

DIVIDER

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

DESCRIPTION

PU-04-565
Northwest Communications Cooperative a Cooperative
Local Exchange
Public Convenience & Nece 04
Filed 10/27/2004 Closed 2/23/2005



Public Service Commission
State of North Dakota

COMMISSIONERS

Tony Clark, President
Susan E. Wefald
Kevin Cramer

Executive Secretary
Illona A. Jeffcoat-Sacco

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

December 1, 2005

Mark L Stenehjem
P O Box 1366
Williston ND 58802-1366

RE: PSC Case No. PU-04-565

Dear Mr. Stenehjem:

On February 22, 2005, the Commission adopted an Order authorizing the issuance of a certificate of public convenience and necessity to Northwest Communications Cooperative, a Cooperative Association for the provision of local exchange service in the Noonan, North Dakota exchange, effective on the date the purchase transaction was complete. The order also stated Noonan Farmers Telephone Company's certificate would be cancelled upon completion of the transaction.

On November 21, 2005, the Commission was notified by your office that the transaction was complete, and Northwest Communications will begin providing services to the Noonan, North Dakota exchange on December 1, 2005.

Enclosed is Certificate of Public Convenience and Necessity No. 5274 for Northwest Communications Cooperative, Cooperative Association for your files. Noonan Farmers Telephone Company's certificate is cancelled.

If you have any questions, please contact us.

Sincerely,

Sharon Helbling
Public Utilities Division

Sdh

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Pages 1

Enclosure

Letter re Certificate No 5274

by Public Service Commission
12/01/2005C Comm Legal Illona Jerry Annette, Mike

**Public Service Commission
STATE OF NORTH DAKOTA**

Certificate of Public Convenience and Necessity

Certificate Number 5274

This is to certify that public convenience and necessity require, and permission is granted for Northwest Communications Cooperative, a Cooperative Association, a telecommunications public utility, to provide local exchange telecommunications services inside the Noonan, North Dakota local exchange area.

This certificate is issued in Case No. PU-04-565 and is conditioned upon Northwest Communications Cooperative, a Cooperative Association securing the franchise or other authority of the proper municipal or other authority for the exercise of these rights and privileges.


Bismarck, North Dakota, December 1, 2005.

ATTEST:

PUBLIC SERVICE COMMISSION



Executive Secretary



Commissioner

McKENNETT STENEHJEM REIERSON FORSBERG & HERMANSON, P.C.

ATTORNEYS AND COUNSELORS AT LAW

RICHARD A McKENNETT
KENT REIERSON**
DAVID T HERMANSON*

314 1ST AVENUE EAST
P O BOX 1366
WILLISTON, NORTH DAKOTA 58802-1366
PHONE (701) 577-6771 / FAX (701) 577-2163

MARK L STENEHJEM*
LAUREL J FORSBERG*
VALESKA A HERMANSON*

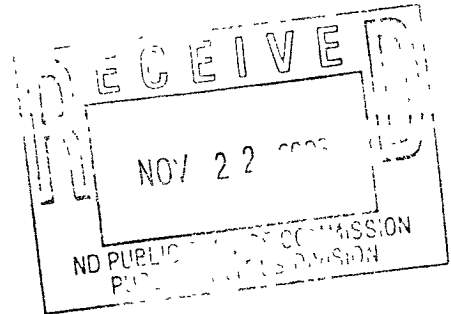
*ALSO ADMITTED IN MONTANA
**CERTIFIED CIVIL TRIAL SPECIALIST

TAMMY LaCROSSE, PARALEGAL

BRANCH OFFICE LOCATED IN WATFORD CITY, ND

November 21, 2005

Public Service Commission
ATTN: Public Utilities Section
State Capitol
600 East Boulevard Avenue
Bismarck, ND 5850-0480



RE: Northwest Communications Cooperative, Case No. PU-04-565
Northwest Communications Cooperative, Case No. PU-04-635

Commissioners:

Please be advised that the closing documents for the purchase by Northwest Communications Cooperative of the Noonan telephone exchange from Noonan Farmers Telephone Company were executed by all necessary parties on November 18, 2005. Pursuant to those documents, Northwest Communications Cooperative will begin providing services to the Noonan exchange as of 12:00 AM on December 1, 2005.

We have been informed that Noonan Farmers Telephone Company officers have been unable to locate the Certificate(s) of Public Convenience and Necessity previously issued by the Commission to Noonan Farmers Telephone Company in order to physically relinquish those certificates to the Commission pursuant to the Commission's order dated February 22nd. However, as part of the sale of the Noonan exchange, the Noonan Farmers Telephone Company has relinquished all rights to serve those customers and its officers have acknowledged to us their acceptance of the terms of the Commission's February 22nd Order.

It is our understanding that all necessary action has now been taken by the parties and all necessary Federal approvals have been obtained and that a Certificate of Public Convenience and Necessity will be issued to Northwest Communications Cooperative to provide incumbent local exchange telecommunications services in the Noonan

Public Service Commission
November 21, 2005
Page 2

exchange area effective December 1, 2005. It is also our understanding that Northwest Communications Cooperative's designated Eligible Telecommunications Carrier status has been expanded to include the Noonan exchange effective as of December 1, 2005.

If there are any further documents that the Commission needs in order to issue the necessary certificate, please do not hesitate to contact me.

Sincerely,



MARK L. STENEHJEM
Attorney for Northwest Communications

MLS If

cc Dwight Schmitt, GM/CEO Northwest Communications Cooperative
Mike Stefonowicz, Attorney for Noonan Farmers Telephone Company

S:\wp51\client\N\Northwest Communications Cooperative\NOONAN 2004 2842904 08\PSC letter 2005-11-21 re Noonan closing.wpd

McKENNETT STENEHJEM REIERSON FORSBERG & HERMANSON, P.C.

ATTORNEYS AND COUNSELORS AT LAW

RICHARD A. McKENNETT
KENT REIERSON**
DAVID T. HERMANSON*

314 1ST AVENUE EAST
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WILLISTON, NORTH DAKOTA 58802-1366
PHONE (701) 577-6771 / FAX (701) 577-2163

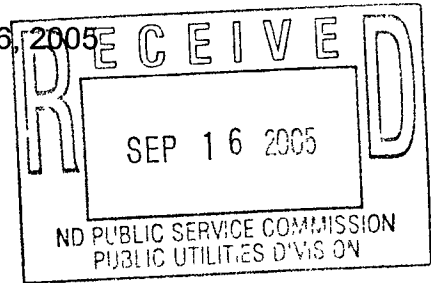
MARK L. STENEHJEM*
LAUREL J. FORSBERG*
VALESKA A. HERMANSON*

*ALSO ADMITTED IN MONTANA
**CERTIFIED CIVIL TRIAL SPECIALIST

TAMMY LaCROSSE, PARALEGAL

BRANCH OFFICE LOCATED IN WATFORD CITY, ND

September 16, 2005



Public Service Commission
ATTN: Public Utilities Section
State Capitol
600 East Boulevard Avenue
Bismarck, ND 5850-0480

RE: Northwest Communications Cooperative, Case No. PU-04-565
Northwest Communications Cooperative, Case No. PU-04-635

Commissioners:

Enclosed please find eight copies of a Public Notice issued by the Wireline Competition Bureau of the Federal Communications Commission in WC Docket No. 05-60 on May 6, 2005 and eight copies of the Order issued by the Federal Communications Commission in CC Docket No. 96-45 on September 14, 2005. A copy of each of the documents has also been e-filed.

Now that the necessary approval, including the study area waiver, has been obtained from the Federal Communications Commission, Northwest Communications Cooperative and Noonan Farmers Telephone Company will be working together to complete this transaction. It is hoped that the closing can be completed prior to December 1st. The Public Service Commission will be notified immediately upon the completion of the transaction in order that the terms of the Commission's February 22, 2005 Order might be completed at that time.

Sincerely,

MARK L. STENEHJEM

Encl. Public Notice (eight copies)
Order (eight copies)

MLS:lf

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Copies of public notices issued by FCC

by Northwest Communications Cooperative a Cooperati
09/16/2005C Comm Legal Ilona Jerry Annette Mike

Tel: 17 PU-04-635 Pages 7

Copies of public notices issued by FCC

by Northwest Communications Cooperative a Cooperati
09/16/2005C Comm Legal Ilona Jerry, Annette Mike



PUBLIC NOTICE

Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

News Media Information 202 / 418-0500
Fax-On-Demand 202 / 418-2830
TTY 202 / 418-2555
Internet [http //www fcc gov](http://www.fcc.gov)
<ftp.fcc.gov>

DA 05-1313
Released: May 6, 2005

WIRELINE COMPETITION BUREAU GRANTS CONSENT FOR THE TRANSFER OF CONTROL OF THE ASSETS OF NOONAN FARMERS TELEPHONE COMPANY TO NORTHWEST COMMUNICATIONS COOPERATIVE

WC Docket No. 05-60

Pursuant to section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, and sections 0.91, 0.291, and 63.03 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, 63.03, the Wireline Competition Bureau (Bureau) approves the application for transfer of control of Noonan Farmers Telephone Company's (NFTC) assets and facilities relating to the provision of local exchange telecommunications service, exchange access and other telecommunications in the Noonan exchange to Northwest Communications Cooperative (NCC).¹ No comments were filed in this proceeding.

The Bureau finds, upon consideration of the record, that the proposed transfer will serve the public interest, convenience and necessity, and therefore grants the requested authorization.² Pursuant to section 1.103 of the Commission's rules, 47 C.F.R. § 1.103, the consent granted herein is effective upon the release of the Public Notice.³ Petitions for reconsideration under section 1.106 or applications for review under section 1.115 of the Commission's rules, 47 C.F.R. §§ 1.106, 1.115, may be filed within 30 days of the date of this Public Notice.

For further information, please contact Denise Coca at (202) 418-0574 in the Competition Policy Division, Wireline Competition Bureau.

¹ See Domestic Section 214 Application Filed for Transfer of Control of the Assets of Noonan Farmers Telephone Company to Northwest Communications Cooperative, Noonan Farmers Telephone Company and Northwest Communications Cooperative Seek Waiver of the Study Area Boundary Freeze as Codified in Part 36 of the Commission's Rules, WC Docket No. 05-60, CC Docket No. 96-45, Public Notice, DA 05-539 (rel. Mar. 2, 2005).

² See Joint Applications of Global Crossing Ltd, and Citizens Communications Company for Authority to Transfer Control of Corporations Holding Commission Licenses and Authorizations Pursuant to Sections 214 and 310(d) of the Communications Act and Parts 20, 22, 63, 78, 90, and 101 of the Commission's Rules, Memorandum Opinion and Order, 16 FCC Rcd 8507, 8511-14 (CCB/TB/CSB/WTB 2001) (granting transfer of control involving incumbent LECs with adjacent exchanges where merger would provide service efficiencies).

³ Action on this domestic section 214 application is without prejudice to any action the Commission may take on the pending waiver requests that were filed along with this application.

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)	
)	
Northwest Communications Cooperative)	
)	
and)	
)	CC Docket No. 96-45
Noonan Farmers Telephone Company)	
)	
Petition for Waiver of the Definition of "Study)	
Area" Contained in Part 36 of the Commission's)	
Rules)	

ORDER

Adopted: September 14, 2005

Released: September 14, 2005

By the Chief, Wireline Competition Bureau:

I. INTRODUCTION

1 In this Order, we grant a joint request from Northwest Communications Cooperative (Northwest) and Noonan Farmers Telephone Company (Noonan) (collectively, the Petitioners) for a waiver of the study area boundary freeze codified in the Appendix-Glossary of Part 36 of the Commission's rules.¹ This waiver will facilitate the proposed acquisition of assets of Noonan by Northwest at which time Noonan will cease as a separate study area and will be included as part of Northwest's existing North Dakota study area.²

¹ See 47 C F R. Part 36, App., Northwest Communications Cooperative and Noonan Farmers Telephone Company, Petition of Local Exchange Carriers for Waiver of "Study Area" Boundaries as defined in the Appendix-Glossary of Part 36 in Connection with a Proposed Acquisition of Assets of Noonan Farmers Telephone Company by Northwest Communications Cooperative Regarding the Companies' Exchange Areas in the State of North Dakota, CC Docket No 96-45 (filed January 3, 2005) (Petition). Northwest owns and operates, as an interstate average schedule incumbent local exchange carrier (LEC), approximately 5,281 access lines in the state of North Dakota Noonan owns and operates, as an interstate average schedule incumbent LEC, approximately 247 access lines in the state of North Dakota. See Petition at 2.

² Northwest is acquiring the Noonan exchange operated by Noonan. See Petition at 2-3.

II. STUDY AREA WAIVER

A. BACKGROUND

2. Study Area. A study area is a geographic segment of an incumbent LEC's telephone operations. Generally, a study area corresponds to an incumbent LEC's entire service territory within a state. The Commission froze all study area boundaries effective November 15, 1984.³ The Commission took this action to prevent the establishment of high-cost exchanges within existing service territories as separate study areas merely to maximize high-cost support. A carrier must therefore apply to the Commission for a waiver of the study area boundary freeze if it wishes to sell or purchase additional exchanges.⁴

3. Universal Service Support. Section 54.305(b) of the Commission's rules provides that a carrier acquiring exchanges from an unaffiliated carrier shall receive the same per-line levels of high-cost universal service support for which the acquired exchanges were eligible prior to their transfer.⁵ Section 54.305(b) applies to high-cost loop support and local switching support.⁶ Section 54.305(b) is meant to discourage a carrier from acquiring an exchange merely to increase its share of high-cost universal service support.⁷ For example, if a rural carrier purchases an exchange from a non-rural carrier that receives support based on the Commission's high-cost support mechanism for non-rural carriers, the loops of the acquired exchange shall receive the same per-line support as calculated under the non-rural mechanism, regardless of the support the rural carrier purchasing the exchange may receive for any of its other exchanges.⁸

4. The Petition for Waiver: Northwest and Noonan filed a petition for a waiver of the study area boundary freeze on January 3, 2005. On March 2, 2005, the Wireline Competition Bureau (Bureau) released a public notice seeking comment on the petition for waiver.⁹ A study area waiver would permit

³ See *MTS and WATS Market Structure, Amendment of Part 67 of the Commission's Rules and Establishment of a Joint Board*, CC Docket Nos. 78-72, 80-286, Decision and Order, 50 Fed. Reg. 939 (1985) (*Part 67 Order*), adopting Recommended Decision and Order, 49 Fed. Reg. 48325 (1984). See also 47 C.F.R. Part 36, App.

⁴ *Part 67 Order* at para 1.

⁵ 47 C.F.R. § 54.305(b). A carrier's acquired exchanges may receive additional support pursuant to the Commission's "safety valve" mechanism. See 47 C.F.R. § 54.305(d)-(f). A carrier acquiring exchanges also may be eligible to receive Interstate Common Line Support (ICLS), which is not subject the limitations set forth in section 54.305(b). See 47 C.F.R. § 54.902.

⁶ Prior to July 1, 2004, this rule also applied to long term support, which is described in section 54.303 of the Commission's rules. Since July 1, 2004, long term support has been discontinued for all carriers and, instead, has been merged into ICLS. See 47 C.F.R. §§ 54.303, 54.901. By operation of section 54.901, the elimination of LTS is offset by an increase in ICLS.

⁷ See *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776, 8942-43 (1997) (*Universal Service First Report and Order*), as corrected by *Federal-State Joint Board on Universal Service*, Errata, CC Docket No. 96-45, FCC 97-157 (rel. June 4, 1997), *affirmed in part, reversed in part and remanded in part sub nom Texas Office of Public Utility Counsel v. FCC*, 183 F.3d 393 (5th Cir. 1999).

⁸ Rural carriers receive high-cost loop support based on the extent to which their reported average cost per loop exceeds 115 percent of the nationwide average cost per loop. See 47 C.F.R. §§ 36.601-36.631. The mechanism for non-rural carriers calculates support for carriers based on the forward-looking economic cost of operating a given exchange. See 47 C.F.R. § 54.309.

⁹ See *Domestic Section 214 Application Filed for Transfer of Control of the Assets of Noonan Farmers Telephone Company to Northwest Communications Cooperative*, WC Docket No. 05-60, *Noonan Farmers Telephone Company and Northwest Communications Cooperative Seek Waiver of the Study Area Boundary Freeze as Codified in Part 36 of the Commission's Rules*, CC Docket No. 96-45, Public Notice, DA 05-539 (rel. March 2, 2005). We note that the Bureau has granted transfer of control of the exchanges. See *Wireline Competition Bureau Grants*

(continued . .)

Northwest to alter the boundaries of its North Dakota study area by adding the exchange it is acquiring from Noonan.¹⁰ Upon the completion of the transaction Noonan will cease operating as a separate study area. The Petitioners state that there will be no negative impact on the universal service fund because Northwest will not receive more universal service support than would be received by Northwest and Noonan separately, the transaction is in the public interest, and the North Dakota Public Service Commission does not object to the transaction.¹¹

5. Standards for Waiver Generally, the Commission may waive its rules for good cause shown.¹² The Commission may exercise its discretion to waive a rule where the particular facts make strict compliance inconsistent with the public interest.¹³ In addition, the Commission may take into account considerations of hardship, equity, or more effective implementation of overall policy on an individual basis.¹⁴ Waiver of the Commission's rules is therefore appropriate only if special circumstances warrant a deviation from the general rule, and such deviation will serve the public interest. In evaluating petitions seeking a waiver of the rule freezing study area boundaries, the Commission traditionally has applied a three-prong standard: (1) the change in study area boundaries must not adversely affect the universal service fund; (2) no state commission having regulatory authority over the transferred exchanges opposes the transfer; and (3) the transfer must be in the public interest.¹⁵

6. In evaluating whether a study area boundary change will have an adverse impact on the universal service fund, the Commission has considered whether a study area waiver will result in an annual aggregate shift in an amount equal to or greater than one percent of the total high-cost loop support fund for the most recent calendar year.¹⁶ The Commission recognized that, because of the indexed cap, an increase in the draw of any fund recipient necessarily reduces the amounts that other LECs receive from the fund.¹⁷ After adoption of section 54.305 of the Commission's rules, however, the one-percent guideline, was not, in practice, a necessary limitation because section 54.305 provides that a carrier purchasing exchanges from an unaffiliated carrier is permitted to receive only the same level of per-line high-cost support that the selling company was receiving for the exchanges prior to the transfer.¹⁸ Accordingly, by definition, section 54.305 ensures that there will be no adverse impact on the universal service fund with respect to high-cost loop support and local switching support.

(continued from previous page)

Consent for the Transfer of Control of the Assets of Noonan Farmers Telephone Company to Northwest Communications Cooperative, CC Docket No. 96-45, Public Notice, DA 05-1313 (rel. May 6, 2005).

¹⁰ Four of Northwest's current exchanges border the Noonan exchange. See Petition at 3 & Exhibit 1.

¹¹ See Petition at 3-4.

¹² 47 C.F.R. § 1.3

¹³ *Northeast Cellular Telephone Co v FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990) (*Northeast Cellular*).

¹⁴ *WAIT Radio v FCC*, 418 F.2d 1153, 1159 (D.C. Cir. 1969) (*WAIT Radio*), cert. denied, 409 U.S. 1027 (1972), *Northeast Cellular*, 897 F.2d at 1166.

¹⁵ See, e.g., *US WEST Communications, Inc., and Eagle Telecommunications, Inc., Joint Petition for Waiver of the Definition of "Study Area" Contained in Part 36, Appendix-Glossary of the Commission's Rules*, AAD 94-27, Memorandum Opinion and Order, 10 FCC Rcd 1771, 1772 para. 5 (1995) (*PTI/Eagle Order*).

¹⁶ See *PTI/Eagle Order*, 10 FCC Rcd at 1774, paras. 14-17; *US WEST Communications, Inc., and Eagle Telecommunications, Inc., Joint Petition for Waiver of "Study Area" Contained in Part 36, Appendix-Glossary of the Commission's Rules, and Petition for Waiver of Section 61.41(c) of the Commission's Rules*, AAD 94-27, Memorandum Opinion and Order on Reconsideration, 12 FCC Rcd 4644 (1997).

¹⁷ See *PTI/Eagle Order*, 10 FCC Rcd at 1773-74, paras. 13-15.

¹⁸ See 47 C.F.R. § 54.305(b)

B. DISCUSSION

7. We find that good cause exists to waive the study area boundary freeze codified in the Appendix-Glossary of Part 36 of the Commission's rules to permit Northwest to alter the boundaries of its existing North Dakota study area by adding the Noonan exchange to its study area. For the reasons discussed below, we conclude that the Petitioners have satisfied the three-prong standard that the Commission applies to determine whether a waiver is warranted.

8. Impact on the Universal Service Fund. We conclude that the universal service fund will not be adversely affected. With regard to the 247 lines that Noonan is transferring to Northwest, section 54.305(b) of the Commission's rules limits high-cost loop support and local switching support.¹⁹ Northwest is limited to the same per-line levels of support that Noonan was receiving prior to the transfer. Although Northwest may be eligible for safety valve support for the acquired lines, there is nothing in this record to suggest such eligibility would have a significant adverse effect on the fund. In reaching this conclusion, we note that the proposed study area waiver involves the transfer of only approximately 247 access lines. Moreover, an individual rural carrier's safety valve support is capped at 50 percent of any positive difference between the amount of high-cost loop support that the rural carrier would qualify for in the index year for the acquired access lines and the support amounts that the carrier would qualify for in subsequent years.²⁰ The total amount of safety valve support available to rural carriers is also capped at five percent of annual high-cost loop support available to rural carriers in any particular year, thereby providing an additional limitation on the amount of safety valve support available to carriers.²¹ As stated above, ICLS is not subject to the limitations of section 54.305(b) of the Commission's rules.²² We are persuaded, however, by Petitioners' showing, which estimates ICLS will not change as result of this transaction.²³ Thus, we find that granting the waiver will not have an adverse effect on the universal service fund.

9. Position of the State Commission. The state commission with regulatory authority over the transferred exchanges does not oppose the transfer. On February 22, 2005, the North Dakota Public Service Commission issued an order approving the proposed transaction between Northwest and Noonan.²⁴

10. Public Interest Analysis. The public interest is served by a waiver of the study area freeze rule to permit Northwest to add the Noonan exchange to its North Dakota study area and to

¹⁹ See *id.*

²⁰ See 47 C.F.R. § 54.305(d). The term "rural carrier" refers to an incumbent LEC that meets the definition of "rural telephone company" in section 3(37) of the Communications Act of 1934, as amended (Act). 47 U.S.C. § 153(37)

²¹ See 47 C.F.R. § 54.305(e).

²² See *supra* note 5.

²³ The Petitioners estimate that Northwest and Noonan currently receive \$689,748 and \$36,876, respectively, in annual ICLS prior to this transaction. After the transaction is complete, the Petitioners estimate that the newly combined study area will receive \$726,624 or the same total amount (\$689,748 + \$36,876 = \$726,624) as the two separate study areas received prior to the transaction. See Letter from David L. Nace, Counsel for Northwest and Noonan to Marlene H. Dortch, Secretary, Federal Communications Commission, CC Docket No. 96-45 (filed July 18, 2005)

²⁴ See Letter from David L. Nace, Counsel for Northwest and Noonan to Cathy Carpino, Wireline Competition Bureau, Federal Communications Commission, CC Docket No. 96-45 (filed July 18, 2005) (attaching Northwest Communications Cooperative, a Cooperative Association Local Exchange Public Convenience and Necessity, Case No. PU-04-565, Northwest Communications Cooperative, a Cooperative Association Designated Eligible Carrier Application, Case No. PU-04-635, State of North Dakota Public Service Commission, Order (February 22, 2005))

discontinue the operation of Noonan as a separate study area. We are persuaded that granting of the waiver is in the public interest because all Noonan members who subscribe to local exchange telephone service as of the closing date of the transaction will: become full cooperative members of Northwest, earning capital credits starting as of the closing date; have Extended Area Service with all Northwest exchanges and with the Portal exchange in North Dakota at no charge; have access to additional calling features including voice mail; benefit from operating economies through Northwest's ability to serve a larger number of customers.²⁵ We further note that it is Northwest's intention to upgrade the Noonan switching equipment capabilities immediately in order that they may function on the Northwest ring and be compliant with all Communications Assistance for Law Enforcement Act (CALEA) and local number portability (LNP) requirements.²⁶ Based on the totality of these representations we conclude that the addition of the Noonan exchange to Northwest's existing study area and the discontinued operation of the separate of Noonan study area will serve the public interest.

III. ORDERING CLAUSE

11. Accordingly, IT IS ORDERED, pursuant to sections 1, 4(i), 5(c), 201, 202 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 155(c), 201, 202, and 254, and sections 0.91, 0.291, and 1.3 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 1.3, that the petition for waiver of the study area boundary freeze as codified in Part 36, Appendix-Glossary, of the Commission's rules, filed by Northwest Communications Cooperative and Noonan Farmers Telephone Company, on January 3, 2005, IS GRANTED, as described herein.

FEDERAL COMMUNICATIONS COMMISSION

Thomas J. Navin
Chief, Wireline Competition Bureau

²⁵ See Petition at 3.

²⁶ See Petition at 3-4. See also Communications Assistance for Law Enforcement Act, Pub. L. No. 103-414, 108 Stat. 4279 (1994) (codified as amended in 18 U.S.C. §§ 2522, 3121, and 47 U.S.C. §§ 229, 1001-1010). The Petitioners state that due to Noonan's small size, Noonan has been unable to comply with CALEA and LNP requirements because of the high cost. Petition at 3-4.



Public Service Commission
Receipt of Payment

Receipt# 6215

Received 4/13/2005 Check# 28906 for \$113 41
Subject Utility Valuation

Docket # PU-04-565

Northwest Communications Cooperative
111 RAILROAD AVE PO BOX 38
Ray ND 58849-0038

21 PU-04-565

Pages 1

Receipt# 6,215 \$113 41

by Northwest Communications Cooperative

04/13/2005

APPROVED

DATE: 3-23-05
KME

MOTION

March 23, 2005

Northwest Communications Cooperative,
a Cooperative
Local Exchange
Public Convenience and Necessity

Case No. PU-04-565

Northwest Communications Cooperative,
a Cooperative
Designated Eligible Carrier
Application

Case No. PU-04-635

I move the Commission bill Northwest Communications Cooperative for costs incurred to date in Case No. PU-04-565, Northwest Communications Cooperative, a Cooperative, Local Exchange, Public Convenience and Necessity and Case No. PU-04-635, Northwest Communications Cooperative, a Cooperative, Designated Eligible Carrier, Application.



Public Service Commission

State of North Dakota

COMMISSIONERS

Tony Clark, President
Susan E Wefald
Kevin Cramer

Executive Secretary
Illona A Jeffcoat-Sacco

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Bismarck, North Dakota 58505-0480
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e-mail ndpsc@state.nd.us
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Fax 701-328-2410
Phone 701-328-2400

March 23, 2005

Dwight Schmitt
Northwest Communications Cooperative
PO Box 38
Ray ND 58849-0038

RE. Case No. PU-04-565
Northwest Communications Cooperative, a Cooperative
Local Exchange
Public Convenience and Necessity

Case No. PU-04-635
Northwest Communications Cooperative, a Cooperative
Designated Eligible Carrier
Application

Enclosed is a copy of the statement approved at the March 23, 2005 Public Service Commission meeting for the expenses incurred to date in Case Nos PU-04-565 and PU-04-635

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 Mark L Stenehjem
PO Box 1366
Williston ND 58802-1366

Billing Statement

March 23, 2005

Northwest Communications Cooperative,
a Cooperative
Local Exchange
Public Convenience and Necessity

Case No. PU-04-565

Northwest Communications Cooperative,
a Cooperative
Designated Eligible Carrier
Application

Case No PU-04-635

Bill To:

Northwest Communications Cooperative \$113.41

Expenses Incurred to Date:

Advertising Costs \$113.41

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

Northwest Communications Cooperative, a
Cooperative Association
Local Exchange
Public Convenience and Necessity

Case No. PU-04-565

Northwest Communications Cooperative, a
Cooperative Association
Designated Eligible Carrier
Application

Case No. PU-04-635

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 **23rd day of February, 2005**, 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

Mark L Stenehjerm
314 1st Ave East
Williston ND 58802-1366

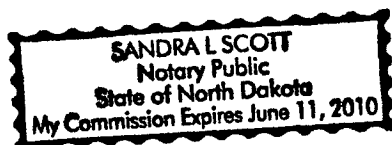
Cert. No. 7003 2260 0001 3517 9596

Dwight Schmitt
Northwest Communications Coop
P O Box 38
Ray ND 58849-0038
Cert. No. 7003 2260 0001 3517 9602

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

Subscribed and sworn to before me
this **23rd day of February, 2005**

SEAL



Sharon Helbling

Sandra L Scott

Notary Public

MOTION

February 22, 2005

APPROVED

DATE: 2-22-05
KMF

**Northwest Communications Cooperative, A
Cooperative Association
Local Exchange
Public Convenience and Necessity**

Case No. PU-04-565

**Northwest Communications Cooperative, A
Cooperative Association
Designated Eligible Carrier
Application**

Case No. PU-04-635

I move the Commission adopt the Order in the applications of Northwest Communications Cooperative for a certificate of public convenience and necessity to provide telecommunication services and for designation as an eligible carrier for federal universal service support in the Noonan, North Dakota exchange

AB/sdh

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Northwest Communications Cooperative, a
Cooperative Association
Local Exchange
Public Convenience and Necessity**

Case No. PU-04-565

**Northwest Communications Cooperative, a
Cooperative Association
Designated Eligible Carrier
Application**

Case No. PU-04-635

ORDER

February 22, 2005

On October 27, 2004, Northwest Communications Cooperative (NCC) of Ray, North Dakota filed an application for certificate of public convenience and necessity to provide facilities-based incumbent local exchange telecommunications services in the exchange of Noonan, North Dakota (Case No PU-04-565) This exchange is currently served by Noonan Farmers Telephone Company (NFTC)

On November 29, 2004, NCC amended its application to request designation as an Eligible Telecommunications Carrier (ETC) for receiving federal universal service funding within the Noonan Exchange (Case No PU-04-635).

NCC reports entering into an agreement to purchase facilities and assets of NFTC relating to the provision of local exchange telecommunications services, including exchange access and other telecommunications services, in the Noonan Exchange As of the closing date of the transaction, NFTC would cease and NCC would commence providing incumbent local exchange services in the Noonan exchange

On December 8, 2004 NFTC filed a Joinder in NCC's application NFTC requested that the current certificate of public convenience and necessity issued to NFTC be relinquished to the Commission and that NFTC's designation as an eligible telecommunications carrier also be relinquished

On December 15, 2004, the Commission issued a Notice of Opportunity for Hearing that provided until January 21, 2005 for receiving comments or hearing requests No comments or requests for hearing have been received In accordance with North Dakota Century Code chapter 49-03 1 and North Dakota Administrative Code section 69-09-05-11(3), the Commission's notice identified the following issues to be considered in this matter

- 1 Fitness and ability of the applicant to provide service
- 2 Adequacy of the proposed service
- 3 The technical, financial and managerial ability of the applicant to provide service

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Pages 4

Order

by Public Service Commission

02/22/2005C Comm Legal Ilona Jerry Annette Mike

- 4 Qualification of the 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
- 6 Whether NFTC's current certificate of public convenience and necessity should be relinquished to the Commission
- 7 Whether upon designation of NCC as an eligible telecommunications carrier for the Noonan exchange, NFTC's designation as an eligible telecommunications carrier should also be relinquished

On January 19, 2005, the Public Service Commission's Director of Accounting filed a memorandum indicating that NCC has the financial ability to provide service

On February 9, 2005, the Commission discussed the issues in this matter with the applicant and Commission staff at an informal hearing

NCC, formerly known as Northwest Mutual Aid Telephone Company, has been a provider of incumbent telecommunications service within this State since 1952. NCC is currently providing incumbent telecommunications services to approximately 5,200 access lines in Williams, Divide, Burke, Ward, and Mountrail counties in North Dakota. NCC's service area nearly surrounds the Noonan exchange.

