christ. Nathan*  
*Robert Van Eckhout*  
*John Conklin*  
*W. H. Nissen*  
*Silas Naas*



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CERTIFICATE OF AMENDMENT OF ARTICLES  
OF INCORPORATION OF RESERVATION MUTUAL  
AID TELEPHONE CORPORATION

Donnell Haugen, Chairman of Meeting, Paul W. Buehler, Secretary of Meeting and John Conklin, John Hanzal, Lyle Washburn, George Klemenhagen, Silas Naas, Wayne Jones, W. H. Nissen and John Rowe, directors, of the above named corporation respectfully show that:

The above named corporation was organized under the laws of the State of North Dakota on October 16th, 1951.

The above named corporation upon the proposal of its board of directors by resolution duly adopted by said board of directors setting forth the proposed amendment and directing that it be submitted to a vote of the members entitled to vote in respect thereof at a designated meeting of such members and upon the adoption thereof by the members at the meeting as provided by law and as hereinafter more specifically set out, does now hereby by Donnell Haugen, President, Paul W. Buehler, Secretary, and its directors, execute and acknowledge the following articles of amendment of its articles of incorporation:

Article VII of the Articles of Incorporation are amended by striking out the figure four million dollars and substituting in lieu thereof the figure ten million dollars so as to read as follows:

VII. The corporation is authorized to borrow money in an amount not to exceed Ten Million Dollars (\$10,000,000.00)

1 The board of directors of the corporation, at a duly called special meeting of said board held on October 5, 1954, at Newtown, North Dakota, adopted said resolution of articles of amendment of the articles of incorporation and submitted the proposed amendment to a vote of the members entitled to vote thereon at a special membership meeting, held on the 21st day of December, 1954, at Parshall, North Dakota.

Notice of the time and place of said meeting stating its object was served on each member by depositing and registering such notice in the postoffice, postage prepaid, properly directed to each member at his last known postoffice address as shown by the membership register of the corporation, with a demand for a return receipt, at least sixty days prior to the time of such meeting all in compliance with subsection 1 of Section 10-0211 and subsection 1 of Section 10-0350 of the 1943 revised code of North Dakota.

At the meeting of the members there were 1052 members represented and said amendment to the articles of incorporation was accomplished by a vote of 992 for and 70 against the said amendment, there being 1315 members of said corporation at least two thirds of the membership was represented by the vote in favor of the amendment.

or change in the articles of incorporation.

Dated this 21st day of December, 1954.

Donnell Haugen  
Chairman of Meeting

Paul W. Buehler  
Secretary of Meeting

John Conklin

George Klemenhagen

Silas Naas

Wayne Jones

John A. Hansal

John Rowe

W. H. Nissen

Lyle Washburn

(directors)

STATE OF NORTH DAKOTA )  
COUNTY OF McIntosh ) SS

On this 21st day of December, 1954, before me, F. W. Ahlgren, a Notary Public in and for McIntosh County, State of North Dakota, personally appeared Donnell Haugen, Paul W. Buehler, John Conklin, John A. Hansal, Lyle Washburn, W. H. Nissen, John Rowe, Wayne Jones, George Klemenhagen and Silas Naas, known to me to be the persons whose names are subscribed to the foregoing instrument and severally duly acknowledged to me that they executed the same.

F. W. Ahlgren  
Notary Public, McIntosh Co.,  
North Dakota.

My commission expires:  
(seal)

*[Faint handwritten notes and signatures at the bottom of the page, including names like "John A. Hansal" and "Lyle Washburn" and dates like "1954-12-21"]*

CERTIFICATE OF CHANGE OF CORPORATE HEADQUARTERS  
OF  
RESERVATION MUTUAL AID TELEPHONE CORPORATION

We, the Undersigned Chairman and Secretary of the meeting and a 2/3 majority of the directors do hereby certify:

That a meeting of the members, of the Reservation Mutual Aid Telephone Corporation was held in the Memorial Hall in the city of Parshall, North Dakota, on the 4th day of October, 1955 upon due notice in compliance with Section 10-1204 of North Dakota Revised Code of 1943;

That 1,093 memberships were represented at the meeting;

That the following resolution, amending the articles of incorporation in accordance with Section 10-0211, North Dakota Revised Code of 1943, was adopted by the members, representing a majority of the entire memberships of such corporation:

RESOLVED, That the corporate headquarters be changed from Garrison, North Dakota to Parshall, North Dakota.

That said amendment of change for the corporate headquarters was approved by more than two-thirds of the directors of said corporation at a meeting, the regular May meeting, held at the office of the said corporation in the City of Parshall on the 18th day of May, upon due notice.

Witness our hands and the seal of this corporation at Parshall North Dakota, this 18 day of October, 1955.

John Hanzal  
Chairman of Meeting  
Gary L. Lerberg  
Secretary of Meeting  
Donnell Haugen  
Director  
W.H. Hissen  
Director

Donnell Haugen  
Chairman of Meeting  
Gary L. Lerberg  
Secretary of Meeting  
Silas Maas  
Director  
Wayne Jones  
Director

STATE OF NORTH DAKOTA )  
                                  : ss  
COUNTY OF MOUNTRAIL )

On this 18 day of October, 1955, before me F. W. H. Owen a notary public in and for Mountrail County, North Dakota, personally appeared Donnell Haugen, Gary L. Lerberg, John Hanzal, G.H. Klemenhagen, John Rowe, W.H. Hissen, Lyle J. Washburn, Silas Maas, and Wayne Jones, known to me to be the persons whose names are subscribed to the foregoing instrument, and they severally duly acknowledged to me that they executed the same.

Witness my hand and official seal this 18 day of October, 1955.

F. W. H. Owen

Certificate No. 1456  
 Amendment to  
 Articles of Incorporation  
 of  
 Reservation Mutual  
 Aid Telephone Company  
 - from -  
 Harrison, North Dakota  
 to -  
 Russell, North Dakota

STATE OF NORTH DAKOTA  
 Department of State

November 5<sup>th</sup> 1955

Two  
 Miscellaneous Fees  
 (Mutual Aid Company)  
 (43)  
 Ben Meier

Fee \$ 6.00

RECEIVED  
 DEPARTMENT OF STATE  
 NOV 11 1955

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ARTICLES OF INCORPORATION  
OF RESERVATION TELEPHONE COOPERATIVE,  
FORMERLY RESERVATION MUTUAL AID TELEPHONE CORPORATION

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TO BEN MEIER, SECRETARY OF STATE:

The Articles of Incorporation of Reservation Mutual Aid Telephone Corporation have been amended to read as follows in order to convert the corporation into a cooperative governed by the new cooperative laws:

- 1. The name of the Cooperative is Reservation Telephone Cooperative.
- 2. The duration of the Cooperative shall be perpetual.
- 3. The purpose for which the Cooperative is organized is to furnish, improve, and expand telephone service.
- 4. The Cooperative is organized without capital stock and the property rights and interests of the members shall be unequal. The general rules applicable to all members by which property rights and interests respectively of each member shall be determined and fixed are as follows:

Upon dissolution, after all debts and liabilities of the Cooperative shall have been paid, and all capital furnished through patronage shall have been retired as provided in the by-laws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all such members.

- 5. The place where the principal business of the Cooperative will be transacted and the postoffice address of its business office is Parshall, North Dakota.
- 6. Lines of the Cooperative shall run through McLean, Mountrail, McKenzie, Ward, Burke, Renville, and Dunn counties. The length of all lines shall be approximately 2500 miles, and the cost of lines approximately \$5,000,000.00. Lines shall run to and from the following communities: Coleharbor, Garrison, Emmet, Roseglan, Raub, Douglas, Ryder, Makoti, Wabek, Parshall, Plaza, Belden, Stanley, Manitou, Ross, Palermo, Blaisdell, Coulee, Lostwood, Kenaston, Kenmare, Sanish, New Town, Norma, Arnegard, Keene, Watford City, Niobe, and White Earth, and shall also run to and from farms in the vicinities and trade territories of the above communities and between such farms and communities.
- 7. It is the election of the Corporation to come under the new Cooperative Laws of the 1957 Legislative Session as soon as these Articles are filed.
- 8. The By-laws of the Cooperative shall specify the number, territorial designation, and term of office of its directors.