The Noonan exchange has been served by NFTC and its predecessors since 1916. As of December 31, 2003, NFTC provided service to 247 access lines. The sale of the Noonan exchange to NCC was first unanimously approved by the board of directors of NFTC, then approved by the NFTC members by a vote of 64 to 2 at the annual meeting of members and, finally, under NFTC Bylaws, approved by a vote of 175 to 3 by mail ballot election.

Under the purchase agreement between NCC and NFTC, all subscribers served by NFTC in the Noonan exchange will become full cooperative members of NCC, earning capital credits starting on the closing date of the transaction. They will be eligible to vote on all matters coming before the members and will be eligible to seek election to the NCC Board of Directors. As NCC members, the former NFTC members will receive extended area service with all NCC exchanges and the Portal exchange at no extra charge. They will also be eligible to receive expanded services in the form of a 52-channel CATV system, DSL Internet services, voice mail and other calling features.

It is NCC's intention to immediately upgrade the NFTC switching capabilities and become compliant with all Communications Assistance for Law Enforcement Act of 1994 (CALEA), and Local Number Portability (LNP) requirements. In the past, NFTC has been unable to comply with CALEA and LNP requirements because of its small size and the excessive cost.

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.

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

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

NCC affirms that it will offer all services that are supported by the federal universal support mechanisms and will advertise the availability of and charges for those services using media of general distribution throughout the Noonan exchange

NCC affirms that its Lifeline and Link Up offerings in the Noonan exchange will continue to meet the requirements established by the FCC and the North Dakota Lifeline Plan and Link Up Plan

The Commission finds NCC is qualified under Section 214 (e) of the Communications Act of 1934 as amended by the Telecommunications Act of 1996, for designation as an ETC eligible to receive federal universal service funding for the Noonan exchange

The Commission finds NCC is fit, able, and has the technical, financial and managerial ability to provide service

The Commission finds that NCC's proposed service is adequate

Order

The Commission Orders

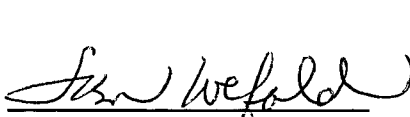
1 The application of Northwest Communications Cooperative for a certificate of public convenience and necessity to provide incumbent local exchange telecommunications services in the Noonan exchange area is approved, effective with the date that the asset acquisition transaction is complete A certificate of public convenience and necessity will be issued upon notification by the applicants that the transaction is complete

2 Northwest Communications Cooperative's application to expand its designated eligible carrier status is granted and NCC is designated as an eligible telecommunications carrier in the Noonan exchange area 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

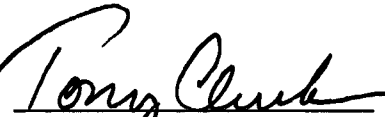
3 Noonan Farmers Telephone Company's certificates of public convenience and necessity for the Noonan exchange shall be relinquished and cancelled effective with the issuance to NCC of a new certificate of public convenience and necessity for the Noonan exchange

4 Noonan Farmers Telephone Company of North Dakota will no longer be designated as an ETC for the Noonan exchange effective upon NFTC's relinquishing its certificate of public convenience and necessity for the Noonan exchange

PUBLIC SERVICE COMMISSION



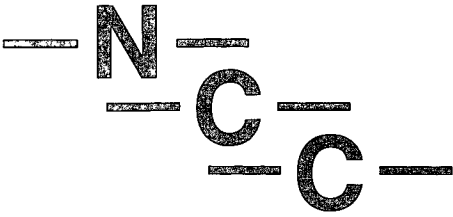
**Susan E. Wefald
Commissioner**



**Tony Clark
President**



**Kevin Cramer
Commissioner**



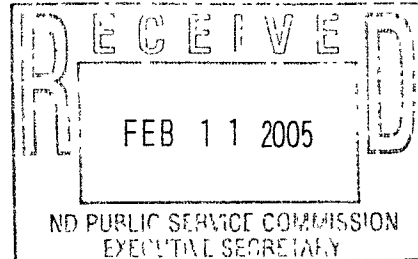
Northwest Communications Cooperative

PO Box 38
Ray, ND 58849

701-568-3331
FAX 701-568-7777

800-245-5884
ncc@nccray.com

February 11, 2005



Public Service Commission
ATTN: Public Utilities Section
State Capitol
600 East Boulevard Avenue
Bismarck, ND 58505-0480

RE Northwest Communications Cooperative, Case No PU-04-565
Northwest Communications Cooperative, Case No PU-04-635

Commissioners:

Enclosed are the original and seven copies of an Affidavit of Dwight Schmitt in support of the applications filed in the above matters. A copy of this document has been e-filed.

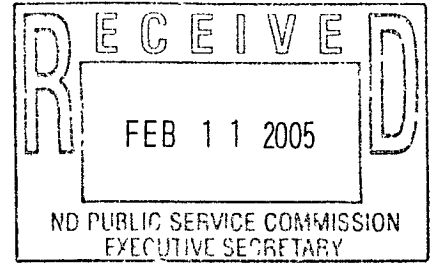
Sincerely,

Dwight Schmitt
General Manager/CEO

Enclosure

cc Michel Stefanowicz
David Nace

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION



**Northwest Communications Cooperative,
A Cooperative Association,
Local Exchange Application For
Public Convenience and Necessity**

Case No. PU-04-565

**Northwest Communications Cooperative,
A Cooperative Association,
Designated Eligible Carrier Application**

Case No. PU-04-635

STATE OF NORTH DAKOTA)
)ss
COUNTY OF WILLIAMS)


AFFIDAVIT OF DWIGHT SCHMITT

Dwight Schmitt, being first duly sworn, affirms the following statements of fact, as requested by the members of the Public Service Commission to supplement the previous affidavits filed in support of the application of Northwest Communications Cooperative for a certificate of public convenience and necessity to serve the Noonan exchange and for expansion of Northwest Communications Cooperative's designated eligible carrier geographical service area to include the Noonan exchange

1. I am the General Manager/Chief Executive Officer of Northwest Communications Cooperative (NCC);
2. Noonan Farmers Telephone Company currently serves eleven (11) subscribers under the Link Up and Lifeline programs,
3. NCC now offers residents throughout its service area all services that are supported by federal universal service support mechanisms under § 254(c) of the 1996 Telecommunications Act and 47 C.F.R. § 54.101, using a combination of its own facilities and resale of other carriers' services, including voice grade access to the public switched network, local usage, dual tone multi-frequency signaling or its functional equivalent, single-party service, access to emergency services such as 911, access to operator services, access to interexchange service, access to directory assistance, and toll limitation for qualifying low-income consumers. NCC also provides Link Up and Lifeline Programs pursuant to 47 C.F.R. 54.401 et seq. and advertises the availability of all of such services and the charges therefore using media of general distribution throughout the NCC exchanges in addition to the NCC telephone directory and web site.
4. Beginning on the closing date of the purchase of the Noonan exchange, NCC will offer, to all residents of the Noonan exchange area, all services that are

supported by federal universal service support mechanisms under § 254(c) of the 1996 Telecommunications Act and 47 C.F.R. § 54.101, using a combination of its own facilities and resale of other carriers' services, including voice grade access to the public switched network, local usage, dual tone multi-frequency signaling or its functional equivalent, single-party service, access to emergency services such as 911, access to operator services, access to interexchange service, access to directory assistance, and toll limitation for qualifying low-income consumers. NCC will also provide Link Up and Lifeline Programs pursuant to 47 C.F.R. § 54.401 et seq. to all qualified applicants of the Noonan exchange and will advertise the availability of such services and the charges therefore using the Crosby Journal published in Crosby, ND, the Tioga Tribune, published in Tioga, ND, and the Burke County Tribune, published in Bowbells, ND, in addition to publishing such information in the NCC telephone directory and on the NCC web site. All of these media are also currently used by NCC to advertise the availability of such services.

DATED this 11 day of February, 2005.



DWIGHT SCHMITT

SUBSCRIBED and sworn to before me this 11 day of February, 2005

(SEAL)



Notary Public
Divide County, North Dakota
My Commission Expires

MARI TORGESON-BERGSTROM
Notary Public
State of North Dakota
My Commission Expires August 17, 2010

North Dakota Public Service Commission
INFORMAL HEARING
February 9, 2005

**Northwest Communications Cooperative, a
Cooperative Association
Local Exchange
Public Convenience and Necessity**

Case No. PU-04-565
Filed: 10/27/04

**Northwest Communications Cooperative, a
Cooperative Association
Designated Eligible Carrier
Application**

Case No. PU-04-635
Filed: 11/29/04

Summary of Proposal: Northwest Communications Cooperative (NCC) filed an application for Eligible Telecommunications Carrier (ETC) designation and for a certificate of Public Convenience and Necessity to provide facilities-based incumbent local exchange telecommunications service in the Noonan exchange. This exchange is currently served by Noonan Farmers Telephone Company (NFTC).

NCC reports entering into an agreement to purchase facilities and assets of NFTC relating to the provision of local exchange telecommunications services, including exchange access and other telecommunications services, in the Noonan Exchange. As of the closing date of the transaction, NFTC would cease and NCC would commence providing incumbent local exchange services in the Noonan Exchange.

Procedural History: On October 27, 2004, NCC filed an application for a certificate of public convenience and necessity to provide facilities-based incumbent local exchange telecommunications services in the exchange of Noonan, North Dakota (Case No. PU-04-565). On November 29, 2004, NCC amended its application to also request ETC designation for the Noonan Exchange (Case No. PU-04-635). On December 8, 2004 NFTC filed a Joinder in NCC's application. NFTC requests that, upon the grant of a certificate of public convenience and necessity to NCC, the current certificate previously granted by the Commission to NFTC be relinquished and that NFTC's designation as an eligible telecommunications carrier also be relinquished.

On December 15, 2004 the Commission issued a Notice of Opportunity for Hearing, which provided until January 21, 2005 for receiving comments or hearing requests. No comments or requests for hearing have been received.

Discussion: NCC, formerly known as Northwest Mutual Aid Telephone Company, has been a provider of incumbent telecommunications service within this State since 1952. NCC is currently providing incumbent telecommunications services in Williams, Divide,

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Informal Hearing held
by Public Service Commission
02/09/2005C Comm Legal Illona Jerry, Annette Mike

10 **PU-04-635** Pages 3
Informal Hearing held
by Public Service Commission
02/09/2005C Comm Legal Illona Jerry, Annette Mike

Burke, Ward, and Mountrail counties in North Dakota. NCC's service area surrounds the Noonan exchange.

The Noonan exchange has been served by NFTC and its predecessors since 1916. As of December 31, 2003, NFTC provided service to 247 access lines. The sale of the Noonan exchange to NCC was first unanimously approved by the board of directors of NFTC, then approved by the NFTC members by a vote of 64 to 2 at the annual meeting of members and, finally, under NFTC Bylaws, approved by a vote of 175 to 3 by mail ballot election.

Pursuant to the purchase agreement between NCC and NFTC all subscribers served by NFTC in the Noonan exchange as of the closing date will be served by NCC. In addition, all NFTC Members who subscribe to local telephone exchange service will become full cooperative members of NCC earning capital credits starting on the closing date. As NCC members, the former NFTC members will have extended area service with all NCC exchanges and the Portal exchange at no charge. As members of NCC, the former NFTC Members will be eligible to receive expanded services in the form of a 52-channel CATV system, expanded DSL Internet services, voice mail, other additional calling features, and simplified billing to replace the multiple bills they now receive for other services. It is NCC's intention to immediately upgrade the NFTC switching capabilities and become compliant with all Communications Assistance for Law Enforcement Act of 1994 (CALEA), and Local Number Portability (LNP) requirements. In the past, NFTC has been unable to comply with CALEA and LNP requirements because of its small size and the excessive cost.

NCC has developed a plan for representation to the Noonan subscribers on the NCC Board of Directors. Each director of NCC now represents an average of approximately 523 members. NCC states that to grant one new director for the Noonan exchange of approximately 200 members would not be fair to the current members of NCC. For that reason the NCC Board of Directors intends to add the Noonan exchange to District 4 with the Columbus and Lignite exchanges. NCC states this will further balance the present director district sizes. The Noonan members were informed prior to any vote on the sale to NCC that they would not have separate representation on the NCC Board of Directors. They will however, immediately be eligible to vote on all matters coming before the members at the next annual meeting of the members in June 2005. In addition, those members who reside within the district will also be eligible to seek election to the NCC Board of Directors through a petition signed by not less than 25 members when the District 4 board member's term expires in June 2005.

NCC affirms it will offer all services that are supported by the federal universal service support mechanisms and has and will continue to advertise the availability of those services and the charges therefore using media of general distribution throughout all of the Noonan exchange. An FCC waiver of the Part 36, Subpart H, Appendix-Glossary of the FCC Rules is being applied for and the parties request a letter indicating to the FCC that the Commission approves or does not object to such waiver or modification.

A limited staff financial review, see staff memo dated January 19, 2005, indicated that NCC has the financial ability to provide service.

Recommendation: I recommend the Commission issue an order granting certificates of Public Convenience and Necessity effective with the closing date of the asset transfer and granting eligible telecommunications carrier designation effective upon issuance of the FCC waiver. The parties could then send a copy of the order to the FCC as indication of the Commission's support for their Part 36 waiver application.

Prepared by: Annette Bendish

McKENNETT STENEHJEM REIERSON FORSBERG & HERMANSON, P.C.

ATTORNEYS AND COUNSELORS AT LAW

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KENT REIERSON**
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P O BOX 1366
WILLISTON, NORTH DAKOTA 58802-1366
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MARK L. STENEHJEM*
LAUREL J. FORSBERG*
VALESKA A. HERMANSON*

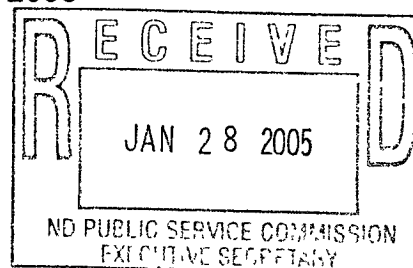
*ALSO ADMITTED IN MONTANA
**CERTIFIED CIVIL TRIAL SPECIALIST

TAMMY LaCROSSE, PARALEGAL

BRANCH OFFICE LOCATED IN WATFORD CITY, ND

January 24, 2005

Public Service Commission
ATTN: Public Utilities Section
State Capitol
600 East Boulevard Avenue
Bismarck, ND 58505-0480



RE: Northwest Communications Cooperative, Case No. PU-04-565
Northwest Communications Cooperative, Case No. PU-04-635

Gentlemen:

Enclosed please find the original and seven copies of an Affidavit of Arvin Larson in support of the applications filed in the above matters. Attached to the affidavit are exhibits 6 (telephone directory ad), 7 (internet site ad) and 8 (copy of the Petition filed with the FCC on December 15, 2004).

A copy of all of these documents has been e-filed.

Sincerely,

A handwritten signature in black ink, appearing to be "M. Stenehjem".

MARK L. STENEHJEM

MLS lf

cc Michel Stefanowicz
David Nace

S:\wp51\client\N\Northwest Communications Cooperative\NOONAN 2004 2842904 08\PSC letter 01-24-05 wpd

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PU-04-565 ✓

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Affidavit of Arvin Larson & exhibits

by Northwest Communications Cooperative a Cooper

01/28/2005C Comm Legal Ilona Jerry Annette Mike

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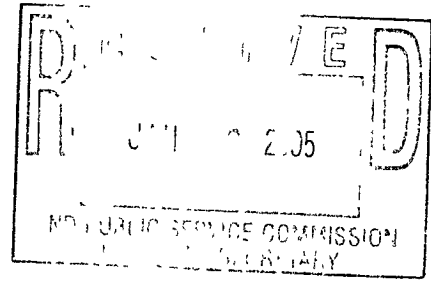
Pages 22

Affidavit of Arvin Larson & exhibits

by Northwest Communications Cooperative a Cooper

01/28/2005C Comm Legal Ilona Jerry Annette Mike

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**



**Northwest Communications Cooperative,
A Cooperative Association,
Local Exchange Application For
Public Convenience and Necessity**

Case No. PU-04-565

**Northwest Communications Cooperative,
A Cooperative Association,
Designated Eligible Carrier Application**

Case No. PU-04-635

STATE OF NORTH DAKOTA)
 ss
COUNTY OF WILLIAMS)

AFFIDAVIT OF ARVIN LARSON

Arvin Larson, being first duly sworn, affirms the following statement of facts, in support of the application of Northwest Communications Cooperative for a certificate of public convenience and necessity to serve the Noonan exchange and for expansion of Northwest Communications Cooperative's designated eligible carrier geographical service area to include the Noonan exchange:

- 1 Northwest Communications Cooperative, a Cooperative Association, (NCC) formerly known as Northwest Mutual Aid Telephone Corporation, has been a provider of telecommunications service within this State since 1952.
2. NCC, under Certificates of Public Convenience and Necessity issued by this Commission, is providing telecommunications service in Williams, Divide, Burke, Ward and Mountrail counties of North Dakota, and in the following exchange areas in those counties

Exchange Prefix/Name

528 Alamo	596 Flaxton	464 Powers Lake
377 Bowbells	694 Grenora	568 Ray
939 Columbus	933 Lignite	875 Round Prairie
965 Crosby	826 Marmon	664 Tioga
859 Epping	546 McGregor	539 Wildrose

3. I am the President of NCC. Members of the board of directors of NCC and the length of their service as directors is as follows:

NAME	Office	Director Since	District	Exchange(s)
Arvin Larson	President	1985	2	Ray & Epping
Jim Simonson	Vice Pres.	1996	7	Crosby
Robert Austreim	Sec /Treas.	1994	1	Marmon , Grenora & Round Prairie
Ron Brothen		1986	4	Columbus & Lignite
Glenda Burtman		1993	3	Wildrose, Alamo & McGregor
Wayne Christensen		1988	6	Bowbells & Flaxton
Randy Lalim		1996	8	Tioga
Elda Titus		1983	5	Powers Lake

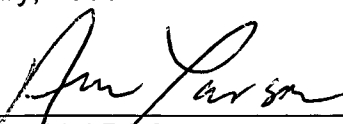
4. The members of the board of directors are all leaders in their respective communities. They are also active in state and national telecommunications associations. Director Brothen currently serves as a director of the National Information Solutions Cooperative (NISC) representing telecommunications carriers from this region. Director Titus recently completed a seven year term on the National Telephone Cooperative Association (NTCA) Healthcare Committee. I am currently serving on the NTCA Policies and Bylaws Committee. Various other directors have served on other national committees in the past Director Simonson is currently serving as President of the North Dakota Association of Telephone Cooperatives (NDATC). Other members of the board of directors currently serve on various NDATC committees and have served as officers of the NDATC including president. In order to better represent the interests of the members of NCC and stay informed about telecommunications issues, all members of the NCC board of directors regularly attend the NDATC statewide meetings and the NTCA annual meetings. In addition, the entire board of directors and senior management meets annually for a directors strategic planning session As a matter of course, the board of directors meets monthly and seldom does any director miss a monthly board meeting

5. Dwight Schmitt has been the General Manager/Chief Executive Officer of NCC since the fall of 2003. Prior to joining NCC, Mr. Schmitt had experience in telecommunications management in the state of Iowa. Mike Steffan has been the office manager for NCC since 1998. Mr. Steffan is a certified public accountant and practiced as a certified public accountant in private accounting firms for twenty years before joining NCC. Excluding GM/CEO Schmitt and Office Manager Steffan, the four remaining members of NCC's senior management staff have a combined employment service with NCC of 116 years. The staff of NCC has assisted in maintaining its operational, technical and organizational skills and in providing up to date services to its members and other patrons, in part, by NCC's affiliations with a number of organizations including the NDATC, the North Dakota Telecommunications Cooperatives Association, the North Dakota Telephone Association, North Dakota Long Distance, NISC, the Dakota Carrier Network, and the NTCA.

6. In addition to the 5,239 access lines NCC currently serves, it also desires to provide telecommunications service to the Noonan exchange located in a portion of Divide County not now served by NCC. The Noonan exchange has been served by the Noonan Farmers Telephone Company (NFTC) and its predecessors since 1916. As of December 31, 2003, NFTC provided service to 247 access lines. NCC and NFTC have entered into a Purchase and Sale Agreement for NCC's purchase of NFTC's current assets and facilities relating to the provision of local exchange telecommunications service and other telecommunications services in the Noonan exchange. As of the closing date of the transaction, NFTC intends to cease doing business as a provider of local exchange telecommunications service at which time NCC will provide such services in the Noonan exchange.
7. Both NCC and NFTC participate in NECA pools to collect access charges from interexchange carriers at the rates contained in tariffs filed by NECA. In addition, both NCC and NFTC participate as "average schedule companies" and, as such, receive compensation for use of their interstate common carrier services on the basis of formulas approved by the Federal Communications Commission.
8. As shown by the map of NCC's current exchanges previously filed with this Commission as Exhibit 4, the Noonan exchange is bordered on the north by the province of Saskatchewan, Canada, and on the east, west and south by four NCC exchanges. Current members of NCC have system wide extended area service without additional charge. Currently members of the Noonan Farmers Telephone Company have EAS only to the Crosby exchange.
9. Pursuant to the purchase agreement between NCC and NFTC, all subscribers currently served by NFTC in the Noonan exchange will be served by NCC beginning on the closing date. In addition, all NFTC members who subscribe to local telephone exchange service from NCC as of the closing date will become full cooperative members of NCC earning capital credits starting upon the closing date. As NCC members, the former NFTC members will then have EAS at no charge with all NCC exchanges and the Portal exchange which is located on the Canadian border, north of the Lignite exchange.
10. Currently, members of NCC and subscribers to its services enjoy comprehensive and technologically advanced services including call forward, call forward-busy line, call forward-no answer, call hold, call return, call screening, remote call forward, do not disturb, preferred call forward, priority ringing, repeat dialing, speed dialing, voice mail, three-way calling, caller ID, caller ID on call waiting, caller ID blocking, warm line, speed call acceptance, voice/data protection, personal ringing, call trace and toll restricter. NCC also participates in the lifeline and linkup programs to eligible subscribers. As required by law, NCC advertises the availability of these services in its telephone directory (see Exhibit 6, attached hereto), on its internet site (see Exhibit 7, attached hereto), and in its monthly publication, the *Ringer*. All of these services will be available to NFTC members as of the closing date.

11. I attended the NFTC member meetings held prior to member approval of the sale to NCC. The NFTC members were informed that their basic telephone rates would be higher with NCC. However, they were also informed that they would have additional benefits available. In addition to system wide EAS, other benefits available through NCC which were not available through NFTC include CATV with up to 52 channels, dial-up internet with turbo net accelerator, or high speed DSL internet service of up to 1 meg. They will also have the ability to receive one simplified bill to include their local telephone service, long distance service, internet, MMDS, and CATV.
12. I am aware that, because of its small size, NFTC has been unable to comply with the Communications Assistance with Law Enforcement Act and Local Number Portability requirements of Federal law because of the excessive cost of such compliance. It is NCC's intention to immediately upgrade the NFTC switching capabilities in order that they may function on the NCC ring and be compliant with all CALEA and LNP requirements.
13. We anticipate concern by the Commission about representation of the Noonan subscribers on the NCC Board of Directors. Each director of NCC now represents an average of approximately 523 members. To grant one new director for the Noonan exchange of approximately 200 members would not be fair to the current members of NCC. For that reason the NCC board of directors intends to add the Noonan exchange to District 4 if these applications are finally approved by this Commission and the Federal Communications Commission. That process will unite the Noonan members with their friends and neighbors from the Columbus and Lignite exchanges and further balance the present director district sizes. The Noonan members were informed prior to any vote on the sale to NCC that they would not have separate representation on the NCC board of directors. They will, however, immediately be eligible to vote on all matters coming before the members at the next annual meeting of the members in June of 2005. In addition, those members who reside within the district will also be eligible to seek election to the NCC board of directors through a petition signed by not less than 15 members when the District 4 board member's term next expires—which is in June of 2005.
14. NCC hopes to have this process approved as soon as possible and has also requested the Federal Communication Commission to waive its freeze of the study area boundaries for the Universal Service Fund in this matter because the remaining operating telecommunications service provider, NCC, will receive no more in Universal Service Fund distributions than would be received by NCC and NFTC separately. A copy of the Petition filed with the FCC on December 15, 2004, is attached to this Affidavit, marked Exhibit 8.

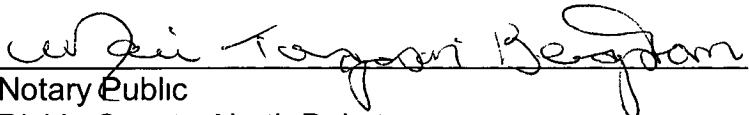
DATED this 24 day of January, 2005.



ARVIN LARSON

SUBSCRIBED and sworn to before me this 24 day of January, 2005.

(SEAL)


Notary Public
Divide County, North Dakota
My Commission Expires 08 17 10

MARI TORGESON-BERGSTROM
Notary Public
State of North Dakota
My Commission Expires August 17, 2010

GENERAL INFORMATION

REGULATIONS AND RATES

Rates applicable to the furnishing of the various services by the telephone company are contained in tariffs on file in the business office and with the North Dakota Public Service Commission

DEFAULT OF PAYMENT

Charges for exchange service (Local Service) and facilities are billed in advance and all bills, including charges for long distance service are due when rendered. FAILURE TO RECEIVE A BILL DOES NOT EXEMPT THE SUBSCRIBER FROM PROMPT PAYMENT OF HIS ACCOUNT. In the event of any default of payment the company reserves the right to discontinue at once the subscriber's service or disconnect and remove its telephone equipment. The subscriber whose telephone service is disconnected for non payment or late payment of their telephone bills, to re-establish service must

(A) Pay bill in full

(B) Pay service connection charges

After being disconnected for non-payment and full payment is then made, the Telephone Company cannot guarantee that your service will be restored the same day

RIGHT OF ACCESS TO PREMISES

At all reasonable times the Telephone Company through its authorized employees, shall have the right of access to the premises of the subscriber to install, inspect or repair the lines or equipment, or to remove them upon termination of the subscribers' right of use

Employees are instructed not to work under hazardous conditions. Such conditions include but are not limited to

Areas where in the employee's judgement there is improper electrical wiring, poor ventilation, faulty fuel tanks or lines, poisonous gases, domestic animals or infestations of insects, mice, snakes, rats, etc. Also they are not to work in unsanitary areas that may be infected with disease. It is the subscribers' responsibility to provide an acceptable working condition if Telephone employees are to perform the services requested on the premise

DIRECTORIES

Every precaution is taken to prevent errors or omissions in directories, but we cannot guarantee against them, nor can we assume liability for damages caused a customer because of errors or omissions

EXTENDED AREA SERVICE INFORMATION (EAS)

NCC has system-wide EAS (Extended Area Service). This means you do not need to dial 1-701 to place a call to any of the NCC's 15 exchanges when you are calling from an NCC exchange. The following Extended Area Service also exists. This means that you can dial direct free of any toll charges. Do Not Dial "1-701" before you dial the directory number. Dial As Follows

Epping to Williston	Dial Directory Number	Crosby to Ambrose	Dial Directory Number
Marmon to Williston	Dial Directory Number	Crosby to Fortuna	Dial Directory Number
Round Prairie to Williston	Dial Directory Number	Crosby to Noonan	Dial Directory Number

MISSION STATEMENT

It is the mission of Northwest Communications Cooperative to be the premier provider of communications services in northwest North Dakota

CORE VALUES

We exist for the benefit of our customers, and will provide high-quality, competitively-priced services

We will be good stewards of the Cooperative's assets, and offer services where they are technically and economically feasible, to ensure long-term financial viability

Our employees are an important asset, and we will provide them with the opportunities and tools necessary to accomplish our mission

For our communities, we will continue to be good corporate citizens, and strive to enhance the quality of life in northwest North Dakota

We will conduct our business with the highest degree of integrity

Northwest Communications Cooperative

Universal Telephone Service

Under the Telecommunications Act of 1996, "universal service" means basic telephone service that is available to all consumers. Universal service is voice grade access to the telecommunications network, including local usage, touch-tone calling, single-party service, access to emergency 911 service, access to operator service, and discounted services to qualifying low-income consumers. All of these services are available from Northwest Communications

Cooperative in these areas:

Alamo, Bowbells, Columbus, Crosby, Epping, Flaxton, Grenora, Lignite, Marmon, McGregor, Powers Lake, Ray, Round Prairie, Tioga, and Wildrose.

Effective January, 2004, monthly charges for these universal services are:

Basic local resident service:	\$14.50-\$17.50
(Charges vary depending on extended area service (EAS) to designated service areas)	
Touch-tone Service	No additional charge
Single Party Service	No additional charge
Access to emergency service:	No additional charge
(Local government assesses a tax to pay for special equipment)	
Access to operator services	No additional charge
(Charges for services vary and are determined by the long distance carrier you have chosen that provides your operator service)	
Access to directory assistance:	No additional charge
(Charges for services provided by Directory Assistance vary and are determined by the long distance carrier that provides the service)	

Low-income Programs:

Lifeline (low-income) monthly discounts	\$8.25-\$10.00 Discount
(Toll blocking to prevent long distance calls from your phone, available at no charge to qualifying low-income consumers)	
Linkup (low-income) hook-up discounts	50% or \$30.00 whichever is less

Fixed Federal, State and Local Prescribed Charges:

Federal Subscriber Line Charge:	
Residential & Single-Line Business	\$6.50
Multi-Line Business	\$9.20
Federal Universal Service Charge	\$0.57
Telecommunications Relay Service	\$0.06
E911-Emergency Services (where applicable)	\$1.00

If you have any questions on Universal Services, please contact NCC toll-free at 1-800-245-5884 or 568-3331

Lifeline and Link Up Programs

Link Up saves you 50% of initial charges to hook up primary telephone service, or \$30.00, whichever is less.

Lifeline can save you at least \$8.25 on your monthly phone bill for primary local telephone service.

Any North Dakota resident who qualifies under any one of the four major economic assistance programs is eligible. Those four programs are **TEEM (AFDC), Food Stamps, Energy Assistance, and Medicaid.**

When you qualify for any of the above four programs, you receive a **qualifying certificate** by mail within a month after your application is approved. Simply provide the **qualifying certificate** to your local telephone company.

If you no longer qualify for any of the four economic programs, then you no longer qualify for **Link Up** or **Lifeline.**

For more information on **Link Up** and **Lifeline**, call your local telephone company. For questions on eligibility, call your county social services office.

Telephone features include:

CALL FORWARD: Eliminate missed calls by directing them to follow you wherever you go.

CALL FORWARD-BUSY LINE: Redirect your calls only when your line is busy.

CALL FORWARD-NO ANSWER: Redirect your calls after a pre-determined number of rings with no answer.

CALL HOLD: Dial a special code to place someone on hold to talk privately with someone in the room or to take the call on another extension.