The above amendments were adopted at the annual meeting of the Reservation Mutual Aid Telephone Corporation on October 6, 1959 after proper notice.

There are 2500 members of the Corporation.

114 members were present, with 113 voting to adopt and one voting against adoption.

IN WITNESS WHEREOF, we have hereunto set our hands and the seal of the Corporation this 3rd day of June, 1960.

*Donnell Haugen*  
Donnell Haugen, President

ATTEST: *Gary L. Lerberg*  
Gary L. Lerberg, Secretary

State of North Dakota }  
County of Mountrail } ss

On this 27th day of June, in the year 1960 before me William F. Haggens, a Notary Public, personally appeared Donnell Haugen and Gary L. Lerberg, known to me to be the president and secretary of the corporation that is described in and that executed the within instrument, and acknowledged to me that such corporation executed the same.

*William F. Haggens*  
Notary Public, Mountrail County, North Dakota

My commission expires April 20-66  
Certificate 978  
STATE OF NORTH DAKOTA }  
Department of State } ss  
Filed for record the 27th  
day of June 1960  
*Ben Moore*  
SECRETARY OF STATE

14

CERTIFICATE OF AMENDMENT OF ARTICLES OF INCORPORATION OF  
RESERVATION TELEPHONE COOPERATIVE  
OF PARSHALL, NORTH DAKOTA

Lyle Washburn, Chairman of the meeting and Alan Lerberg, secretary of the meeting and John Conklin, Silas Naas, Edward Dobrinski, Ken Littlefield, Einar Haugen and Richard Haugen, directors of the above named corporation respectfully show that:

The above named cooperative was organized under the laws of the State of North Dakota on October 16th, 1951.

The above named cooperative upon proposal of its Board of Directors by resolution duly adopted by said Board of Directors setting forth the proposed amendment and directing that it be submitted to a vote of the members entitled to vote at a designated meeting of such members as provided by law and as hereinafter more specifically set out, does now by Lyle Washburn, President and Alan Lerberg, Secretary and its directors, execute and acknowledge the following articles of amendment of its Articles of Incorporation:

Paragraph 6 of the Articles of Incorporation shall be amended to read as follows:

6. Facilities of the cooperative shall be constructed in the counties of Mountrail, McLean, McKenzie, Ward, Renville, Burke, Williams, Dunn and Golden Valley of North Dakota and Richland and Wibaux in Montana at a cost not to exceed \$25,000,000.00 dollars.

The Board of Directors of the cooperative at a duly called regular meeting on June 28, 1977 at Parshall, North Dakota adopted said resolution of amendment to the Articles of Incorporation and submitted the proposed amendment to a vote of the members entitled to vote thereon at the regular annual membership meeting held on October 4, 1977 at Parshall, North Dakota.

Notice of the time and place of said meeting stating its purpose was served on each member by depositing in the postoffice, postage paid, properly directed to each member at his last known address as shown by the membership register of the cooperative.

At the meeting of the members there were 2070 members represented by mail ballots, and said amendment to the Articles of Incorporation was accomplished by a vote of 1903 for and 167 against said amendment. 1903 approval votes being a majority vote of a total membership of 3432, giving an approval to the change or amendment to the Articles of Incorporation.



COOPERATIVE ASSOCIATION  
REGISTERED AGENT/REGISTERED OFFICE  
PRINCIPAL PLACE OF BUSINESS  
STATEMENT OF CHANGE

FEE: \$20.00

*Coop*  
ID # 3,581,100

File # 6,784C

WO # 620267

Filed: *4/29/98* By

The undersigned, submits the following statements to establish or change the name of a registered agent, the address of a registered agent, or the address of the principal place of business. This change is made according to the provisions of North Dakota Century Code Sections 10-15-12, 10-15-12.1, and 10-15-53.

RECEIVED  
APR 28 1998  
SEC. OF STATE

1. The name of the cooperative is:

RESERVATION TELEPHONE COOPERATIVE

2. This statement is submitted to achieve the following:(check applicable purposes)

- a. To establish a registered agent and office of registered agent for a cooperative which has never maintained a registered agent.
- b. To change a registered agent for a cooperative which has continuously maintained a registered agent.
- c. To change the address of a registered agent for a cooperative which has continuously maintained a registered agent.
- d. To eliminate the registered agent for a cooperative which has continuously maintained a registered agent.
- e. To establish the address of the principal place of business in lieu of a registered agent, or to change the address of the principal place of business.

3. The name of the registered agent shall be: (Complete if items 2a or 2b are checked.)

4A. The complete address of the registered agent shall be: (Complete if items 2a or 2c are checked.)

(Complete street or rural address, city, state and zip code is required. A po box number may be added.)

The address of its registered office and the address of the business office of its registered agent as changed will be identical.

4B. Does this address also serve as the principal place of business of the cooperative?  
\_\_\_yes \_\_\_no

5. The address of the principal place of business shall be:(Complete for all items checked in item 2.)

*24 North Main St, Parkhill ND 58770-0068 Box 68*  
(Complete street or rural address, city, state and zip code is required. A po box number may be added.)

6. These changes were authorized by resolution duly adopted by its board of directors.

7. The undersigned, as a member of the board, has read the foregoing, knows the contents thereof and verily believes the statements made therein to be true.

Date: APRIL 27, 1998

*Royce S. Belak* /ASSISTANT GENERAL  
(Signature and Title) MANAGER

## **EXHIBIT “B”**

Certificate of Incorporation of Reservation Mutual Aid Telephone Corporation issued by the North Dakota Secretary of State on October 16, 1951; Certificate of Amendment issued by the North Dakota Secretary of State on March 18, 1955; Certificate of Change of Corporate Headquarters issued by the North Dakota Secretary of State on November 25, 1955; Certificate of Amendment of Reservation Mutual Aid Telephone Corporation issued by the North Dakota Secretary of State on September 8, 1960; and Certificate of Amendment of Reservation Telephone Cooperative.

DUPLICATE

No. 13958

PRIVATE CORPORATIONS

GRANTED SUCCESSORS OF A. W. P. C. A.



State of North Dakota

To All to Whom these Presents shall Come,

Whereas, DONNELL HAUGEN, JOHN A. THORN, WAYNE JONES

and others have filed in this office a declaration in writing of ARTICLES OF INCORPORATION, as provided by the laws of this State, setting forth all the facts required to be stated therein, and have in all respects complied with the requirements of the law governing the formation of private corporations:

Now, therefore, I, THOMAS HALL, Secretary of State of the State of North Dakota, by virtue and authority of law, do hereby certify that said parties, their associates and successors, have become a body politic and corporate, under the Corporate name of

RESERVATION MUTUAL AND TELEPHONE CORPORATION (GARRISON, MC LEAN CO.)

and by that name have a right to sue and be sued, purchase, hold and convey real and personal property, and to have and enjoy all the rights and privileges granted to a private corporation under the laws of this state, subject to their articles of incorporation, and all legal restrictions and liabilities in relation thereto.

In Testimony Whereof, I have hereunto set my hand and affixed the Great Seal of the State, at the Capitol in the City of Bismarck, this SIXTEENTH day of OCTOBER A. D. 19 51.

SEAL

THOMAS HALL SECRETARY OF STATE  
By \_\_\_\_\_ DEPUTY

114

CERTIFICATE OF AMENDMENT  
DUPLICATE

No 302

FEE \$ 6.00

United States of America

DEPARTMENT



OF STATE

State of North Dakota

To All to Whom these Presents shall Come,

WHEREAS, RESERVATION MUTUAL AND TELEPHONE CORPORATION (GARRISON, ND LEAD CO.)

has filed in this office a certificate as provided by the Laws of this State, setting forth all the facts required to be stated therein and has in all respects complied with the provisions of the Law governing the amendments of Articles of Incorporation and has amended its Articles of Incorporation as follows, to-wit: AMENDING ARTICLE VII.

BEN MEIER

Now therefore, I, THOMAS HALL, Secretary of State of the State of North Dakota, in virtue and by authority of Law, do hereby issue this Certificate of Amendment.

IN TESTIMONY WHEREOF, I have hereto set my hand and affixed the Great Seal of the State at the Capitol in the City of Bismarek, this EIGHTEENTH day of MARCH, 19 55.

SEAL

BEN MEIER

Secretary of State.

MUTUAL AID CORPORATION

No. 1456

FILE NO.

CERTIFICATE OF CHANGE OF  
CORPORATE HEADQUARTERS

FEE \$6.00

DUPLICATE

GRAND SEAL OF NORTH DAKOTA

DEPARTMENT OF STATE

State of North Dakota

*To All to Whom these Presents shall Come,*

Whereas, a certificate, duly executed, has been filed in this office, showing the consent of the holders of MORE THAN TWO-THIRDS of the MEMBERSHIP capital stock of the "RESERVATION MUTUAL AID TELEPHONE CORPORATION" to the change of CORPORATE HEADQUARTERS of said corporation from GARRISON, MC LEAN COUNTY, NORTH DAKOTA to PARSHALL, MOUNTRAIL COUNTY, NORTH DAKOTA

Therefore, I, BEN MEIER, Secretary of State, do hereby certify and order that the CORPORATE HEADQUARTERS of said corporation shall become known as PARSHALL, MOUNTRAIL COUNTY, NORTH DAKOTA

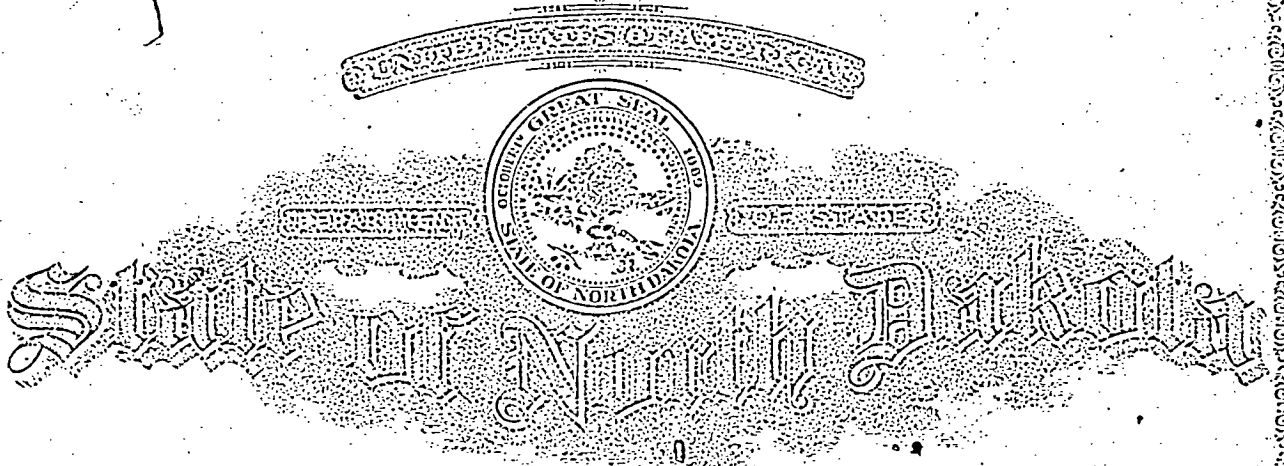
In Testimony Whereof, I have hereunto set my hand and affixed the Great Seal of the State, at the Capitol in the City of Bismarck, this SEAL NOVEMBER TWENTY-FIFTH day of 19 55 A. D.

By DEPUTY BEN MEIER SECRETARY OF STATE

110

A13

No. 878



CERTIFICATE OF AMENDMENT  
OF

RESERVATION MUTUAL AID TELEPHONE CORPORATION

The undersigned, as Secretary of State of the State of North Dakota, hereby certifies that duplicate originals of Articles of Amendment to the Articles of Incorporation of \_\_\_\_\_

RESERVATION MUTUAL AID TELEPHONE CORPORATION

duly signed and verified pursuant to the provisions of the North Dakota COOPERATIVE  
ASSOCIATION Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Certificate of Amendment to the Articles of Incorporation of RESERVATION MUTUAL AID TELEPHONE CORPORATION CHANGING ITS NAME TO: RESERVATION TELEPHONE COOPERATIVE, ADOPTING THE NORTH DAKOTA COOPERATIVE ASSOCIATION ACT AS AMENDING THE ARTICLES OF INCORPORATION and attaches hereto a duplicate original of the Articles of Amendment.

IN TESTIMONY WHEREOF, I have hereto set my hand and affixed the Great Seal of the State of North Dakota at the Capitol in the City of Bismarck, Eight day of SEPTEMBER 19 60

SEAL

/s/ BEN MEIER  
Secretary of State

File No. 678 C  
DUPLICATE

By \_\_\_\_\_  
Deputy

32

✓

15

Certificate No. 5381



CERTIFICATE OF AMENDMENT  
OF

RESERVATION TELEPHONE COOPERATIVE

The undersigned, as Secretary of State of the State of North Dakota, hereby certifies that duplicate originals of Articles of Amendment to the Articles of Incorporation of RESERVATION TELEPHONE COOPERATIVE duly signed and verified pursuant to the provisions of the North Dakota COOPERATIVE Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Certificate of Amendment to the Articles of Incorporation of RESERVATION TELEPHONE COOPERATIVE general amendment

and attaches hereto a duplicate original of the Articles of Amendment.

Great Seal

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State at the Capitol in the City of Bismarck, this 2nd day of November A.D., 19 77.

/s/ BEN MEIER

Secretary of State.

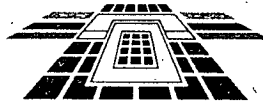
File No. 6784 C

DUPLICATE

By \_\_\_\_\_, Deputy.

## **EXHIBIT "C"**

Copy of audited financial statements for December 31, 2001 and 2002 for Reservation Telephone Cooperative.