CALL RETURN: Dial a special code and an announcement will give you the number of the last party that called.

CALL SCREENING: Create a list of 6 numbers from which you do not wish to receive calls. They will receive a recorded announcement.

REMOTE CALL FORWARD: Activate and deactivate Call Forward from a telephone other than your own.

DO NOT DISTURB: Prevent calls from ringing your phone by diverting them to a recorded announcement. Great for taking afternoon naps!

PREFERRED CALL FORWARD: Create a list of 6 important numbers that will be forwarded to your new location. All others will ring your phone normally.

PRIORITY RINGING: Identify important calls from a list of 6 numbers that will ring your phone differently than all other callers.

REPEAT DIALING: Dial a two digit code and your phone will automatically try to re-dial the busy number you just tried to call.

SPEED CALLING: No need to remember long numbers. Dial a one or two digit code and automatically dial up to 30 pre-programmed numbers.

VOICE MAIL: Your phone is answered even when you are on the phone. Family mailboxes allow private messages to be left for each family member. You have access to your voice mailbox from any touch tone phone, anytime, anywhere. Your voice mailbox and the messages in your mailbox are private because the mailbox is password protected. Voice mail can give you the convenience and the technology without the need to buy and maintain equipment. Callers can review, append, or discard a message before it is actually delivered to your voice mailbox. You can selectively save or discard messages in your voice mailbox. Voice mail requires no special equipment or wires in your home. Voice mail is easy to use. Friendly voice prompts guide you through each step in delivering and retrieving your voice mail messages.

THREE-WAY CALLING: Save time when talking to family by calling TWO parties and connecting all three of you together.

CALLER ID: See the calling party's name and number *before* you answer the call.

CALLER ID on CALL-WAITING: If you have Call Waiting, you can see the name and number of who is calling when you are on the phone with another party. This requires a special Caller ID-on-Call-Waiting box or special telephone (CPE).

CALLER ID BLOCKING:

Per Call: Allows the subscriber to prevent their telephone number from being delivered to the called party.

BLOCKING PER CALL is FREE and is available on your line now.

CALLER ID BLOCKING:

Per Line: This feature is usually used where anonymity is required, such as law enforcement centers, abuse shelters, etc.

Exhibit #7

Lifeline and Link Up Programs

Link Up saves you 50% of initial charges to hook up primary telephone service, or \$30.00, whichever is less.

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CUSTOMER PREMISE EQUIPMENT

Single & multi-line touch tone telephones for home or business.

Complete Avaya key systems for multi-line-multi-phone business needs.

Volume adjustable handsets for hearing impaired.

“Sensaphone”—auto-dialing monitor of power, temperature, noise.

Basic Caller-ID box—name & number.

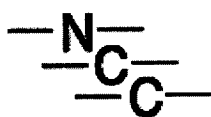
Caller ID-On Call Waiting box—name & number.

Lifeline phone with remote dial pendant.

Power surge protectors for TV & computer.

Telephone extension cords, handset coil cords, jacks & T-taps.

Special high volume telephone ringers or lights for high noise areas.



Northwest Communications Cooperative

P.O. Box 38 Ray, ND 58849

Phone 701-568-3331 800-245-5884 Fax 701-568-7777

ncc@nccray.com

GENERAL INFORMATION

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READ INSTRUCTIONS CAREFULLY
BEFORE PROCEEDING

FEDERAL COMMUNICATIONS COMMISSION
REMITTANCE ADVICE

STAMP AND RETURN

Approved by OMB
3060-0589
Page 1 of 1

(1) LOCK BOX # 358140		SPECIAL USE ONLY	
FEDERAL COMMUNICATIONS COMMISSION		DEC 15 2004	
SECTION A - PAYER INFORMATION			
(2) PAYER NAME (if paying by credit card enter name exactly as it appears on the card) Northwest Communications Cooperative		(3) TOTAL AMOUNT PAID (U.S. Dollars and cents) \$6,840.00	
(4) STREET ADDRESS LINE NO 1 P.O. Box 38			
(5) STREET ADDRESS LINE NO 2			
(6) CITY Rav		(7) STATE ND	(8) ZIP CODE 58849-0038
(9) DAYTIME TELEPHONE NUMBER (include area code) (701) 628-7031		(10) COUNTRY CODE (if not in U.S.A.)	
FCC REGISTRATION NUMBER (FRN) REQUIRED			
(11) PAYER (FRN) 0002 4776 93		(12) FCC USE ONLY	
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C) COMPLETE SECTION BELOW FOR EACH SERVICE. IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(13) APPLICANT NAME Northwest Communications Cooperative			
(14) STREET ADDRESS LINE NO 1 P.O. Box 38			
(15) STREET ADDRESS LINE NO 2			
(16) CITY Rav		(17) STATE ND	(18) ZIP CODE 58849-0038
(19) DAYTIME TELEPHONE NUMBER (include area code) (701) 628-7031		(20) COUNTRY CODE (if not in U.S.A.)	
FCC REGISTRATION NUMBER (FRN) REQUIRED			
(21) APPLICANT (FRN) 0002 4776 93		(22) FCC USE ONLY	
COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(23A) CALL SIGN/OTHER ID	(24A) PAYMENT TYPE CODE BEA	(25A) QUANTITY 1	
(26A) FEE DUE FOR (PTC)	(27A) TOTAL FEE \$6,840.00	FCC USE ONLY	
(28A) FCC CODE 1	(29A) FCC CODE 2		
(23B) CALL SIGN/OTHER ID	(24B) PAYMENT TYPE CODE	(25B) QUANTITY	
(26B) FEE DUE FOR (PTC)	(27B) TOTAL FEE	FCC USE ONLY	
(28B) FCC CODE 1	(29B) FCC CODE 2		
SECTION D - CERTIFICATION			
CERTIFICATION STATEMENT I, _____, certify under penalty of perjury that the foregoing and supporting information is true and correct to the best of my knowledge, information and belief			
SIGNATURE _____		DATE _____	
SECTION E - CREDIT CARD PAYMENT INFORMATION			
MASTERCARD _____ VISA _____ AMEX _____ DISCOVER _____			
ACCOUNT NUMBER _____		EXPIRATION DATE _____	
I hereby authorize the FCC to charge my credit card for the service(s)/authorization herein described.			
SIGNATURE _____		DATE _____	

LUKAS, NACE, GUTIERREZ & SACHS

CHARTERED
1650 TYSONS BOULEVARD
SUITE 1500
MCLEAN, VA 22102
703-584-8678
FAX. 703-584-8696

RUSSELL D LUKAS+
DAVID L NACE+
THOMAS GUTIERREZ+
ELIZABETH R SACHS+
GEORGE L LYON, JR +
PAMELA L GIST+
DAVID A LAFURIA+
MARILYN SUCHECKI MENSE+
B LYNN F RATNAVALE+
TODD SLAMOWITZ+
STEVEN M CHERNOFF+

CONSULTING ENGINEERS
ALI KUZEHKANANI
LEROY A ADAM
LEILA REZANAVAZ

OF COUNSEL
JOHN J MCAVOY+
J K HAGE III++
LEONARD S KOLSKY+++

+ADMITTED ONLY IN DC
++ADMITTED ONLY IN NY
+++ADMITTED ONLY IN MA

<http://www.fcclaw.com>

WRITER'S DIRECT DIAL

December 15, 2004

(703) 584-8661
dnace@fcclaw.com

Federal Communications Commission
Wireline Competition Services – PPI
Tariffs Accounting Rule Waiver
PO Box 358140
Pittsburgh, Pennsylvania 15251-5140


Dear Sir or Madam:

On behalf of Northern Communications Cooperative (FRN: 0002477693) (“NCC”) and Noonan Farmers Telephone Company (FRN: 0004382958), there is submitted herewith a “Petition for Waiver to Change Study Area Boundaries.”

This submission includes FCC Form 159 and a check from NCC in the amount of \$6,840.00 in payment of the required filing fee.

Should any questions arise, please communicate directly with this office

Very truly yours,


David L. Nace

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D. C. 20554**

In the Matter of)
)
NORTHWEST COMMUNICATIONS) File No. _____
COOPERATIVE)
)
NOONAN FARMERS TELEPHONE)
COMPANY)
)
Petition of Local Exchange Carriers)
Carriers for Waiver of "Study Area")
Boundaries as defined in Appendix –)
Glossary of Part 36 in Connection with)
a Proposed Acquisition of Assets of)
Noonan Farmers Telephone Company by)
Northwest Communications Cooperative)
Regarding the Companies' Exchange Areas)
in the State of North Dakota)

To: Wireline Competition Bureau, Telecommunications Access Policy Division

PETITION FOR WAIVER TO CHANGE STUDY AREA BOUNDARIES

Northwest Communications Cooperative ("NCC") and Noonan Farmers Telephone Company ("NFTC") (jointly the "Applicants") hereby apply for waiver of the Commission's freeze on changes of "study area" boundaries set forth in Part 36, Subpart H, Appendix-Glossary of the Commission's Rules. Grant of the requested waiver will facilitate a proposed acquisition of assets of NFTC by NCC, at which time NFTC will cease to be an operating telecommunications service provider. In support of this petition, the following is respectfully shown:

Factual Background and Purpose of this Petition

1 NCC, formerly known as Northwest Mutual Aid Telephone Corporation, has been a provider of telecommunications services within the State of North Dakota since 1952, and is subject to regulation and general supervision by the Public Service Commission of North Dakota ("PSC"). NCC, under Certificates of Public Convenience and Necessity issued by the PSC, is

engaged in the business of providing local exchange telecommunications service, exchange access and other telecommunications activities in Williams, Divide, Burke, Ward and Mountrail Counties in North Dakota. As of November 30, 2004, NCC provided service to 5,281 access lines. NCC desires to provide telecommunications service in the Noonan exchange located in a portion of Divide County not now served by NCC. The Noonan exchange has been served by NFTC and its predecessors since 1916. As of December 31, 2003, NFTC provided service to 247 access lines.

2. NCC and NFTC have entered into a Purchase and Sale Agreement for NCC's purchase of NFTC's current assets and facilities relating to the provision of local exchange telecommunications service, exchange access and other telecommunications services in the Noonan exchange. As of the closing date of the transaction (anticipated in early 2005), NFTC intends to cease doing business as a provider of local exchange telecommunications service, exchange access and other telecommunications services, at which time NCC will provide such services in the Noonan exchange. NCC and NFTC have applied to the PSC for all necessary PSC authorization, including a Certificate of Public Convenience and Necessity, for NCC to acquire the NFTC assets and to provide such services in the Noonan exchange.¹

3. Both NCC and NFTC participate in NECA pools to collect access charges from interexchange carriers at the rates contained in tariffs filed by NECA. In addition, both NCC and NFTC participate as "average schedule companies" and, as such, receive compensation for use of their interstate common carrier services on the basis of formulas approved by the Commission.²

Identification of Exchange Areas

4. NCC's current exchange areas are shown on a map attached as Exhibit 1 to this

¹ NCC and NFTC intend to file a supplement to this petition to provide a copy of the PSC's anticipated order that grants authorization for the transaction and NCC's provision of local exchange telecommunications service, exchange access and other telecommunications services in the Noonan exchange

² See, Section 69 606(a) of the Commission's rules

petition As shown, four of NCC's current exchanges border the Noonan exchange of NFTC that is also shown on the map. A separate map attached as Exhibit 2 to this petition depicts the Noonan exchange of NFTC.

5. The Applicants request a waiver of the definition of study area to permit NCC to include the Noonan exchange within the NCC study area upon completion of the proposed transaction.

Application for Waiver

6 Grant of a waiver is warranted pursuant to the Commission's guidelines for consideration of study area waivers. The Commission froze the study area boundaries to prevent abuse of the Universal Service Fund ("USF"). In this instance there will be no negative impact on the USF since the remaining operating telecommunications service provider, NCC, will receive no more in USF distributions than would be received by NCC and NFTC separately. Here, there is no potential for abuse of the USF as the result of the combination and a waiver should be granted allowing the merger to proceed.

7. Public interest benefits will be recognized from the proposed acquisition of NFTC assets by NCC and NCC's provision of telecommunications services in the Noonan exchange. All NFTC members who subscribe to local exchange telephone service as of the closing date will become full cooperative members of NCC earning capital credits starting as of the closing date. As NCC members the former NFTC members will have Extended Area Service with all NCC exchanges and the Portal exchange in North Dakota at no charge As members of NCC, the former NFTC members will have access to additional calling features including voice mail. It is NCC's intention to immediately upgrade the NFTC switching equipment capabilities in order that they may function on the NCC ring and be compliant with all CALEA and Local Number Portability requirements. In the past, because of its small size, NFTC has been unable to comply with CALEA

and LNP requirements because of the high cost. For NCC, the transaction is expected to result in operating economies through the ability to serve a larger number of customers.

8. Part 36 of the Commission's Rules "freezes" the definition of study area to the boundaries which were in existence on November 15, 1984. Although the rule was adopted to prevent segregation of territories to artificially maximize high cost support,³ the Commission on many occasions has recognized that changes "that result from the purchase or sale of exchanges in arms-length transactions" do not raise the concerns which prompted the freeze.⁴

9. The Applicants have filed a joint petition with the PSC which describes their transaction plan and which requests approval for the transaction. NFTC requests to assign its designated geographical service area for the Noonan exchange to NCC. NCC has been designated by the PSC as an eligible telecommunications carrier to receive USF support under Sections 214 and 254 of the Communications Act of 1934, as amended (the "Act"), and requests that its designated geographical service area be expanded to include the Noonan exchange for purposes of determining universal service obligations and support mechanisms under the Act.

Conclusion

10. For the reasons explained, the Applicants request waiver of the study area definition to permit NCC to include the Noonan exchange within the NCC study area upon completion of its acquisition of NFTC assets. Such action will have no negative impact on the USF and will provide

³ 1984 Joint Board Recommended Decision, at para 65.

⁴ See, e.g., *Alltel Corporation*, DA 900-1816, File No. AAD 90-14 (rel. Dec. 14, 1990), at 1

public interest benefits as described in this petition.

Respectfully submitted,

**NORTHWEST COMMUNICATIONS
COOPERATIVE**

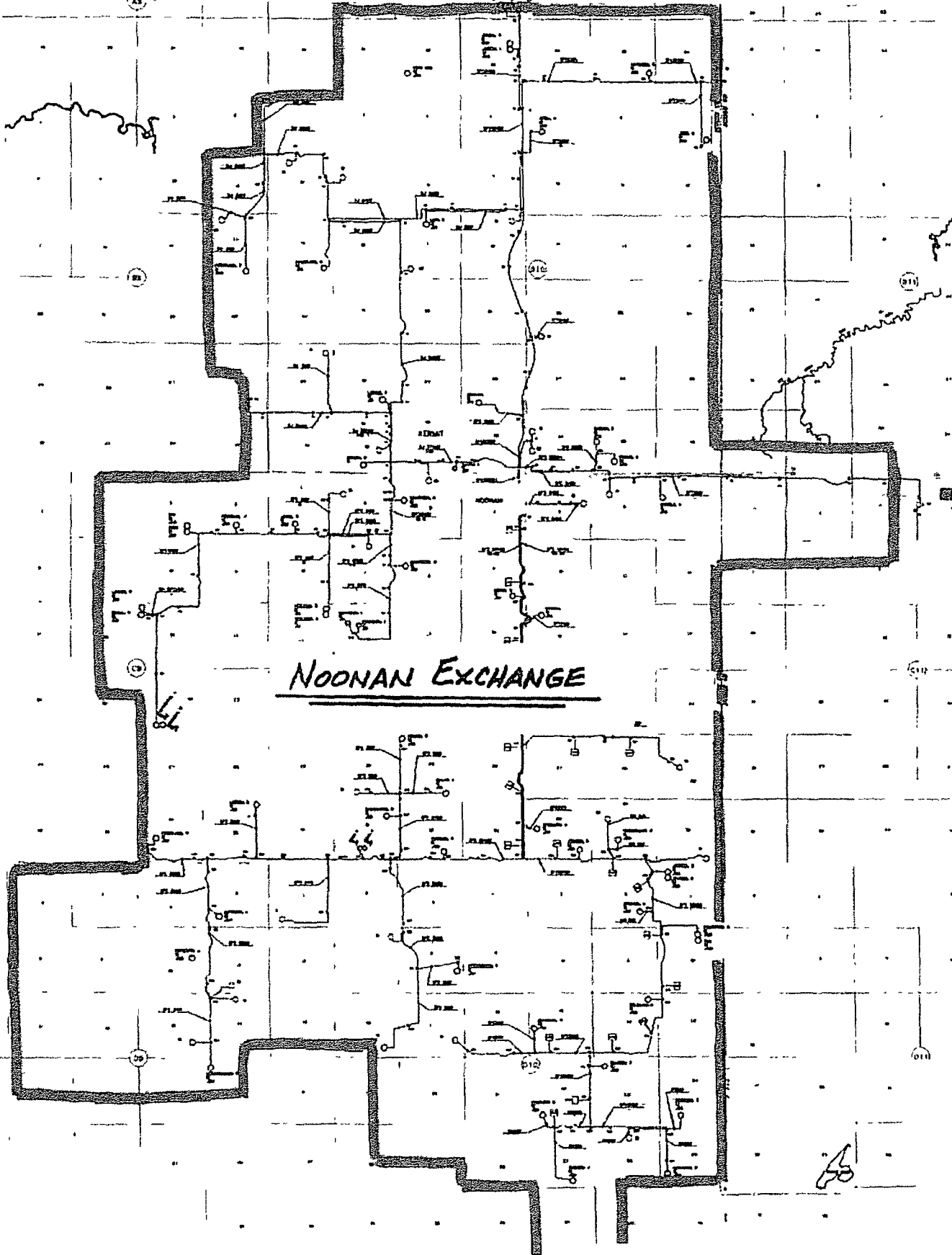
**NOONAN FARMERS TELEPHONE
COMPANY**

By: 
David L. Nace

Their Attorney

Lukas, McGowan, Nace & Gutierrez, Chtd
1650 Tysons Boulevard, Suite 1500
McLean, VA 22102
(703) 584-8661

December 15, 2004



NOONAN EXCHANGE

60

NORTHWEST
COMMUNICATIONS
COOPERATIVE

P O BOX 38
RAY, ND 58849-0038

PLEASE DETACH AND RETAIN

No. 28037

"Bringing Modern Communications to Northwest North Dakota"

DATE	INVOICE #	DESCRIPTION	ACCOUNTING	AMOUNT
11/30/2004	2004121044515	FILING FEE-NOONAN ACQ	1439.55	6,840.00
	Totals			----- 6,840 00

NORTHWEST
COMMUNICATIONS
COOPERATIVE

P O BOX 38
RAY, ND 58849-0038

"Bringing Modern Communications to Northwest North Dakota"

GENERAL FUND

No. 28037

FIRST NATIONAL BANK & TRUST CO OF WILLISTON
WILLISTON, NORTH DAKOTA

77-1077
913

Six Thousand Eight Hundred Forty and no/100*****

9999

PAY
TO THE
ORDER
OF

FEDERAL COMMUNICATIONS COMM
DC 22102

DATE	CHECK NO.	AMOUNT
12/10/2004	28037	\$*****6,840.00

Michael J. Hoff
Mike Steffen

⑈ 28037⑈ ⑆091310770⑆ 5001004⑈

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Northwest Communications Cooperative, a
Cooperative Association
Local Exchange
Public Convenience and Necessity

Case No. PU-04-565

AFFIDAVIT OF SERVICE BY 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 **19th day of January, 2005**, 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

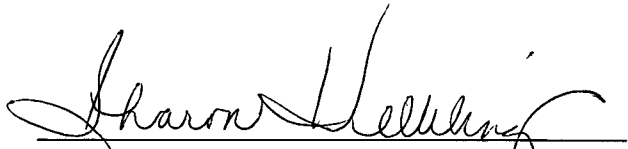
The envelopes were addressed as follows

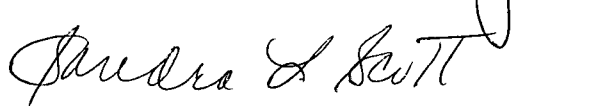
Mark L Stenehjerm
314 1st Ave East
Williston ND 58802-1366

Dwight Schmitt
Northwest Communications Coop
P O Box 38
Ray ND 58849-0038

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

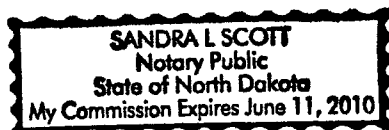
Subscribed and sworn to before me
this **19th day of January, 2005**.





Notary Public

SEAL



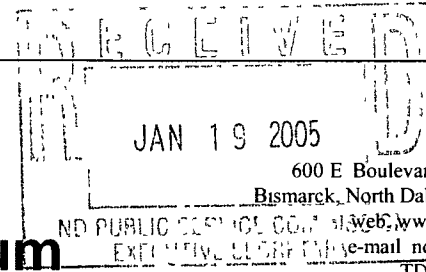


Public Service Commission
State of North Dakota

COMMISSIONERS

Tony Clark, President
Susan E Wefald
Kevin Cramer

Executive Secretary
Illona A Jeffcoat-Sacco



600 E Boulevard Ave Dept 408
Bismarck, North Dakota 58505-0480

Web: www.psc.state.nd.us
e-mail: ndpsc@state.nd.us

TDD 800-366-6888
Fax 701-328-2410
Phone 701-328-2400

Memorandum

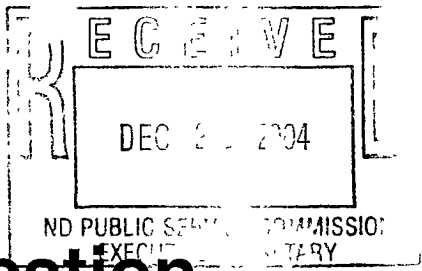
To: Illona Jeffcoat-Sacco, Executive Secretary
From: Mike Diller, Director of Accounting *MAD*
Date: January 19, 2005
Re: **Northwest Communications Cooperative**
Local Exchange PC&N
Case No. PU-04-565

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

Staff reviewed the financial information filed by the applicant for the period ending December 31, 2003, noting patronage capital in excess of \$10 million.

Based on its review, staff concludes that the applicant has access to sufficient capital to provide service in North Dakota.

Staff sees no reason to deny this application and will provide this document to the applicant.



Affidavit of Publication

Colleen Park, being duly sworn, state as follows:

1. I am the designated agent, under the provisions and for the purposes of, Section 31-04-06, NDCC, for the newspapers listed on the attached exhibits.
2. The newspapers listed on the exhibits published the advertisement of:
PSC - Northwest Communications, 1 time(s)
as required by law or ordinance.
3. All of the listed newspapers are legal newspapers in the State of North Dakota and, under the provisions of Section 46-05-01, NDCC, are qualified to publish any public notice or any matter required by law or ordinance to be printed or published in a newspaper in North Dakota.

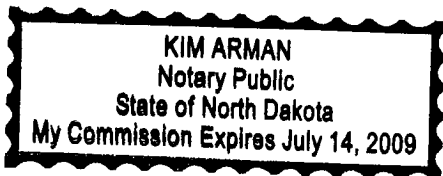
Signed: Colleen Park

State of ND

County of Burleigh

Subscribed and sworn to before me this 28 day of December 2004.

Kim Arman



10

PU-04-565

Pages 1

Affidavit of Publication

by North Dakota Advertising Service, Inc

12/29/2004C Comm Legal Ilona Jerry, Annette, Mike

8

PU-04-635

Pages 1

Affidavit of Publication

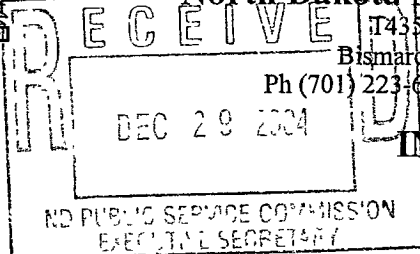
by North Dakota Advertising Service, Inc

12/29/2004C Comm Legal Ilona Jerry, Annette, Mike

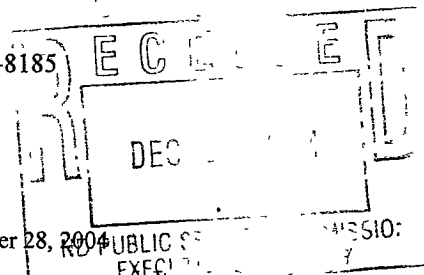


North Dakota Newspaper Association

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



INVOICE



Order **20034-04124PP1** Invoice # **49392**

December 28, 2004
Advertiser: **Public Utilities Division**
P O #. **PU-04-565, 635**

Attn: **ILLONAA. JEFFCOAT-SACCO**
PUBLIC SERVICE COMMISSION
600 E. BOULEVARD AVE.
STATE CAPITOL
BISMARCK, ND 58505

Voice 701-328-4076

Amount Due **\$113.41**

Amount Paid

Please detach and return this portion with your payment

Public Utilities Division Invoice # 20034-04124PP1-49392 PO# PU-04-565, 635

Ad Size	Rate Type	Rate	Total	Discount (%)	Capton	Page	Run Date
Crosby The Journal (Crosby ND)							
109 00	SPR2	0 52	56 68	0 00	Northwest Comm		12/22/04
Williston Herald (Williston ND)							
93 00	SPR2	0 61	56 73	0 00	Northwest Comm		12/20/04

Gross Advertising	113.41	Total Misc	0 00	Amount Paid	0 00
Agency Discount		Tax	0 00	Adjustments	0 00
Other Discount	0.00	Total Billed	113 41	Payment Date	
Service Charge	0.00	Unbilled	0 00	Balance Due	113 41

10 PU-04-565 Pages 1
Affidavit of Publication
by North Dakota Advertising Service, Inc
12/29/2004C Comm Legal Illona Jerry, Annette, Mike

8 PU-04-635 Pages 1
Affidavit of Publication
by North Dakota Advertising Service, Inc
12/29/2004C Comm Legal Illona Jerry, Annette, Mike

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Northwest Communications Cooperative, a
Cooperative Association
Local Exchange
Public Convenience and Necessity

Case No. PU-04-565

Northwest Communications Cooperative, a
Cooperative Association
Designated Eligible Carrier
Application

Case No. PU-04-635

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 **19th day of November, 2004**, 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 Opportunity for Hearing

The envelope was addressed as follows.

Mark L Stenehjem
314 1st Ave East
Williston ND 58802-1366

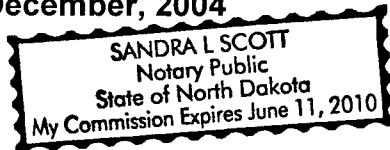
Cert. No. 7003 2260 0001 3517 1439

Dwight Schmitt
Northwest Communications Coop
P O Box 38
Ray ND 58849-0038

Cert. No. 7003 2260 0001 3517 1446

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

Subscribed and sworn to before me
this **16th day of December, 2004**



SEAL

Sharon Helbling

Sandra L Scott

Notary Public

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Northwest Communications Cooperative, a
Cooperative Association
Local Exchange
Public Convenience and Necessity**

Case No. PU-04-565

**Northwest Communications Cooperative, a
Cooperative Association
Designated Eligible Carrier
Application**

Case No. PU-04-635

AFFIDAVIT OF SERVICE BY ORDINARY MAIL OR E-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 **16th day of December, 2004**, she deposited in the United States Mail, Bismarck, North Dakota, envelopes by first class mail, fully prepaid, securely sealed, and e-mailed, each containing a photocopy of.