**RESERVATION TELEPHONE COOPERATIVE**

*FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000*

**NORTH DAKOTA 525  
RESERVATION TELEPHONE COOPERATIVE**

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**INDEPENDENT AUDITOR'S REPORT**

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The Board of Directors  
**Reservation Telephone Cooperative**  
Parshall, North Dakota

We have audited the accompanying balance sheets of **Reservation Telephone Cooperative** as of December 31, 2001 and 2000, and the related statements of operations, equities and cash flows for the years then ended. These financial statements are the responsibility of the cooperative's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Reservation Telephone Cooperative** as of December 31, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2002, on our consideration of the cooperative's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Fargo, North Dakota  
March 13, 2002

	<u>2001</u>	<u>2000</u>
<b>LIABILITIES AND EQUITIES</b>		
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt	\$ 695,400	\$ 727,000
Current maturities of post-retirement benefits	13,000	10,000
Accounts payable	128,659	569,728
Advance billings and customer deposits	14,761	15,519
Accrued taxes - other	48,262	42,138
Other current liabilities	136,887	127,035
Total current liabilities	<u>1,036,969</u>	<u>1,491,420</u>
LONG-TERM DEBT, NET OF CURRENT MATURITIES	<u>8,410,894</u>	<u>9,104,942</u>
<b>DEFERRED CREDITS</b>		
Accumulated provision for post-retirement benefits, net of current maturities	83,317	63,311
Other deferred credits	-	34,104
Total deferred credits	<u>83,317</u>	<u>97,415</u>
<b>EQUITIES</b>		
Patronage capital	14,610,771	13,605,061
CATV accumulated deficit	(432,479)	(374,946)
Accumulated other comprehensive income	159,920	211,639
Total equities	<u>14,338,212</u>	<u>13,441,754</u>
	<u>\$ 23,869,392</u>	<u>\$ 24,135,531</u>

**NORTH DAKOTA 525  
RESERVATION TELEPHONE COOPERATIVE  
STATEMENTS OF OPERATIONS  
YEARS ENDED DECEMBER 31, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
<b>OPERATING REVENUES</b>		
Local network services	\$ 1,959,109	\$ 1,698,597
Network access services	5,585,914	4,605,798
Long distance network services	86,555	87,997
Billing and collection	188,918	182,380
Miscellaneous revenue	431,535	407,926
Uncollectible revenue	(6,235)	(12,000)
	<u>8,245,796</u>	<u>6,970,698</u>
<b>OPERATING EXPENSES</b>		
Plant specific operations	1,229,710	1,327,876
Plant nonspecific operations	461,532	378,865
Depreciation	2,440,924	1,729,909
Customer operations	780,682	780,661
Corporate operations	1,452,389	1,399,825
Operating taxes - other	62,562	53,194
	<u>6,427,799</u>	<u>5,670,330</u>
	<u>1,817,997</u>	<u>1,300,368</u>
<b>OPERATING MARGIN</b>		
<b>NONOPERATING INCOME (CHARGES)</b>		
Interest income	92,525	-92,365
Dividend income	39,621	27,620
Amortization of plant acquisition adjustment	(203,623)	(203,623)
Margin (deficit) from nonregulated investments		
CATV division	(57,533)	(33,354)
Telecommunications equipment	10,021	45,203
Special charges	(5,000)	(6,470)
Gain on sale of securities available for sale	-	290,628
Income on equity investment (NDLD)	166,092	155,808
Loss on equity investments (DCN)	(29,412)	(171,446)
Nonoperating income	13,251	1,009
	<u>25,942</u>	<u>197,740</u>
<b>NET MARGIN BEFORE INTEREST EXPENSE</b>	<u>1,843,939</u>	<u>1,498,108</u>
<b>INTEREST EXPENSE</b>	<u>443,165</u>	<u>457,798</u>
<b>NET MARGIN</b>	<u>\$ 1,400,774</u>	<u>\$ 1,040,310</u>

**NORTH DAKOTA 525  
RESERVATION TELEPHONE COOPERATIVE  
STATEMENTS OF EQUITIES  
YEARS ENDED DECEMBER 31, 2001 AND 2000**

	Patronage Capital	CATV Accumulated Deficit	Comprehensive Income	Accumulated Other Comprehensive Income
BALANCE (DEFICIT), DECEMBER 31, 1999	\$ 13,118,014	\$ (341,592)	\$ -	\$ 560,587
Net margins (loss)	1,073,664	(33,354)	1,040,310	
Retirement of capital credits	(598,693)	-		
Excise tax refund	12,076			
Realized gain on marketable securities	-	-	(348,948)	(348,948)
COMPREHENSIVE MARGINS			<u>\$ 691,362</u>	
BALANCE (DEFICIT), DECEMBER 31, 2000	13,605,061	(374,946)	\$ -	211,639
Net margins (loss)	1,458,307	(57,533)	1,400,774	
Retirement of capital credits	(465,062)	-		
Excise tax refund	12,465			
Unrealized loss on marketable securities	-	-	-	(51,719)
COMPREHENSIVE MARGINS			<u>\$ 1,400,774</u>	
BALANCE (DEFICIT), DECEMBER 31, 2001	<u>\$ 14,610,771</u>	<u>\$ (432,479)</u>		<u>\$ 159,920</u>

**NORTH DAKOTA 525  
RESERVATION TELEPHONE COOPERATIVE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
<b>OPERATING ACTIVITIES</b>		
Net margins	\$ 1,400,774	\$ 1,040,310
Adjustments to reconcile net margins to net cash from operating activities		
Depreciation		
Telecommunications plant	2,440,924	1,729,909
CATV plant	39,656	43,404
Nonregulated telecommunications equipment	149,175	121,414
Amortization of plant acquisition adjustment	203,623	203,623
Loss (income) on equity investments	(136,680)	15,638
Gain on sale of marketable equity securities	-	(290,628)
Postretirement benefit accrual	33,656	41,280
Changes in assets and liabilities		
Telecommunications accounts receivable	80,476	(19,693)
Other accounts receivable	400,209	48,855
Interest receivable	(3,090)	177
Materials and supplies	(152,277)	(124,643)
Prepayments	8,644	2,266
Deferred charges	50,599	40
Accounts payable	(440,069)	232,098
Advanced billing and customer deposits	(758)	(21,562)
Taxes accrued - other	6,124	6,948
Other current liabilities	9,852	(10,841)
Deferred credits	(34,104)	29,303
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u><b>4,056,734</b></u>	<u><b>3,047,898</b></u>
<b>INVESTING ACTIVITIES</b>		
Plant additions and replacements - net		
Telecommunications plant	(2,046,332)	(1,999,947)
CATV plant	(21,681)	(55,414)
Nonregulated telecommunications plant	(237,525)	(291,763)
Postretirement benefits paid	(10,250)	(8,500)
Cash used for purchase of other investments	(224,768)	(179,250)
Proceeds from other investments	59,710	56,113
Redemption of temporary cash investments	34,886	116,366
Proceeds from sale of marketable equity securities	-	344,000
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>	<u><b>(2,445,960)</b></u>	<u><b>(2,018,395)</b></u>

(continued on next page)

## STATEMENTS OF CASH FLOWS

	<u>2001</u>	<u>2000</u>
FINANCING ACTIVITIES		
Principal payments on long-term debt	(725,648)	(682,745)
Retirement of capital credits	(465,062)	(597,436)
NET CASH USED FOR FINANCING ACTIVITIES	<u>(1,190,710)</u>	<u>(1,280,181)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	420,064	(250,678)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>287,087</u>	<u>537,765</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 707,151</u></u>	<u><u>\$ 287,087</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Cash payments for interest	<u><u>\$ 439,117</u></u>	<u><u>\$ 501,257</u></u>

**NORTH DAKOTA 525  
RESERVATION TELEPHONE COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*General*

The Cooperative follows the Federal Communication Commission's (FCC) Uniform System of Accounts for Class A and B Telephone Utilities as required by the Rural Utilities Service (RUS).

Rates charged to customers for local services are established by the board of directors and are subject to approval by RUS before becoming effective. Toll and access rates are subject to state and FCC regulations.

*Telecommunications and Other Plant*

These assets are stated at cost. The cost of additions to plant includes contracted work, direct labor and materials, and all allocable overheads. When units of property are retired, sold, or otherwise disposed of in the ordinary course of business, their average book cost less net salvage is charged to accumulated depreciation. Repairs and the replacement and renewal of items determined to be less than units of property are charged to maintenance.

*Allowance for Funds Used During Construction (AFUDC)*

Allowance for funds used during construction provides for the cost of financing the construction of telecommunications plant to be capitalized as a cost of construction. The amount of interest capitalized is based on the weighted average of the cost of capital.

*Depreciation*

Depreciation is computed on the straight-line method based upon estimated service lives of the depreciable assets. Such provisions, as a percentage of the average balance of depreciable property in service, were as follows:

	<u>2001</u>		<u>2000</u>
Telecommunications plant	7.31	%	5.40
CATV plant	3.55		3.96
Nonregulated customer premise plant	4.75		9.42

*Amortization*

Amortization of telephone plant acquisition adjustment is computed using the straight-line method over a period of fifteen years.

## NOTES TO FINANCIAL STATEMENTS

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### *Investments*

The cooperative determines the classification of investments as either held-to-maturity, available-for-sale or trading. Management determines the appropriate classification of debt and equity securities at the time of purchase and reevaluates such designation as of each balance sheet date. The cooperative classifies their marketable securities as available for sale (see Note 2). These securities are carried in the financial statements at fair value (estimated based on quoted market prices). Realized gains and losses are included in operations; unrealized gains and losses are reported as a separate component of equity.

The cooperative has no trading securities.

The cooperative's investments in limited liability corporations (LLC's) are accounted for using the equity method. Temporary cash investments are stated at cost which approximates market value. All other investments which do not have a readily available market are stated at cost.

### *Cash and Cash Equivalents*

For purposes of reporting cash flows, the Cooperative considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

### *Materials and Supplies*

Materials and supplies are stated at average cost except for material held for resale which is stated at actual cost.

### *Patronage Capital*

The Cooperative operates on a nonprofit basis. Amounts received from the furnishing of telephone service in excess of operating costs and expenses are assigned to patrons on a patronage basis. All other amounts received by the Cooperative from its operations in excess of costs and expenses are also allocated to its patrons on a patronage basis to the extent they are not needed to offset current or prior losses or allocated to a reserve for future losses.

### *Revenue Recognition*

Revenue from local telephone network and CATV service is reflected in the accounts at the time such revenue is actually billed to the customers. Revenue from network access service is accrued to the balance sheet date. Local telephone service is billed the first of each month for one month's service in advance. Toll and access revenue are accrued to the balance sheet date.

### *Postretirement Benefits*

The policy is to fund pension costs accrued.

The cooperative also provides certain health care benefits for retired employees who meet eligibility requirements. The cooperative's share of the estimated costs of benefits that will be paid after retirement is being accrued by charges to expense and other accounts (based on payroll distribution) over the employees' active service periods to dates they are fully eligible for benefits.

## NOTES TO FINANCIAL STATEMENTS

### *Business and Credit Risk*

The Cooperative provides telephone and cable television service on account to its members located in western North Dakota and eastern Montana. The Cooperative also provides access service on account to various long distance companies which provide toll service to the cooperative's members.

The Cooperative maintains cash and cash equivalent balances in certain financial institutions. The accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. At times during the year, the Cooperative's bank balances exceeded insurance coverage.

### *Accounting Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### *Income Taxes*

The Cooperative is exempt from income taxes under Section 501(c)(12) of the Internal Revenue Code.

## NOTE 2 - INVESTMENTS IN AVAILABLE-FOR-SALE SECURITIES

Marketable securities consist of the following:

	2001			2000
	Amortized Cost	Accumulated Other Comprehensive Income	Fair Value	Fair Value
Common stock				
Qwest				
Communications Group	\$ 32,314	\$ 4,325	\$ 36,639	\$ 105,989
AT&T	106,385	30,189	136,574	103,500
Verizon Communications	149,625	125,406	275,031	290,474
	\$ 288,324	\$ 159,920	\$ 448,244	\$ 499,963

Proceeds from sales of securities available-for-sale were \$344,000 in 2000, with a realized gain of \$100,886. The specific identification method was used to determine cost when calculating realized gains or losses.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3 - OTHER INVESTMENTS

	<u>2001</u>	<u>2000</u>
Memberships and deposits	\$ 5,600	\$ 5,600
Patronage capital credits from non-profit service organizations	88,711	82,657
National Information Solutions Cooperative (NISC)	64,123	64,123
Rural Telephone Bank - Class C stock	1,000	1,000
Cellular operating companies - common stock (at cost)	45,063	33,474
North Central Regional Processing Center - stock (at cost)	3,000	3,000
Computer purchase program (employees)	23,258	34,144
CoBank		
Class E stock	<u>145,691</u>	<u>131,072</u>
North Dakota Long Distance LLC ( 10.00% ownership)	140,000	140,000
Add share of accumulated operating income	396,269	230,178
Less cash distributions	<u>(56,000)</u>	<u>(14,000)</u>
Net investment	<u>480,269</u>	<u>356,178</u>
Dakota Carrier Network LLC (4.893% ownership)		
Common capital units	559,135	373,452
Preferred capital units	<u>217,000</u>	<u>217,000</u>
	776,135	590,452
Less share of accumulated operating losses	<u>(528,411)</u>	<u>(498,999)</u>
Net investment	<u>247,724</u>	<u>91,453</u>
Total other investments	<u>\$ 1,104,439</u>	<u>\$ 802,701</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4 - NONREGULATED INVESTMENTS

#### CATV

The cooperative accounts for its cable television (CATV) operations under a separate operating division. Pursuant to Rural Utilities Service requirements, total CATV plant less accumulated depreciation is reported in the financial statements as nonregulated investments. All other assets and liabilities of the CATV division are combined with the assets and liabilities of the telephone division.

The net margins from CATV operations are reported in the statements of operations and patronage capital in the nonoperating margin section. Details of the CATV plant and operations are as follows:

	<u>2001</u>	<u>2000</u>
<b>CATV PLANT</b>		
In service	\$ 1,086,737	\$ 1,149,747
Less accumulated depreciation	<u>(806,935)</u>	<u>(850,986)</u>
CATV plant - net	<u>\$ 279,802</u>	<u>\$ 298,761</u>
<b>OPERATIONS</b>		
Revenues		
Cable television service	\$ 281,712	\$ 276,998
Miscellaneous	<u>5,314</u>	<u>6,347</u>
Total operating revenues	<u>287,026</u>	<u>283,345</u>
Expenses		
Distribution expense	30,968	21,813
Plant nonspecific	54,301	43,127
Headend expense	164,964	158,411
Depreciation	39,656	43,404
Accounting and office expense	53,706	47,778
Other operating expenses	-	1,490
Operating taxes	<u>964</u>	<u>676</u>
Total operating expenses	<u>344,559</u>	<u>316,699</u>
Net deficit	(57,533)	(33,354)
Accumulated deficit, beginning of year	<u>(374,946)</u>	<u>(341,592)</u>
Accumulated deficit, end of year	<u>\$ (432,479)</u>	<u>\$ (374,946)</u>

(continued on next page)

## NOTES TO FINANCIAL STATEMENTS

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### TELECOMMUNICATIONS EQUIPMENT

Leased telecommunication equipment is reflected in the financial statements as a nonregulated investment as follows:

	<u>2001</u>	<u>2000</u>
Telecommunications equipment	\$ 1,598,516	\$ 1,432,991
Less accumulated depreciation	<u>(804,601)</u>	<u>(660,274)</u>
Net plant	<u>\$ 793,915</u>	<u>\$ 772,717</u>

The revenues and related expenses associated with nonregulated telecommunication equipment are reflected in the statements of operation and patronage capital in the nonoperating margin section. Details of such operations for the years ended December 31, 2001 and 2000 are as follows:

Operating revenues	\$ 736,557	\$ 695,333
Operating expenses	<u>726,536</u>	<u>650,130</u>
Net margin	<u>\$ 10,021</u>	<u>\$ 45,203</u>

### NOTE 5 - DEFERRED CHARGES

	<u>2001</u>	<u>2000</u>
PCS - licenses	\$ -	\$ 49,639
Preliminary survey and investigation charges	<u>-</u>	<u>960</u>
	<u>\$ -</u>	<u>\$ 50,599</u>