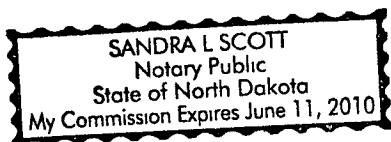
Notice of Opportunity for Hearing

The envelopes were addressed as follows:

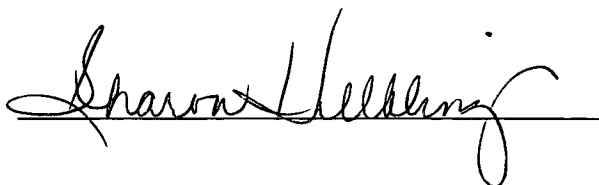
See Attached List

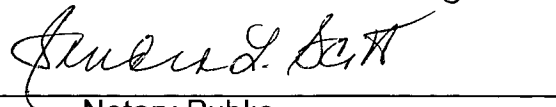
Each address shown is the respective addressee's last reasonably ascertainable post office address

Subscribed and sworn to before me
this **16th day of December, 2004**



SEAL





Notary Public

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Marie Pierre-Paul

wbrudvik@ohnstadlaw.com
William Brudvik

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Oak Park IL 60302-2106

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Ann Faught
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Absaraka ND 58002

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AT&T Wireless
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John Broten
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C12 Inc
200 Galleria Pkwy Ste 1200
Atlanta GA 30339

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

Beth Choroser
Comcast Business Communications Inc
1500 Market St
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Computer Integrated Communications Inc
8502 Bells Mill Rd
Potomac MD 20854-4071

Consolidated Telcom
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937 W Main St
Riverton WY 82501

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Chatanooga TN 37416

D D D Calling Inc
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William Jackson
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Dave Dircks
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Dickey Rural Services Inc
P O Box 69
Ellendale ND 58436

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New Haven CT 06511

Easton Telecom Services Inc
3046 Brecksville Rd #A
Richfield OH 44286-9399

Essential.com Inc
5 Bragdon Ln Ste 200
Kennebunk ME 04043

Evercom Systems Inc
8201 Tristar Dr
Irving TX 75063-2824

Chere Heintzmann
Extend America Inc
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Dave Waters
Fairpoint Communications Solutions
521 E Morehead St Ste 250
Charlotte NC 28202-2695

Lawrence Freedman
Fleischman & Walsh
1919 Pennsylvania Ave NW Ste 600
Washington DC 20006-3420

France Telecom Corporate Solutions LLC
2300 Corporate Park Dr Mailstop SPO606
Herndon VA 20171

Global Tel*Link Corporation
2609 Cameron St
Mobile AL 36607-3104

GLOBCOM INCORPORATED
2100 Sanders Rd Ste 150
Northbrook IL 60062

Granite Telecommunications LLC
234 Copeland St
Quincy MA 02169

Griggs County Telephone Co
P O Box 506
Cooperstown ND 58425-0506

HTC Services Inc
P O Box 55
Halstad MN 56548

Robert K Johnson
IdeaOne Telecom Group LLC
3239 39th St SW
Fargo ND 58104

Intrado Communications Inc
1601 Dry Creek Dr
Longmont CO 80503-6493

Nanette Edwards
ITC DELTACOM INC
7037 Old Madison Pike NW #400
Huntsville AL 35806-2107

KMC Telecom V Inc
1545 Rt 206
Bedminster NJ 07921

Thomas K Crowe
Law Offices of Thomas K Crowe PC
1250 24th St NW Ste 300
Washington DC 20037

Local Telcom Holdings LLC
485 Madison Ave 15th Fl
New York NY 10022-5803

Steven Katka
Loretel Systems Inc
13 E 4th Ave
Ada MN 56510

Michel Murray
MCI WorldCom Inc
707 17th St Ste 3600
Denver CO 80202

Houlton Enterprises Inc
2201 W Bdwy Ste 1
Council Bluffs IA 51501

Julia Waysdorf
ICG Telecom Group Inc
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Englewood CO 80112

Ken Hanks
International Telcom Ltd
417 2nd Ave W
Seattle WA 98119

David A. Huberman
Intrado Communications Inc
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James Valley Coop Telephone Co
235 E 1st Ave
Groton SD 57445

Myer Shark
Knollwood Place Apts #221
3630 Phillips Pkwy
St Louis Park MN 55426

Level 3 Communications LLC
3555 Farnam St
Omaha NE 68131

Jan Lowe
Long Dist Consolidated Billing Co
145 S Livernois Rd #199
Rochester MI 48307-1837

Marilyn Foss
MCI WorldCom Inc
707 17th St Ste 3600
Denver CO 80202

MCImetro Access Transmission Services
707 17th ST Ste 3600
Denver CO 80202

McKenzie Consolidated Telecom LLC
P O Box 1408
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Midcontinent Communications
410 South Phillips Ave
Sioux Falls SD 57104

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Mike Strand
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Helena MT 59604-5237

Dave Crothers
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Mandan ND 58554-1144

Bob Edgerly
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Dave Dircks
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Dave Dircks
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Mary Buley
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Jeff Walker
Preferred Carrier Services Inc
14681 Midway Rd Ste 105
Dallas TX 75001

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Gordon Wilhelmi
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c/o Onvoy Inc
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Washington DC 20036

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Carmine Russo
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Steven Lysne
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Brad Van Leur
OrbitCom Inc
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Sioux Falls SD 57107

Premiere Network Services Inc
1510 N Hampton Rd Ste 120
DeSoto TX 75115

Primus Telecommunications Inc
1700 Old Meadow Rd 3rd Fl
McLean VA 22102

Public Communications Services Inc
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Kristin L Smith
Qwest
1801 California St Ste 4700
Denver CO 80202

Qwest Interprise America Inc
1801 California St 49th Fl
Denver CO 80202

Reliant Communications Inc
801 International Pkwy 5th Fl
Lake Mary FL 32746

Sandra Adams
NewPath Holdings Inc
4364 114th St
Des Moines IA 50322
Arthur H Paquette
SNET America Inc
310 Orange St
North Haven CT 06510-1719

SRT Communications Inc
P O Box 2027
Minot ND 58702-2027

Harris Saele
T P C Inc
PO Box 180
Devils Lake ND 58301-0180

Jack Medaris
Telco Partners Inc
P O Box 807
Conshohocken PA 19428-0807

Scott Lee
Protel Advantage Inc
1308 Medora Rd
St. Paul MN 55118-1734

QuantumShift Communications Inc
88 Rowland Way Ste 200
Novato CA 94945-5000

Melissa Thompson
Qwest Corporation
1801 California St 49th Fl
Denver CO 80202

Dean Polkow
RCC Network Inc
PO Box 2000
Alexandria MN 56308-2000

Kimberly Nielson
RTC-1
Legal & External Affairs
7277 164th Ave NE
Redmond WA 98052

ServiSense.com Inc
60 Glacier Dr #3000
Westwood MA 02090-1818

Andrew Jones
Sprint
6391 Sprint Pkwy
Overland Park KS 66251-6100

Randy Burckhard
SRT Communications Inc
P O Box 2027
Minot ND 58702-2027

Tel Tech Inc
1300 W 57th St Ste G204
Sioux Falls SD 57108-2885

William Staycoff
Telcom Billing Services Inc
2989 Brookdale Dr
Brooklyn Park MN 55444

Al Bosch
Tele-Beep Company
PO Box 7072
Bismarck ND 58502-7072

Telera Communications Inc
910 E Hamilton Ave Ste 200
Campbell CA 95008

Jonathan Marashlian
The Helein Law Group P C
8180 Greensboro Dr Ste 700
McLean VA 22102

T-Netix Inc
P O Box 701028
Dallas TX 75370-1028

Kenneth Carlson
Turtle Mountain Communications
PO Box 729
Langdon ND 58249-0729

United Communications HUB Inc
10390 Commerce Ctr Dr Ste 250
Rancho CA 91730-5860

Sam Billingsley
United States Advanced Network Inc
3080 Northwoods Cir
Norcross GA 30071-1562

Kenneth Carlson
United Telephone Mut Aid Corp
P O Box 729
Langdon ND 58249-0729

Christina Tygielski
Universal Access Inc
Sears Tower 233 S Wacker Dr Ste 600
Chicago IL 60606-6307

Dennis Houston
Universal Network Services of ND
1572 North Batavia St Ste 1A
Orange CA 92867

Val-Ed Joint Venture LLP
702 Main Ave
Moorhead MN 56560

VarTec Telecom Inc
1600 Viceroy Dr
Dallas TX 75235

Randy Houdek
Venture Communications Inc
PO Box 157
Highmore SD 57345-0157

David Armev
Verizon Communications
750 SH121 Bypass Ste 100
Louisville TX 75067

Molli Harper
Verizon Wireless
6350 E Crescent Pkwy Ste 200
Greenwood Village CO 80111

West River Coop Telephone Co
P O Box 39
Bison SD 57620-0039

Darrell Henderson
West River Coop Telephone Company
PO Box 39
Bison SD 57620-0039

Doris Cooper
West River Long Distance Co
PO Box 467
Hazen ND 58545-0467

Mick Grosz
West River Telecomm Coop
PO Box 467
Hazen ND 58545-0467

Western CLEC Corporation
3650 131st Ave SE #400
Bellevue WA 98006

WTC Competitive Services Inc
P O Box 270
Park River MN 56594-0270

XO Communications Services Inc
11111 Sunset Hills Rd
Reston VA 20190

Z-Tel Communications Inc
601 S Harbour Island Blvd Ste 220
Tampa FL 33602-5925

Helbling, Sharon D.

From: Helbling, Sharon D.
Sent: Wednesday, December 15, 2004 2 12 PM
To: ndna
Subject: Attached Notice of Opportunity for Hearing, Case Nos PU-04-565 & PU-04-635

Colleen Park
North Dakota Newspaper Association

Colleen.

Please have the attached Notice of Opportunity for Hearing published as a legal publication in the next issue of the following newspapers:

The Crosby Journal
The Williston Herald

Would you please run it as a "News Item Only" article, and 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 328-4076, or e-mail me.

Thank you.

Sharon Helbling
Public Utilities Division



12-15-04
of Opportu

APPROVED

MOTION

DATE: 12-15-04
KMF

December 15, 2004

**Northwest Communications Cooperative, A
Cooperative Association
Local Exchange
Public Convenience and Necessity**

Case No. PU-04-565

**Northwest Communications Cooperative, A
Cooperative Association
Designated Eligible Carrier
Application**

Case No. PU-04-635

I move the Commission issue a Notice of Opportunity for Hearing in the applications of Northwest Communications Cooperative for a certificate of public convenience and necessity to provide telecommunication services and for designation as an eligible carrier for federal universal service support in the Noonan, North Dakota exchange.

JRL/sdh

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Northwest Communications Cooperative, a
Cooperative Association
Local Exchange
Public Convenience and Necessity**

Case No. PU-04-565

**Northwest Communications Cooperative, A
Cooperative Association
Designated Eligible Carrier
Application**

Case No. PU-04-635

NOTICE OF OPPORTUNITY FOR HEARING

December 15, 2004

On October 27, 2004, Northwest Communications Cooperative (NCC) of Ray, North Dakota filed an application for certificate of public convenience and necessity to provide facilities-based incumbent local exchange telecommunications services in the exchange of Noonan, North Dakota (Case No. PU-04-565). NCC reports entering into an agreement to purchase facilities and assets of Noonan Farmers Telephone Company (NFTC) relating to the provision of local exchange telecommunications services, including exchange access and other telecommunications services, in the Noonan Exchange. As of the closing date of the transaction, NFTC would cease and NCC would commence providing incumbent local exchange services in the Noonan Exchange.

On November 29, 2004, NCC amended its application to also request designation as an Eligible Telecommunications Carrier (ETC) for the Noonan Exchange (Case No. PU-04-635).

On December 8, 2004 NFTC filed a Joinder in NCC's application. NFTC requested that the current certificate of public convenience and necessity issued to NFTC be relinquished to the Commission and that upon designation of NCC as an eligible telecommunications carrier for the Noonan exchange, NFTC's designation as an eligible telecommunications carrier also be relinquished.

The issues to be considered in these matters are:

1. Fitness and ability of the applicant to provide service.
2. Adequacy of the proposed service.


3. The technical, financial and managerial ability of the applicant to provide service.
4. Qualification of the 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.
6. Whether NFTC's current certificate of public convenience and necessity should be relinquished to the Commission
7. Whether upon designation of NCC as an eligible telecommunications carrier for the Noonan exchange, NFTC's designation as an eligible telecommunications carrier should also be relinquished.

Those interested are invited to comment on the application in writing. Persons desiring a hearing must file a written request identifying their interest in the proceeding and the reasons for requesting a hearing. Comments and requests for hearings must be received by **January 21, 2005**. If deemed appropriate, the Commission can determine the matter without hearings.

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 Ilona A. Jeffcoat-Sacco, Executive Secretary.

PUBLIC SERVICE COMMISSION


Susan E. Wefald
Commissioner

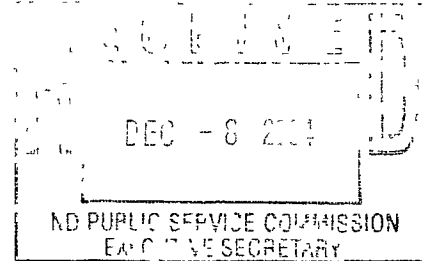

Tony Clark
President


Kevin Cramer
Commissioner

MICHEL W. STEFONOWICZ

Attorney at Law
115 South Main Street - P O. Box 289
Crosby, North Dakota 58730-0289
Tel 701-965-6036 | Fax 701-965-6428
E-mail mstefonowicz@steflaw.com

December 7, 2004



Executive Secretary
Public Service Commission
State Capitol
Bismarck, ND 58505-0480

Re: Northwest Communications Cooperative/Noonan Farmers Telephone Company
Case No. PU-04-565 + *PU-04-635*

Gentlemen:

Enclosed please find one original and seven copies of the Joinder in the above matter.

If you have any questions or need anything further, please don't hesitate to contact me.

Very truly yours,

Michel W Stefonowicz

MWS/crb

Enclosures

cc – Mark L. Stenehjem, Attorney-at-Law

✓ 5

PU-04-565

Pages 1

Cover letter re Joinder

by Noonan Farmers Tele Co by Michel W Stefonowicz

12/08/2004C Comm Legal Ilona Jerry, Annette, Mike

3

PU-04-635

Pages 1

Cover letter re Joinder

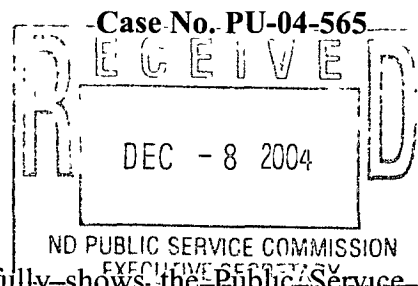
by Noonan Farmers Tele Co by Michel W Stefonowicz

12/08/2004C Comm Legal Ilona Jerry, Annette, Mike

STATE OF NORTH DAKOTA

PUBLIC SERVICE COMMISSION

Joinder of Noonan Farmers Telephone Company in the Amended Application of Northwest Communications Cooperative for Certificate of Public Convenience and Necessity and Expansion of Eligible Telecommunications Carrier Designated Geographical Service Area



Noonan Farmers Telephone Company, (NFTC) respectfully shows the Public Service Commission (Commission) as follows:

I.

NFTC is a Cooperative Association organized and authorized to do business in North Dakota pursuant to Chapters 10-12 and 10-15 of the North Dakota Century Code.

II.

NFTC under Certificates of Public Convenience and Necessity issued by this Commission and a franchise issued by the city of Noonan has been providing telecommunications service in the Noonan exchange, prefix 925, in Divide County, North Dakota, since 1916.

III.

NFTC has entered into an agreement with Northwest Communications Cooperative of Ray, North Dakota (NCC) to sell NFTC's current assets and facilities relating to the provision of wireline telecommunications service in the Noonan Telephone exchange. The sale of the Noonan exchange to NCC was first unanimously approved by the board of directors of NFTC, then approved by the NFTC members by a vote of 64 to 2 at the annual meeting of members and, finally, pursuant to NFTC Bylaws, approved by a vote of 175 to 3 by a mail ballot election. As of the Closing Date of said transaction (anticipated for early 2005) (hereinafter Closing Date), NFTC intends to cease doing business as a provider of a local exchange telecommunications service and assign its telecommunications franchise for the City of Noonan to NCC.

IV.

Pursuant to the Purchase Agreement between NCC and NFTC all subscribers served by NFTC in the Noonan exchange as of the Closing Date will be served by NCC beginning on the Closing Date. In addition all NFTC Members who subscribe to local telephone exchange service as of the closing date will become full voting cooperative members of NCC earning capital credits starting upon the Closing Date. As NCC members the former NFTC members will have EAS with all NCC exchanges and the Portal exchange at no charge. NFTC has been informed that NCC intends to immediately upgrade the NFTC switching capabilities in order that they may function on the existing NCC ring.

V.

NFTC understands that, effective as of the closing date and upon prior approval by the Federal Communication Commission, NCC, has requested designation by this Commission as an eligible telecommunications carrier to receive universal service support under Sections 214 and 254 of the federal Communications Act of 1934, as amended by the federal Telecommunications Act of 1996, and that its designated geographical service area be expanded to include the Noonan exchange for purposes of determining universal service obligations and support mechanisms under the Telecommunications Act of 1996

VI.

NFTC agrees that upon the grant of a Certificate under NDCC 49-03.1 to NCC, the current Certificate previously granted by the Commission to NFTC be relinquished to the Commission and that upon designation of NCC as an eligible telecommunications carrier for the Noonan exchange for purposes of determining universal service support obligations and support mechanisms under the Telecommunications Act of 1996, NFTC's designation as an eligible telecommunications carrier also be relinquished.

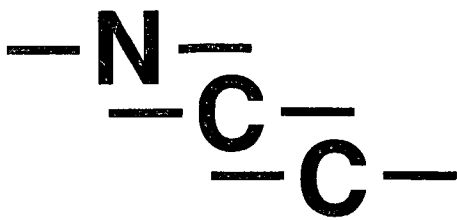
THEREFORE, NOONAN FARMERS TELEPHONE COMPANY hereby joins **NORTHWEST COMMUNICATIONS COOPERATIVE** in NCC's application to the North Dakota Public Service Commission for a Certificate under NDCC 49-03.1 to provide essential and nonessential telecommunications services in the Noonan telephone exchange in Divide County, North Dakota, for designation as an eligible telecommunications carrier for the Noonan exchange and for expansion of Northwest Communications Cooperative's designated geographical service area to include the Noonan exchange for purposes of determining universal service obligations and support mechanisms under the Telecommunications Act of 1996 and for the appropriate relinquishment of the Certificate previously granted to Noonan Farmers Telephone Company under NDCC 49-03.1 and Noonan Farmers Telephone Company's designation as an eligible telecommunications carrier.

DATED this 7 day of December, 2004.

NOONAN FARMERS TELEPHONE COMPANY

By: Larry Clemens
Larry Clemens
Its General Manager and Chief Executive Officer

By: Michel W. Stefanowicz
Michel W. Stefanowicz (ID#02914) Legal Counsel
to Noonan Farmers Telephone Company (NFTC)
P.O. Box 289, Crosby, ND 58730-0289



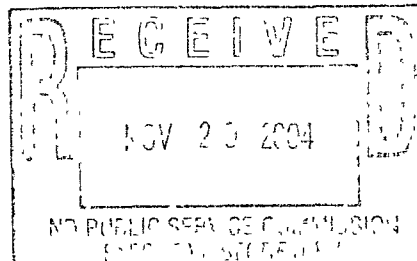
Northwest Communications Cooperative

P O Box 38
Ray, ND 58849

701-568-3331
FAX 701-568-7777

800-245-5884
ncc@nccray.com

November 24, 2004



Public Service Commission
ATTN: Public Utilities Section
State Capitol
600 East Boulevard Avenue
Bismarck, ND 58505-0480

RE: **Case Number PU-04-565**
Northwest Communications Cooperative
Amended Application for Certificate of Public Convenience and Necessity and
Expansion of Eligible Telecommunications Carrier Designated Geographical
Service Area

Enclosed please find the original and seven copies of the *Amended* Application of Northwest Communications Cooperative for Certificate of Public Convenience and Necessity to serve the Noonan exchange in Divide County, North Dakota, and Expansion of Eligible Telecommunications Carrier Designated Geographical Service Area. The enclosed Amended Application refers to Exhibits 1 through 5, which are attached to the original Application, previously filed with the Commission.

Please file the enclosed Amended Application along with the original Application and other filings in Case Number PU-04-565.

If you have any questions, please contact our attorney, Mark L. Stenehjem at (701) 577-6771.

Sincerely,

Dwight Schmitt
General Manager/CEO

Enclosures: Original and 7 Copies of Amended Application

3

PU-04-565

Pages 1

Cover letter to Amended Application for
PC&N
by Northwest Communications Cooperative a Cooperative
11/29/2004C Comm Legal 10114 Jerry Annette Mire

in the Noonan exchange in Divide County not now presently served by NCC. The Noonan exchange with exchange prefix of 925 is now served by the Noonan Farmers Telephone Company. A map showing the area to be served is attached to NCC's original Application as Exhibit 3. A map showing the area currently served by NCC and the area currently served by Noonan Farmers Telephone Company is attached to that Application as Exhibit 4. NCC and Noonan Farmers Telephone Company (NFTC) have entered into a purchase and sale agreement for the purchase by NCC of NFTC's current assets and facilities relating to the provision of wireline telecommunications service in the Noonan Telephone exchange. As of the Closing Date of said transaction (anticipated for early 2005) (hereinafter "Closing Date"), NFT intends to cease doing business as a provider of a local exchange telecommunications service and exchange access. In addition, as of the Closing Date, NCC intends to engage in the business of providing local exchange telecommunications service, exchange access and other telecommunications activities in the Noonan Exchange.

V.

NCC's financial fitness and ability to provide services are shown by its 2002 and 2003 audited financial statements attached to NCC's original Application marked Exhibit 5.

VI.

NCC has the technical, financial and managerial fitness and ability to provide adequate essential and nonessential telecommunications services in the Noonan telephone exchange in Divide County, North Dakota.

VII.

Effective as of the closing date and upon approval by the Federal Communication Commission, NCC, requests designation by this Commission as an eligible telecommunications carrier to receive universal service support under Sections 214 and 254 of the federal Communications Act of 1934, as amended by the federal Telecommunications Act of 1996, and that its designated geographical service area be expanded to include the Noonan exchange for purposes of determining universal service obligations and support mechanisms under the Telecommunications Act of 1996. (See Exhibits 4, attached to NCC's original Application).

THEREFORE, NORTHWEST COMMUNICATIONS COOPERATIVE applies to the North Dakota Public Service Commission for a Certificate under NDCC 49-03.1 to provide essential and nonessential telecommunications services in the Noonan telephone exchange in Divide County, North Dakota, for designation as an eligible telecommunications carrier for the Noonan exchange and, upon approval by the Federal Communications Commission, for expansion of Northwest Communications Cooperative's designated geographical service area to include the Noonan exchange for purposes of determining universal service obligations and support mechanisms

under the Telecommunications Act of 1996.

DATED this 24th day of November, 2004.

NORTHWEST COMMUNICATIONS COOPERATIVE

By: [Signature]
DWIGHT SCHMITT
Its General Manager and Chief Executive
Officer

By: [Signature]
MARK L STENEHJEM
Legal Counsel (ID #03126)
314 - 1ST Avenue East
P. O. Box 1366
Williston, ND 58802-1366

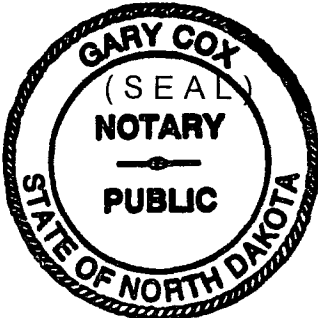
STATE OF NORTH DAKOTA)
):ss.
COUNTY OF WILLIAMS)

DWIGHT SCHMITT, being first duly sworn, deposes and says that he is the General Manager and Chief Executive Officer of NORTHWEST COMMUNICATIONS COOPERATIVE, the corporation that is described in the above-entitled matter; that he has read the foregoing Applications, knows the contents thereof, and the same is true to the best of his knowledge, information and belief.

DATED at Ray, North Dakota this 24th day of November, 2004.

[Signature]
DWIGHT SCHMITT

SUBSCRIBED and sworn to before me this 24TH day of November, 2004.



[Signature]
Notary Public
Williams County, North Dakota
My Commission Expires. JAN 12, 2006

McKENNETT STENEHJEM REIERSON FORSBERG & HERMANSON, P.C.

ATTORNEYS AND COUNSELORS AT LAW

RICHARD A McKENNETT
KENT REIERSON**
DAVID T HERMANSON*

314 1ST AVENUE EAST
P O BOX 1366
WILLISTON, NORTH DAKOTA 58802-1366
PHONE (701) 577-6771 / FAX (701) 577-2163

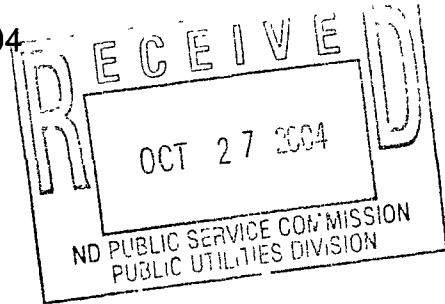
MARK L STENEHJEM*
LAUREL J FORSBERG*
VALESKA A HERMANSON*

*ALSO ADMITTED IN MONTANA
**CERTIFIED CIVIL TRIAL SPECIALIST

TAMMY LaCROSSE, PARALEGAL

BRANCH OFFICE LOCATED IN WATFORD CITY, ND

October 26, 2004



Public Service Commission
ATTN: Public Utilities Section
State Capitol
600 East Boulevard Avenue
Bismarck, ND 58505-0480

RE: Northwest Communications Cooperative
Application for Public Convenience & Necessity

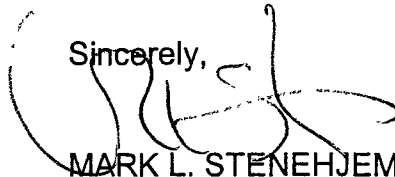
Enclosed please find the original and seven copies of Northwest Communications Cooperative's Application for Public Convenience and Necessity to serve the Noonan exchange in Divide County, North Dakota. Also enclosed are the original and seven copies of the following exhibits, which support that application:

- Exhibit 1 - A copy of NCC's Certificate of Good Standing;
- Exhibit 2 - A certified copy of NCC's Articles of Incorporation and the amendments thereof;
- Exhibit 3 - A map showing the area to be served;
- Exhibit 4 - A map showing the current area served by NCC and the current area served by Noonan Farmers Telephone Company;
- Exhibit 5 - NCC's 2002 and 2003 audited financial statements.

Also enclosed please find the original and seven copies of an Affidavit of NCC GM/CEO Dwight Schmitt in Support of the Public Convenience & Necessity Application.

If you have any questions, please let me know.

Sincerely,



MARK L. STENEHJEM

MLS/vh

Encls. - Original & 7 copies of Affidavit and Application plus Exhibits

cc: Dwight Schmitt, w/o enclosures
Mike Stefanowicz, Attorney

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Case No. PU-_____

Application of Northwest Communications Cooperative for Certificate of Public Convenience and Necessity

Northwest Communications Cooperative, a Cooperative Association, (NCC) respectfully shows the Public Service Commission (Commission) as follows:

I.

NCC is a Cooperative Association organized and authorized to do business in North Dakota pursuant to Chapters 10-12 and 10-15 of the North Dakota Century Code (NDCC) A copy of NCC's Certificate of Good Standing issued by the North Dakota Secretary of State is attached to this Application, marked Exhibit 1. A certified copy of NCC's Articles of Incorporation, as filed with the North Dakota Secretary of State is attached to this Application, marked Exhibit 2.

II.

NCC formerly known as Northwest Mutual Aid Telephone Corporation, has been a provider of telecommunications service within this State since 1952 and is subject to regulation and general supervision by the Commission under applicable provisions of Title 49 of the NDCC.

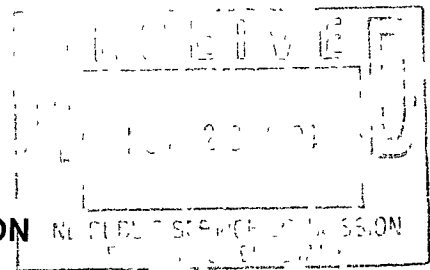
III.

NCC under Certificates of Public Convenience and Necessity issued by this Commission is providing telecommunications services in Williams, Divide, Burke, Ward and Mountrail counties of North Dakota, and in the following exchange areas in those counties:

Exchange Prefix/Name

528	Alamo	596	Flaxton	464	Powers Lake
377	Bowbells	694	Grenora	568	Ray
939	Columbus	933	Lignite	875	Round Prairie
965	Crosby	826	Marmon	664	Tioga
859	Epping	546	McGregor	539	Wildrose

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION



Case No. PU-04-565

**Amended Application of Northwest Communications
Cooperative for Certificate of Public Convenience and
Necessity and Expansion of Eligible Telecommunications
Carrier Designated Geographical Service Area**

Northwest Communications Cooperative, a Cooperative Association, (NCC) respectfully shows the Public Service Commission (Commission) as follows:

I.

NCC is a Cooperative Association organized and authorized to do business in North Dakota pursuant to Chapters 10-12 and 10-15 of the North Dakota Century Code. A copy of NCC's Certificate of Good Standing issued by the North Dakota Secretary of State is attached to NCC's original Application, marked Exhibit 1. A certified copy of NCC's Articles of Incorporation, as filed with the North Dakota Secretary of State is also attached to NCC's original Application, marked Exhibit 2.

II

NCC formerly known as Northwest Mutual Aid Telephone Corporation, has been a provider of telecommunications service within this State since 1952 and is subject to regulation and general supervision by the Commission under applicable provisions of Title 49 of the North Dakota Century Code (NDCC).

III.

NCC under Certificates of Public Convenience and Necessity issued by this Commission is providing telecommunications service in Williams, Divide, Burke, Ward and Mountrail counties of North Dakota, and in the following exchange areas in those counties:

Exchange Prefix/Name

528	Alamo	596	Flaxton	464	Powers Lake
377	Bowbells	694	Grenora	568	Ray
939	Columbus	933	Lignite	875	Round Prairie
965	Crosby	826	Marmon	664	Tioga
859	Epping	546	McGregor	539	Wildrose

IV.

NCC desires to provide essential and non-essential telecommunications service

IV.

NCC desires to provide essential and non-essential telecommunications service in the Noonan exchange in Divide County not now presently served by NCC. The Noonan exchange with the exchange prefix of 925 is now served by the Noonan Farmers Telephone Company (NFTC). A map showing the Noonan exchange is attached to this Application as Exhibit 3. A map showing the area currently served by NCC and the area currently served by NFTC is attached as Exhibit 4.

V.

NCC's financial fitness and ability to provide services are shown by its 2002 and 2003 audited financial statements attached to this Application marked Exhibits 5.

VI.

NCC has the technical, financial and managerial fitness and ability to provide adequate essential and nonessential telecommunications services in the Noonan telephone exchange in Divide County, North Dakota.

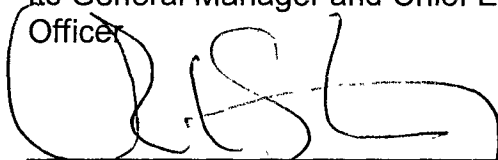
THEREFORE, NORTHWEST COMMUNICATIONS COOPERATIVE applies to the North Dakota Public Service Commission for a Certificate under NDCC 49-03.1 to provide essential and nonessential telecommunications services in the Noonan telephone exchange in Divide County, North Dakota.

DATED this 22 day of October, 2004.

NORTHWEST COMMUNICATIONS COOPERATIVE

By: 

DWIGHT SCHMITT
Its General Manager and Chief Executive
Officer

By: 

MARK L. STENEHJERM
Legal Counsel (ID #03126)
314 - 1ST Avenue East
P. O. Box 1366
Williston, ND 58802-1366

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

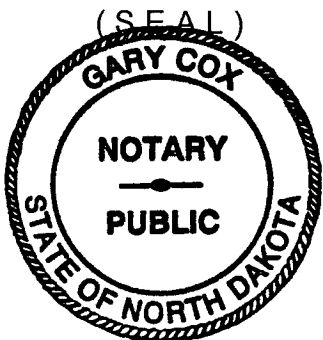
DWIGHT SCHMITT, being first duly sworn, deposes and says that he is the General Manager and Chief Executive Officer of NORTHWEST COMMUNICATIONS COOPERATIVE, the corporation that is described in the above-entitled matter; that he has read the foregoing Application, knows the contents thereof, and the same is true to the best of his knowledge, information and belief.

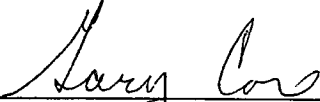
DATED at Ray, North Dakota this 22 day of October, 2004



DWIGHT SCHMITT

SUBSCRIBED and sworn to before me this 22 day of October, 2004.





Notary Public
Williams County, North Dakota
My Commission Expires: Jan. 12, 2006

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Case No. PU-_____

Application of Northwest Communications Cooperative for Certificate of Public Convenience and Necessity

STATE OF NORTH DAKOTA)
 :ss. AFFIDAVIT IN SUPPORT OF
COUNTY OF WILLIAMS) APPLICATION

DWIGHT SCHMITT, General Manager/Chief Executive Officer of the Applicant, Northwest Communications Cooperative (NCC), affirms the following statement of facts, in support of NCC’s Application for Certificate of Public Convenience and Necessity under Chapter 49-03.1 of the North Dakota Century Code (NDCC).

I

NCC, formerly known as Northwest Mutual Aid Telephone Corporation, has been a provider of telecommunications services within the State of North Dakota since 1952, and is subject to regulation and general supervision by the Public Service Commission of North Dakota (“Commission”) under applicable provisions of Title 49 NDCC.

II.

NCC, under Certificates 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 activities in Williams, Divide, Burke, Ward and Mountrail Counties of North Dakota, and in the following exchange areas in those counties.

Exchange Prefix/Name

528	Alamo	596	Flaxton	464	Powers Lake
377	Bowbells	694	Grenora	568	Ray
939	Columbus	933	Lignite	875	Round Prairie
965	Crosby	826	Marmon	664	Tioga
859	Epping	546	McGregor	539	Wildrose

III.

NCC desires to provide essential and non-essential telecommunications service in the Noonan exchange located in Divide County, North Dakota not now served by NCC. The exchange prefix for the Noonan exchange is 925. The Noonan exchange has been served by the Noonan Farmers Telephone Company (NFTC) and its predecessors since 1916.

IV.

NCC and NFTC have entered into a Purchase and Sale Agreement for NCC's purchase of NFTC's current assets and facilities relating to the provision of local exchange telecommunications service, exchange access and other telecommunications services in the Noonan Exchange. The sale of the Noonan exchange to NCC was first unanimously approved by the board of directors of NFTC, then approved by the members by a vote of 64 to 2 at the annual meeting of members and, finally, pursuant to NFTC Bylaws, approved by a vote of 175 to 3 by a mail ballot election. As of the Closing Date of said transaction (anticipated for early 2005) (hereinafter "Closing Date"), NFTC intends to cease doing business as a provider of local exchange telecommunications service, exchange access and other telecommunications services. In addition, as of the Closing Date, NCC intends to engage in the business of providing local exchange telecommunications service, exchange access and other telecommunications activities in the Noonan Exchange.