The cooperative purchased broadband Personal Communications Services (PCS) licenses from the FCC. The cooperative had made a deposit and incurred other organizational costs totaling \$49,639 were held as a deferred debit until the PCS franchise area became operational or was sold. The Cooperate sold its PCS licenses during 2001.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6 - TELECOMMUNICATIONS PLANT AND DEPRECIATION

Classifications	2001		2000	
	Plant	Depreciation Rates	Plant	Depreciation Rates
Land and support assets	\$ 5,284,425	4.0 - 33.3%	\$ 5,493,959	3.0 - 33.3%
Central office switching	5,063,986	10.0	4,553,328	6.25
Central office transmission	5,931,710	10.0	5,709,110	6.25 - 10.0
Information origination and termination assets	496,015	10.0	486,918	10.0
Cable and wire facilities	<u>17,458,868</u>	<u>4.0 - 10.0</u>	<u>16,598,857</u>	<u>2.2 - 6.0</u>
Total in service	34,235,004		32,842,172	
Under construction	716,802		88,729	
Telephone plant acquisition adjustment	<u>3,053,621</u>		<u>3,053,621</u>	
Total plant	<u>\$ 38,005,427</u>		<u>\$ 35,984,522</u>	

Telephone plant acquisition adjustment is the difference between the total purchase price and the total net book value of the telecommunications plant purchased from US West Communications, Inc. in 1996. The adjustment is being amortized over 15 years.

### NOTE 7 - LONG - TERM DEBT

	2001	2000
RUS mortgage notes		
2%, due in quarterly installments through August 2013	\$ 3,456,993	\$ 3,827,123
5%, due in monthly installments through December 2020	<u>3,435,856</u>	<u>3,536,730</u>
Total RUS	<u>6,892,849</u>	<u>7,363,853</u>

## NOTES TO FINANCIAL STATEMENTS

	<u>2001</u>	<u>2000</u>
CoBank		
Contract 2, interest rate of 8.19%, note due in installments through June 2001	-	700,000
999991572, interest rate of 8.38%, note due in installments through June 2003	700,000	700,000
999991573, interest rate of 8.47%, note due in installments through June 2006	700,000	700,000
Variable rate repriced term loans (2001 - 3.59%; 2000 - 7.79%) due in monthly installments through June 2011	<u>813,445</u>	<u>368,089</u>
Total CoBank	<u>2,213,445</u>	<u>2,468,089</u>
Total long-term debt	9,106,294	9,831,942
Less current maturities	<u>(695,400)</u>	<u>(727,000)</u>
Net long-term debt	<u>\$ 8,410,894</u>	<u>\$ 9,104,942</u>

Substantially all assets of the cooperative are pledged as security on the above debt. The notes due RUS generally mature 35 years from the date of issuance and the CoBank notes generally mature 15 years from the date of issuance.

It is estimated that principal repayments for the next five years will be as follows:

	<u>RUS</u>	<u>CoBank</u>	<u>Total</u>
2002	\$ 460,300	\$ 235,100	\$ 695,400
2003	359,400	235,100	594,500
2004	379,000	235,100	614,100
2005	353,300	235,100	588,400
2006	364,000	235,100	599,100

All loan funds advanced from RUS are deposited in a special trust bank account, the disbursements from which are restricted by the provisions of the loan agreement to purposes approved by RUS. There were no unadvanced loan funds available to the cooperative on loan commitments from RUS.

Notes executed with CoBank require the cooperative to meet certain financial ratios, minimum net worth levels and minimum cash flow requirements. Management is not aware of any violations of the covenants.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - PATRONAGE CAPITAL**

	<u>2001</u>	<u>2000</u>
Assignable	\$ 1,458,307	\$ 1,418,052
Assigned to date	<u>22,822,603</u>	<u>21,392,086</u>
	24,280,910	22,810,138
Retired to date	<u>9,670,139</u>	<u>9,205,077</u>
Balance	<u><u>\$ 14,610,771</u></u>	<u><u>\$ 13,605,061</u></u>

The long-term debt agreements with the Rural Utilities Service contain restrictions on the retirements of patronage capital, memberships, and equity capital. The restrictions are related in general to the Cooperative's adjusted net worth and assets as defined in said agreements. The Cooperative may, however, make distributions in any calendar year equal to 25 percent of the net margin of the immediate preceding calendar year. The Cooperative's equity was 60.07% for 2001 and 55.69% for 2000.

**NOTE 9 - EMPLOYEE BENEFIT PLANS**

*Pension Plan*

The cooperative has a noncontributory pension plan covering substantially all employees. The plan is funded through payments to the National Telephone Cooperative Association (NTCA) which has established a trustee plan whereby annuities effective upon retirement, will be available to participants in amounts established by the plan. In this master multi-employer plan, the accumulated benefits and plan assets are not determined or allocated separately by individual employer. The total normal cost of this plan for the years ended December 31, 2001 and 2000, was approximately \$188,000 and \$229,000, respectively, and was charged to expense and other accounts on the basis of payroll distribution.

*Postretirement Health Insurance Benefits*

The cooperative instituted a policy January 1, 1999, whereby an employee who meets retirement requirements (as defined by the pension agreement), who elects to retire, is eligible to have the cooperative pay \$250 of a insurance policy cost. The payments are to be made by the cooperative until the retiree reaches age 65. The plan is unfunded.

Net periodic postretirement benefit costs include the following components for the year ended December 31, 2001 and 2000.

	<u>2001</u>	<u>2000</u>
Service costs - benefits attributable to service during the year	\$ 10,675	\$ 18,300
Transition obligation	<u>22,981</u>	<u>22,981</u>
	<u><u>\$ 33,656</u></u>	<u><u>\$ 41,281</u></u>

## NOTES TO FINANCIAL STATEMENTS

The liability for these postretirement benefits (unfunded) is as follows:

	<u>2001</u>	<u>2000</u>
Retirees	\$ 51,945	\$ 36,181
Eligible active participants	38,939	65,116
Other active participants	<u>166,697</u>	<u>155,859</u>
Obligation included on balance sheet	257,581	257,156
Less current portion	(13,000)	(10,000)
Less unamortized transition obligation	<u>(160,864)</u>	<u>(183,845)</u>
Long-term liability included on balance sheet	<u>\$ 83,717</u>	<u>\$ 63,311</u>

The weighted average discount rate used in estimating the accumulated postretirement obligation at December 31, 2001 and 2000 was 5.25%.

The transition obligation is being amortized to expense and other accounts over 20 years (original obligation \$229,806).

### NOTE 10 - DEFERRED CREDITS

	<u>2001</u>	<u>2000</u>
Insurance proceeds	\$ -	\$ 3,813
Deferred revenue for leased property	-	29,245
Other	-	<u>1,046</u>
	<u>\$ -</u>	<u>\$ 34,104</u>

### NOTE 11 - LINE OF CREDIT

A seasonal line of credit agreement has been executed with the CoBank providing the cooperative with short-term loans in the total amount of \$500,000 on a revolving basis until November 1, 2002, at which time all unpaid principal is due and payable. Interest on unpaid principal is payable quarterly at rates determined from time to time by the bank, not to exceed the maximum rate of interest permitted by law. There were no outstanding advances on this line-of-credit at December 31, 2001.

### NOTE 12 - CONTINGENCY

The cooperative is involved in litigation relating to Three Affiliated Tribes' authority to assess a possessory interest tax on property owned by the cooperative on fee patent land within the boundaries of the reservation. The U.S. Court of Appeals for the Eighth Circuit issued an opinion requiring the cooperative to exhaust tribal remedies to resolve the issue. The cooperative has reached an agreement with the tribe to exhaust its tribal remedies by allowing the tribe to sue the cooperative in tribal court. A summons and complaint was served upon the cooperative and an answer to the complaint has been filed. The parties are currently engaged in discovery. Prior to litigating the issue of tribal taxing authority, the taxpayer is required to pay the taxes assessed. In this regard, the parties have agreed to deposit moneys (\$188,492 at December 31, 2001) into a trust account. At this time, no estimate can be made as to the time or the amount, if any, of ultimate liability. The cooperative is confident that it will prevail.

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**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION**

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The Board of Directors  
**Reservation Telephone Cooperative**  
Parshall, North Dakota

Our report was made for the purpose of forming an opinion on the basic financial statements taken as whole. The accompanying information contained on pages 18 - 19 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Eide Bailly LLP*

Fargo, North Dakota  
March 13, 2002

**NORTH DAKOTA 525  
RESERVATION TELEPHONE COOPERATIVE  
DIRECTORS, OFFICERS, AND MANAGMENT**

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**DIRECTORS**

<u>Name</u>	<u>Address</u>
Hilman Anderson	Makoti, North Dakota
Marlyn Froseth	Kenmare, North Dakota
A. James Johnson	Parshall, North Dakota
Kenneth Littlefield	New Town, North Dakota
Norlan Nelson	Garrison, North Dakota
Terry Wilber	New Town, North Dakota
Paul Wisness	Keene, North Dakota

**OFFICERS AND MANAGMENT**

<u>Name</u>	<u>Title</u>
Hilman Anderson .....	President
Paul Wisness.....	Vice President
A. James Johnson .....	Secretary-Treasurer
Royce S. Aslakson.....	General Manager
Shane Hart .....	Office Manager
Don Ranum.....	Plant Manager

**NORTH DAKOTA 525  
RESERVATION TELEPHONE COOPERATIVE  
SCHEDULE OF LONG – TERM DEBT TO RUS AND COBANK  
DECEMBER 31, 2001 AND 2000**

Note and Date	Principal Amount	Principal Repayment	Net Obligation	
			2001	2000
<b><u>RURAL UTILITIES SERVICE (RUS)</u></b>				
<b><u>RUS (2%)</u></b>				
2101 04/24/61	\$ 65,248	\$ 65,248	\$ -	\$ -
2120 07/12/65	115,000	115,000	-	-
2140 01/27/67	600,000	594,255	5,745	24,552
2150 02/15/68	433,000	415,276	17,724	35,508
2160 08/01/68	1,105,000	1,036,784	68,216	113,144
2170 06/16/70	979,000	849,413	129,587	168,026
2180 02/24/72	1,080,605	863,980	216,625	257,601
2181 02/24/72	79,395	62,231	17,164	20,394
12190 11/25/74	642,000	447,451	194,549	217,592
12200 01/26/77	998,605	616,378	382,227	416,498
12201 01/26/77	1,140,395	669,889	470,506	512,459
12210 07/28/82	2,579,418	1,126,063	1,453,355	1,532,670
12211 07/28/82	828,582	327,287	501,295	528,679
	<u>10,646,248</u>	<u>7,189,255</u>	<u>3,456,993</u>	<u>3,827,123</u>
<b><u>RUS (5%)</u></b>				
12220 03/25/86	2,853,000	652,264	2,200,736	2,267,942
12221 03/25/86	1,195,000	233,222	961,778	991,053
11222 03/25/86	293,000	19,658	273,342	277,735
	<u>4,341,000</u>	<u>905,144</u>	<u>3,435,856</u>	<u>3,536,730</u>
Total RUS	<u>14,987,248</u>	<u>8,094,399</u>	<u>6,892,849</u>	<u>7,363,853</u>
<b><u>CoBANK</u></b>				
999991571 (8.19%) 06/03/96	700,000	700,000	-	700,000
999991572 (8.38%) 06/03/96	700,000	-	700,000	700,000
999991573 (8.47%) 06/03/96	700,000	-	700,000	700,000
Variable rate loans (2001- 3.59%: 2000 - 7.79%)	<u>1,283,557</u>	<u>470,112</u>	<u>813,445</u>	<u>368,089</u>
Total CoBank loans	<u>3,383,557</u>	<u>1,170,112</u>	<u>2,213,445</u>	<u>2,468,089</u>
Total long-term debt	<u>\$ 18,370,805</u>	<u>\$ 9,264,511</u>	<u>\$ 9,106,294</u>	<u>\$ 9,831,942</u>

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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The Board of Directors  
**Reservation Telephone Cooperative**  
Parshall, North Dakota

We have audited the financial statements of **Reservation Telephone Cooperative** as of and for the year ended December 31, 2001, and have issued our report thereon dated March 13, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

*Compliance*

As part of obtaining reasonable assurance about whether **Reservation Telephone Cooperative's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

*Internal Control Over Financial Reporting*

In planning and performing our audit, we considered **Reservation Telephone Cooperative's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, management, and the Rural Utilities Service and supplemental lenders and is not intended to be and should not be used by anyone other than these specified parties.

*Eide Baily LLP*

Fargo, North Dakota  
March 13, 2002

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**MANAGEMENT LETTER**

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The Board of Directors  
**Reservation Telephone Cooperative**  
Parshall, North Dakota

We have audited the financial statements of **Reservation Telephone Cooperative** for the year ended December 31, 2001, and have issued our report thereon dated March 13, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and 7 CFR Part 1773, Policy on Audits of Rural Utilities Service (RUS) Borrowers. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit, we considered **Reservation Telephone Cooperative's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

A description of the responsibility of management for establishing and maintaining the internal control over financial reporting and the objectives of and inherent limitations in such control is set forth in our independent auditor's report on compliance and on internal control over financial reporting dated March 13, 2002, and should be read in conjunction with this report.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of the specific internal control over financial reporting components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Code of Federal Regulations 7 CFR Part 1773.33 requires comments on specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and other additional matters. We have grouped our comments accordingly. In addition to obtaining reasonable assurance about whether the financial statements are free from material misstatements, at your request, we performed tests of specific aspects of the internal control over financial reporting, of compliance with specific RUS loan and security instrument provisions, and of additional matters. The specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provision, and additional matters tested include, among other things, the accounting procedures and records, materials control, compliance with specific RUS loan and security instrument provisions set forth in 7 CFR Part 1773.33(e)(1), and related party transactions and investments. In addition, our audit of the financial statements also included the procedures specified in 7 CFR Part 1773.38-.45. Our objective was not to provide an opinion on these specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provision, or additional matters and, accordingly, we express no opinion thereon.

No reports (other than our independent auditor's report and our independent auditor's compliance and internal control over financial reporting, all dated March 13, 2002) or summary of recommendations related to our audit, have been furnished to management.

Our comments on specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and other additional matters as required by 7 CFR Part 1773.33 are presented below.

## **Comments On Certain Specific Aspects Of The Internal Control Over Financial Reporting**

We noted no matters regarding **Reservation Telephone Cooperative's** internal control over financial reporting and its operation that we consider to be a material weakness as previously defined with respect to:

- \* The accounting procedures and records;
- \* The process for accumulating and recording labor, material and overhead costs and the distribution of these costs to construction, retirement, and maintenance or other expense accounts; and,
- \* The materials control.

## **Comments On Compliance With Specific RUS Loan And Security Instrument Provisions**

Management's responsibility for compliance with laws, regulations, contracts and grants is set forth in our independent auditor's report on compliance and internal control over financial reporting dated March 13, 2002, and should be read in conjunction with this report. At your request, we have performed the procedures enumerated below with respect to compliance with certain provisions of laws, regulations, and contracts. The procedures we performed are summarized as follows:

- \* Procedures performed with respect to the requirement for a borrower to obtain written approval of the mortgagee to enter into any contract for the operation or maintenance of its property, or for the use of mortgaged property by others for the year ended December 31, 2001, of **Reservation Telephone Cooperative**.
  - Obtained management's representation that there were no new contracts entered into during the year for the operation or maintenance of its property, or for the use of mortgaged property by others.