V.

Effective as of the Closing Date, NFTC wishes to assign its designated geographical service area for the Noonan exchange to NCC and NCC, having been designated by the Commission as an eligible telecommunications carrier to receive universal service support under Sections 214 and 254 of the federal Communications Act of 1934, as amended by the federal Telecommunications Act of 1996, will request that its designated geographical service area be expanded to include the Noonan exchange for purposes of determining universal service obligations and support mechanisms under the Telecommunications Act of 1996. (See Exhibits 3 and 4, attached to NCC's Application).

VI.

Pursuant to the Purchase Agreement between NCC and NFTC all subscribers served by NFTC in the Noonan exchange as of the Closing Date will be served by NCC beginning on the Closing Date. In addition, all NFTC Members who subscribe to local telephone exchange service as of the closing date will become full cooperative members of NCC earning capital credits starting upon the Closing Date. As NCC members the former NFTC members will have EAS with all NCC exchanges and the Portal exchange at no charge. As members of NCC, the former NFTC members will receive expanded services in the form of a 52-channel CATV system, expanded DSL Internet services, voice mail, other additional calling features, and simplified billing to replace the multiple bills they now receive for local telephone service, long distance,

Internet, and wireless TV. It is NCC's intention to immediately upgrade the NFTC switching capabilities in order that they may function on the NCC ring and be compliant with all CALEA and LNP requirements. In the past, because of its small size, NFTC has been unable to comply with CALEA and LNP requirements because of the excessive cost.


VII.

NCC's financial fitness and ability to provide services are shown by its 2002 and 2003 audited financial statements, copies of which are attached to its Application as Exhibits 5.

VIII.

There is a clear need for continuing quality telecommunications services in the Noonan Exchange. NCC has the technical, financial and managerial fitness and ability to provide adequate essential and nonessential telecommunications services in the Noonan Exchange. The provision of adequate essential and nonessential telecommunications service in the Noonan Exchange will be facilitated and supported by the full current technical and financial capabilities of NCC. Beginning on the Closing Date, NCC will offer all services that are supported by federal universal support mechanisms under Section 254 (C) of the Telecommunications Act of 1996 and 47 C.F.R. Sections 54.101 and 54.401, using a combination of its own facilities and resale of other carrier services, and will advertise the availability of such services and the charges therefore using media of general distribution, throughout all of its exchanges including the Noonan exchange.

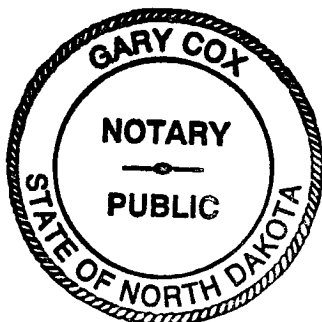
DATED at Ray, North Dakota this 22 day of October, 2004.

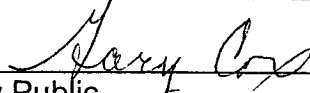


DWIGHT SCHMITT

SUBSCRIBED and sworn to before me this 27 day of October, 2004.

(SEAL)





Notary Public
Williams County, North Dakota
My Commission Expires: JAN. 12, 2006

McKENNETT STENEHJEM REIERSON FORSBERG & HERMANSON, P.C.

ATTORNEYS AND COUNSELORS AT LAW

RICHARD A McKENNETT
KENT REIERSON**
DAVID T HERMANSON*

314 1ST AVENUE EAST
P O BOX 1366
WILLISTON, NORTH DAKOTA 58802-1366
PHONE (701) 577-6771 / FAX (701) 577-2163

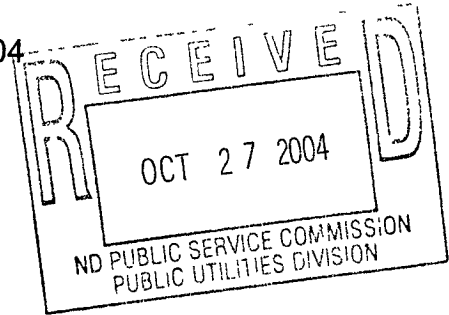
MARK L STENEHJEM*
LAUREL J FORSBERG*
VALESKA A HERMANSON*

*ALSO ADMITTED IN MONTANA
**CERTIFIED CIVIL TRIAL SPECIALIST

TAMMY LaCROSSE, PARALEGAL

BRANCH OFFICE LOCATED IN WATFORD CITY, ND

October 26, 2004



Public Service Commission
ATTN: Public Utilities Section
State Capitol
600 East Boulevard Avenue
Bismarck, ND 58505-0480

RE: Northwest Communications Cooperative
Application for Public Convenience & Necessity

Enclosed please find the original and seven copies of Northwest Communications Cooperative's Application for Public Convenience and Necessity to serve the Noonan exchange in Divide County, North Dakota. Also enclosed are the original and seven copies of the following exhibits, which support that application:

- Exhibit 1 - A copy of NCC's Certificate of Good Standing;
- Exhibit 2 - A certified copy of NCC's Articles of Incorporation and the amendments thereof;
- Exhibit 3 - A map showing the area to be served;
- Exhibit 4 - A map showing the current area served by NCC and the current area served by Noonan Farmers Telephone Company;
- Exhibit 5 - NCC's 2002 and 2003 audited financial statements.

Also enclosed please find the original and seven copies of an Affidavit of NCC GM/CEO Dwight Schmitt in Support of the Public Convenience & Necessity Application.

If you have any questions, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Stenehjem".

MARK L. STENEHJEM

MLS/vh

Encls. - Original & 7 copies of Affidavit and Application plus Exhibits

cc: Dwight Schmitt, w/o enclosures
Mike Stefonowicz, Attorney

1

PU-04-565

Pages 94

Application for Local Exchange PC&N
Certificate
by Northwest Communications Cooperative a Cooperat

10/27/2004C Comm Legal Ilona Jerry Annette Mike

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Case No. PU-_____

Application of Northwest Communications Cooperative for Certificate of Public Convenience and Necessity

Northwest Communications Cooperative, a Cooperative Association, (NCC) respectfully shows the Public Service Commission (Commission) as follows:

I.

NCC is a Cooperative Association organized and authorized to do business in North Dakota pursuant to Chapters 10-12 and 10-15 of the North Dakota Century Code (NDCC) A copy of NCC's Certificate of Good Standing issued by the North Dakota Secretary of State is attached to this Application, marked Exhibit 1. A certified copy of NCC's Articles of Incorporation, as filed with the North Dakota Secretary of State is attached to this Application, marked Exhibit 2.

II.

NCC formerly known as Northwest Mutual Aid Telephone Corporation, has been a provider of telecommunications service within this State since 1952 and is subject to regulation and general supervision by the Commission under applicable provisions of Title 49 of the NDCC.

III.

NCC under Certificates of Public Convenience and Necessity issued by this Commission is providing telecommunications services in Williams, Divide, Burke, Ward and Mountrail counties of North Dakota, and in the following exchange areas in those counties:

Exchange Prefix/Name

528	Alamo	596	Flaxton	464	Powers Lake
377	Bowbells	694	Grenora	568	Ray
939	Columbus	933	Lignite	875	Round Prairie
965	Crosby	826	Marmon	664	Tioga
859	Epping	546	McGregor	539	Wildrose

IV.

NCC desires to provide essential and non-essential telecommunications service in the Noonan exchange in Divide County not now presently served by NCC. The Noonan exchange with the exchange prefix of 925 is now served by the Noonan Farmers Telephone Company (NFTC). A map showing the Noonan exchange is attached to this Application as Exhibit 3. A map showing the area currently served by NCC and the area currently served by NFTC is attached as Exhibit 4.

V.

NCC's financial fitness and ability to provide services are shown by its 2002 and 2003 audited financial statements attached to this Application marked Exhibits 5.

VI.

NCC has the technical, financial and managerial fitness and ability to provide adequate essential and nonessential telecommunications services in the Noonan telephone exchange in Divide County, North Dakota.

THEREFORE, NORTHWEST COMMUNICATIONS COOPERATIVE applies to the North Dakota Public Service Commission for a Certificate under NDCC 49-03.1 to provide essential and nonessential telecommunications services in the Noonan telephone exchange in Divide County, North Dakota.

DATED this 22 day of October, 2004.

NORTHWEST COMMUNICATIONS COOPERATIVE

By:



DWIGHT SCHMITT

Its General Manager and Chief Executive Officer

By:



MARK L. STENEHJEM

Legal Counsel (ID #03126)

314 - 1ST Avenue East

P. O. Box 1366

Williston, ND 58802-1366

STATE OF NORTH DAKOTA)
)ss
COUNTY OF WILLIAMS)

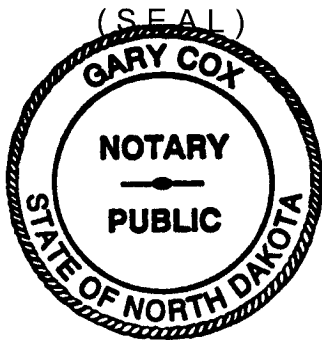
DWIGHT SCHMITT, being first duly sworn, deposes and says that he is the General Manager and Chief Executive Officer of NORTHWEST COMMUNICATIONS COOPERATIVE, the corporation that is described in the above-entitled matter; that he has read the foregoing Application, knows the contents thereof, and the same is true to the best of his knowledge, information and belief.

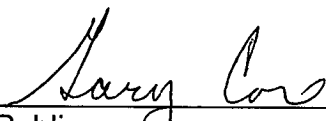
DATED at Ray, North Dakota this 22 day of October, 2004.



DWIGHT SCHMITT

SUBSCRIBED and sworn to before me this 22 day of October, 2004.





Notary Public
Williams County, North Dakota
My Commission Expires JAN. 12, 2006

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Case No. PU-_____

Application of Northwest Communications Cooperative for Certificate of Public Convenience and Necessity

STATE OF NORTH DAKOTA)
 :ss. **AFFIDAVIT IN SUPPORT OF**
COUNTY OF WILLIAMS) **APPLICATION**

DWIGHT SCHMITT, General Manager/Chief Executive Officer of the Applicant, Northwest Communications Cooperative (NCC), affirms the following statement of facts, in support of NCC's Application for Certificate of Public Convenience and Necessity under Chapter 49-03.1 of the North Dakota Century Code (NDCC).

I.

NCC, formerly known as Northwest Mutual Aid Telephone Corporation, has been a provider of telecommunications services within the State of North Dakota since 1952, and is subject to regulation and general supervision by the Public Service Commission of North Dakota ("Commission") under applicable provisions of Title 49 NDCC.

II.

NCC, under Certificates 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 activities in Williams, Divide, Burke, Ward and Mountrail Counties of North Dakota, and in the following exchange areas in those counties:

Exchange Prefix/Name

528	Alamo	596	Flaxton	464	Powers Lake
377	Bowbells	694	Grenora	568	Ray
939	Columbus	933	Lignite	875	Round Prairie
965	Crosby	826	Marmon	664	Tioga
859	Epping	546	McGregor	539	Wildrose

III.

NCC desires to provide essential and non-essential telecommunications service in the Noonan exchange located in Divide County, North Dakota not now served by NCC. The exchange prefix for the Noonan exchange is 925. The Noonan exchange has been served by the Noonan Farmers Telephone Company (NFTC) and its predecessors since 1916.

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Effective as of the Closing Date, NFTC wishes to assign its designated geographical service area for the Noonan exchange to NCC and NCC, having been designated by the Commission as an eligible telecommunications carrier to receive universal service support under Sections 214 and 254 of the federal Communications Act of 1934, as amended by the federal Telecommunications Act of 1996, will request that its designated geographical service area be expanded to include the Noonan exchange for purposes of determining universal service obligations and support mechanisms under the Telecommunications Act of 1996. (See Exhibits 3 and 4; attached to NCC's Application).

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NCC's financial fitness and ability to provide services are shown by its 2002 and 2003 audited financial statements, copies of which are attached to its Application as Exhibits 5.

VIII

There is a clear need for continuing quality telecommunications services in the Noonan Exchange. NCC has the technical, financial and managerial fitness and ability to provide adequate essential and nonessential telecommunications services in the Noonan Exchange. The provision of adequate essential and nonessential telecommunications service in the Noonan Exchange will be facilitated and supported by the full current technical and financial capabilities of NCC. Beginning on the Closing Date, NCC will offer all services that are supported by federal universal support mechanisms under Section 254 (C) of the Telecommunications Act of 1996 and 47 C.F.R. Sections 54.101 and 54.401, using a combination of its own facilities and resale of other carrier services, and will advertise the availability of such services and the charges therefore using media of general distribution, throughout all of its exchanges including the Noonan exchange.

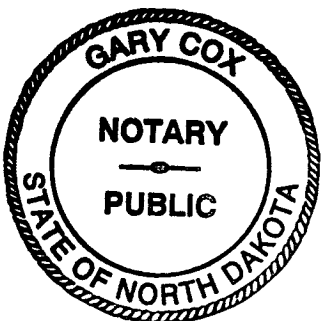
DATED at Ray, North Dakota this 22 day of October, 2004.



DWIGHT SCHMITT

SUBSCRIBED and sworn to before me this 22 day of October, 2004.

(SEAL)





Notary Public
Williams County, North Dakota
My Commission Expires: JAN. 12, 2006

State of North Dakota

SECRETARY OF STATE



CERTIFICATE OF GOOD STANDING OF

NORTHWEST COMMUNICATIONS COOPERATIVE, A COOPERATIVE
ASSOCIATION

The undersigned, as Secretary of State of the State of North Dakota, hereby certifies that NORTHWEST COMMUNICATIONS COOPERATIVE, A COOPERATIVE ASSOCIATION, a North Dakota COOPERATIVE ASSOCIATION, was incorporated in this office on October 19, 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

NORTHWEST COMMUNICATIONS COOPERATIVE, A COOPERATIVE
ASSOCIATION

Issued: October 20, 2004

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

Alvin A. Jaeger
Secretary of State

ARTICLES OF INCORPORATION

of

NORTHWEST 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 Northwest 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 is Colubus, North Dakota.
4. The area which this Cooperative is to operate in will be the Counties of McKenzie, Williams, Divide, Burk, and Mountrail.
5. The Cooperative is organized without capital stock and the property rights and interests of the members shall be equal. The general rules applicable to all members by which the 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 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 patronage of all such members.

6. The Corporation is authorized to borrow money in an amount not to exceed Five Million and No/100 - (\$5,000,000) dollars.

7. 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>
J. Agnes Lucy	Coteau, North Dakota
George Bourdeau	Columbus, North Dakota
Arthur S. Johnson	Ray, North Dakota
Olaf Oppeahl	Bioga, North Dakota
Harvey P. Jacobson	Crosby, North Dakota
Edwin Doranhl	Stady, North Dakota
Alvin Anderson	Spring, North Dakota

THE NUMBER OF DIRECTORS 7.

d. That the time for which this Corporation is to execute is not limited but it shall have Perpetual Existence unless dissolved according to law.

Personal Service of the with _____
by copy is hereby admitted this _____ day of _____ 19____, at _____
Attorney For _____
DEAN WINKLER ATTORNEY-AT-LAW Graphic Bldg WILLISTON, NORTH DAKOTA
Attorney For _____

4 Certificate No. 12, 960
Articles of Incorporation
of
Northwest Mutual Life
Telephone Corporation
Ministry, N. Dak.

STATE OF NORTH DAKOTA
Department of State
Record and certificate issued
19____ day of _____
19____ and
_____ Treasurer
_____ Secretary
_____ Deputy Secretary
SECRETARY OF STATE
DEPUTY

700.00

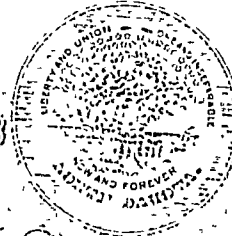
DUPLICATE

No. 13960

PRIVATE CORPORATIONS

SEAL OF THE STATE OF NORTH DAKOTA

DEPARTMENT



OF STATE

State of North Dakota

To All to Whom these Presents shall come,

Whereas, J. H. LEECH EDWARD DEAN ARTHUR S. JOHNSON

and others have filed in this office a declaration in writing or 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 FALL, 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

COMMERCIAL AND TELEPHONE CORPORATION (COMM. TEL. 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 Bismarek, this SEVENTH day of OCTOBER A. D. 19 52

SEAL

THOMAS FALL
SECRETARY OF STATE
By _____ DEPUTY

HS

6

REPORT OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDING 1954

The Board of Directors of the Corporation has pleasure in presenting to you the following report on the operations of the Corporation during the year ending December 31, 1954.

C
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of Incorporated
Company
No. 1234

The Corporation has achieved a record of steady growth and profitability during the year 1954. Our sales have increased by 15% over the previous year, and our net income has risen by 20%. This performance is a result of our continued efforts to improve our products and expand our market.

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SECTION 2. Membership Certificates. Membership in the Co-op shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board. Such certificate shall be signed by the President and by the Secretary and the corporate seal shall be affixed thereto. No membership certificate shall be issued for less than the membership fee fixed in these bylaws, nor until such membership fee has been fully paid for. In case a certificate is lost, destroyed or mutilated a new certificate may be issued therefor upon such uniform terms and indemnity to the Co-op as the Board may prescribe.

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 bylaws shall be deemed to include a husband and wife holding a joint membership and any provision relating to the rights and liabilities of a member, without limitation of the liability of the Co-op, the joint membership shall be as follows:

- (a) The presence of a husband and wife 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 one joint vote.
- (c) A dividend or other dividend payable to both jointly shall constitute a joint dividend.
- (d) Notices of election shall constitute notices to both.
- (e) Any notice or other communication shall be given to the joint membership.
- (f) A husband or wife shall be eligible for the joint membership.
- (g) Either or both may be elected or appointed as an officer or director provided that both have the qualifications of such office.

SECTION 4. Conversion of Membership. (a) A membership may be converted to a joint membership upon the application and in the manner thereof and the officer or officers who hold and hold or become jointly with the articles of incorporation, bylaws, and regulations shall all be accepted by the Board. The original membership certificate shall be surrendered, and shall be reissued by the Co-op in such manner as shall appear on the membership status.

(b) Upon the death of either spouse of a joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate shall be surrendered, and shall be reissued in such manner as shall indicate and changed from archaic status, provided, however, that the estate of the deceased shall not be released from any debts due the Co-op.

Section 5. Membership and Service Connection Fees. The membership fee shall be \$1.00, plus a service connection fee of \$1.00, upon the payment of which a member shall be eligible for one service connection. Additional fees shall be paid for each additional connection, extension and other available service, in accordance with the rules and regulations prescribed by the Board.

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SECTION 6. Purchase of Telephone Service. Each member shall, as soon as telephone service is available, take telephone service from the Co-op to be used on the premises specified in his application for membership, and shall pay therefor monthly at rates which shall from time to time be fixed by the Board; provided, however, that the Board may limit the amount of telephone service which the Co-op shall be required to furnish to any one member. It is expressly understood that amounts paid for telephone service in excess of the costs of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall pay to the Co-op such minimum amount per month for telephone services as shall be fixed by the Board from time to time. Each member shall also pay all amounts owed by him to the Co-op as and when the same shall become due and payable.

SECTION 7. Termination of Membership. (a) 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 directors, expel any member who fails to comply with any of the provisions of the articles of incorporation, bylaws, or any rules or regulations adopted by the Board, but only if such member shall have been given notice by the Secretary 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 any annual or special meeting. The membership of a member who has not paid the installment of service within thirty (30) days after he has been notified service is available to him, or of a member who has ceased to purchase telephone service from the Co-op, shall be annulled by resolution of the Board.

(b) Upon the withdrawal, death, cessation of existence or expulsion of a member the membership of such member shall thereupon terminate, and the member certificate of such member shall be surrendered forthwith to the Co-op. Termination of membership on any cause shall not release a member or his estate from any debts due the Co-op.

(c) If a membership fee has been paid by a landlord on behalf of his tenants, and on the removal of such tenants from the premises of the landlord, the membership of such tenants shall terminate.

(d) Upon termination of membership for any reason, the Co-op shall not repay to the member or to his landlord, in case the membership fee shall have been paid on behalf of the member by a landlord, the amount of the membership fee paid unless a successor in occupancy or ownership of the premises served by the Co-op shall have been accepted as a member and a membership fee shall have been paid by or on behalf of such successor in accordance with the provisions of these bylaws. Any refund of membership fees pursuant to this sub section shall be made in the order in which membership fee shall have been terminated. Prior to the repayment of a membership fee paid by the member, the Co-op shall deduct from the amount of such membership fee the amount of any debts owing from the member to the Co-op.

ARTICLE II

RIGHTS AND PRIVILEGES OF MEMBERS

SECTION 1. Priority interest of members. Upon dissolution, after (a) all debts and liabilities of the Co-op shall have been paid, (b) all capital furnished through entrance shall have been retired as provided in these by-laws, and (c) all membership fees shall have been received, the remaining assets and interests of the Co-op shall be distributed among the members and former members in the same proportion which the aggregate patronage of each member bears to the total patronage of all members, unless otherwise provided by law.

SECTION 2. Liability for debts of the Co-op. The private property of any member shall be exempt from attachment or other liability for the debts of the Co-op, and no member shall be liable for any debts or liabilities of the Co-op.

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SECTION 3. Annual meeting. The annual meeting of the members shall be held on the first Monday of the month of January, 1952, at the home of the Secretary, 1234 Main Street, McKeesport, Pennsylvania. The Secretary shall be the caller of the meeting, for the purpose of the meeting shall be to elect officers for the ensuing year and to transact such other business as may come before the meeting. The meeting shall be held at the home of the Secretary, 1234 Main Street, McKeesport, Pennsylvania, on the first Monday of the month of January, 1952, and shall remain as the annual meeting of the Co-op.

SECTION 4. Notice of members' meetings. Written notice stating the place, day, and hour of the meeting shall be given to each member by mail, or by personal delivery, or by deposit in the United States mail, addressed to the member at his address as it appears on the records of the Co-op, 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.

10
SECTION 4. Quorum. As long as the total number of members does not exceed five hundred, ten per centum of the total number of members present in person shall constitute a quorum. In case the total number of members shall exceed five hundred, fifty members or two per centum of the members present in person, whichever shall be the larger, shall constitute a quorum. 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 bylaws.

SECTION 6. 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 decided by the members at such meeting:

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1. ~~Roll call~~ on the members present in person in order to determine the existence of a quorum.
 2. Reading of the articles of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, if the same may be.
 3. Reading of unapproved minutes of previous meetings of the members and the taking of a vote on any 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 Co-op shall be managed by the board of nine directors which shall exercise all of the powers of the Co-op except such as are by law, the articles of incorporation or these bylaws conferred upon or reserved to the members.

SECTION 2. Election and Tenure of Office. The persons named as directors in the articles of incorporation shall compose the board until the first annual meeting or until their successors shall have been elected and shall have qualified.

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All directors shall be elected by secret ballot at each annual meeting of the members beginning with the year 1952 by and from the members to serve until the next annual meeting of the members or until their successors shall have been elected and shall have qualified. If an election of directors shall not be held on the day designated herein for the annual meeting, or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing directors within a reasonable time thereafter. Directors may be elected by a plurality vote of the members.

SECTION 3. Qualifications. No persons shall be eligible to become or remain a director of the Co-op who:

- (a) is not a member and is not presently residing in the area served or to be served by the Co-op; or
- (b) is in any way employed by or financially interested in a competing enterprise or a business engaged in selling, telephone service, or construction or maintaining telephone facilities, other than a business operating on a cooperative non-profit basis for the purpose of furnishing rural telephones.

Upon establishment of the fact that a director is holding office in violation of any of the foregoing provisions, the Board shall remove such director 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. Nominations. It shall be the duty of the Board to appoint, not less than forty (40) nor more than seventy (70) days before the date of the meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than five nor more than eleven members who shall be selected from different sections so as to insure equitable representation. No member of the Board may serve on such committee. The committee, keeping in mind the principle of geographical representation, shall prepare and post at the principal office of the cooperative at least thirty (30) days before the meeting a list of nominations for directors which shall include at least two candidates for each director to be elected. Any fifteen or more members acting together may make other nomination by petition not less than twenty (20) days prior to the meeting; and the Secretary shall post such nominations at the same 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 days before the date of the meeting, a statement of the number of directors to be elected and the names and addresses of the candidates, specifying separately the nominations made by the committee and the nominations made by petition, if any. The ballot to be used at the election shall list the names of the candidates nominated by the committee and the names of the candidates nominated by petition, if any. The chairman shall call for additional nominations from the floor and nominations shall not be closed until at least one minute has passed during which no additional nominations has been made. No member may nominate more than one candidate.

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SECTION 5. Removal of Directors by Members. No director shall be removed from office unless by a vote of two-thirds of the members of the Co-op 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, or by a majority of the directors, or by members holding a least one-half 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 bylaws and by whose order it was called. In case of removal, the vacancy may be filled by election in the same section.

SECTION 6. Vacancies. Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of directors by the members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining directors 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 the right to fill such vacancy at the meeting of the members without compliance with the foregoing provisions in respect to nominations.

SECTION 7. Compensation. Directors shall not receive any salary for their services as directors, except that by resolution of the Board a fee of not to exceed five (5) dollars and actual expenses of attendance, if any, may be allowed by the Board at each meeting of the Board. No director shall receive compensation for serving the Co-op in any other capacity, nor shall any close relative of the director receive compensation for serving the Co-op unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the services by such director or close relative shall have been certified by the Board as an emergency measure.

ARTICLE IV

MEETINGS OF DIRECTORS

SECTION 1. Regular Meetings. A 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 shall also be held monthly at such time and place as shall be designated by the President, notice of which shall be given through the United States Mail by the Secretary at least ten (10) days prior to said meeting.

SECTION 2. Special Meetings. Special meetings of the Board may be called by the President or by any three directors 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 directors calling the meeting shall fix the time and place (which shall be in Williams, Divide, Mountrail, McKenzie, and Burk, County, North Dakota, for the holding of the meeting.)

SECTION 3. Notice of Directors' Meetings. Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each director not less than five (5) days previous thereto either personally or by mail, or by 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 director at his residence as it appears on the records of the Co-op, with postage thereon paid.

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SECTION 4. Quorum. A majority of the Board shall constitute a quorum, provided, that if less than such majority of the directors is present at said meeting, a majority of the directors present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent directors of the time and place of such adjourned meeting. The act of a majority of the directors 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 Co-op shall be a President, Vice-President, Secretary and Treasurer, and such other officers as may be determined by the Board from time to time.

SECTION 2. Election and Term of Officers. 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 and Treasurer may be elected from the members. 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 bylaws, 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 Co-op will be served thereby. In addition, any member of the Co-op 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 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 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 of Co-op.

SECTION 4. President. The President shall:

- (a) be the principal executive officer of the Co-op 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, certificates of membership, the issue of which shall have been authorized by the Board or the members, and sign 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 bylaws to some other officer or agent of the Co-op or shall be

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- (c) required by laws to be otherwise signed or execute; and 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 powers 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. The Secretary 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 bylaws or as required by laws;
- (c) be custodian of the corporate records and of the seal of the Co-op and affix the seal of the Co-op to all certificates of membership prior to the issue thereof and to all documents; the execution of which on behalf of the Co-op under its seal is duly authorized in accordance with the provisions of these bylaws;
- (d) keep a register of the names and home office addresses of all members.
- (e) Sign, with the President, certificates of membership, the issue of which shall have been authorized by the members or the Board.
- (f) have general charge of the books of the Co-op;
- (g) keep on file at all times a complete copy of the articles of incorporation and bylaws of the Co-op containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Co-op, forward a copy of the bylaws and of all amendments thereto to each member of the Co-op; and
- (h) in general perform all duties incident to the Office of the Secretary and such other duties as from time to time may be assigned to him by the Board.

SECTION 7. Treasurer. The Treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of the Co-op;
- (b) be responsible for the receipt of and the issuance of receipts for all money due and payable to the Co-op and for the deposit of all such money in the name of the Co-op in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and
- (c) in general perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board.

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SECTION 8. Manager. The Board may appoint a manager who may be, but who shall not be required to be, a member of the Co-op. The manager shall perform such duties and shall exercise such authority as the Board may from time to time vest in him.

SECTION 9. Bonds of Officers. The Treasurer and any other officer or agent of the Co-op 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 Co-op to give bond in such amount and with such surety as it shall determine.

SECTION 10. Compensation. The powers, duties, and compensation of officers, agents and employees shall be fixed by the Board, subject to the provisions of these bylaws with respect to compensation for director and close relatives of director.

SECTION 11. Reports. The officers of the Co-op shall submit at each annual meeting of the members reports covering the business of the Co-op for the previous fiscal year. Such reports shall set forth the condition of the Co-op at the close of such fiscal year.

ARTICLE VIII

NON-PROFIT OPERATION

SECTION 1. Interest or Dividends on Capital Prohibited. The Co-op 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 Co-op on any capital furnished by its patrons.

SECTION 2. Patronage Capital in Connection with Furnishing Telephone Service. In the furnishing of telephone service the Co-op's operations shall be so conducted that all patrons will through their patronage furnish capital for the Co-op. In order to induce patronage and to assure that the Co-op will operate on a non-profit basis the Co-op is obligated to account on a patronage basis to all its patrons for all monies received and receivable from the furnishing of telephone service in excess of operating costs and expenses properly chargeable against the furnishing of telephone service. All such amounts in excess of operating costs and expenses at the moment of receipt by the Co-op are received with understanding that they are furnished by the patrons as capital. The Co-op is obligated to pay by credits to a capital account for each patron all such amount in excess of operating costs and expenses. The books and records of the Co-op 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 Co-op shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to 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 Co-op corresponding amounts for capital.

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In the event of dissolution or liquidation of the Co-op, after all outstanding indebtedness of the Co-op 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 Co-op will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Co-op being first retired. In no event, however, may any such capital be retired unless, after the proposed retirement, the capital of the Co-op shall equal at least forty per centum (40%) of the total assets of the Co-op.

Capital credited to the account of each patron shall be assignable only on the books of the Co-op, pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Co-op unless the Board, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provision of these bylaws, the Board, at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of his estate shall request in writing that the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Co-op will not be impaired thereby.

The patrons of the Co-op, by dealing with the Co-op, acknowledge that the terms and provisions of the articles of incorporation and bylaws shall constitute and be a contract between the Co-op and each patron, and both the Co-op 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 bylaws shall be called to the attention of each patron of the Co-op by posting in a conspicuous place in the Co-op's office.

ARTICLE VIII

DISPOSITION OF PROPERTY

The co-op 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 of the members of the Co-op, 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, 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 plying or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Co-op, whether acquired or to be

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acquired, and wherever situated, as well as the revenues and income there-
from, all upon such terms and conditions as the Board shall determine, to
secure any indebtedness of the Co-op to United States of America or any
instrumentality or agency thereof.

ARTICLE IX.

SEAL

The corporate seal of the Co-op shall be in the form of a circle and shall
have inscribed thereon the name of the Co-op and the words "Corporate Seal
Name of the State".

ARTICLE X.

FISCAL TRANSACTIONS

SECTION 1. Contracts. Except as otherwise provided in 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 Co-op, 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 Co-op shall be signed by such
officer or officers, agent or agents, employee or employees of the Co-op,
and in such manner as shall from time to time be determined by resolution
of the Board.

SECTION 3. Deposits. All funds of the Co-op shall be deposited
from time to time to the credit of the Co-op in such bank or banks as the
Board may select.