- Reviewed board minutes and ascertained there were no such contracts.
- \* Procedure performed with respect to the requirement to submit RUS Form 479 to the RUS:
  - Agreed amounts reported in Form 479 to **Reservation Telephone Cooperative's** records.

The results of our tests indicate that with respect to the items tested, **Reservation Telephone Cooperative** complied, in all material respects, with the specific RUS loan and security instrument provisions referred to below. The specific provisions tested include the requirements that:

- \* The borrower has submitted its Form 479 to RUS and the Form 479, Financial and Statistical Report, as of December 31, 2001, as represented by the cooperative as having been submitted to RUS, is in agreement with the **Reservation Telephone Cooperative's** records in all material respects.

### **Comments On Other Additional Matters**

In connection with our audit of the financial statements of **Reservation Telephone Cooperative** nothing came to our attention that caused us to believe that **Reservation Telephone Cooperative** failed to comply with respect to:

- \* The reconciliation of continuing property records to the controlling general ledger plant accounts addressed at 7 CFR Part 1773.33(c)(1);
- \* The clearing of the construction accounts and the accrual of depreciation on completed construction addressed at 7 CFR Part 1773.33(c)(2);
- \* The retirement of plant addressed at 7 CFR Part 1773.33(c)(3) and (4);
- \* The approval of the sale, lease or transfer of capital assets and disposition of proceed for the sales of plant, material or scrap addressed at 7 CFR Part 1773.33(c)(5).
- \* The disclosure of material related party transactions, in accordance with Statement of Financial Accounting Standards No. 57, Related Party Transactions, for the year ended December 31, 2001, in the financial statements referenced in the first paragraph of this report addressed at 7 CFR Part 1773.33(f); and
- \* The detailed schedule of investments addressed at 7 CFR Part 1773.33(i).

## Detailed Schedule Of Investments

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The detailed schedule of investments required by 7 CFR Part 1773.33(i) and as provided below is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

	North Dakota Long Distance LLC	Dakota Carrier Network LLC	Totals
Equity ownership (%)	10.00%	4.893%	
Original investment cost	\$ 140,000	\$ 411,202	\$ 551,202
Capital calls		179,250	179,250
Equity earnings (loss) for the year ended December 31, 2000	230,178	(498,999)	(268,821)
Less cash distributions	<u>(14,000)</u>		<u>(14,000)</u>
Book value of investment at December 31, 2000	356,178	91,453	447,631
Capital calls		185,683	185,683
Equity earnings (loss) for the year ended December 31, 2001	166,091	(29,412)	136,679
Less cash distributions	<u>(42,000)</u>		<u>(42,000)</u>
Book value of investment at December 31, 2001	<u>\$ 480,269</u>	<u>\$ 247,724</u>	<u>\$ 727,993</u>

North Dakota Long Distance LLC was formed by the independent telecommunications carriers in the state of North Dakota to allow them to offer their consumers choices in the long-distance telecommunications market.

Dakota Carrier Network LLC was formed by the independent telecommunications carriers in the state of North Dakota to provide commercial enterprises high speed telecommunications services in the rural areas of the state.

This report is intended solely for the information and use of the board of directors, management, and the Rural Utilities Service and supplemental lenders and is not intended to be and should not be used by anyone other than these specified parties.

*Eide Bailly LLP*

Fargo, North Dakota  
March 13, 2002

**Binek, William W.**  
**From:** Binek, William W.  
**Sent:** Wednesday, October 23, 2002 2:54 PM  
**To:** 'Patrick W. Durick'  
**Cc:** Scott, Sandi L.; Binek, William W.  
**Subject:** RE: Case Nos. PU-427-02-454 and 452

Pat:

My notes indicate that the exhibits for the Watford City hearing are:

Exhibit 1 - Royce S. Aslakson Testimony  
Exhibit 2 - RTC number of subscribers represented by each director  
Late Filed Exhibit 3 - Enumeration of ETC service  
Late Filed Exhibit 4 - Waiver letter to FCC  
Exhibit 5 - Mike Diller Testimony

My notes indicate that the exhibits for the Williston hearing are:

Exhibit 1 - Slide presentation  
Late Filed Exhibit 2 - Additional slide to Exhibit 1  
Late Filed Exhibit 3 - Waiver letter to FCC  
Late Filed Exhibit 4 - Enumeration of ETC service  
Late Filed Exhibit 5 - List of communities served by EAS  
Exhibit 6 - Mike Diller Testimony

Please call my Administrative Assistant, Sandi Scott, to make arrangements to have copies made of the tapes. Sandi is presently out of the office, but will be back Friday. Sandi's direct phone number is 328-4081. I will be out of the office Thursday and Friday.

-----Original Message-----

**From:** Patrick W. Durick [mailto:[pwd@pearce-durick.com](mailto:pwd@pearce-durick.com)]  
**Sent:** Wednesday, October 23, 2002 9:17 AM  
**To:** [wwb@psc.state.nd.us](mailto:wwb@psc.state.nd.us)  
**Subject:** Case Nos. PU-427-02-454 and 452

Bill:

I would like to get Exhibit Lists and tapes of the two Public Hearings held yesterday, October 22, 2002 in Watford City and Williston. I would appreciate it if you would let me know if there is a charge for the tapes or copying costs for the Exhibit Lists or if you need a formal request filed in the matters.

I hope you had a good trip home. I went through Minot and the roads were good.

Thank you for your cooperation.

Pat Durick

Patrick W. Durick  
Pearce & Durick  
P.O. Box 400  
314 East Thayer Ave.  
Bismarck, ND 58502-0400  
(701) 333-0102

Pat Dunch - counsel

Royce S. Aslakson

for MAP received Teleff

photo 1 - testimony A Royce S. Aslakson  
photo 2 - RTC member of subscribers <sup>represented by</sup> ~~and~~

late photo by photo 3 - <sup>FCC review</sup> ~~Examination~~ of records  
" " " 4 - Waiver filed D FCC

photo 5 - testimony of Mark Miller

Public Comment - World & how about  
to NS for arranged

Sherry Leitch

- school administered

arranged

~~Mr~~ Merion Zajewski

Alexander area

- ENSO will be well

stay at home

Lynn Hoode

Alexander - hand by

parents letter

Jean Wolf  
Walford City

Rep David Doudak

arranged  
arranged

**Helbling, Sharon D.**

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**From:** Helbling, Sharon D.

**Sent:** Tuesday, October 15, 2002 9:19 AM

**To:** Comm; Legal; PUD

**Subject:** Sale of Williston, Watford City and Alexander Exchanges

**A gentleman called yesterday morning to state he has no objection to the sale as long as the new company continues to provide the same services at the same rates they are getting now. He did not leave his name.**

10/15/2002

PU-2999-02-452; PU-427-02-454

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
 Patrick W Durick  
 Pearce + Durick  
 PO Box 400  
 Bismarck ND 58502-0400

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
 X *Leo Becken*  Agent  Addressee

B. Received by (Printed Name) *Leo Becken* C. Date of Delivery *9/9/02*

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number (Transfer from service label) *7099 3220 0002 8482 3063*

PU-427-02-456

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
 Royce Alakson  
 Reservation Telephone Corp  
 PO Box 68  
 Marshall ND 58770

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
 X *Barbara Lee*  Agent  Addressee

B. Received by (Printed Name) *Barbara Lee* C. Date of Delivery *SEP -9 2002*

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number (Transfer from service label) *7099 3220 0002 8482 3070*