SECTION 4. Change in rates. Written notice shall be given to the
Administrator of RMA of the United States of America not less than ninety
days prior to the date upon which any proposed change in the monthly rates
charged by the Co-op for telephone service becomes effective.

SECTION 5. Fiscal Year. The fiscal year of the Co-op 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.

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ARTICLE XI

MEMBERSHIP

SECTION 1. Membership in Other Organizations. The Co-op shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchases, provided, however, that the Co-op may upon the authorization of the Board, purchase stock in or accept a order of any corporation or organization organized on a non-profit basis for the purpose of engaging in furthering the cause of a co-ride rural telephone service, or with the approval of the administrator or CEO, of any other corporation for the purpose of acquiring telephone facilities or securing more adequate telephone service to the members.

SECTION 2. Waiver of Notice. Any member or director may waive in writing any notice or a meeting required to be given by these bylaws. The attendance of a member or director at any meeting shall constitute a waiver of notice of such meeting for such member or director, except in case a member or director is absent from the meeting for the purpose of objecting to the transaction of any business of the board, if the objection has not been lawfully called for and considered.

SECTION 3. Officers and Directors. The board shall have power to make and discharge all rules and regulations, subject to the laws, the articles of incorporation of the Co-op, and the bylaws, for the management of the Co-op and the welfare of the members.

SECTION 4. Accounting and Reports. The board shall cause to be established and maintained a complete accounting system which, among other things, shall include a record of the assets and liabilities of any regulatory body, shall be subject to the audit of the board and to time by the board of the Co-op and to the United States of America. The board shall also cause to be established periodic reports to be made up and complete audit of the Co-op's assets, and financial condition of the Co-op as of the end of each fiscal year. Such audit reports shall be submitted to the members at the next following annual meeting.

ARTICLE XII

AMENDMENTS

These bylaws may be altered, amended or repealed by a vote of two-thirds of the board of directors at a 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 directors and the secretary of the Co-op and copied in the book of the bylaws together with the date of such meeting. No such alteration, amendment or repeal shall take effect until so copied.

19. By Laws
to

Articles of Incorporation
of

Northwest Mutual Aid
Telephone Corporation

Columbus, N. Dak.

STATE OF NORTH DAKOTA
Department of State
Filed for record the 10th
day of December 1951
Thomas Hall
SECRETARY OF STATE
By Charles L. Jensen
DEPUTY.

Volume = 2, Miscellaneous
Records (Mutual Aid Corporation)

Page 25
1.00
Fee

AMENDMENT OF ARTICLES OF INCORPORATION

Come now WAYNE JOHNSON, President of the Northwest Mutual Aid Telephone Corporation, and DELMER A. MORROW, Its Secretary, who do hereby certify that on the 30th day of November, 1955, a meeting of the Board of Directors of the Northwest Mutual Aid Telephone Corporation was held on Waiver of Notice signed by all of the Directors prior to said meeting in which Waiver of Notice was stated that the purpose of the meeting was to consider whether or not Article III of the Articles of Incorporation should be amended, and at said meeting the Board of Directors did recommend to the members of said corporation that Article III of the Articles of Incorporation should be amended to read as follows, to wit:

"The place where the principal business of the cooperative will be transacted is Ray, North Dakota".

Thereupon and on the same day on Waiver of Notice signed by all of the members of the Northwest Mutual Aid Telephone Corporation in which said Waiver of Notice was stated that the purpose of the meeting was to determine whether or not the action of the Board of Directors should be ratified and confirmed as to the amendment of Article III of the Articles of Incorporation for said mutual aid corporation, and that all but two (2) of the members were present, that being 3/4ths of the members of said mutual aid corporation, who did make written assent to the amendment of Article III of the Articles of Incorporation; that on motion duly made, seconded and unanimously carried, the members of the Northwest Mutual Aid Telephone Corporation ratified and confirmed the action of the Board of Directors as it concerned the designation of the permanent commercial headquarters at Ray, North Dakota, so that Article III of the Articles of Incorporation were amended to read:

"The place where the principal business of the cooperative will be transacted is Ray, North Dakota".

That all of the foregoing records are a part of the permanent records of said corporation on file in the office of the corporation, and that this

21 Certificate is made in accordance with Section 10-0231 of the North Dakota Revised Code of 1913.

IN WITNESS WHEREOF, We have set our hands and affixed the Seal of the Corporation, this 11th day of July, 1958.

NORTHWEST MUTUAL AID TELEPHONE CORPORATION

By Rayne Johnson
Its President

ATTEST:

Carroll A. Morrow
Its Secretary

STATE OF NORTH DAKOTA
Office of State and Local Government
this 11th day of July, 1958.
Recorded in Vol. 1162
of 1162

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CERTIFICATION OF
AMENDMENTS TO BY-LAWS

OF

Northwest Mutual Aid Telephone Corporation, Inc., of Columbus,
North Dakota, a co-operative mutual aid corporation doing business under the
provisions of Chapter 10-12 Revised Code 1943

We, the undersigned, Chairman and Secretary of the meeting and a
majority of the directors do hereby certify;

That a meeting of the members of the Northwest Mutual Aid
Telephone Corporation, Inc., was held at Crosby, North Dakota on the 15th day
of November, 1952, in compliance with the provisions of Section 10-12 Revised
Code of 1943:

That the following resolution having been first approved by
all of the directors, as adopted by the affirmative vote of more than 3/4
of all shares, said 3/4 of all shares constituting a majority of the entire
number of shares, the total number of shares being 8.

RESOLVED: That the By-Laws be amended as follows:

Section 5

Memberships and Shares. The membership
fee shall be \$5.00. An additional fee may be paid as
equity for such contracts, extensions, or other available
service as determined by the rules and regulations pre-
scribed by the Board of Directors. In no event, however,
shall such additional amount exceed \$15.00.

Witness our hands and the seal of this corporation at Crosby,
North Dakota, this 15th day of November, 1952.

Arthur L. Moore
Director
Arden R. Rasmussen
Director
Arthur L. Moore
Director
Arthur L. Moore
Director

Arthur L. Moore
Chairman
J. Agnes Lewis
Secretary
Arthur L. Moore
Director
Arthur L. Moore
Director

George Berdean

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STATE OF NORTH DAKOTA)

COUNTY OF (WILBURN)

Be it remembered, that on this 17th day of June A. D. 1953, before me, John [Name], a Notary Public, within and for said County and State, personally appeared

to me well known to be the same persons who are described in and who executed the foregoing instrument and they solemnly acknowledged to me that they executed the same freely, voluntarily and lawfully.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal at [Location] this 17th day of June, 1953.

[Handwritten Signature]
Notary Public

My commission expires: 9/24/53.

CERTIFICATION OF

AMENDMENTS TO ARTICLES OF INCORPORATION

OF

Northwest Mutual Aid Telephone Corporation, Inc., of Columbus, North Dakota, a co-operative mutual aid corporation doing business under the provisions of Chapter 10-12 Revised Code 1943.

We, the undersigned, Chairman and Secretary of the meeting and a majority of the directors do hereby certify:

That a meeting of the members of the Northwest Mutual Aid Telephone Corporation, Inc., was held at Crosby, North Dakota on the 15th day of November, 1952, in compliance with the provisions of Section 10-12 Revised Code of 1943;

That the following resolution having been first approved by all of the directors was adopted by the affirmative vote of 3/4 of all members, said 3/4 all members constituting a majority of the entire number of members, the total number of members being 8.

RESOLVED: That the articles of Incorporation be amended as follows:

Article IV

The Line is intended to run in and through the counties of McKenzie, Williams, Divide, Burke, and Mountrail. The estimated length of the line is 3,000 miles, and the estimated cost is \$5,000,000.00.

Article V

The "Cooperative" is organized without capital stock, and the property rights and the interest of the members shall be unequal. The general rules applicable to all members by which the property rights and interest respectively of each member shall be determined and fixed as follows:

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 the By-Laws, and (C) all membership fees and equity contributions shall have been repaid, the property and assets of the "Cooperative" shall be distributed amongst the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all such members.

Article VIII

That the time for which this Corporation is to exist is not limited but it shall have perpetual existence unless dissolved according to law.

Witness our hands and the seal of this Corporation at Crosby,

North Dakota, this 15th day of November, 1952.

CERTIFICATE OF AMENDMENT

DUPLICATE

No 83

FEE \$ 6.00

United States of America

DEPARTMENT



OF STATE

State of North Dakota

To All to Whom these Presents shall Come,

WHEREAS, NORTHWEST MUTUAL AND TELEPHONE CORPORATION (COLUMBUS, BURKE CO. NORTH DAKOTA)

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: AMENDMENTS ARTICLE IV, ARTICLE V, AND ARTICLE VIII.

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

SEAL

of the State at the Capitol in the City of Bismarck, this FIFTEENTH

day of JULY, 1953

BY CHARLES MESSIAN
DEPUTY.

THOMAS HALL

Secretary of State.

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

This Certificate is made pursuant to Section 10-15-38 of the North Dakota Century Code by WAYNE JOHNSON, President of NORTHWEST MUTUAL AID TELEPHONE CORPORATION, and DELMER A. MORROW, its Secretary.

Pursuant to notice given to all of the members of Northwest Mutual Aid Telephone Corporation, the Articles of Incorporation of said corporation were amended by the members of said corporation.

The name of the corporation is NORTHWEST MUTUAL AID TELEPHONE CORPORATION.

The Amendments to the Articles of Incorporation were adopted by the members of said corporation on April 6, 1964, and said Amendments read as follows, to wit:

ARTICLE 2. was amended to read as follows:

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

ARTICLE 4. was amended to read as follows:

The service facility is intended to run in and through the counties of McKenzie, Williams, Divide, Burke and Mountrail. The estimated length of the line is 3000 miles, and the estimated cost is \$5,000,000.00.

ARTICLE 6. was amended to read as follows:

The members authorize the borrowing of amounts from time to time by the cooperative from the United States of America

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pursuant to the Rural Electrification Act of 1936, as from time to time amended, such loans to be in such amounts, not exceeding in the aggregate \$5,000,000.00, and upon such terms as the board of directors shall deem advisable, to finance the construction, acquisition and operation of such communication systems; exchanges, subscribers' stations and other plant and equipment and facilities necessary or appropriate for a telephone or communication system, as the board of directors shall from time to time determine upon, and the board of directors is further authorized to cause the proper officers from time to time to execute, seal and deliver, on behalf of the cooperative, notes, bonds, or other evidences of indebtedness to evidence indebtedness incurred pursuant to the authorization herein contained, all upon such terms as the board of directors shall determine.

The members authorize the mortgaging of all of the property of the cooperative, now owned or hereafter acquired, to secure such loans as may be made at any time or times by United States of America to the cooperative, pursuant to the Rural Electrification Act of 1936, as from time to time amended, limited in aggregate amount as aforesaid, and to secure all notes, bonds or other evidences of indebtedness evidencing the indebtedness created by such loans, all upon such terms as the board of directors shall determine.

Without limiting the generality of the foregoing, the board of directors is authorized to cause the proper officers on behalf of the cooperative to execute, seal and deliver as many counterparts as shall be deemed advisable of a mortgage to United States of America, substantially in the form of the mortgage presented to this corporation, with such changes in the form of the mortgage as the board of directors or any officer or officers vested with appropriate power by the board of directors shall deem advisable.

There are 2343 members of the Northwest Mutual Aid Telephone Corporation, and there were 67 members present at the annual meeting held in Bowdells, North Dakota, on April 6, 1964,

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when the Articles of Incorporation were amended. Of the said members present at said meeting all voted in favor of said Amendments and no one voted against them.

Dated at Ray, North Dakota, this 4th day of May, 1964.

NORTHWEST MUTUAL AID TELEPHONE CORPORATION

By: Wayne Johnson
Its President

ATTEST:

Delmer A. Morrow
Its Secretary

STATE OF NORTH DAKOTA)
COUNTY OF WILLIAMS) :SS

On this 4th day of May, 1964, before me, personally appeared WAYNE JOHNSON and DELMER A. MORROW, known to me to be the President and Secretary, respectively, of the corporation that is described in, and that executed the within instrument, and acknowledged to me that such corporation executed the same.

Dean Winkjer

DEAN WINKJER, Notary Public
Williams County, North Dakota
My Commission Expires Sept. 24, 1965

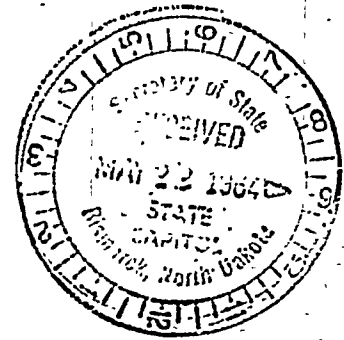
Certificate No. 1529
STATE OF NORTH DAKOTA } ss
Department of State

Filed for record the 22nd

day of May 1964

Delmer A. Morrow
SECRETARY OF STATE

Dean Winkjer
DEPUTY



Certificate No. 1529



CERTIFICATE OF AMENDMENT

OF

NORTHWEST 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 _____

NORTHWEST MUTUAL AID TELEPHONE CORPORATION

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 NORTHWEST MUTUAL AID TELEPHONE CORPORATION

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, TWENTY-SECOND day of MAY 1964

SEAL

ERU LEECH

Secretary of State

File No. 6920
DUPLICATE

By _____
Deputy

3

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

This Certificate is made pursuant to Section 10-15-38 of the North Dakota Century Code by WAYNE JOHNSON, President of Northwest Mutual Aid Telephone Corporation, and DELMER A. MORROW, Its Secretary.

Pursuant to Notice given to all members of Northwest Mutual Aid Telephone Corporation, the Articles of Incorporation of said Corporation were amended by the members of said Corporation.

The name of the Corporation is NORTHWEST MUTUAL AID TELEPHONE CORPORATION.

The amendment to the Articles of Incorporation were adopted by the members of said Corporation on April 3, 1970, at which meeting 71 members were present, all of said present members voting aye, none voting nay, and said Amendment reads as follows, to wit:

ARTICLE IV was amended to read as follows:

ARTICLE 6. The members authorize the borrowing of amounts from time to time by the cooperative from the United States of America pursuant to the Rural Electrification Act of 1936, as from time to time amended, such loans to be in such amounts, not exceeding in the aggregate \$20,000,000.00, and upon such terms as the Board of Directors shall deem advisable, to finance the construction, acquisition and operation of such communication systems, exchanges, subscribers' stations, and other plant and equipment and facilities necessary or appropriate for a telephone or communication system, as the Board of Directors shall, from time to time, determine upon, as the Board of Directors is further authorized to cause the proper officers from time to time to execute, seal and deliver, on behalf of the cooperative, notes, bonds or other evidences of indebtedness to evidence indebtedness incurred pursuant to the authorization herein contained, all upon such terms as the Board of Directors shall determine.

The members authorize the mortgaging of all of the property of the cooperative, now owned or hereafter acquired, to secure such loans as may be made at any time or times by United States of America to the cooperative, pursuant to the Rural Electrification Act of 1936, as from time to time amended, limited in aggregate amount as aforesaid, and to secure all notes, bonds or other evidences of indebtedness evidencing the indebtedness created by such loans, all upon such terms as the Board of Directors shall determine.

Without limiting the generality of the foregoing, the Board of Directors is authorized to cause the proper officers on behalf of the cooperative to execute, seal and deliver as many counter parts as shall be deemed advisable of a mortgage to United States of America, substantially in the form of the mortgage presented to this corporation, with such changes in the form of the mortgage as the Board of Directors or any officer or officers vested with appropriate power by the Board of Directors shall deem advisable,

The Secretary declared that there was a quorum present at the beginning of the meeting and that a quorum remained for the entire meeting. Of the said members present at said meeting, a majority voted in favor of said Amendment.

DATED at Ray, North Dakota, this 17th day of April, 1970.

NORTHWEST MUTUAL AID TELEPHONE CORPORATION

(SEAL)

BY: Wayne Johnson
Wayne Johnson, Its President

ATTEST:
Delmer A. Morrow
Delmer A. Morrow, Its Secretary

STATE OF NORTH DAKOTA)
 : SS.
COUNTY OF WILLIAMS)

On this 17th day of April, 1970, before me personally appeared WAYNE JOHNSON and DELMER A. MORROW, known to me to be the President and Secretary, respectively, of the corporation that is described in and that executed the within instrument and acknowledged to me that such corporation executed the same.

Dean Winkjer
Dean Winkjer, Notary Public
Williams County, North Dakota

(SEAL)

My commission expires: Sept. 24, 1971.

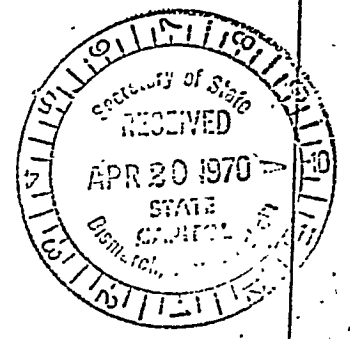
Certificate No. 2978

STATE OF NORTH DAKOTA }
Department of State } SS

Filed for record the 21st
day of April 1970

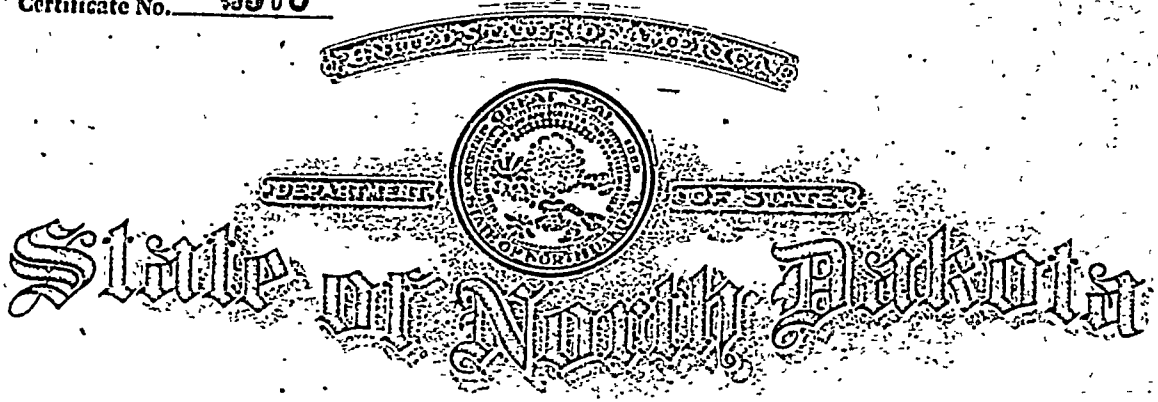
Blair M. Meier
Blair M. Meier
SECRETARY OF STATE
Steve M. Bergquist
DEPUTY

Fee: 2.12



33

Certificate No. 2978



CERTIFICATE OF AMENDMENT
 OF

NORTHWEST 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 NORTHWEST MUTUAL AID TELEPHONE CORPORATION

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 NORTHWEST MUTUAL AID TELEPHONE CORPORATION
GENERAL AMENDMENT AUTHORIZING BORROWING NOT TO EXCEED \$20,000,000.00

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

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 21st day of APRIL A.D., 1970.

SEAL

BEN MEIER
 Secretary of State.

File No. 6920

DUPLICATE

By JAY A. BRYANT, Deputy.

6920
MAC

CORPORATE OFFICERS CERTIFICATION OF
AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
NORTHWEST MUTUAL AID TELEPHONE CORPORATION
Ray, North Dakota

WAYNE JOHNSON, President, and DENNIS L. JOHNSRUD, Secretary, being the duly elected, qualified and acting President and Secretary of Northwest Mutual Aid Telephone Corporation, do hereby certify that the Amendments and Restatement of the Articles of Incorporation of Northwest Mutual Aid Telephone Corporation were adopted at the annual meeting of the Cooperative at Alamo, North Dakota, on the 5th day of April, 1986.

This Certificate is executed pursuant to Title 10, Chapter 15 of the North Dakota Century Code.

Northwest Mutual Aid Telephone Corporation was initially incorporated under the Mutual Aid laws of the State of North Dakota, which laws were thereafter amended, and this Corporation became subject to the Cooperative Association Chapter of Title 10 of the North Dakota Century Code.

The total number of members of the Cooperative at the time of the annual meeting was 3,664. The total number of members present at the annual meeting on the 5th day of April, 1986 was 123. The number of members voting for the Amended and Restated Articles of Incorporation was 122, the number of members voting against the Amended and Restated Articles of Incorporation was 1.

Notice of the Meeting of Members and a copy of the proposed Amended and Restated Articles of Incorporation were mailed to all of

Certificate No. 342
Filing Date 4-9-86
Ben Meier
(Secretary of State)
Clk. [Signature]

APR 9 11 22 AM '86
BEN MEIER
SEC. OF STATE

the members by depositing said Notice in the United States Post Office at Ray, North Dakota, with postage prepaid, by regular mail, on the 21st day of March, 1986 pursuant to the notice requirements of the By-Laws.

That a quorum of members were present at said meeting pursuant to the By-Laws of Northwest Mutual Aid Telephone Corporation.

The Amended and Restated Articles of Incorporation of Northwest Mutual Aid Telephone Corporation are as follows:

ARTICLE I.

The name of the cooperative is:
NORTHWEST COMMUNICATIONS COOPERATIVE, A Cooperative Association

ARTICLE II.

This corporation was originally incorporated under the Mutual Aid Laws of the State of North Dakota and is now subject to the Cooperative Association Provisions of Title 10, Chapter 15 of the North Dakota Century Code. It shall have perpetual existence.

ARTICLE III.

The purpose for which the cooperative is organized is to furnish, improve and expand communication services and to engage in any other activity within the purpose for which cooperatives may be organized.

ARTICLE IV.

The principal office and place where the principal business of the cooperative will be transacted is Ray, North Dakota.

ARTICLE V.

The cooperative is organized without capital stock, and the property rights and the interests of the members shall be equal. The

general rules applicable to members by which the property rights and interest 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; (b) all capital furnished by members through patronage shall have been retired as provided in the By-Laws; and (c) the property and assets of the cooperative shall be distributed among the members and former members in proportion to the ratio that the unretired capital credits of each bear to the total unretired capital credits of all such members and former members.

> ARTICLE VI.

The members authorize the borrowing of amounts from time to time by the cooperative from any lender and the United States of America pursuant to the Rural Electrification Act of 1936, as from time to time amended, such loans to be in such amounts, not exceeding in the aggregate \$20,000,000.00, and upon such terms as the Board of Directors shall deem advisable; to finance the construction, acquisition and operation of such communication systems, exchanges, subscribers' stations, and other plant and equipment and facilities necessary or appropriate for a telephone or communication system, as the Board of Directors shall, from time to time, determine upon, as the Board of Directors is further authorized to cause the proper officers from (time to time to execute, seal and deliver, on behalf of the cooperative, notes, bonds or other evidences of indebtedness to evidence indebtedness incurred pursuant to the authorization herein contained, all upon such terms as the Board of Directors shall determine.

The members authorize the mortgaging of all of the property of the cooperative, now owned or hereafter acquired, to secure such loans as may be made at any time or times by any lender and by the United

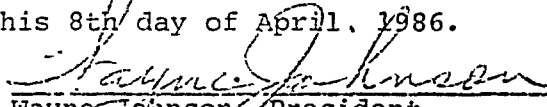
States of America to the cooperative, pursuant to the Rural Electrification Act of 1936, as from time to time amended, limited in aggregate amount as aforesaid, and to secure all notes, bonds or other evidences of indebtedness evidencing the indebtedness created by such loans, all upon such terms as the Board of Directors shall determine.

Without limiting the generality of the foregoing, the Board of Directors is authorized to cause the proper officers on behalf of the cooperative to execute and deliver as many counterparts as shall be deemed necessary.

ARTICLE VII.

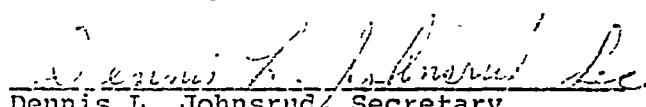
The Board of Directors shall adopt By-Laws for the Cooperative which may be amended from time to time by the Board. Copies of the By-Laws and any amendments thereto shall be furnished to each member, and any amendments to the By-Laws shall be reported to the members at the next regular meeting of the members.

DATED at Ray, North Dakota this 8th day of April, 1986.



Wayne Johnson, President

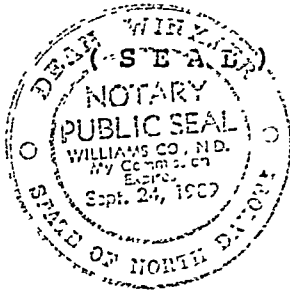
(CORPORATE)
(SEAL)



Dennis L. Johnson, Secretary

STATE OF NORTH DAKOTA)
COUNTY OF WILLIAMS) :ss.

On this 8th day of April, 1986 before me personally appeared WAYNE JOHNSON and DENNIS L. JOHNSRUD, known to me to be the President and Secretary, respectively, of NORTHWEST MUTUAL AID TELEPHONE CORPORATION, who acknowledge to me that they executed the within and foregoing Corporate Officers' Certification of Amended and Restated Articles of Incorporation of Northwest Mutual Aid Telephone Corporation, and that the facts contained in such Certification are true, and that they have executed the within and foregoing Certification pursuant to and to fulfill the requirements of Title 10, Chapter 15 of the North Dakota Century Code.



Dean Winkjer
Dean Winkjer, Notary Public
Williams County, North Dakota.

No 342



RESTATED CERTIFICATE OF INCORPORATION
OF

NORTHWEST MUTUAL AID TELEPHONE CORPORATION

The undersigned, as Secretary of State of the State of North Dakota, hereby certifies that duplicate originals of Restated Articles of Incorporation of

NORTHWEST MUTUAL AID TELEPHONE CORPORATION

duly signed and verified pursuant to the provisions of the North Dakota

COOPERATIVE ASSOCIATION

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 Restated Certificate of Incorporation to NORTHWEST COMMUNICATIONS COOPERATIVE, A Cooperative Association

and attaches hereto a duplicate original of the Restated Articles of Incorporation.

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 Ninth day of April A.D., 1926

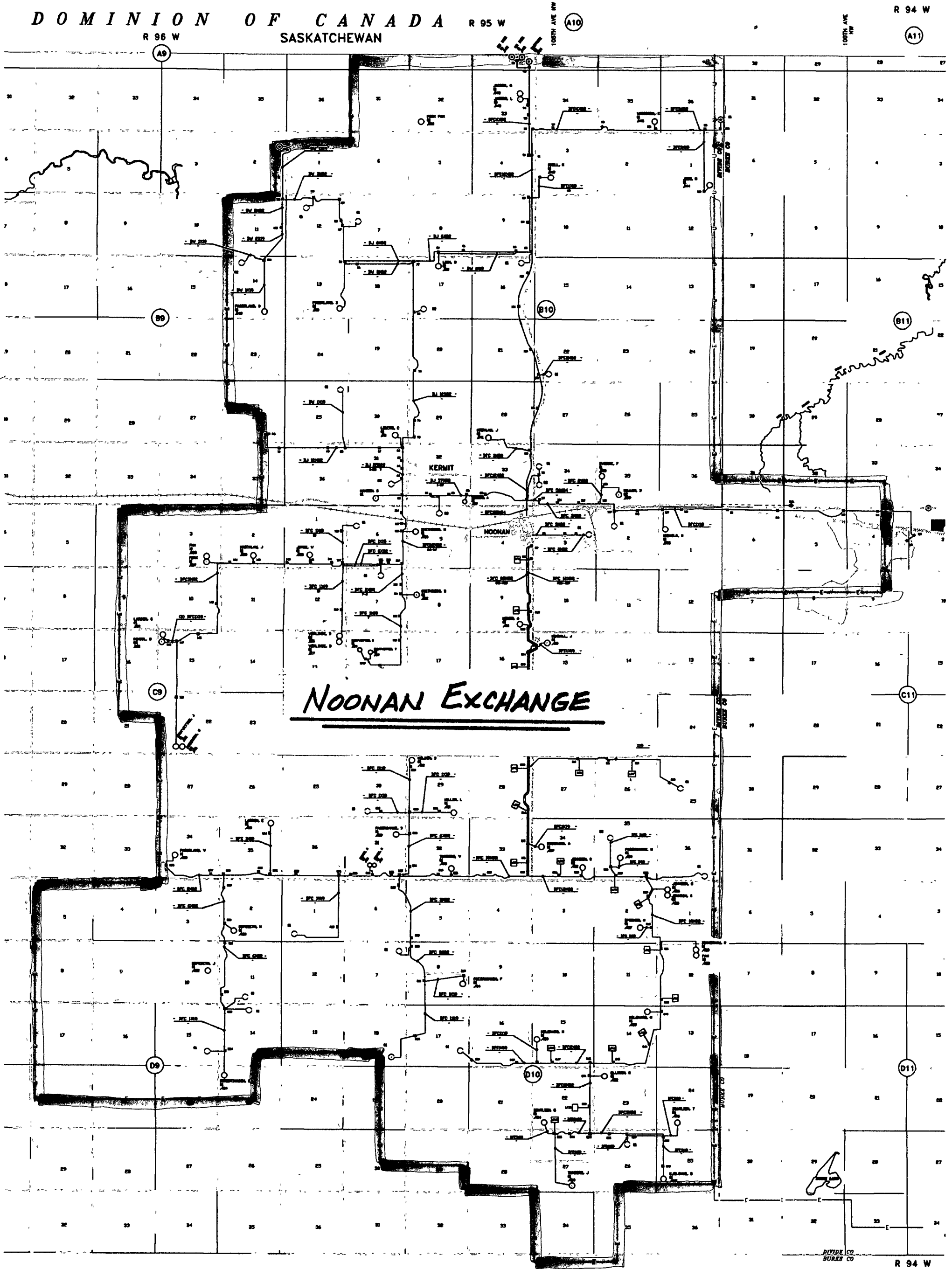
Ben Meier

Secretary of State

By _____

Deputy

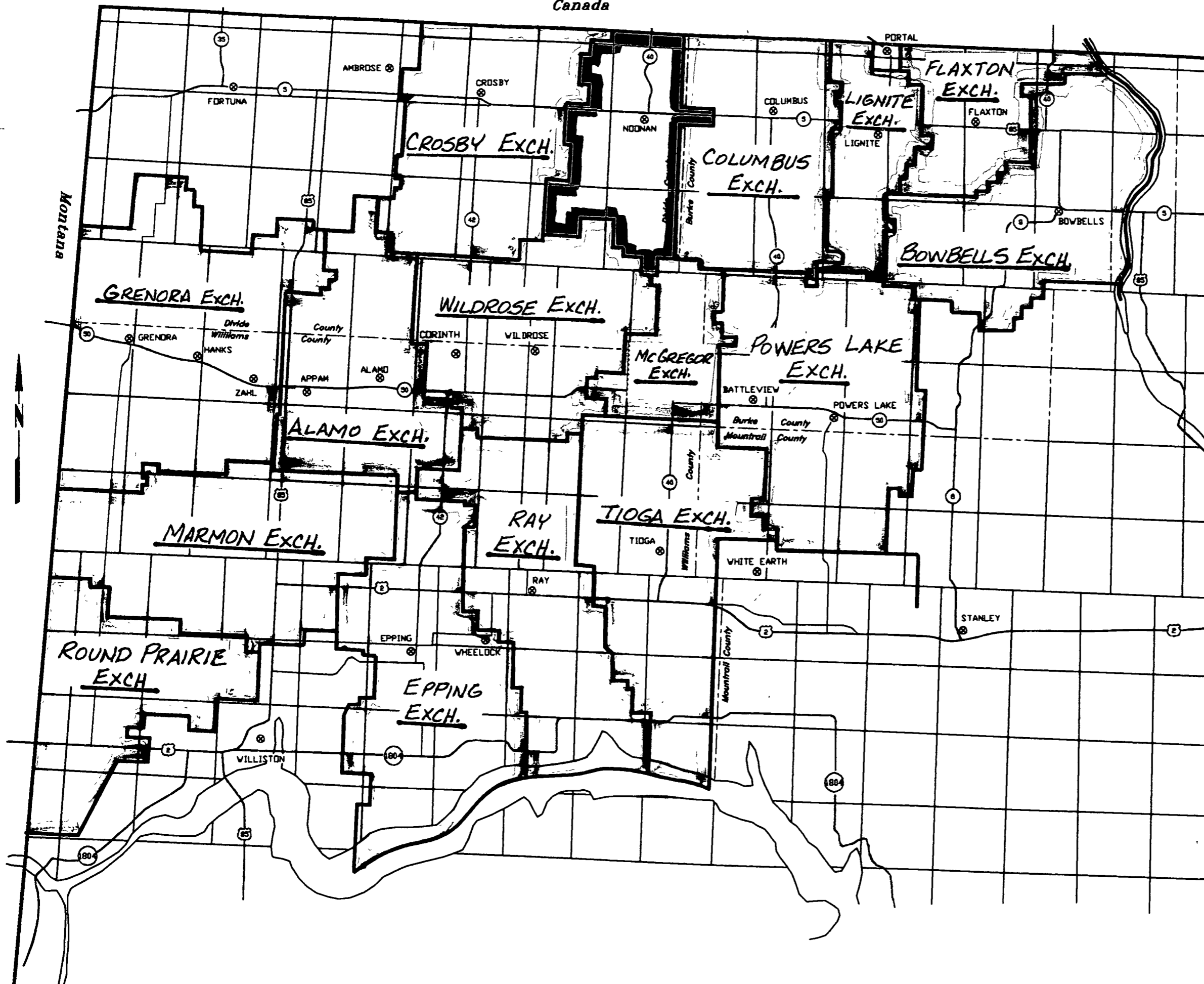
File No. 6920 Coop.



NOONAN EXCHANGE

BURKE CO

Canada



NORTH DAKOTA 526 NORTHWEST
NORTHWEST COMMUNICATIONS COOPERATIVE
RAY, NORTH DAKOTA

FINANCIAL STATEMENTS
with
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2003 AND 2002

**VOLLER, BRAKEY, LEE,
STILLWELL & SUESS, CPA'S, P.C.**

Certified Public Accountants

POST OFFICE BOX 1387
WILLISTON, NORTH DAKOTA 58802-1387
Phone (701) 572-2157 • Fax (701) 572-4408

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NORTH DAKOTA 526 NORTHWEST
NORTHWEST COMMUNICATIONS COOPERATIVE

RAY, NORTH DAKOTA

December 31, 2003

DIRECTORS

<u>Name</u>	<u>Address</u>	<u>Term expires</u>
Robert Austreim	Williston, North Dakota	2006
Arvin Larson	Ray, North Dakota	2006
Wayne Christensen	Flaxton, North Dakota	2006
Ronald Brothen	Columbus, North Dakota	2005
Glenda Burtman	Wildrose, North Dakota	2005
James Simonson	Crosby, North Dakota	2005
Elda Titus	Powers Lake, North Dakota	2004
Randy Lalim	Tioga, North Dakota	2004

OFFICERS AND GENERAL MANAGER

<u>Name</u>	<u>Office</u>
Arvin Larson	President
Wayne Christensen	Vice-President
Robert Austreim	Secretary-Treasurer
Dwight Schmitt	General Manager/CEO
Michael Steffan	Assistant Secretary-Treasurer, Office Manager



**VOLLER, BRAKEY, LEE,
STILLWELL & SUESS, CPA'S, P.C.**

Certified Public Accountants

POST OFFICE BOX 1387
WILLISTON, NORTH DAKOTA 58802-1387

February 20, 2004

INDEPENDENT AUDITORS' REPORT

Board of Directors
Northwest Communications Cooperative
Ray, North Dakota

We have audited the accompanying consolidated balance sheets of Northwest Communications Cooperative and subsidiary as of December 31, 2003 and 2002, and the related consolidated statements of revenue and expenses, changes in patronage capital and accumulated other comprehensive income, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Cooperative's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. Audits also include assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Northwest Communications Cooperative and subsidiary as of December 31, 2003 and 2002, and the consolidated results of their operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Board of Directors
Page 2
February 20, 2004

In accordance with Government Auditing Standards, we have also issued our report dated February 20, 2004 on our consideration of Northwest Communications Cooperative's internal control over financial reporting and our tests of compliance with certain provisions, 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.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements, taken as a whole. The supplementary information accompanying these consolidated financial statements (pages 34-36) is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements, taken as a whole.

*Voller, Brakey, Lee,
Stillwell & Suess, CPA's, P.C.*

VOLLER, BRAKEY, LEE,
STILLWELL & SUESS, CPA's, P.C.

FINANCIAL STATEMENTS

NORTH DAKOTA 526 NORTHWEST
 NORTHWEST COMMUNICATIONS COOPERATIVE
 CONSOLIDATED BALANCE SHEETS

ASSETS

	December 31,	
	2003	2002
<u>Current assets:</u>		
Cash and cash equivalents - general funds	\$ 4,102,625	\$ 2,623,865
Marketable securities held-to-maturity	100,000	-
Telecommunications accounts receivable (less accumulated provision of \$26,848 in 2003 and \$24,612 in 2002)	170,141	196,206
Other receivables	658,850	849,863
Materials and supplies	256,143	261,050
Prepayments	56,621	275,924
Interest receivable	7,340	17,132
Notes receivable	-	290,000
	<u>5,351,720</u>	<u>4,514,040</u>
<u>Noncurrent assets:</u>		
<u>Nonregulated investments:</u>		
Net wireless TV plant	378,345	390,750
Net CATV plant	1,034,220	931,389
Net other nonregulated investments	1,188,321	1,336,829
Nonoperating plant	2,106	2,106
Marketable securities held-to-maturity	-	100,000
Investments in nonaffiliated companies	1,482,111	1,904,323
Deferred charges	92,656	65,354
Other assets	173,249	160,798
Organization costs (net)	7,491	9,540
	<u>4,358,499</u>	<u>4,901,089</u>
<u>Property, plant, and equipment:</u>		
Telecommunications plant in service	31,763,458	31,539,706
Telecommunications plant under construction	228,493	182,286
Telecommunications plant adjustment	1,677,483	1,677,483
	<u>33,669,434</u>	<u>33,399,475</u>
Less accumulated provision for depreciation	<u>20,155,982</u>	<u>19,049,150</u>
	<u>13,513,452</u>	<u>14,350,325</u>
<u>Total assets</u>	<u>\$ 23,223,671</u>	<u>\$ 23,765,454</u>

The accompanying notes are an integral
 part of the financial statements.

LIABILITIES AND EQUITIES

	December 31,	
	2003	2002
<u>Current liabilities:</u>		
Accounts payable	\$ 926,062	\$ 860,583
Advance billings and payments	9,980	11,336
Current portion of long-term debt	881,601	669,412
Other current liabilities	62,296	69,369
Unfunded post-retirement benefit obligation	108,320	106,103
Accrued interest	24,436	27,627
Accrued income tax	18,413	377
	<u>2,031,108</u>	<u>1,744,807</u>
<u>Long-term debt:</u>		
RTB mortgage note	578,244	603,750
RUS mortgage notes	6,918,732	7,254,333
CoBank notes	3,136,920	3,499,560
	<u>10,633,896</u>	<u>11,357,643</u>
<u>Deferred credits</u>	<u>11,466</u>	<u>11,590</u>
<u>Equities:</u>		
Patronage capital	10,547,263	10,650,946
Other equities	(62)	468
Accumulated other comprehensive income - unrealized gain on securities	-	-
	<u>10,547,201</u>	<u>10,651,414</u>
<u>Total liabilities and equities</u>	<u>\$ 23,223,671</u>	<u>\$ 23,765,454</u>

NORTH DAKOTA 526 NORTHWEST
NORTHWEST COMMUNICATIONS COOPERATIVE
CONSOLIDATED STATEMENTS OF REVENUE AND EXPENSES

	<u>Years ended December 31.</u>	
	<u>2003</u>	<u>2002</u>
<u>Operating revenues</u>		
Basic local network services	\$ 1,194,099	\$ 1,178,825
Network access services	4,503,885	4,720,684
Long distance network services	3,993	4,225
Directory and miscellaneous	362,506	389,523
Less uncollectible revenues	<u>75,086</u>	<u>(352,424)</u>
	<u>6,139,569</u>	<u>5,940,833</u>
 <u>Operating expenses</u>		
Plant specific operations	687,837	604,125
Plant nonspecific operations	537,621	484,774
Depreciation and amortization	2,147,318	2,017,716
Customer operations	439,302	462,058
Corporate operations	<u>1,149,020</u>	<u>943,083</u>
	<u>4,961,098</u>	<u>4,511,756</u>
 <u>Other operating revenue (expense)</u>	 <u>97</u>	 <u>186</u>
 <u>Operating taxes</u>		
Other operating taxes - property	<u>25,151</u>	<u>25,321</u>
 <u>Operating margins before fixed charges</u>	 <u>1,153,417</u>	 <u>1,403,942</u>
 <u>Fixed charges</u>		
Interest on long-term debt	<u>559,274</u>	<u>510,866</u>
 <u>Net operating margins</u>	 <u>594,143</u>	 <u>893,076</u>
 <u>Nonoperating revenue (expense)</u>		
Interest income	53,066	116,063
Loss on sale of stock	(125,000)	-
Reduction in value of stock investment	(50,000)	-
Gain on sale of PCS license (less applicable income taxes of \$-0-)	-	10,825
Nonregulated income (loss) - net	(82,130)	25,673
Special charges	(35,745)	(15,340)
Miscellaneous income	272,351	222,195
Federal and state income tax expense/refund (net)	<u>(6,191)</u>	<u>313,198</u>
	<u>26,351</u>	<u>672,614</u>
 <u>Net margins for period</u>	 <u>620,494</u>	 <u>1,565,690</u>
 <u>Other comprehensive income, net of tax</u>		
Unrealized gains on securities		
Gain arising during the year (net of tax of \$-0- and \$-0-)	-	-
Reclassification adjustment for gains included in net margins (net of tax of \$-0- and \$-0-)	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
 <u>Comprehensive income</u>	 <u>\$ 620,494</u>	 <u>\$ 1,565,690</u>

The accompanying notes are an integral
part of the financial statements

NORTH DAKOTA 526 NORTHWEST
 NORTHWEST COMMUNICATIONS COOPERATIVE
 CONSOLIDATED STATEMENTS OF CHANGES IN PATRONAGE CAPITAL AND
 ACCUMULATED OTHER COMPREHENSIVE INCOME

<u>PATRONAGE CAPITAL</u>	<u>Years ended December 31,</u>	
	<u>2003</u>	<u>2002</u>
<u>Patronage capital - beginning of year</u>	\$ 10,650,946	\$ 9,744,528
Net margins for the period	620,494	1,565,690
Federal excise tax refund to patrons	6,530	10,209
Capital credit retirements (gain) loss	530	7,250
Retirements of capital credits	<u>(731,237)</u>	<u>(676,731)</u>
<u>Patronage capital - end of year</u>	<u>\$ 10,547,263</u>	<u>\$ 10,650,946</u>

<u>ACCUMULATED OTHER COMPREHENSIVE INCOME</u>	<u>Years ended December 31,</u>	
	<u>2003</u>	<u>2002</u>
<u>Accumulated other comprehensive income - unrealized gain on securities - beginning of year</u>	\$ -	\$ -
Other comprehensive income (net of tax)		
Unrealized gain on securities		
Gain arising during the year	-	-
Reclassification adjustment for gains included in net margins	<u>-</u>	<u>-</u>
Other comprehensive income	<u>-</u>	<u>-</u>
<u>Accumulated other comprehensive income - unrealized gain on securities - end of year</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral
 part of the financial statements

NORTH DAKOTA 526 NORTHWEST
 NORTHWEST COMMUNICATIONS COOPERATIVE
 CONSOLIDATED STATEMENTS OF CASH FLOWS

	<u>Years ended December 31.</u>	
	<u>2003</u>	<u>2002</u>
<u>Cash flows from operating activities</u>		
Cash received from consumers	\$ 6,361,373	\$ 5,590,906
Interest income	62,858	111,989
Cash from (for) other operations	97	186
Cash paid to suppliers and employees	(2,556,249)	(2,403,542)
Interest paid	(562,465)	(530,395)
Property taxes paid	(25,151)	(25,321)
Income taxes (paid) refunded	7,119	340,179
Net cash provided by (applied to) operating activities	<u>3,287,582</u>	<u>3,084,002</u>
<u>Cash flows from investing activities:</u>		
Decrease in wireless TV plant	12,405	4,435
Construction and acquisition of plant	(1,352,755)	(3,212,487)
(Increase) decrease in CATV plant	(102,831)	(390,923)
(Increase) decrease in other nonregulated investments	148,508	(48,480)
Plant removal costs	(480)	(3,333)
Proceeds from sale of stock	375,000	-
(Increase) decrease in investment in nonaffiliated companies	(127,788)	(132,827)
Increase (decrease) in deferred credits	(124)	(538)
Investment in other assets	(12,451)	(5,872)
(Increase) decrease in organization costs	2,049	(9,540)
(Increase) decrease in notes receivable	290,000	(200,000)
Proceeds from sale of PCS license	-	90,736
Nonregulated income (loss)	(82,130)	25,673
Other nonoperating income (loss)	236,606	206,855
Purchase of marketable securities held-to-maturity	-	(100,000)
Redemptions of marketable securities held-to-maturity	-	100,000
Plant salvage	42,790	5,976
Net cash provided by (used in) investing activities	<u>(571,201)</u>	<u>(3,670,325)</u>
<u>Cash flows from financing activities</u>		
Net increase (decrease) in advance billings and payments	(1,356)	446
Debt proceeds	-	4,672,197
Payments on long-term debt	(669,514)	(2,637,017)
Application of (increase) prepayments on long-term debt	157,956	(133,041)
Patronage capital credits retired	(731,237)	(676,731)
Tax refund to patrons	6,530	10,209
Net cash provided by (applied to) financing activities	<u>(1,237,621)</u>	<u>1,236,063</u>
<u>Net increase (decrease) in cash and cash equivalents</u>	1,478,760	649,740
<u>Cash and cash equivalents - beginning of year</u>	<u>2,623,865</u>	<u>1,974,125</u>
<u>Cash and cash equivalents - end of year</u>	<u>\$ 4,102,625</u>	<u>\$ 2,623,865</u>

(Continued)

The accompanying notes are an integral
 part of the financial statements

NORTH DAKOTA 526 NORTHWEST
NORTHWEST COMMUNICATIONS COOPERATIVE
CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED

	<u>Years ended December 31,</u>	
	<u>2003</u>	<u>2002</u>
<u>Reconciliation of net margins to net cash provided by operating activities:</u>		
Net margins	\$ 620,494	\$ 1,565,690
Add: Nonregulated (income) loss and other nonoperating loss	(154,476)	(232,528)
Loss on sale of stock	125,000	-
Reduction in value of stock investment	50,000	-
Less: Gain on sale of PCS license	-	(10,825)
Net margin from regulated operations	<u>641,018</u>	<u>1,322,337</u>
Adjustments to reconcile net margins to net cash provided by operating activities:		
Depreciation and amortization	2,147,318	2,017,716
Provision for uncollectible accounts receivable	2,236	6,451
(Increase) decrease in:		
Customer and other accounts receivable	214,842	(329,774)
Deferred charges	(27,302)	(1,168)
Materials and supplies	4,907	155,513
Prepayments	219,303	(224,473)
Interest receivable	9,792	(4,074)
Increase (decrease) in:		
Accounts payable	65,479	149,001
Other current liabilities	(7,073)	7,686
Unfunded post-retirement benefit obligation	2,217	3,939
Accrued interest	(3,191)	(19,529)
Accrued income tax	18,036	377
Total adjustments	<u>2,646,564</u>	<u>1,761,665</u>
<u>Net cash provided by operating activities</u>	<u>\$ 3,287,582</u>	<u>\$ 3,084,002</u>

The accompanying notes are an integral part of the financial statements.

NORTH DAKOTA 526 NORTHWEST
NORTHWEST COMMUNICATIONS COOPERATIVE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2003 and 2002

1. Summary of significant accounting policies

This summary of significant accounting policies of Northwest Communications Cooperative is presented to assist in understanding the Cooperative's consolidated financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the consolidated financial statements.

Nature of operations

Northwest Communications Cooperative of Ray, North Dakota, provides telephone, internet and television service to a portion of northwest North Dakota. Telephone service is its primary business.

Accounting guidelines

The Cooperative's accounting system is as prescribed in Part 32 - Uniform System of Accounts for Class A Telephone Companies as promulgated by the Federal Communications Commission, with additional guidance and interpretations from the Rural Utilities Service (RUS), and the Public Service Commission of North Dakota (PSC). These prescribed guidelines properly include the full accrual basis of accounting as well as other rules and regulations which are detailed in the individual notes to the financial statements.

Telephone plant and depreciation reserves

The Cooperative follows the accounting policies with respect to maintenance, repairs, renewals, betterments, and retirements as outlined in the Uniform System of Accounts for Telephone Companies prescribed by the Federal Communications Commission (FCC). Additions, replacements, and renewals of property determined to be units of property are charged to telephone plant accounts. Property retirements are charged in total to the accumulated depreciation reserve accounts. Except for some nonregulated equipment, no gain or loss is recognized at the time properties are retired or otherwise disposed. Depreciation is provided for using straight-line composite rates applied to classes of depreciable property.

Revenue recognition

The method of revenue recognition is based on interstate access charge revenues billed to interexchange carriers and pooled on a national basis, access charge revenues billed to interexchange carriers for intrastate interlata traffic, and access charge revenues billed to interexchange carriers for intralata revenues.

(Continued)

NORTH DAKOTA 526 NORTHWEST
NORTHWEST COMMUNICATIONS COOPERATIVE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2003 and 2002

1 Summary of significant accounting policies (Continued)

Revenue recognition (Continued)

The Cooperative is average schedule based for settlement purposes. Monthly revenues are recorded in accordance with various toll pools and carrier access billings under tariff, however, the actual amount of toll revenue will not be known until settlement studies are conducted.

For cable television, internet and wireless television, revenue is recognized when products are delivered or services are rendered to customers. These revenues include programming, internet access, equipment sales and installation, and commission revenues.

Allowance for uncollectible accounts

Additions to the allowance for uncollectibles were computed as 1/8% of billings for 2003 and 2002.

Materials and supplies

The inventory of materials and supplies is stated at the lower of cost (average cost) or market

Cash equivalents

For purposes of the consolidated statement of cash flows, the Cooperative considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents, except for certificates of deposits and commercial paper which are considered cash equivalents regardless of their term since there is no loss of principal for early withdrawal.

Organization costs

Organization costs consist of costs of certification of construction for the wireless television systems, which are being amortized on a straight-line basis over five years.

Use of estimate

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(Continued)

NORTH DAKOTA 526 NORTHWEST
 NORTHWEST COMMUNICATIONS COOPERATIVE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2003 and 2002

1. Summary of significant accounting policies (Continued)

Income taxes

As an organization formed under IRC Section 501(c)(12), the Cooperative must receive 85 percent of its gross income from members to be tax exempt. For the years ended December 31, 2003 and 2002, the Cooperative did not receive 85 percent of its gross income from members and was therefore subject to federal income tax on interest and certain other miscellaneous income.

No federal or state tax examinations are pending.

The Cooperative's income tax reporting policies are primarily the same as its financial statement reporting policies.

The components of income taxes are as follows

	2003	2002
Income taxes currently payable	\$ (18,413)	\$ (377)
Income taxes currently refundable	12,622	7,896
Income taxes	\$ (5,791)	\$ 7,519

The Cooperative has no federal income tax operating loss carryforwards remaining, but has \$76,385 federal capital loss carryforwards which will expire after 2008. There are \$108,356 in state income tax operating loss carryforwards remaining due to the exclusion of U.S. Government interest.

The federal and state income tax refund resulted primarily from tax return amendments to report a change in the net operating loss carryforward due to a capital loss carryback. The capital loss carryback released net operating loss carryforwards for use in 2003.

NCC Enterprises, Inc., the Cooperative's wholly-owned subsidiary is required to file Internal Revenue Service Form 1120 for its income tax reporting.

NCC Enterprises, Inc. income tax reporting policies are primarily the same as its financial statement reporting policies.

NCC Enterprises, Inc. has \$ 99,999 of income tax operating loss carryforwards which, if not used, will expire in 2008-2009.

(Continued)

NORTH DAKOTA 526 NORTHWEST
NORTHWEST COMMUNICATIONS COOPERATIVE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2003 and 2002

1 Summary of significant accounting policies (Continued)

Income taxes (Continued)

NCC Enterprises, Inc. components of income taxes are as follows.

	<u>2003</u>	<u>2002</u>
Income taxes currently payable	\$ <u> -</u>	\$ <u> -</u>

Post-retirement benefits other than pensions

The Cooperative has a noncontributory post-retirement health care plan that covers substantially all employees from the date of retirement to age 65. Other post-retirement benefit costs include current service costs, which are accrued on a current basis, and prior costs, which are amortized over 20 years.

Patronage capital

The Cooperative operates on a nonprofit basis. Amounts received from the furnishing of communications services in excess of operating costs and expenses are assigned to communications members on a patronage basis. All other amounts received from interest income and other nonoperating sources in excess of costs and expenses are also allocated to communications members on a patronage basis to the extent they are not needed to offset current or prior deficits.

Reclassification

Certain items may have been reclassified in 2002 to conform with the presentation used in the current year.

Principles of consolidation

The financial statements include the consolidated operations of Northwest Communications Cooperative and its wholly-owned subsidiary. Material intercompany receivables, payables, and transactions have been eliminated. NCC Enterprises, Inc., the wholly-owned subsidiary, was inactive during 2003 and 2002.

(Continued)

NORTH DAKOTA 526 NORTHWEST
 NORTHWEST COMMUNICATIONS COOPERATIVE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2003 and 2002

2. Assets pledged

Substantially all assets are pledged as security on the long-term debt.

3. Other receivables

The composition of other receivables is as follows:

	December 31,	
	2003	2002
NCRPC	\$ 1,069	\$ 1,603
Contracted billing - Qwest	15,293	9,325
Contracted billing - A T & T	94,092	84,082
Other interexchange carriers	313,874	427,720
NECA	154,915	197,916
Treasurer of U.S. - excise tax refund	16,779	23,559
Income tax refund	12,622	7,896
Various other receivables (less allowance for uncollectible accounts of \$(249) for 2003 and \$(249) for 2002 on other accounts receivable)	27,374	44,794
Skyland Technologies, Inc.	-	24,010
Due from employees and directors on computer plan	20,599	26,115
DIA store	2,233	2,843
Total	\$ 658,850	\$ 849,863

4. Prepayments

The composition of prepayments is as follows:

	December 31,	
	2003	2002
Prepaid benefits	\$ -	\$ 15,542
Prepaid rents	630	723
Prepaid insurance	-	119,013
Prepaid other (service agreements, dues, and deposits)	55,991	140,646
Total	\$ 56,621	\$ 275,924

(Continued)

NORTH DAKOTA 526 NORTHWEST
 NORTHWEST COMMUNICATIONS COOPERATIVE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
 December 31, 2003 and 2002

5. Cash and cash equivalents

The composition of cash and cash equivalents is as follows.

As of December 31, 2003

<u>Institution</u>	<u>Type of investment</u>	<u>Maturity date</u>	<u>Balance</u>
Dacotah Bank - Bowbells	Certificate	01/2004	\$ 100,000
Dakota West Credit Union - Watford City	Certificate	02/2005	100,000
BNC National Bank - Crosby	Certificate	01/2004	100,000
Bank of Tioga - Tioga	Certificate	08/2004	100,000
American State Bank - Williston	Certificate	06/2005	100,000
First International Bank - Watford City	Certificate	07/2004	100,000
Liberty State Bank - Powers Lake	Certificate	01/2005	<u>100,000</u>
Cash equivalents			700,000
Cash			<u>3,402,625</u>
Cash and cash equivalents			<u>\$ 4,102,625</u>

(Continued)

NORTH DAKOTA 526 NORTHWEST
 NORTHWEST COMMUNICATIONS COOPERATIVE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2003 and 2002

5. Cash and cash equivalents

The composition of cash and cash equivalents is as follows.

As of December 31, 2002:

<u>Institution</u>	<u>Type of investment</u>	<u>Maturity date</u>	<u>Balance</u>
National Rural Utilities Cooperative Finance Corporation	Commercial Paper	01/2003 - 02/2003	\$ 1,500,000
Dacotah Bank - Bowbells	Certificate	01/2003	100,000
Dakota West Credit Union - Watford City	Certificate	11/2003	100,000
BNC National Bank - Crosby	Certificate	04/2003	100,000
Bank of Tioga - Tioga	Certificate	08/2003	100,000
American State Bank - Williston	Certificate	07/2003	100,000
First International Bank - Watford City	Certificate	07/2003	100,000
Liberty State Bank - Powers Lake	Certificate	07/2003	<u>100,000</u>
Cash equivalents			2,200,000
Cash			<u>423,865</u>
Cash and cash equivalents			<u>\$ 2,623,865</u>

(Continued)

NORTH DAKOTA 526 NORTHWEST
 NORTHWEST COMMUNICATIONS COOPERATIVE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
 December 31, 2003 and 2002

6. Marketable securities

The amortized cost and market value of fixed income securities held to maturity were as follows:

December 31, 2003:

Short-term:

<u>Held to maturity</u>	<u>Cost as recorded</u>	<u>Amortized cost</u>	<u>Gross unrealized</u>		<u>Market value</u>
			<u>Gains</u>	<u>Losses</u>	
U.S. Government and agencies	\$ 100,000	\$ 99,991	\$ 915	\$ -	\$ 100,906

Long-term:

<u>Held to maturity</u>	<u>Cost as recorded</u>	<u>Amortized cost</u>	<u>Gross unrealized</u>		<u>Market value</u>
			<u>Gains</u>	<u>Losses</u>	
U.S. Government and agencies	\$ -	\$ -	\$ -	\$ -	\$ -

December 31, 2002:

Short-term:

<u>Held to maturity</u>	<u>Cost as recorded</u>	<u>Amortized cost</u>	<u>Gross unrealized</u>		<u>Market value</u>
			<u>Gains</u>	<u>Losses</u>	
U.S. Government and agencies	\$ -	\$ -	\$ -	\$ -	\$ -

Long-term:

<u>Held to maturity</u>	<u>Cost as recorded</u>	<u>Amortized cost</u>	<u>Gross unrealized</u>		<u>Market value</u>
			<u>Gains</u>	<u>Losses</u>	
U.S. Government and agencies	\$ 100,000	\$ 99,981	\$ 2,707	\$ -	\$ 102,688

(Continued)

NORTH DAKOTA 526 NORTHWEST
 NORTHWEST COMMUNICATIONS COOPERATIVE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2003 and 2002

6. Marketable securities (Continued)

Since marketable securities are held from purchase date to maturity date with amortization of premiums or discounts, there is no realized gain or loss on U.S. Government and agency securities.

There were no capital gains and losses on fixed income securities available for sale for 2003 and 2002.

The proceeds from sales of investments in fixed income securities, available for sale, and related gross realized gains and losses were as follows.

<u>Year ended December 31, 2003:</u>	<u>Proceeds</u>	<u>Gross realized</u>		<u>Net gains</u>
		<u>Gains</u>	<u>Losses</u>	<u>on sales</u>
Available for sale	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
 <u>Year ended December 31, 2002:</u>				
Available for sale	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -

Realized gains or losses on disposition of marketable securities are computed on the specific identification method.

(Continued)

NORTH DAKOTA 526 NORTHWEST
 NORTHWEST COMMUNICATIONS COOPERATIVE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2003 and 2002

7. Notes receivable

Notes receivable consist of the following loans to Skyland Technologies, Inc.:

December 31, 2003:

None

December 31, 2002:

<u>Issue date</u>	<u>Due date</u>	<u>Interest rate</u>	<u>Amount</u>
09-07-01	03-01-03	3.34%	\$ 40,000
12-12-01	06-04-03	3.34	50,000
03-27-02	06-04-03	3.34	50,000
05-02-02	06-04-03	3.34	50,000
05-29-02	06-04-03	3.34	<u>100,000</u>
Total			<u>\$ 290,000</u>

Interest was payable semi-annually and principal was payable on the due date, unless an extension was agreed upon. The variable interest rate was 1.50% above the bank rate on a one year certificate of deposit (rate at December 31, 2002 was 3.34%). The Cooperative owned a 21% interest in Skyland Technologies, Inc.

8. Nonregulated investments

Nonregulated investments are as follows:

	<u>December 31,</u>	
	<u>2003</u>	<u>2002</u>
Wireless TV plant-in-service	\$ 1,658,809	\$ 1,658,046
Wireless TV shared assets	<u>114,129</u>	<u>116,884</u>
Total Wireless TV plant	1,772,938	1,774,930
Less accumulated depreciation:		
Wireless TV	1,333,872	1,313,724
Shared assets	<u>60,721</u>	<u>70,456</u>
Net Wireless TV plant	<u>\$ 378,345</u>	<u>\$ 390,750</u>

(Continued)

NORTH DAKOTA 526 NORTHWEST
 NORTHWEST COMMUNICATIONS COOPERATIVE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2003 and 2002

8. Nonregulated investments (Continued)

Wireless TV plant is stated at cost. The Cooperative provides for depreciation on a straight-line basis at 2.00% - 20.40%, which will amortize the depreciable property over its estimated useful life. The offering of wireless TV services involves the joint or shared use of assets in the provision of regulated and nonregulated services

	December 31,	
	2003	2002
CATV plant-in-service	\$ 1,524,555	\$ 1,364,117
CATV shared assets	145,615	114,286
Total CATV plant	1,670,170	1,478,403
Less accumulated depreciation:		
CATV	552,387	482,521
Shared assets	83,563	64,493
Net CATV plant	\$ 1,034,220	\$ 931,389

CATV plant-in-service and under construction is stated at cost. The Cooperative provides for depreciation on a straight-line basis at annual rates of 2.00% - 20.40% which will amortize the depreciable property over its estimated useful life. The offering of CATV services involves the joint or shared use of assets in the provision of regulated and nonregulated services.

	December 31,	
	2003	2002
Other nonregulated investments	\$ 2,170,382	\$ 1,980,522
Nonregulated shared assets	321,678	248,777
Total nonregulated plant	2,492,060	2,229,299
Less accumulated provisions for depreciation:		
Nonregulated	1,123,914	747,586
Shared assets	179,825	144,884
Net nonregulated plant	\$ 1,188,321	\$ 1,336,829
Nonregulated investments - nonoperating plant	\$ 2,106	\$ 2,106

Other nonregulated investments are stated at cost. The Cooperative provides for depreciation on a straight-line basis at annual rates of 2.00 - 20.40% which will amortize the cost of the equipment over its estimated useful life. The leasing of other nonregulated investments involve the joint or shared use of assets in the provision of regulated and nonregulated services.

(Continued)

NORTH DAKOTA 526 NORTHWEST
 NORTHWEST COMMUNICATIONS COOPERATIVE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2003 and 2002

8 Nonregulated investments (Continued)

Following is a summary of net income (loss) from nonregulated investments for the year ending December 31, 2003:

	Nonregulated			Total
	Wireless TV	CATV	Other	
Income from operations	\$ 234,213	\$ 570,581	\$ 1,131,896	\$ 1,936,690
Expenses	<u>197,388</u>	<u>447,402</u>	<u>1,374,030</u>	<u>2,018,820</u>
Total	<u>\$ 36,825</u>	<u>\$ 123,179</u>	<u>\$ (242,134)</u>	<u>\$ (82,130)</u>

Following is a summary of net income (loss) from nonregulated investments for the year ending December 31, 2002:

	Nonregulated			Total
	Wireless TV	CATV	Other	
Income from operations	\$ 250,964	\$ 532,761	\$ 1,185,697	\$ 1,969,422
Expenses	<u>266,941</u>	<u>431,353</u>	<u>1,245,455</u>	<u>1,943,749</u>
Total	<u>\$ (15,977)</u>	<u>\$ 101,408</u>	<u>\$ (59,758)</u>	<u>\$ 25,673</u>

(Continued)

NORTH DAKOTA 526 NORTHWEST
 NORTHWEST COMMUNICATIONS COOPERATIVE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2003 and 2002

9 Investments in nonaffiliated companies

Investments in nonaffiliated companies are carried at cost or equity and are scheduled as follows.

	<u>December 31,</u>	
	<u>2003</u>	<u>2002</u>
DCN LLC investment shares	\$ 685,363	\$ 536,429
CoBank stock	288,363	258,682
North Central Regional Processing Center stock	1,000	1,000
National Rural Telephone Coop. membership	1,000	1,000
Skyland Technologies, Inc. stock	-	500,000
NISC membership certificate	50	50
Credit Union memberships	83	83
Community Development stocks (Flaxton, Grenora, Wildrose, Ray)	6,000	6,000
Northwest Dakota Cellular, Inc. stock	57,736	57,736
Rural Telephone Finance Corp. membership	1,000	1,000
Rural Telephone Bank stock	29,750	29,750
NCC Enterprises, Inc. stock	5,000	5,000
World Access, Inc. stock	1,267	1,267
North Dakota Long Distance LLC investment shares	405,499	456,326
Bushel 42 stock (less \$50,000 allowance for 2003)	-	50,000
	<u> </u>	<u> </u>
Total	<u>\$ 1,482,111</u>	<u>\$ 1,904,323</u>

(Continued)

NORTH DAKOTA 526 NORTHWEST
 NORTHWEST COMMUNICATIONS COOPERATIVE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2003 and 2002

10. Other assets

Other assets are scheduled as follows:

	December 31,	
	2003	2002
<u>Cooperative patronage equities:</u>		
National Information Solutions Cooperative	\$ 62,941	\$ 51,437
Mountrail-Williams Electric Cooperative	15,002	16,136
Farmers Union Oil Companies	7,621	6,074
Burke-Divide Electric Cooperative	8,354	7,912
Farmers Union Lumber Company	112	112
Great Plains Supply	95	95
Ray Farmers Union Elevator	78	78
Other current investments - CATV	437	437
Other current investments - Wireless TV/DBS	10,382	10,290
Reservation Telephone Cooperative	42	42
ProLink, Inc. capital credits assigned to the Cooperative	68,185	68,185
 Total	 \$ 173,249	 \$ 160,798

11. Deferred charges

The composition of deferred charges is as follows:

	December 31,	
	2003	2002
Preliminary investigation - WildBlue Internet Service	\$ 25,750	\$ -
Preliminary investigation - NCC Enterprises	7,551	5,999
Preliminary investigation - local multi-point distribution system	59,355	59,355
 Total	 \$ 92,656	 \$ 65,354

(Continued)

NORTH DAKOTA 526 NORTHWEST
 NORTHWEST COMMUNICATIONS COOPERATIVE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2003 and 2002

12. Investment in telephone plant

Telephone plant in service and under construction is stated at cost. Listed below are the major classes of the telephone plant as of:

	December 31,	
	2003	2002
Land	\$ 69,726	\$ 70,314
Buildings	1,620,833	1,522,040
Headquarters building	846,410	854,914
Central office equipment	9,337,028	9,368,005
Pole lines and towers	158,279	158,048
Aerial cable	188,470	187,838
Buried cable	8,883,437	9,006,092
Fiber optic cable	8,494,965	8,332,379
Aerial wire	804	804
Furniture and office equipment	802,494	763,462
Vehicles, tools, and equipment	1,206,752	1,124,920
Other communication equipment	65,821	64,761
Intra building wire	19,272	19,272
Underground conduit	69,167	66,857
Telecommunications plant-in-service	31,763,458	31,539,706
Telecommunications plant under construction	228,493	182,286
Telecommunications plant adjustment	1,677,483	1,677,483
Total telecommunications plant	\$ 33,669,434	\$ 33,399,475

(Continued)

NORTH DAKOTA 526 NORTHWEST
 NORTHWEST COMMUNICATIONS COOPERATIVE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2003 and 2002

12. Investment in telephone plant (Continued)

The Cooperative has capitalized as an acquisition adjustment \$1,677,483 of the cost of acquired telecommunications plant in excess of its book value. This amount is to be amortized to operating expense over a 10 year period, beginning June 1, 1996. Amortization of this amount for 2003 and 2002 was \$168,810.

The Cooperative provides for depreciation on a straight-line basis at annual rates which will amortize the depreciable property over its estimated useful life. Individual plant depreciation rates are as follows:

<u>Asset</u>	<u>Annual rates</u>
Buildings	6.67%
Headquarters building	2.00%
Central office equipment	8.33% - 10.00%
Pole lines and towers	8.60% - 10.00%
Aerial cable	8.80%
Buried cable	5.00%
Fiber optic cable	5.00%
Aerial wire	8.00%
Furniture and office equipment	6.00% - 16.50%
Vehicles, tools, and equipment	10.30% - 20.40%
Other communication equipment	16.50%
Intra building wire	2.71%
Underground conduit	3.33%

13. Goodwill

Goodwill represents the excess of the purchase prices over fair values of net tangible assets acquired. Amortization of goodwill is being recorded over five years using the straight-line method.

14. Organization costs

This account represents the payments for certification of construction for the wireless television system. This cost is being amortized over a five year period beginning September, 2002. The amortization expense was \$2,049 in 2003 and \$683 in 2002.

(Continued)

NORTH DAKOTA 526 NORTHWEST
 NORTHWEST COMMUNICATIONS COOPERATIVE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2003 and 2002

15 Mortgage notes

CoBank notes:

A summary of the outstanding long-term debt represented by notes payable to CoBank is as follows:

<u>Note number</u>	<u>Interest rate</u>	<u>Maturity date</u>	<u>December 31,</u>	
			<u>2003</u>	<u>2002</u>
91595	4.00% *	06-01-2011	\$ 1,867,926	\$ 1,553,626
91598	7.75%	12-08-2003	-	500,000
91599	7.96%	05-31-2011	<u>1,631,634</u>	<u>1,781,514</u>
			3,499,560	3,835,140
Less current maturities			<u>(362,640)</u>	<u>(335,580)</u>
Total			<u>\$ 3,136,920</u>	<u>\$ 3,499,560</u>

* This is a variable rate loan (rate at December 31, 2003).

The CoBank notes are secured by a mortgage on substantially all the telephone plant. Principal payments of \$16,595 to \$26,500 on note 91595, and \$13,625 to \$24,450 on note 91599 are due monthly with interest payments paid monthly.

The principal maturities for each of the five years succeeding the balance sheet date are as follows:

2004	\$ 362,640
2005	391,968
2006	423,600
2007	457,920
2008	494,950

(Continued)

NORTH DAKOTA 526 NORTHWEST
 NORTHWEST COMMUNICATIONS COOPERATIVE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2003 and 2002

15 Mortgage notes (Continued)

RUS notes:

A summary of the outstanding long-term debt represented by mortgage notes payable to the Rural Utilities Service is as follows.

	December 31,	
	2003	2002
2% notes due July, 2004 to February, 2018	\$ 2,699,552	\$ 2,979,630
5% notes due February, 2017* to October, 2021	3,814,523	3,868,379
5.2775% note due February, 2017 *	1,036,000	1,036,000
	7,550,075	7,884,009
Less advance payments	(137,888)	(295,844)
	7,412,187	7,588,165
Less current maturities	(493,455)	(333,832)
Total	\$ 6,918,732	\$ 7,254,333

* The RUS has not determined the maturity dates which will be based on the average life of the assets purchased with the loan funds. The term has been estimated at 15 years.

The RUS notes are secured by a mortgage on substantially all of the telephone plant. As of December 31, 2003 and 2002 there were unadvanced funds of \$3,859,553 and \$3,859,553, respectively

Principal and interest installments on the 5% and 5.2775% notes are due monthly in equal amounts of approximately \$20,568 and \$4,600; and the 2% notes are due quarterly in equal amounts of approximately \$84,973. This includes interest installments only on the 2002 notes (\$3,032,447 of the 5% notes and the 5.2775% note) with principal payments expected to begin in 2004. The principal maturities of long-term debt, for each of the five years succeeding the balance sheet date, are as follows assuming a 15 year term with principal payments beginning in January, 2004 on all 2002 notes:

2004	\$ 493,455
2005	478,340
2006	495,954
2007	513,151
2008	457,934

Advance payments of \$137,888 may be applied to the installments.

The long-term debt agreement with the RUS contains restrictions on payment of dividends and retirement of capital. The restrictions are related in general to the Cooperative's adjusted net worth and assets as defined in said agreements and the restrictions on investment in affiliates.

(Continued)

NORTH DAKOTA 526 NORTHWEST
 NORTHWEST COMMUNICATIONS COOPERATIVE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2003 and 2002

15 Mortgage notes (Continued)

RTB note:

A summary of the outstanding long-term debt represented by mortgage note payable to the Rural Telephone Bank is as follows:

<u>Note number</u>	<u>Interest rate</u>	<u>Maturity date</u>	<u>December 31,</u>	
			<u>2003</u>	<u>2002</u>
R010	6.05% *	02-01-17 **	\$ 603,750	\$ 603,750
Less current maturities			<u>(25,506)</u>	<u>-</u>
Total			<u>\$ 578,244</u>	<u>\$ 603,750</u>

* This is a variable rate loan (rate at December 31, 2003) until principal payments begin.

** RTB has not determined the maturity date which will be based on the average life of the assets purchased with the loan funds. The term has been estimated at 15 years.

The RTB note is secured by a mortgage on substantially all of the telephone plant. Interest installments are due monthly of approximately \$3,100. Principal payments are expected to begin in 2004.

The principal maturities for each of the five years succeeding the balance sheet date are as follows assuming a 15 year term with principal payments beginning in January, 2004.

2004	\$ 25,506
2005	27,093
2006	28,778
2007	30,568
2008	32,470

(Continued)

NORTH DAKOTA 526 NORTHWEST
 NORTHWEST COMMUNICATIONS COOPERATIVE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2003 and 2002

16. Lease commitments and operating leases

The Cooperative has leases on tracts of land which are used as tower sites for Wireless TV and cellular phone service. The Cooperative is committed to pay rentals on this property over the next 87 and 91 years, respectively. The rental commitments are as follows:

Year ending December 31, 2004	\$ 1,175
Year ending December 31, 2005	1,175
Year ending December 31, 2006	1,175
Year ending December 31, 2007	1,175
Year ending December 31, 2008	1,175
Five years ending December 31, 2013	5,875
Five years ending December 31, 2018	5,875
Five years ending December 31, 2023	5,875
Remaining 71 years ending December 31, 2094	<u>81,550</u>
	<u>\$ 105,050</u>

17. Deferred credits

The composition of deferred credits is as follows

	December 31,	
	2003	2002
Deferred dental plan	\$ 10,867	\$ 11,562
Flex plan	<u>599</u>	<u>28</u>
Total	<u>\$ 11,466</u>	<u>\$ 11,590</u>

(Continued)

NORTH DAKOTA 526 NORTHWEST
 NORTHWEST COMMUNICATIONS COOPERATIVE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2003 and 2002

18. Patronage capital

Patronage capital consisted of:

	December 31,	
	2003	2002
Assignable	\$ 627,024	\$ 1,575,899
Assigned to date	18,776,980	17,201,081
	19,404,004	18,776,980
Less retirements to date	(8,856,741)	(8,126,034)
Total	\$ 10,547,263	\$ 10,650,946

Supplement to RUS Bulletin 402-1, 2-13-78, contains restrictions on the payment of dividends and other distributions. The Bulletin Supplement allows distributions of up to 60% of net margins since December 31, 1976, subject to minimum adjusted net worth; or 25% of net margins in the preceding calendar year. Under the first provision, approximately \$2.6 and \$2.3 million of accumulated net margins were available for distribution at December 31, 2003 and 2002, respectively. Capital credit retirements in the amounts of \$731,237 and \$676,731 were paid in 2003 and 2002, respectively.

19. Other equities

Other equities consisted of:

	December 31,	
	2003	2002
Retired capital credits - gain (loss)	\$ (585)	\$ (55)
Donated capital	523	523
Total	\$ (62)	\$ 468

(Continued)

NORTH DAKOTA 526 NORTHWEST

NORTHWEST COMMUNICATIONS COOPERATIVE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2003 and 2002

20. Pension plan

Pension benefits are provided for substantially all employees. The Cooperative's policy is to fund all pension costs accrued through participation in the National Telecommunications Cooperative Association (NTCA) Retirement and Security Program, a multi-employer plan. The Cooperative contributes 8.9% and each participant contributes 4.2% of W-2 salary. The payrolls used for the pension calculations for employees covered by the program for the years ended December 31, 2003 and 2002 were \$1,563,052 and \$1,480,211, respectively.

All Cooperative employees are eligible to participate in the program on the January 1st or July 1st coincident with or next following the date six months after their date of employment. Employees who retire at or after age 65 or qualify under the rule of 85 are entitled to a retirement benefit equal to the contribution rate multiplied by .2105% multiplied by average-high-five salary. Average-high-five salary is the employee's average salary of the five years in which his salary was the highest during his last ten years of credited service. Benefits fully vest at the time of contribution. Vested employees may retire at or after age 55 and receive reduced retirement benefits. The Program also provides death and disability benefits.

Because the Cooperative participates in a multi-employer defined benefit plan, information regarding benefit obligations, fair value of assets, funded status, benefit payments, net periodic benefit cost, and the assumptions used in measurement for employees of the Cooperative is not available. The contribution requirement for the year ended December 31, 2003 was \$212,310, which consisted of \$146,654 from the Cooperative and \$65,656 from employees; these contributions represented 13.6% of covered payroll. The contribution requirement for the year ended December 31, 2002 was \$201,027, which consisted of \$138,858 from the Cooperative and \$62,159 from employees; these contributions represented 13.5% of covered payroll.

The employees of the Cooperative also participate in a supplemental savings plan. Covered employees may contribute up to one hundred percent of effective salary as a post-tax contribution and one hundred percent of effective salary as a salary reduction contribution. The Cooperative is required to contribute two and a half percent of the salary of each participant employed. Benefits fully vest at the time of contribution. The contribution requirement for the year ended December 31, 2003 was \$126,123 which consisted of \$39,451 from the Cooperative and \$86,672 from employees. The contribution requirement for the year ended December 31, 2002 was \$130,162 which consisted of \$33,785 from the Cooperative and \$96,377 from employees.

21. Post-retirement benefits other than pensions

Northwest Communications Cooperative has a defined benefit retiree health plan covering most employees. The plan provides health coverage from the date of retirement (must meet the rule of 85) to age 65. Health benefits are provided for the most part, through participation in the NTCA health insurance plan which provides comprehensive hospital, surgical and major medical benefit provisions subject to various cost sharing features. Benefits have not been prefunded and the plan is noncontributory.

(Continued)

NORTH DAKOTA 526 NORTHWEST
 NORTHWEST COMMUNICATIONS COOPERATIVE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2003 and 2002

21. Post-retirement benefits other than pensions (Continued)

In 1994, Northwest Communications Cooperative adopted SFAS #106, which requires accrual accounting for all post-retirement benefits other than pensions. The Cooperative elected to amortize the initial liability related to employee service rendered to date by amortizing that amount to income over 20 years. This new standard had no effect on the Cooperative's cash flows or liquidity. Prior to 1994, the cost of providing health care benefits to retired employees was recognized as an expense as premiums were paid.

The following table summarizes the benefit obligations, the fair value of assets and the funded status over the years ended December 31:

	<u>2003</u>	<u>2002</u>
Benefit obligation at December 31	\$ 74,201	\$ 58,277
Fair value of plan assets at December 31	<u>-</u>	<u>-</u>
Funded status at December 31	<u>\$ (74,201)</u>	<u>\$ (58,277)</u>

The amounts of contributions and benefits payable from the plan is as follows:

	<u>2003</u>	<u>2002</u>
Employer contributions	\$ 12,074	\$ -
Participant contributions	-	-
Benefit payments	(12,074)	-

The following table provides the amounts recognized in the balance sheet as of December 31:

	<u>2003</u>	<u>2002</u>
Prepaid benefit cost	\$ -	\$ -
Accrued benefit liability	(108,320)	(106,103)
Intangible asset	-	-
Accumulated other comprehensive income	<u>-</u>	<u>-</u>
Net amount recognized	<u>\$ (108,320)</u>	<u>\$ (106,103)</u>

(Continued)

NORTH DAKOTA 526 NORTHWEST
 NORTHWEST COMMUNICATIONS COOPERATIVE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2003 and 2002

21. Post-retirement benefits other than pensions (Continued)

The plan has no plan assets. The aggregate benefit obligation for the plan is \$74,201 and \$58,277 as of December 31, 2003 and 2002, respectively.

The following table provides the net periodic benefit cost for December 31:

	2003	2002
Net periodic benefit cost	\$ 10,469	\$ 3,939

The assumptions used in the measurement of the Cooperative's benefit obligation are shown in the following table:

	2003	2002
Weighted-average assumptions as of December 31:		
Discount rate	6.5%	6.5%
Expected return on plan assets	-	-
Rate of compensation increase	6.0%	6.0%

For measurement purposes, a 9.0% and 6.5% weighted average health care cost trend rate was assumed for 2003 and 2002, respectively. The rate was assumed to gradually decline each year to an ultimate rate in 2006 of 5.5%.

22. Concentrations of credit risk

Northwest Communications Cooperative, located in Ray, North Dakota, provides telephone, internet and television service to a portion of northwestern North Dakota. The Cooperative grants credit to customers located within this service area.

Access charges represent 73% and 79% of the total revenue for 2003 and 2002, respectively.

23. Related party transactions

The Cooperative has \$20,599 and \$26,115 due from officers, directors and employees at December 31, 2003 and 2002, respectively, under an employee benefit loan program for the purchase of computers.

(Continued)

NORTH DAKOTA 526 NORTHWEST
NORTHWEST COMMUNICATIONS COOPERATIVE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2003 and 2002

24 Subsequent events

The Cooperative purchased a local number portability package for their switch for approximately \$70,000.

25. Contingency and commitment

The Cooperative has a contingent liability as co-signer on a \$45,000 loan.

The Cooperative elected to pay the surcharge for the underfunded pension plan, rather than reduce employee benefits. The commitment is approximately \$40,000 for 2004 and the surcharge could be in effect for four years.

SUPPLEMENTARY INFORMATION

NORTH DAKOTA 526 NORTHWEST
 NORTHWEST COMMUNICATIONS COOPERATIVE
 STATEMENTS OF REVENUE - CABLE TELEVISION ACTIVITIES

Schedule 1

	<u>Years ended December 31,</u>	
	<u>2003</u>	<u>2002</u>
<u>Operating revenues:</u>		
General service	\$ 526,050	\$ 490,572
Premium service	24,066	28,643
Other operating	18,048	10,679
Rural TV	<u>2,417</u>	<u>2,867</u>
	<u>570,581</u>	<u>532,761</u>
 <u>Operating expenses:</u>		
Plant specific operations	81,205	95,458
Programming and other	242,430	211,742
Depreciation	84,698	87,833
Customer operations	16,862	14,412
Corporate operations	16,990	18,667
Other operating	3,370	1,406
Operating taxes	<u>1,847</u>	<u>1,835</u>
	<u>447,402</u>	<u>431,353</u>
 <u>Net income for the period</u>	 <u>\$ 123,179</u>	 <u>\$ 101,408</u>

The accompanying notes are an integral
 part of the financial statements.

NORTH DAKOTA 526 NORTHWEST
 NORTHWEST COMMUNICATIONS COOPERATIVE
 STATEMENTS OF REVENUE - WIRELESS TELEVISION ACTIVITIES

Schedule 2

	<u>Years ended December 31.</u>	
	<u>2003</u>	<u>2002</u>
<u>Operating revenues:</u>		
General service	\$ 180,260	\$ 196,465
Premium service	-	4,231
Equipment lease	46,349	42,160
Other operating	1,951	1,453
Miscellaneous service	<u>5,653</u>	<u>6,655</u>
	<u>234,213</u>	<u>250,964</u>
 <u>Operating expenses:</u>		
Plant specific operations	39,003	59,829
Plant nonspecific operations	20,199	17,474
Amortization and depreciation	29,745	73,480
Customer operations	14,176	17,050
Corporate operations	18,328	19,859
Programming and other operating	69,015	72,336
Operating rents	545	503
Operating taxes	<u>6,377</u>	<u>6,410</u>
	<u>197,388</u>	<u>266,941</u>
 <u>Net income (loss) for the period</u>	 <u>\$ 36,825</u>	 <u>\$ (15,977)</u>

The accompanying notes are an integral
 part of the financial statements.

NORTH DAKOTA 526 NORTHWEST
 NORTHWEST COMMUNICATIONS COOPERATIVE
 STATEMENTS OF REVENUE - OTHER NONREGULATED INVESTMENTS

Schedule 3

	<u>Years ended December 31,</u>	
	<u>2003</u>	<u>2002</u>
<u>Operating revenues:</u>		
Internet service	\$ 1,015,519	\$ 1,057,651
Sales of equipment	22,400	22,457
Maintenance service	61,224	65,785
Equipment lease	32,523	36,635
Cellular installation/commission	230	3,169
	<u>1,131,896</u>	<u>1,185,697</u>
 <u>Operating expenses:</u>		
Internet	541,076	460,590
Amortization and depreciation	397,188	311,192
Customer operations	349,282	325,472
Corporate operations	22,031	66,228
Other repairs	30,380	46,122
Installation/maintenance	31,797	29,535
Plant nonspecific operations	1,918	5,849
Cellular	-	467
Other operating	358	-
	<u>1,374,030</u>	<u>1,245,455</u>
 <u>Net income (loss) for the period</u>	<u>\$ (242,134)</u>	<u>\$ (59,758)</u>

The accompanying notes are an integral
 part of the financial statements.



**VOLLER, BRAKEY, LEE,
STILLWELL & SUESS, CPA'S, P.C.**

Certified Public Accountants

POST OFFICE BOX 1387
WILLISTON, NORTH DAKOTA 58802-1387

February 20, 2004

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROLS
OVER FINANCIAL REPORTING**

Board of Directors
Northwest Communications Cooperative
Ray, North Dakota

We have audited the consolidated financial statements of Northwest Communications Cooperative and subsidiary as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated February 20, 2004. 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 Northwest Communications Cooperative and subsidiary'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 Northwest Communications Cooperative and subsidiary'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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Northwest Communications Cooperative and subsidiary's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Board of Directors
Page 2
February 20, 2004

We would like to point out that in a Cooperative and subsidiary with a small office staff such as this, almost all responsibilities and control center around one or two people. This leads to much less internal control than would be expected with a larger Cooperative and subsidiary where duties can be segregated. This situation is an inherent weakness in internal control.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the board of directors, management, 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.

*Voller, Brakey, Lee,
Stillwell + Suess, CPA's, P.C.*

VOLLER, BRAKEY, LEE,
STILLWELL & SUESS, CPA's, P C.



**VOLLER, BRAKEY, LEE,
STILLWELL & SUESS, CPA'S, P.C.**

Certified Public Accountants

POST OFFICE BOX 1387
WILLISTON, NORTH DAKOTA 58802-1387

February 20, 2004

INDEPENDENT AUDITORS' MANAGEMENT LETTER

Board of Directors
Northwest Communications Cooperative
Ray, North Dakota

We have audited the consolidated financial statements of Northwest Communications Cooperative and subsidiary for the year ended December 31, 2003 and have issued our report thereon dated February 20, 2004. We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States of America 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 consolidated financial statements are free of material misstatement.

In planning and performing our audits of the consolidated financial statements of Northwest Communications Cooperative and subsidiary for the year ended December 31, 2003, we considered the internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated 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 consolidated 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 that we consider to be a material weakness.

Section 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 consolidated 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 structure over financial reporting, compliance with specific RUS loan and security instrument provisions, 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 1773.33 (e)(2) and related party transactions and investments. In addition, our audit of the financial statements also included the procedures specified in 7 CFR 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 provisions, or additional matters, and accordingly, we express no opinion thereon.

No reports (other than our independent auditors' report and our independent auditors' report on compliance and on internal control over financial reporting, all dated February 20, 2004) 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 1773.33 are presented below.

Comments on certain specific aspects of the internal control over financial reporting

We noted no matters regarding Northwest Communications 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, materials, and overhead costs, and the distribution of these costs to construction, retirement, and maintenance or other expense accounts;
- The materials control.

Comments on compliance with specific RUS loan and security instrument provisions

At your request, we have performed the procedures enumerated below with respect to compliance with certain provisions of laws, regulations, contracts and grants. 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, agreement or lease between the borrower and an affiliate of Northwest Communications Cooperative for the year ended December 31, 2003:
 1. Obtained and read a borrower prepared schedule of new written contracts, agreements or leases entered into during the year between the borrower and an affiliate as defined in 7 CFR 1773.33 (e)(2)(i).
 2. Reviewed board of director minutes to ascertain whether board-approved written contracts are included in the borrower prepared schedule.
 3. Noted the existence of written RUS and other mortgagee approval of each contract listed by the borrower.
- Procedure performed with respect to the requirement to submit RUS Form 479 to the RUS:
 1. Agreed amounts reported in Form 479 to Northwest Communications Cooperative's records.

The results of our tests indicate that, with respect to the items tested, Northwest Communications Cooperative complied, except as noted below, in all material respects, with the specific RUS loan and security instrument provisions referred to below. The specific provisions tested, as well as any exceptions noted, include the requirements that:

- The borrower has obtained written approval of the RUS and other mortgagees to enter into any contract, agreement or lease with an affiliate as defined in 7 CFR 1773 33(e)(2)(i); and
- The borrower has submitted its Form 479 to the RUS and the Form 479, Financial and Statistical Report, as of December 31, 2003, represented by the borrower as having been submitted to RUS is in agreement with Northwest Communications Cooperative's audited records in all material respects and appears reasonable based upon the audit procedures performed.

Comments on other additional matters

In connection with our audit of the consolidated financial statements of Northwest Communications Cooperative and subsidiary, nothing came to our attention that caused us to believe that Northwest Communications Cooperative and subsidiary failed to comply with respect to:

- The reconciliation of continuing property records to the controlling general ledger plant accounts addressed at 7 CFR 1773 33(c)(1);
- The clearing of the construction accounts and the accrual of depreciation on completed construction addressed at 7 CFR 1773.33(c)(2),
- The retirement of plant addressed at 7 CFR 1773.33(c)(3) and (4);

- The approval of the sale, lease or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap addressed at 7 CFR 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, 2003, in the consolidated financial statements referenced in the first paragraph of this report addressed at 7 CFR 1773.33(e); and
- The 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 1773 33 (i), and 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.

Schedule of investments

	<u>DCN, LLC</u>	<u>NCC Enterprises, Inc</u>	<u>North Dakota Long Distance, LLC</u>	<u>Northwest Dakota Cellular, Inc</u>	<u>Skyland Technologies, Inc</u>	<u>Total</u>
Original investment cost	\$ 105,000	\$ 5,000	\$ 140,000	\$ 625	\$ 350,000	\$ 600,625
Investment advances/ capital calls as of 12/31/02	821,135	-	-	57,111	-	878,246
Stock purchased as of 12/31/02	-	-	-	-	150,000	150,000
Dividends as of 12/31/02	-	-	156,000	-	-	156,000
Undistributed earnings (losses) as of 12/31/02	(389,706)	-	472,326	-	-	82,620
Book value of investment as of 12/31/02	536,429	5,000	456,326	57,736	500,000	1,555,491
Investment advances/ capital calls during 2003	-	-	-	-	-	-
Stock purchased during 2003	-	-	-	-	-	-
Stock sold during 2003	-	-	-	-	500,000	500,000
Dividends during 2003	31,843	-	100,000	-	-	131,843
Undistributed earnings (losses) during 2003	180,777	-	49,173	-	-	229,950
Book value of investment as of 12/31/03	\$ 685,363	\$ 5,000	\$ 405,499	\$ 57,736	\$ -	\$ 1,153,598

Schedule of investments (Continued)

DCN, LLC is a limited liability company providing a statewide fiber optic transport network. The Cooperative owns a 7% interest in the company and accounts for the investment on the equity basis.

NCC Enterprises, Inc. is a wholly owned subsidiary holding company. The investment is accounted for on the equity basis.

North Dakota Long Distance, LLC is a limited liability company providing long distance telephone service. The Cooperative owns a 10% interest in the company and accounts for the investment on the equity basis.

Northwest Dakota Cellular, Inc. has a 51% partnership interest in Northwest Dakota Cellular of North Dakota Limited Partnership. Northwest Dakota Cellular of North Dakota Limited Partnership is a limited partnership providing cellular telephone services. The Cooperative owns a 2.6% interest in Northwest Dakota Cellular, Inc. and accounts for the investment on the cost basis.

Skyland Technologies, Inc. was a corporation providing competitive local exchange carrier telephone services. The Cooperative owned a 21% interest in the corporation and accounted for the investment on the cost basis. The Cooperative also had a short-term promissory note from the corporation in the amount of \$290,000.

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

*Voller, Brakey, Lee,
Stillwell + Suess, CPA's, P.C.*

VOLLER, BRAKEY, LEE,
STILLWELL & SUESS, CPA's, P.C.

PU-04-565; PU-04-635

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> 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. 	A Signature <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee <i>Amy Johnson</i>	
1. Article Addressed to: <i>Mark R Stenejem</i> <i>314 1st Ave East</i> <i>Williston ND 58802-1366</i>	B Received by (Printed Name) <i>Amy Johnson</i>	C Date of Delivery <i>2/25</i>
	D Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below. <input type="checkbox"/> No	
2. Article Number (Transfer from service label)	7003 2260 0001 3517 9596	
	PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540	
3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.		
4 Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes		

PU-04-565; PU-04-635

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> 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. 	A Signature <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee <i>Sheri Simpson</i>	
1. Article Addressed to: <i>Dwight Schmitt</i> <i>Northwest Communications Corp</i> <i>PO Box 38</i> <i>Ray ND 58849-6038</i>	B Received by (Printed Name) <i>Sheri Simpson</i>	C Date of Delivery <i>2-25-05</i>
	D Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below <input checked="" type="checkbox"/> No	
2. Article Number (Transfer from service label)	7003 2260 0001 3517 9602	
	PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540	
3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.		
4 Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes		