

DIVIDER

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

| |
|--|
| |
|--|

DESCRIPTION

PU-04-635
Northwest Communications Cooperative a Cooperative
Designated Eligible Carrier
Application 04
Filed 11/29/2004 **Closed 2/23/2005**

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*

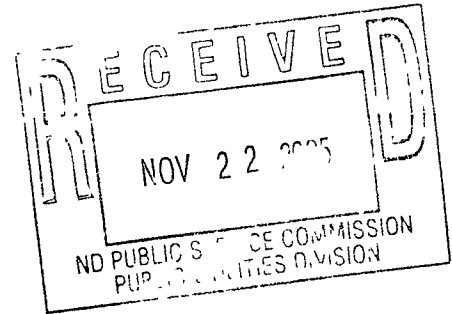
*ALSO ADMITTED IN MONTANA
**CERTIFIED CIVIL TRIAL SPECIALIST

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.

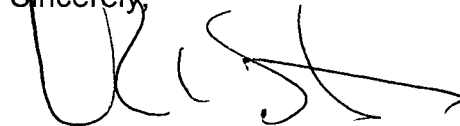
It is our understanding that all necessary action has now been taken by the parties and all necessary Federal approvals have been obtained and that a Certificate of Public Convenience and Necessity will be issued to Northwest Communications Cooperative to provide incumbent local exchange telecommunications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

A handwritten signature in black ink, appearing to read "Mark L. Stenehj", with a long horizontal flourish extending to the right.

MARK L. STENEHJEM
Attorney for Northwest Communications

MLS lf

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
P O BOX 1366
WILLISTON, NORTH DAKOTA 58802-1366
PHONE (701) 577-6771 / FAX (701) 577-2163

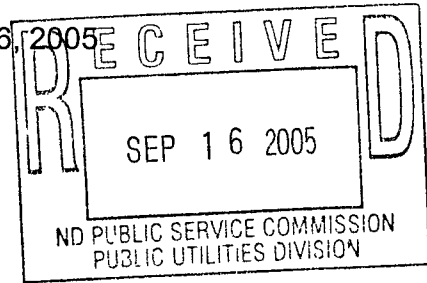
MARK L. STENEHJEM*
LAUREL J. FORSBERG*
VALESKA A. HERMANSON*

*ALSO ADMITTED IN MONTANA
**CERTIFIED CIVIL TRIAL SPECIALIST

TAMMY LaCROSSE, PARALEGAL

BRANCH OFFICE LOCATED IN WATFORD CITY, ND

September 16, 2005



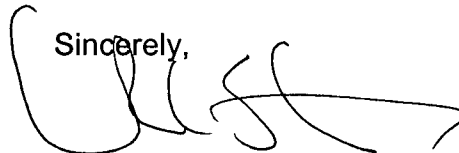
Public Service Commission
ATTN: Public Utilities Section
State Capitol
600 East Boulevard Avenue
Bismarck, ND 5850-0480

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 If

22 PU-04-565 Pages 7 Tel: 004 17 PU-04-635 ✓ Pages 7

Copies of public notices issued by FCC

Copies of public notices issued by FCC

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

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>
<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 Red 8507, 8511-14 (CCB/IB/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 to 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**
PU-04-635

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
KMF

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

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

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,

A handwritten signature in cursive script, appearing to read "Gloria Geiger".

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 Stenehjem
314 1st Ave East
Williston ND 58802-1366

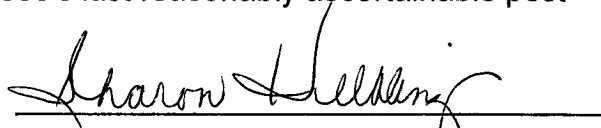
Cert. No. 7003 2260 0001 3517 9596

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.

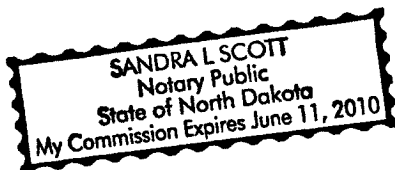
Subscribed and sworn to before me
this **23rd day of February, 2005**.





Notary Public

SEAL



15 PU-04-635

Pages 1

Affidavit of Service

by Public Service Commission

02/23/2005C Comm Legal Ilona Jerry Annette, Mike

APPROVED

MOTION

2-22-05
KMF

February 22, 2005

**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

- 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

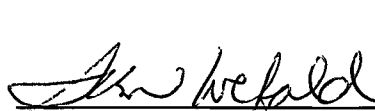
1 The application of Northwest Communications Cooperative for a certificate of public convenience and necessity to provide incumbent local exchange telecommunications services in the Noonan exchange area is approved, effective with the date that the asset acquisition transaction is complete. A certificate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

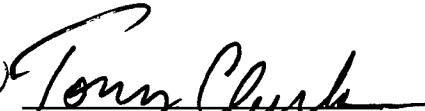
2 Northwest Communications Cooperative's application to expand its designated eligible carrier status is granted and NCC is designated as an eligible telecommunications carrier in the Noonan exchange area effective with the issuance of a certificate of public convenience and necessity and receipt of 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.

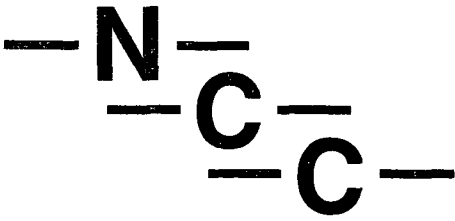
4 Noonan Farmers Telephone Company of North Dakota will no longer be designated as an ETC for the Noonan exchange effective upon NFTC's relinquishing its certificate of public convenience and necessity for the Noonan exchange

PUBLIC SERVICE COMMISSION


Susan E. Wefald
Commissioner


Tony Clark
President


Kevin Cramer
Commissioner



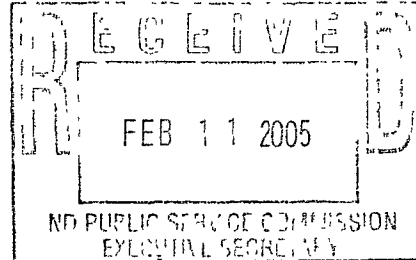
Northwest Communications Cooperative

P.O. 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 Stefonowicz
David Nace

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.

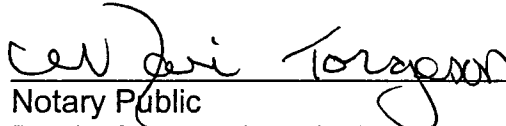
DATED this 11 day of February, 2005.



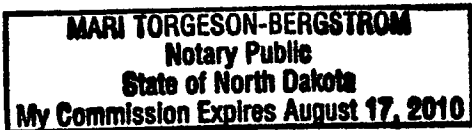
DWIGHT SCHMITT

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

(SEAL)



Notary Public
Divide County, North Dakota
My Commission Expires:



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,

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

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*

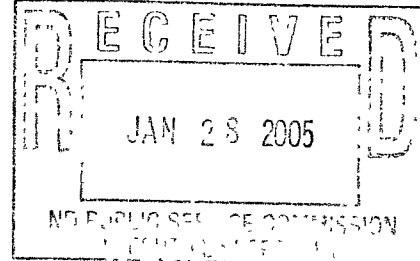
*ALSO ADMITTED IN MONTANA
**CERTIFIED CIVIL TRIAL SPECIALIST

TAMMY LaCROSSE, PARALEGAL

BRANCH OFFICE LOCATED IN WATFORD CITY, ND

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 read "M. Stenehjem".

MARK L. STENEHJEM

MLS lf

cc Michel Stefonowicz
David Nace

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

13 **PU-04-565**

Pages 22

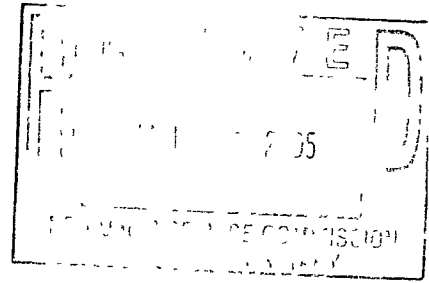
Affidavit of Arvin Larson & exhibits
by Northwest Communications Cooperative a Cooper
01/28/2005C Comm Legal Ilona Jerry, Annette Mike

9 **PU-04-635** ✓

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 |

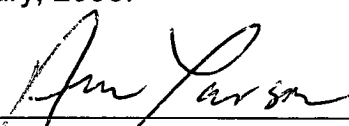
4. The members of the board of directors are all leaders in their respective communities. They are also active in state and national telecommunications associations. Director Brothen currently serves as a director of the National Information Solutions Cooperative (NISC) representing telecommunications 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)

Mari Torgeson Bergstrom
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 | Crosby to Noonan | Dial Directory Number |
| Williston 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.

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 \$5.25 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**
- **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.

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.

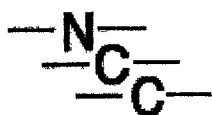
Caller ID-On Call Waiting box—name & number.

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

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 | | Crosby to Noonan | . Dial Directory Number |
| Williston | ...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.

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 | FEBRUARY 2003 DEC 15 2004 | | SPECIAL USE ONLY |
| SECTION A - PAYER INFORMATION | | | FCC USE ONLY |
| (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 _____ | |

SEE PUBLIC BURDEN ON REVERSE

FCC FORM 159

FEBRUARY 2003 (REVISED)

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
ALJ 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**

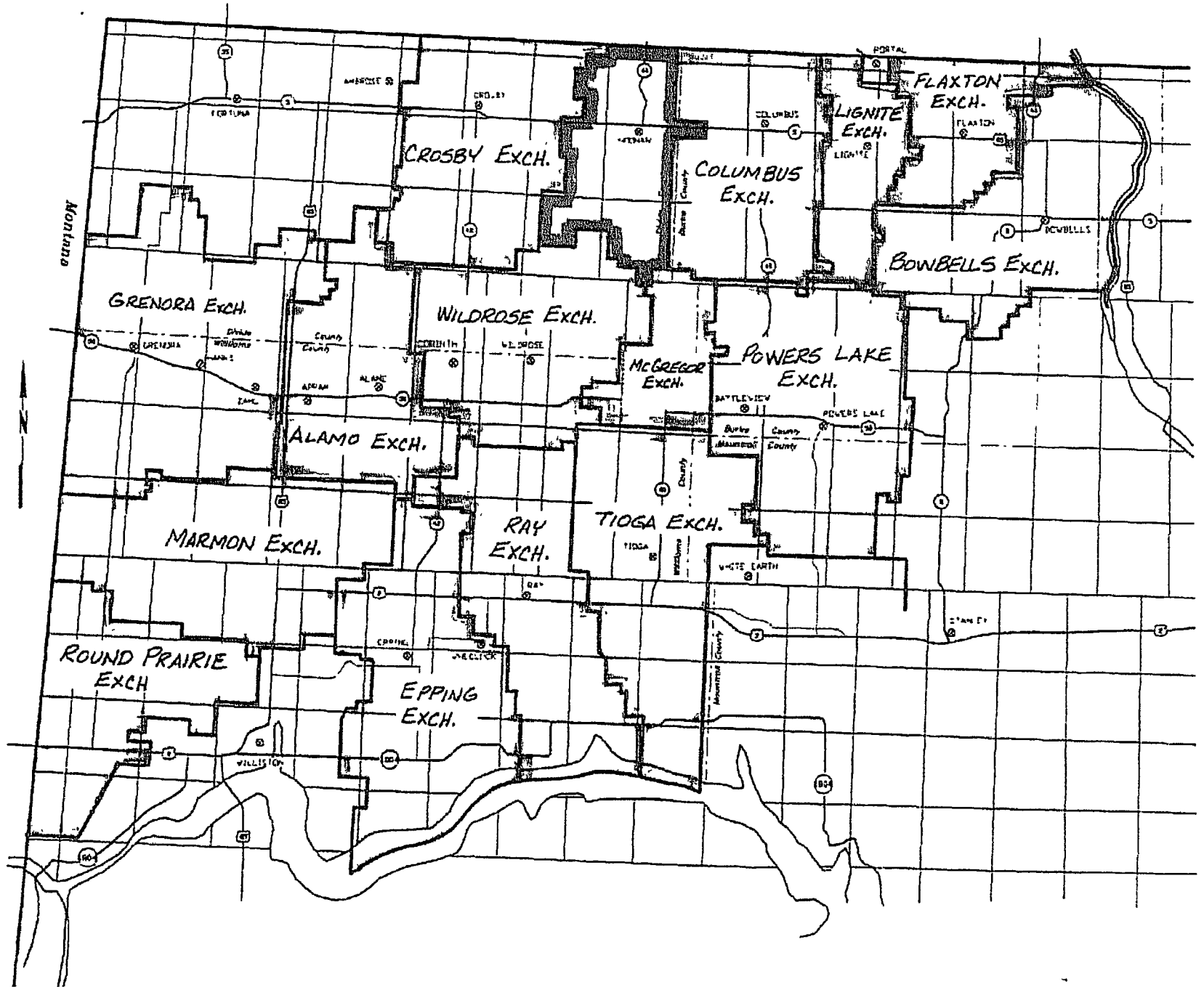
By:  _____
David L. Nace

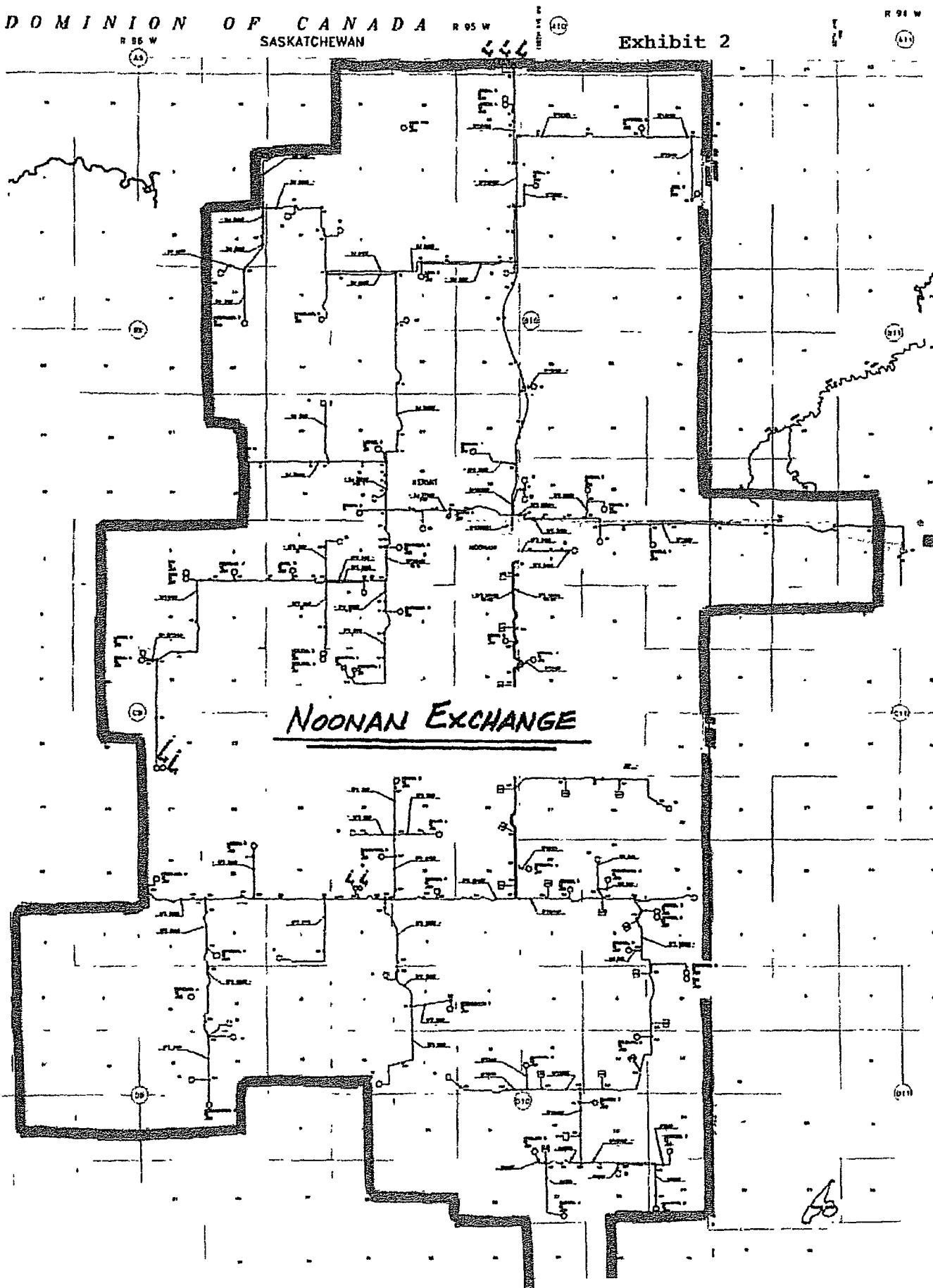
Their Attorney

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

December 15, 2004

Exhibit 1





— NORTHWEST —

— COMMUNICATIONS —

— COOPERATIVE —

PO BOX 38
RAY, ND 58849-0038

"Bringing Modern Communications to Northwest North Dakota"

PLEASE DETACH AND RETAIN

No. 28037

| 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

FEDERAL COMMUNICATIONS COMM

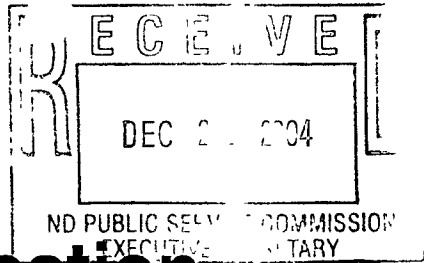
DC 22102

PAY
TO THE
ORDER
OF

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

Dwight L. H.
Mike Steffen

⑈ 28037⑈ ⑆ 091310770⑆ 5001004⑈



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.

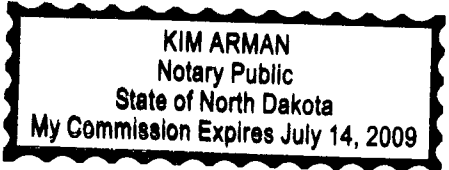
Signed: Colleen Park

State of ND

County of Burleigh

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

Kim Arman



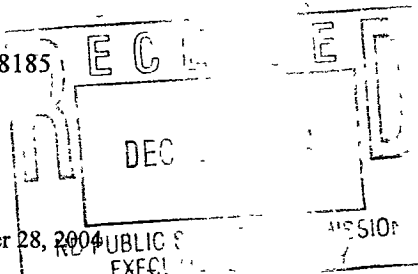
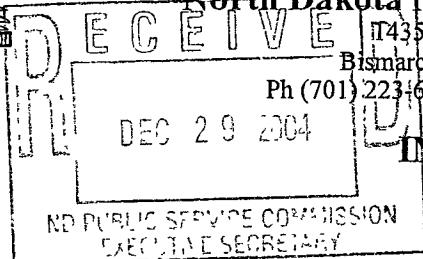
10 PU-04-565 Pages 1
Affidavit of Publication
by North Dakota Advertising Service, Inc
12/29/2004 Comm. Legislation Jerry, Annette, Mike

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



North Dakota Newspaper Association

17435 Interstate Loop
Bismarck, ND 58503-0567
Ph (701) 223-6397 • Fax (701) 223-8185



INVOICE

Order **20034-04124PPI** 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 # 20034-04124PPI-49392 PO# PU-04-565, 635

| Ad Size | Rate Type | Rate | Total | Discount (%) | Caption | 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 Advertsing Service, Inc
12/29/2004C Comm Legal Illona Jerry, Annette, Mike

State Of North Dakota
Public Service Commission
Notice Of Opportunity For Hearing
December 15, 2004
Case No: PU-04-635

Crosby

12-22

Williston

12-20

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 Stenehjelm
314 1st Ave East
Williston ND 58802-1366

Cert. No. 7003 2260 0001 3517 1439

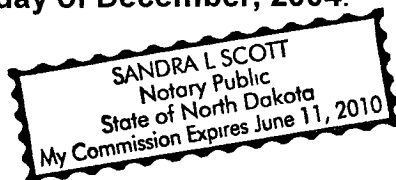
Dwight Schmitt
Northwest Communications Coop
P O Box 38
Ray ND 58849-0038

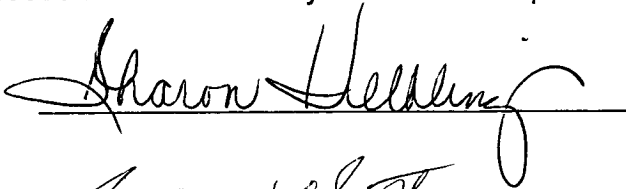
Cert. No. 7003 2260 0001 3517 1446

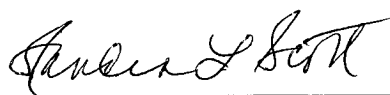
Each address shown is the respective addressee's last reasonably ascertainable post office address

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

SEAL







Notary Public

7 **PU-04-635**

Pages 15

Affidavits of Service

by Public Service Commission

12/16/2004C Comm Legal Ilona 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 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:

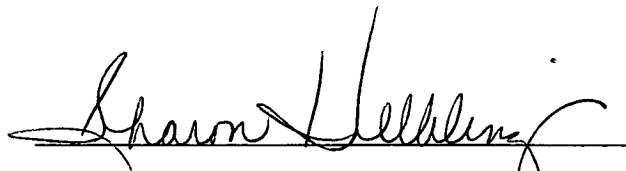
Notice of Opportunity for Hearing

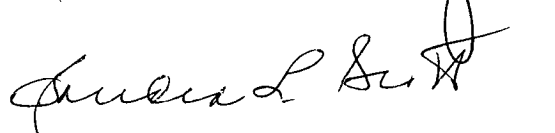
The envelopes were addressed as follows:

See Attached List

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

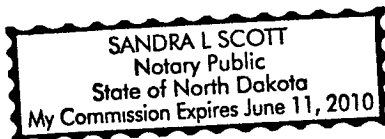
Subscribed and sworn to before me
this **16th day of December, 2004**.





Notary Public

SEAL



mariep@telcogroupinc.com
Marie Pierre-Paul

wbrudvik@ohnstadlaw.com
William Brudvik

dennis.kelley@reconex.com
Dennis Kelley
1-800-Reconex Inc
2500 Industrial Ave
Hubbard OR 97032

jlchapman@acomminc.com
Jerry Chapman
Acomm Inc
510 1st Ave N Ste 203
Minneapolis MN 55403-0343

janetkeller@att.com
Janet Browne
AT&T
1875 Lawrence St 14th Fl
Denver CO 80202

jcremer@bantzlaw.com
James Cremer
Bantz Gosh & Cremer LLC
305 6th Ave SE
Aberdeen SD 57402-0970

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

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

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

linda.gilmore@broadwing.com
Linda Gilmore
Broadwing Communications LLC
1122 S Capital of TX Hwy
Austin TX 78746-6426

mannawiz@pacbell.net
Larry Manna
Compuwiz
1012 Industrial Blvd
South Lake Tahoe CA 96150

sheba.chacko@btna.com
Sheba Chacko
Concert Communications Sales LLC
11440 Commerce Park Dr
Reston VA 20191

bryan@consolidatedtelcom.com
Bryan W Personne
Consolidated Telcom

paul@consolidatedtelcom.com
Paul Schuetzler
Consolidated Telcom
PO Box 1077
Dickinson ND 58601-1077

ken@consolidatedtelcom.com
Paul Schuetzler
Consolidated Telcom
PO Box 1077
Dickinson ND 58601-1077

mjrasher@msn.com
Mary Jane Rasher
DCI Group

drtc@drtel.net
Mark Scallon
Dickey Rural Telephone Cooperative
PO Box 69
Ellendale ND 58436-0069

lhankins@covad.com
Lynn Hankins
DIECA Communications Inc
7901 Lowry Blvd
Denver CO 80202

bgipson@vartec.net
Becky Gipson
Excel Telecommunications Inc
1600 Viceroy Dr
Dallas TX 75235

meredith.gifford@ge.com
Meredith Gifford
GE Business Productivity Solutions Inc
3225 Cumberland Blvd Ste 700
Atlanta GA 30339

glenn.richards@shawpittman.com
Glenn Richards
Glenn Richards
ShawPittman
2300 N St NW

cooperstown@mlgc.com
Ray Brown
Grieggs County Telephone Co
P O Box 506
Cooperstown ND 58425-0506

rlaqua@rrv.net
Ronald Laqua
Halstad Telephone Company
PO Box 55
Halstad MN 56548-0055

carl.billek@corp.idt.net
Carl Billek
IDT America, Corp.
520 Broad St 7th Fl
Newark NJ 07102

jamie@ignus.com
Jamie Kubik
Ignus Inc
P O Box 9202
Fargo ND 58106-9202

karen.johnson@integratelecom.com
Karen Johnson
Integra Telecom of North Dakota Inc
1201 NE Lloyd Blvd Ste 500
Portland OR 97232

kander@ictc.com
Keith Anderson
Inter-Community Telephone Company LLC
PO Box 8
Nome ND 58062-0008

sales@kmavradio.com
KMAV AM/FM RADIO
PO Box 216
Mayville ND 58257-0216

susan.p.green@lmco.com
Susan Green
Lockheed Martin Global Telecomm
12506 Lake Underhill Rd MP 836
Orlando FL 32825

Michel.singer_nelson@mci.com
Michel Singer-Nelson
MCI WorldCom Inc
707 17th St Ste 3600
Denver CO 80202

gerrya@midrivers.com
Gerry Anderson
Mid-Rivers Telephone Coop Inc
PO Box 280
Circle MT 59215-0280

2kathyg@nemontel.net
Kathy Greenwood
Missouri Valley Communications Inc
P O Box 600
Scobey MT 59263-0600

karen.collins@mdu.com
Karen Collins
Montana-Dakota Utilities Co
400 N 4th St
Bismarck ND 58501

sbunn@mlgc.com
Shelie Bunn
Moore & Liberty Telephone Co
Enderlin ND 58027

dhill@ndarec.com
Dennis Hill
ND Assn Rural Electric Coops
PO Box 727
Mandan ND 58554-0727

pschaner@ndarec.com
Patti Schaner
ND Assn Rural Electric Coops
PO Box 727
Mandan ND 58554-0727

2kathyg@nemontel.net
Kathy Greenwood
Nemont Telephone Cooperative Inc
Scobey MT 59263

jsilveira@netlojix.com
Janet Medeiros-Silveira
NetLoqix Telecom Inc
501 Bath St
Santa Barbara CA 93101

prieck@newaccess.cc
Pam Rieck
New Access Communications LLC

abussmann@newaccess.cc
New Access Communications LLC
801 Nicollet Ave Ste 350
Minneapolis MN 55402-2519

lclemens@nft.net
Larry Clemens
Noonan Farmers Tele Co
Noonan ND 58765

rer@norlight.com
Robert E Rogers
NorLight Inc
275 N Corporate Dr
Brookfield WI 53045

laurie.willman@nbne.info
Laurie Willman
North By NortheastCom LLC

pat@ndta.net
Patricia Gisinger
North Dakota Telephone Assoc
PO Box 2614
Bismarck ND 58502-2614

dwights@nccray.com
Dwight Schmitt
Northwest Communications Coop
PO Box 38
Ray ND 58849-0038

ddunning@polarcomm.com
David Dunning
Polar Commun Mut Aid Corp
PO Box 270
Park River ND 58270-0270

ddunning@polarcomm.com
David Dunning
Polar Telcom Inc
PO Box 270
Park River ND 58270-0270

ddunning@polarcomm.com
David Dunning
Polar Telecommunications Inc
PO Box T
Park River ND 58270

donn@srt.com
Don Negaard
Pringle and Herigstad P C
PO Box 1000
Minot ND 58702-1000

sschwan@qwest.com
Suzy Schwandt
Qwest Corporation

kblicke@qwest.com
Kent Blickensderfer
Qwest Corporation
PO Box 5508
Bismarck ND 58502-5508

melvin.kambeitz@qwest.com
Mel Kambeitz
Qwest Corporation
220 N 5th St
Bismarck ND 58501

smacint@qwest.com
Scott Macintosh
Qwest Corporation
PO Box 5508
Bismarck ND 58502-5508

karen.titzer@qwest.com
Karen Titzer
Qwest Corporation
1801 California St Rm 4700
Denver CO 80202

areyes@telfile.com
Ayanery Reyes
QX Telecom LLC
230 5th Ave Ste 800
New York NY 10001

pam@tnics.com
Pamela Harrington
RC Communications Inc
PO Box 197
New Effington SD 57255-0197

jeffolson@rrt.net
Jeff Olson
Red River Rural Tele Assoc
PO Box 136
Abercrombie ND 58001-0136

jeffolson@rrt.net
Jeff Olson
Red River Telecom Inc
PO Box 136
Abercrombie ND 58001-0136

royce@restel.net
Royce Aslakson
Reservation Telephone Cooperative
Parshall ND 58770

mbrestel@ndak.net
Marcia Burckhard
Reservation Telephone Cooperative
Parshall ND 58770

shaneh@restel.net
Shane Hart
Reservation Telephone Cooperative
Parshall ND 58770

pam@tnics.com
Pamela Harrington
Roberts Cty Tele Coop Assoc
New Effington SD 57255

suelh@srttel.com
Sue Hamilton
SRT Communications Inc
P O Box 2027
Minot ND 58702-2027

stevedl@srttel.com
Steve Lysne
SRT Communications Inc
P O Box 2027
Minot ND 58702-2027

christm@srttel.com
Chris Morsefield
SRT Communications Inc
P O Box 2027
Minot ND 58702-2027

janehp@srttel.com
Jane Petersen
SRT Communications Inc
P O Box 2027
Minot ND 58702-2027

johnar@srttel.com
John Reiser
SRT Communications Inc
P O Box 2027
Minot ND 58702-2027

kimrw@srttel.com
Kim Weydahl
SRT Communications Inc
P O Box 2027
Minot ND 58702-2027

mdickerson@state.nd.us
Marcy Dickerson
State Tax Department
State Capitol
Bismarck ND 58505

francie@talk.com
Francie McComb
Talk America Inc
12001 Science Dr Ste 130
Orlando FL 32826

lwh@thlglaw.com
Loubna W Haddad
The Helein Law Group LLP
8180 Greensboro Dr Ste 700
McLean VA 22102

lahall@usgs.gov
Lenora Hall
U S Geological Survey

kjvannin@usgs.gov
K Vannin
U S Geological Survey

jennifer.arnold@uslink.com
Jennifer Arnold
U S Link Inc
P O Box 327
Pequot Lakes MN 56472-0327

mspead@universalservice.org
Michael Spead
USAC
2120 L St NW Ste 600
Washington DC 20037

kander@ictc.com
Keith Anderson
Valley Communications Inc
P O Box 8
Nome ND 58062

bgipson@vartec.net
Becky Gipson
VarTec Solutions Inc
1600 Viceroy Dr
Dallas TX 75235

anthony.gillman@verizon.com
Anthony Gillman
Verizon Select Services Inc
P O Box 110
Tampa FL 33601-0110

bonniek@westriv.com
Bonnie Krause
West River Telecomm Coop
PO Box 467
Hazen ND 58545-0467

mickg@westriv.com
Mick Grosz
West River Telecommunications Coop
PO Box 467
Hazen ND 58545-0467

windfall_resources@sbcglobal.net
Robert K Lock
Windfall Resources International LLC
7144 BN Harlem Ave Ste 323
Chicago IL 60631

paulihland@wtc-mail.net
Paul Ihland
Wolverton Telephone Company
P O Box 270
Wolverton MN 56594-0270

Carolyn Fodor
Winstar Communications
21290 Melrose Ave
Southfield MI 48075-7901

Patrick Summers
360networks (USA) inc
867 Coal Creek Cir Ste 160
Louisville CO 80027-4670

ACN Communications Services Inc
32991 Hamilton Ct
Farmington Hills MI 48334

Arch Paging
11437 Valley View Rd
Eden Prairie MN 55344

Jack Medaris
Atlas Communications LTD
P O Box 807
Conshohocken PA 19428-0807

Jennifer Whitley
Business Discount Plan Inc
1 World Trade Ctr Ste 800
Long Beach CA 90831-0800

Scott Geston
Cable One of Fargo
P O Box 10624
Fargo ND 58106-0624

Robert Fallan
Coast International
14303 W 95th St
Lenexa KS 66215-5210

Murray Barr
Competitive Strategies Group Inc
164 N Euclid Ave
Oak Park IL 60302-2106

Consolidated Communications Networks
Inc
507 S Main
Dickinson ND 58601

Jennifer Sikes
1-800 Reconex
2500 Industrial Ave
Hubbard OR 97032

Ann Faught
Absaraka Co-op Tele Co
Absaraka ND 58002

Advanced Telcom Inc
19 Old Courthouse Sq
Santa Rosa CA 95404-4920

Kimberly Nielsen
AT&T Wireless
7277 164th Ave NE RTC-1
Redmond WA 98052

John Broten
Bell Atlantic Communications Inc
1320 N Court House Rd 9th Fl
Arlington VA 22201

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
Philadelphia PA 19102

Computer Integrated Communications Inc
8502 Bells Mill Rd
Potomac MD 20854-4071

Consolidated Telcom
PO Box 1077
Dickinson ND 58601-1077

Contact Communications
937 W Main St
Riverton WY 82501

Covista Inc
4803 Hwy 58
Chatanooga TN 37416

D D D Calling Inc
6300 Richmond Ave Ste 304
Houston TX 77057

Keith Larson
Dakota Central Tele Coop
PO Box 299
Carrington ND 58421-0299

Keith Larson
Dakota Central Telecom I
PO Box 299
Carrington ND 58421-0299

William Jackson
Dakota Justice
38 8th Ave W
Dickinson ND 58601

Dave Dircks
DCN LLC
P O Box 180
Devils Lake ND 58301-0180

Dickey Rural Communications Inc
PO Box 69
Ellendale ND 58436-0069

Dickey Rural Services Inc
P O Box 69
Ellendale ND 58436

DSLnet Communications LLC
545 Long Wharf Dr
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
1101 E Front Ave
Bismarck ND 58504-5654

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
161 Inverness Dr W
Englewood CO 80112

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

David A. Huberman
Intrado Communications Inc
1601 Dry Creek Dr
Longmont CO 80503-6493

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
Dickinson ND 58602-1408

Midcontinent Communications
410 South Phillips Ave
Sioux Falls SD 57104

Mark Wilhelmi
Midstate Telephone Co
PO Box 400
Stanley ND 58784-0400

Mike Strand
MITS
PO Box 5237
Helena MT 59604-5237

Dave Crothers
NDATC
Box 1144
Mandan ND 58554-1144

Bob Edgerly
Nextel West Corp
2001 Edmund Halley Dr
Reston VA 20191

Dave Dircks
North Dakota Long Distance Inc
P O Box 180
Devils Lake ND 58301-0180

Dave Dircks
North Dakota Telephone Company
PO Box 180
Devils Lake ND 58301-0180

Mary Buley
Onvoy Inc
300 South Highway 169
Minneapolis MN 55426

Jeff Walker
Preferred Carrier Services Inc
14681 Midway Rd Ste 105
Dallas TX 75001

McLeodUSA
P O Box 3177
Cedar Rapids IA 52406-3177

Gordon Wilhelmi
Midstate Communications Inc
PO Box 400
Stanley ND 58784-0400

Minnesota Independent Equal Access Co.
c/o Onvoy Inc
300 S Hwy 169
Minneapolis MN 55426
Jim Arbury
National Multi Housing Council
1850 M St NW Ste 540
Washington DC 20036

New Edge Network Inc
3000 Columbia House Blvd Ste 106
Vancouver WA 98661

Carmine Russo
North Dakota Big Sky Telecom
374 Ansin Blvd
Hallandale FL 33009

Steven Lysne
North Dakota Network Co
P O Box 2027
Minot ND 58702-2027

NOW Communications Inc
711 S Tejon St Ste 201
Colorado Springs CO 80903

Brad Van Leur
OrbitCom Inc
1701 N Louise Ave
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
11859 Wilshire Blvd Ste 600
Los Angeles CA 90025

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

VarTec Telecom Inc
1600 Viceroy Dr
Dallas TX 75235

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

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

Doris Cooper
West River Long Distance Co
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 Opport

MOTION

December 15, 2004

APPROVED

DATE: 12-15-04
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 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

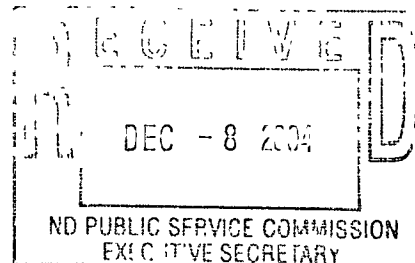


Kevin Cramer
Commissioner

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

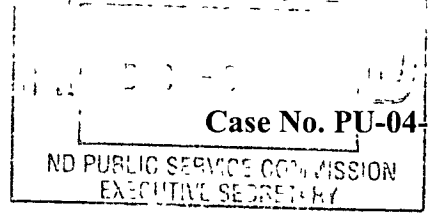
cc - Mark L Stenehjem, Attorney-at-Law

5 PU-04-565 Pages 1
Cover letter re Joinder
by Noonan Farmers Telephone Company Michel W Stefonowicz
12/08/2004C Comm Legal Illona Jerry Annette M.K.

3 PU-04-635 Pages 1
Cover letter re Joinder
by Noonan Farmers Telephone Company Michel W Stefonowicz
12/08/2004C Comm Legal Illona Jerry Annette M.K.

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

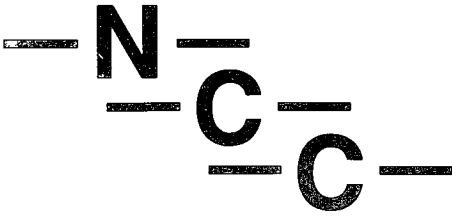
THEREFORE, NOONAN FARMERS TELEPHONE COMPANY hereby joins NORTHWEST COMMUNICATIONS COOPERATIVE in NCC's application to the North Dakota Public Service Commission for a Certificate under NDCC 49-03.1 to provide essential and nonessential telecommunications services in the Noonan telephone exchange in Divide 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



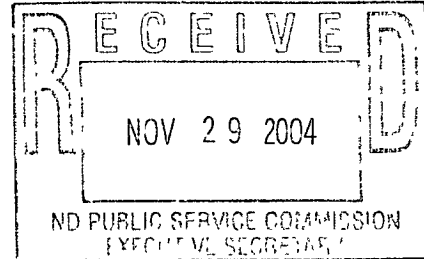
Northwest Communications Cooperative

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

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"), NFTC 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.

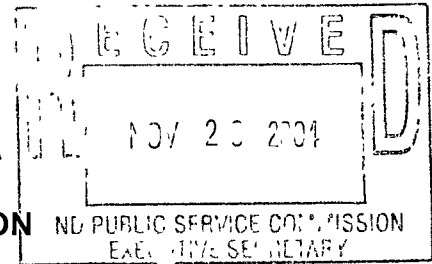
NCC has the technical, financial and managerial fitness and ability to provide adequate essential and nonessential telecommunications services in the Noonan telephone exchange in Divide County, North Dakota.

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.

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

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

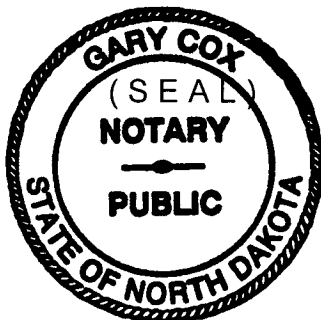
STATE OF NORTH DAKOTA)
):ss
COUNTY OF WILLIAMS)

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

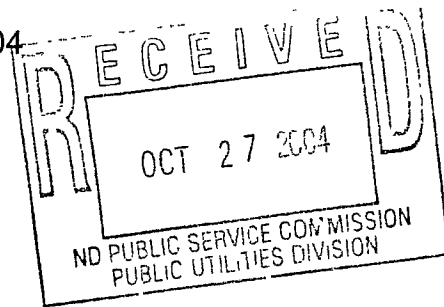
MARK L. STENEHJEM*
LAUREL J. FORSBERG*
VALESKA A. HERMANSON*

*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 Stefonowicz, 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 |

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.

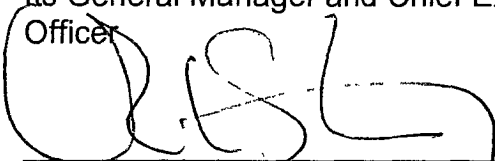
THEREFORE, NORTHWEST COMMUNICATIONS COOPERATIVE applies to the North Dakota Public Service Commission for a Certificate under NDCC 49-03.1 to provide essential and nonessential telecommunications services in the Noonan telephone exchange in Divide County, North Dakota.

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
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 NFT 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.

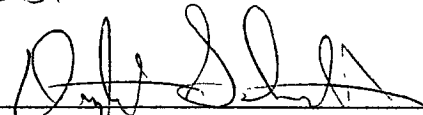
VII.

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.

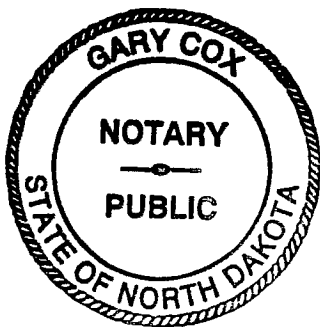
DATED at Ray, North Dakota this 22 day of October, 2004.

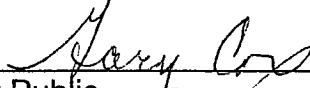


DWIGHT SCHMITT

SUBSCRIBED and sworn to before me this 22 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

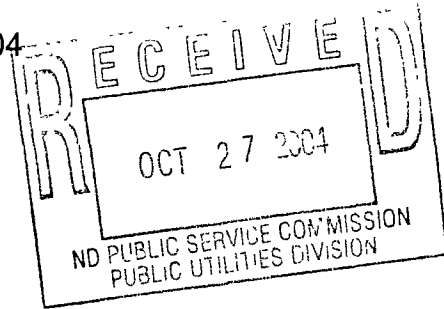
MARK L. STENEHJEM*
LAUREL J. FORSBERG*
VALESKA A. HERMANSON*

*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,


MARK L. STENEHJEM

MLS/vh

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

cc. Dwight Schmitt, w/o enclosures
Mike Stefonowicz, 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 |

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

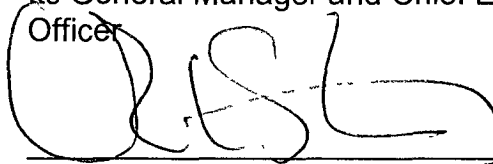
By:



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)

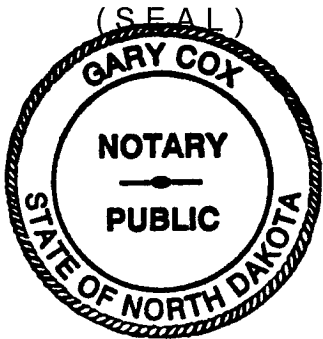
DWIGHT SCHMITT, being first duly sworn, deposes and says that he is the General Manager and Chief Executive Officer of NORTHWEST COMMUNICATIONS COOPERATIVE, the corporation that is described in the above-entitled matter; that he has read the foregoing Application, knows the contents thereof, and the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

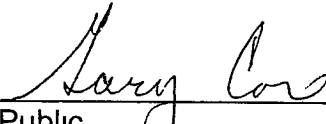
DATED at Ray, North Dakota this 22 day of October, 2004.



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.

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

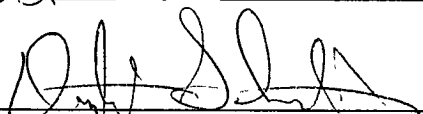
VII.

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.

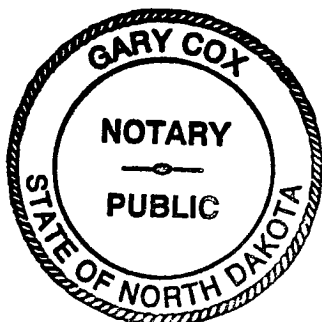
DATED at Ray, North Dakota this 22 day of October, 2004.

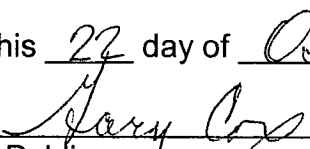


DWIGHT SCHMITT

SUBSCRIBED and sworn to before me this 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 Colurbus, 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.

2
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 | Tioga, North Dakota |
| Harvey P. Jacobson | Crosby, North Dakota |
| Edwin Dorahl | Stady, North Dakota |
| Alvin Anderson | Epping, North Dakota |

THE NUMBER OF DIRECTORS 7.

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

3

IN WITNESS WHEREOF, we have hereunto set our hands and seal this 3 day of October, 1951.

J. Agnes Lucy (SEAL)
George Bourdeau (SEAL)
Arthur S. Johnson (SEAL)
Olaf Opedahl (SEAL)
Harvey P. Jacobson (SEAL)
Edwin Dordahl (SEAL)
Arvin Anderson (SEAL)

STATE OF NORTH DAKOTA)
:ss
COUNTY OF WILLIAMS)

On this 3 day of October, 1951, before me, Dean Winkjer, a Notary Public in and for Williams County, State of North Dakota, personally appeared J. Agnes Lucy, George Bourdeau, Arthur S. Johnson, Olaf Opedahl, Harvey P. Jacobson, Edwin Dordahl, and Arvin Anderson,

known to me to be the persons whose names are subscribed to the foregoing instrument and severally duly acknowledged to me that they executed the same.

My commission expires: 9/21/53

Dean Winkjer
Notary Public
Williams County
North Dakota

6

REPORT OF BOARD OF

TO THE STOCKHOLDERS OF THE COMPANY

we have the honor to acknowledge the receipt of your letter of the 15th inst. in relation to the above captioned matter and in reply to inform you that the same has been forwarded to the proper authorities for their consideration.

C
O
P
Y

of incorporation
of the State of N. Y.

The Board of Directors of the Company has the honor to acknowledge the receipt of your letter of the 15th inst. in relation to the above captioned matter and in reply to inform you that the same has been forwarded to the proper authorities for their consideration.

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 certificates 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 full cash fee fixed on these articles, nor until such membership fee has been fully paid for. In case a certificate is lost, destroyed or mutilated a new one shall be issued, the holder of such uniform terms and in conformity to the by-laws of the Co-op.

SECTION 3. Joint Tenancy. Any member and his wife or only for a joint tenancy shall be deemed to be a member with the consent of the Board. The term "he" shall include his wife and his children. The term "she" shall include her husband and her children. Any member holding a joint tenancy with his wife or with his children shall be deemed to be a member and his obligations shall be deemed to be the obligations of the Co-op. At the time of the joint tenancy, the Board shall be notified.

C
O
P
Y

(1) The Board shall have the right to amend or repeal any provision of these articles and to make such amendments and repeals as shall be necessary for the proper management of the Co-op. The Board shall constitute a committee to prepare and submit to the Board a report of the affairs of the Co-op at least once a year. The Board shall constitute a committee to prepare and submit to the Board a report of the affairs of the Co-op at least once a year. The Board shall constitute a committee to prepare and submit to the Board a report of the affairs of the Co-op at least once a year.

SECTION 4. Officers and Directors. The Board shall consist of not less than five members and not more than ten members. The Board shall elect a President, a Vice-President, a Secretary and a Treasurer. The Board shall also elect such other officers and directors as shall be necessary for the proper management of the Co-op. The Board shall constitute a committee to prepare and submit to the Board a report of the affairs of the Co-op at least once a year.

(2) The Board shall have the right to amend or repeal any provision of these articles and to make such amendments and repeals as shall be necessary for the proper management of the Co-op. The Board shall constitute a committee to prepare and submit to the Board a report of the affairs of the Co-op at least once a year. The Board shall constitute a committee to prepare and submit to the Board a report of the affairs of the Co-op at least once a year.

SECTION 5. Memberships and Service Connections. The membership fee shall be \$10.00, upon the payment of which a member shall be eligible for 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.

C
O
P
Y

SECTION 6. Practice of Telephone Service. Each member shall, as soon as telephone service is available, be required to have telephone service installed on the premises, and to be bonded on the telephone service for the amount of telephone service which the Co-op shall be required to provide for the member. It is the duty of the member to pay for the telephone service. In all cases of the credit of service and the amount of the same shall be credited to the member's account. Each member shall pay for the telephone service on a monthly basis. The Co-op shall be liable for the telephone service if the member fails to pay for the same. The Co-op shall be liable for the telephone service if the member fails to pay for the same.

SECTION 7. Termination of Membership. (a) Any member may withdraw from the Co-op at any time. The Co-op shall be liable for the telephone service which the member has installed on the premises, and the member shall be liable for the same. The Co-op shall be liable for the telephone service which the member has installed on the premises, and the member shall be liable for the same. The Co-op shall be liable for the telephone service which the member has installed on the premises, and the member shall be liable for the same.

(b) If a member fails to pay for the telephone service for a period of thirty (30) days after the date of the invoice, the Co-op shall be liable for the telephone service which the member has installed on the premises, and the member shall be liable for the same.

(c) If a member fails to pay for the telephone service for a period of thirty (30) days after the date of the invoice, the Co-op shall be liable for the telephone service which the member has installed on the premises, and the member shall be liable for the same.

(d) Upon the termination of membership, the Co-op shall be liable for the telephone service which the member has installed on the premises, and the member shall be liable for the same. The Co-op shall be liable for the telephone service which the member has installed on the premises, and the member shall be liable for the same. The Co-op shall be liable for the telephone service which the member has installed on the premises, and the member shall be liable for the same.

9

ARTICLE

SECTION 1. Name and Purpose.

When dissolved, after
(a) all assets of the corporation shall be sold and the proceeds thereof shall be distributed to the members of the corporation in proportion to their respective interests in the corporation, and (b) the corporation shall be liquidated, the remaining assets of the corporation shall be distributed to the members of the corporation in proportion to their respective interests in the corporation.

SECTION 2. Officers and Directors.

The officers and directors of the corporation shall be elected for the term of one year and shall hold office until their successors are elected.

C
O
P
Y

shall
the year
shall,

of the meet-
the pro-
the

shall be at-
the

the

any
any
any

any
any

any
any

When dissolved, after the liquidation of the corporation, the assets of the corporation shall be sold and the proceeds thereof shall be distributed to the members of the corporation in proportion to their respective interests in the corporation, and the corporation shall be liquidated, the remaining assets of the corporation shall be distributed to the members of the corporation in proportion to their respective interests in the corporation.

ARTICLE IV. Officers. The total number of members does not exceed five hundred, and the number of members present in person shall constitute a quorum. If the number of members shall exceed five hundred, fifty percent of the members present in person, or if the number shall be less than five hundred, less than a majority of the members present in person may constitute a quorum. The minutes of each meeting shall be a record of the proceedings of the corporation.

ARTICLE V. Voting. Each member shall be entitled to one vote and each vote shall be cast in person or by proxy. All questions shall be decided by a majority of the votes cast thereon in person or by proxy. The articles of incorporation shall be the governing instrument.

ARTICLE VI. Meetings. The board of directors of the corporation shall meet at such times and places as they may determine. The board of directors shall have the authority to call special meetings of the members.

C
O
P
Y

1. The board of directors shall consist of not less than three and not more than nine members.
2. The board of directors shall elect a president, vice president, secretary and treasurer.
3. The board of directors shall have the authority to fill any vacancies in the offices of the officers of the corporation.
4. The board of directors shall have the authority to employ and discharge any officers, agents, attorneys, accountants, auditors, engineers, architects, surveyors, appraisers, brokers, salesmen, and other persons who may be necessary for the conduct of the business of the corporation.
5. The board of directors shall have the authority to make and alter the bylaws of the corporation.
6. The board of directors shall have the authority to do all such other and various acts and things as may be necessary or proper for the conduct of the business of the corporation.

ARTICLE VII.
AMENDMENTS.

ARTICLE VIII. Dissolution. The corporation shall be dissolved if the members shall vote to dissolve the corporation. The assets of the corporation shall be distributed to the members in proportion to their respective shares.

ARTICLE IX. Election and Term of Office. The various offices of directors in the corporation shall be elected annually. The first term shall continue until their successors shall have been elected and shall be qualified.

12

SECTION 5. Removal of Directors by Members. No director shall be removed from office unless a two-thirds majority of the members of the Co-op at a special meeting held on 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 total. Such calls must be in writing and addressed to the Secretary who shall immediately give notice of that time, place and object of the meeting in accordance with these bylaws and articles or rules adopted. In case of removal, the vacancy may be filled by election or by the members.

SECTION 6. Vacancies. Single or multiple vacancies in 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 if the vacancy is not filled by the end of their sixth (6) month after the vacancy occurs, the members shall have the right to call such vacancy at the meeting of the members without compliance with the foregoing provisions of these bylaws.

SECTION 7. Compensation. Directors shall not receive any salary for the services as directors, except the compensation of the Board a fee of not to exceed \$500 (\$500) shall be paid to each director for each year, if any part of all such services are performed by the Board. No director shall receive any compensation for services performed as a director, nor shall any director receive any compensation for services performed as a director unless the Board shall determine of compensation of directors specifically authorized by a vote of a majority of the members of the Board. No director relative shall have any control or influence over the compensation of any director.

COPY

SECTION 8. Annual Meeting. The annual meeting of the Board shall be held each year on the second Tuesday of the month of June as the annual meeting of the members. Special meetings of the Board shall also be held monthly at such times and places as may be determined by the Board. Notice of said shall be given to each member of the Board by the Secretary at least ten (10) days prior to said meeting.

SECTION 9. Special Meetings. Special meetings of the Board may be called by the President or by a majority of the directors. It shall be the duty of the Secretary to cause notice of such meetings to be given as hereinafter provided. The President or the directors calling the meeting shall fix the time and place (which shall be in Walling, Divide, Contrail, McKenzie, or Park, County, North Dakota, for the holding of the meeting.)

SECTION 10. Notice of Directors' Meetings. Written notice of the time, place and object of any special meeting of the Board shall be delivered to each director personally or by mail, or by the registered office of the Secretary, or by the Secretary, or by the President or the directors calling the meeting. If mailed, such notice shall be deemed to have been delivered when deposited in the United States Mail addressed to the director at his last known address or to the records of the Co-op, and proof of mailing shall be filed on the records of the Co-op.

13

SECTION 11. 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. Officers. 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 of officers. The officers shall be elected by ballot, except that the election of the Secretary and Treasurer may be decided from time to time by the Board. All elections shall be open to the Board. If an election of officers is held, each member, such election shall be held at the same time and place, and each officer shall hold office until the next election of the Board. Following the next election of officers, the Secretary and Treasurer shall be elected. The election of officers shall be held at the time and place provided in the bylaws of the Co-op, and the election of the Board shall be held at the same time and place.

SECTION 3. Impeachment of officers. Any officer or member elected by the Board shall be subject to impeachment by the Board. The impeachment of any officer shall be initiated by a resolution of the Board, and the resolution shall be adopted by a majority of the members of the Board. The resolution shall be adopted by a majority of the members of the Board, and the resolution shall be adopted by a majority of the members of the Board. The resolution shall be adopted by a majority of the members of the Board, and the resolution shall be adopted by a majority of the members of the Board. The resolution shall be adopted by a majority of the members of the Board, and the resolution shall be adopted by a majority of the members of the Board.

SECTION 4. President. The President shall:

- (a) be the principal executive officer of the Co-op and, unless otherwise determined by the members of 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 be a matter of record by the members, and sign any deeds, mortgages, bonds of title, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signature and execution thereof shall be a matter of record by the Board or by those officers or other officers of the Co-op as shall be

COPY

14

- (c) required by laws to be otherwise signed or executed; and
- (d) 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 the President subject to all the restrictions upon the President. The Vice President shall also perform such other duties from time to time as 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 and file the same in accordance with the bylaws or as required by law;
- (b) see that all notices and other communications with the members or as required by law;
- (c) be custodian of the corporate 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 agreements, the execution of which on behalf of the Co-op requires its seal in duly authorized accordance with the provisions of these bylaws;
- (d) keep a record of the names and mailing addresses of all members;
- (e) sign, with the President, certificates of membership, the issue of which shall be a condition precedent to the membership of the Board;
- (f) have general charge of the books of the Co-op;
- (g) keep on file all records and copies of the articles of incorporation and all records of the Co-op containing all amendments thereto (where copies 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 all by-responses 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.

C
O
P
Y

15

SECTION 8. Manager. The Board may appoint a manager or other officer, 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 Board 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 amount 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. Report. 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 ORGANIZATION

SECTION 1. Interest or Dividends on Capital Prohibited. The Co-op shall at all times be operated on a non-profit non-dividend basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Co-op on any of its assets or its earnings.

SECTION 2. Patrons' Control 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 amounts received and receivable from the furnishing of telephone service on excess of operating costs and expenses properly chargeable to 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 to be understood that they are furnished by the patrons as capital. The Co-op is well to pay by credit 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 kept 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 inasmuch as a legal obligation to do so and the patron had then furnished the Co-op corresponding amounts for capital.

C
O
P
Y

17

... shall, and there is intended, ... there-
... all ... to
... of ... or ...

ARTICLE 1.

SECTION 1.

The ... of the Co-op shall ... and shall
... "Co-operative
... of the ...".

C
O
P
Y

ARTICLE 2.

SECTION 1. CAPITAL STOCK.

... shall ... to be
... to
... of the Co-op, ... of
... to ...

SECTION 2. Checks, Drafts, etc.

All checks, drafts or other
... of the Co-op shall be ...
... of the Co-op,
... of the ...

SECTION 3. Dividends.

All ... of the Co-op shall be ...
... of the Co-op ...

SECTION 4. Change in Name.

... of the Co-op shall ...
... of the Co-op ...

SECTION 5. Fiscal Year.

The ... of the Co-op shall ...
... of the Co-op ...

104. By Laws
to
Articles of Incorporation
of
Mutual Mutual Air
Telephone Corporation
Columbus, N. Dak.

STATE OF NORTH DAKOTA
Department of State
Filed for record the 10th
day of December 1919
James Hall
SECRETARY OF STATE
Charles J. Peterson
DEPUTY

Volume = 2 Miscellaneous
Record (Mutual Air Corporation)
Page 25
1919, 1920, 1921
111

AMENDMENTS OF ARTICLES OF INCORPORATION

Come now WALTER JOHNSON, President of the Northwest Mutual Aid Telephone Corporation, and ELMER A. MOORE, its Secretary, who do hereby certify that on the 30th day of November, 1935, 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 amendments of Article III of the Articles of Incorporation for said mutual aid corporation, and that all but two (2) of the members were present, there being 2/3rds of the members of said mutual aid corporation, who did vote in favor of the amendment of Article III of the Articles of Incorporation; and 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 general commercial headquarters as Ray, North Dakota, so that Article III of the Articles of Incorporation now 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

20

DECLARATION OF

INDEPENDENCE

OF

the people of the State of Texas, do hereby declare our independence from the United States of America, and our attachment to the principles of free government, and our determination to defend the same to the last gasp.

We the people of the State of Texas, do hereby declare our independence from the United States of America, and our attachment to the principles of free government, and our determination to defend the same to the last gasp.

We the people of the State of Texas, do hereby declare our independence from the United States of America, and our attachment to the principles of free government, and our determination to defend the same to the last gasp.

We the people of the State of Texas, do hereby declare our independence from the United States of America, and our attachment to the principles of free government, and our determination to defend the same to the last gasp.

John C. Moore
Richard King
James

William B. Travis
James W. Henshaw
James

James W. Henshaw

23

STATE OF MISSISSIPPI
COUNTY OF [unclear]

IN SENATE,
January 15, 1903.

REPORT OF THE
COMMISSIONERS OF THE
LAND OFFICE

[Handwritten Signature]

MISSISSIPPI ARCHIVES

CERTIFICATE OF
AMENDMENTS TO ARTICLES OF INCORPORATION
OF

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

At the instance, Chairman and Secretary of the meeting and
the Board of Directors do hereby certify:

That a meeting of the members of the Northwest Mutual Life
Telephone Corporation, Inc., was held at Grand Forks, 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 resolutions were duly adopted and approved by
all of the members present and by the affirmative vote of 2/3 of all members,
said 2/3 of all members constituting a majority of the entire number of members,
the total number of members being 3.

Resolved: That the following amendments be made to the articles of incorporation as follows:

Article IV

The line is intended to be a line and to carry the services
of Wagoner, Williams, Linn, Davis, and Merrill. The
estimated length of the line is 3,000 miles, and the
estimated cost is \$5,000,000.00.

Article V

The "Secretary" shall be elected by the members, and
the members shall elect a committee of three members shall be
appointed. The general rules applicable to all members by
the board of directors and the members respectively of each
year shall be as follows:

Upon dissolution, after (1) all debts and liabilities
of the "Incorporation" shall have been paid, (2) all capital
for the first three years shall be as soon as possible as
provided in the by-laws, and (3) all remaining funds and
assets shall be distributed to the members, the property
and assets of the "Incorporation" shall be divided and
each member shall receive a share in the net assets
after the payment of all debts and liabilities to the total
assets of all the members.

Article VIII

The corporation shall be organized as a corporation with limited
liability and shall have a board of directors consisting of three
members.

Witness our hand and seal of said Corporation at Grand Forks,
North Dakota, this 15th day of November, 1952.

CERTIFICATE OF AMENDMENT

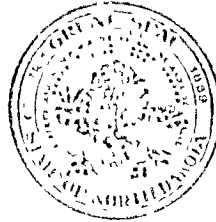
DUPLICATE

No 88

FEE \$ 6.00

United States of America

DEPARTMENT



OF STATE

State of North Dakota

To All to Whom these Presents shall Come,

WHEREAS, CONSTITUTIONAL AND TELEPHONE COMMISSION (COLUMBUS, LINCOLN 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: AMENDMENT ARTICLE IV, ARTICLE V, AND ARTICLE VI??

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

IN TESTIMONY WHEREOF, I have hereto set my hand and affixed the Great Seal

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

day of JULY, 1955

BY CHARLES J. JOSEPH
DEPUTY

THOMAS HALL

Secretary of State

27

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

28

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 Bowells, North Dakota, on April 6, 1964,

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 Winkler

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

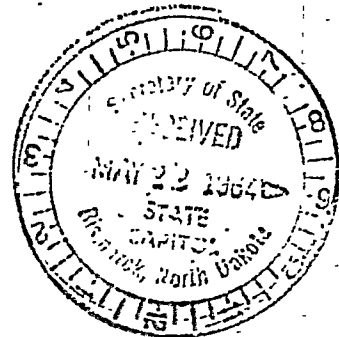
Certificate No. 1579
STATE OF NORTH DAKOTA }
Department of State } SS

Filed for record the 22nd

day of May, 1964

Paul Mc... SECRETARY OF STATE

... DEPUTY



OP 20
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

BEN MEECO

Secretary of State

File No. 6920

DUPLICATE

By _____
Deputy

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)

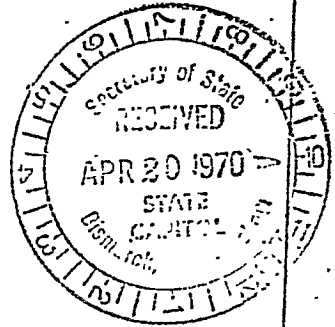
On this 17th day of April, 1970, before me personally appeared WAYNE JOHNSON and DELMER A. MORROW, known to me to be the President and Secretary, respectively, of the corporation that is described in and that executed the within instrument and acknowledged to me that such corporation executed the same.

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

(SEAL)

My commission expires: Sept. 24, 1971.

Certificate No. 2978
STATE OF NORTH DAKOTA } SS
Department of State }
Filed for record the 21st
day of April 19 70
Blair M. Mearns
SECRETARY OF STATE
John M. Mearns
NOTARY
Fee: \$12.00



33
Certificate No. 2976



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 1986
Dennis L. Johnson
(Secretary of State)

1

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

By _____
(Signature)

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

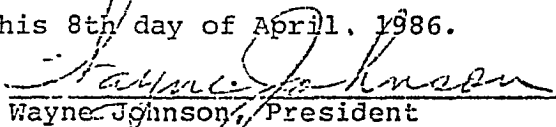
States of America to the cooperative, pursuant to the Rural Electrification Act of 1936, as from time to time amended, limited in aggregate amount as aforesaid, and to secure all notes, bonds or other evidences of indebtedness evidencing the indebtedness created by such loans, all upon such terms as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

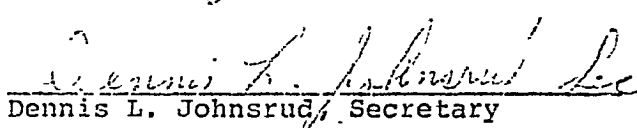
ARTICLE VII.

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. Johnsrud, Secretary

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.

R 96 W

410

411

409

408

410

411

409

411

408

410

411

NOONAN EXCHANGE

444

100TH AVE

100TH AVE

PROFESSIONAL
ENGINEER

R 94 W

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

CONTENTS

| | <u>Page</u> |
|---|-------------|
| List of Directors, Officers and General Manager | 1 |
| Independent Auditors' Report | 2 |
| Financial Statements: | |
| Consolidated Balance Sheets | 4 |
| Consolidated Statements of Revenue and Expenses | 5 |
| Consolidated Statements of Changes in Patronage Capital and Accumulated Other Comprehensive Income | 6 |
| Consolidated Statements of Cash Flows | 7 |
| Notes to Consolidated Financial Statements | 9 |
| Supplementary Information: | |
| Schedule 1 - Statements of Revenue - Cable Television Activities | 34 |
| Schedule 2 - Statements of Revenue - Wireless Television Activities | 35 |
| Schedule 3 - Statements of Revenue - Other Nonregulated Investments | 36 |
| Report on Compliance and on Internal Controls over Financial Reporting | 37 |
| Independent Auditors' Management Letter | 39 |

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

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

| | Years ended December 31, | |
|---|--------------------------|--------------|
| | 2003 | 2002 |
| <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 | 75,086 | (352,424) |
| | 6,139,569 | 5,940,833 |
| <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 | 1,149,020 | 943,083 |
| | 4,961,098 | 4,511,756 |
| <u>Other operating revenue (expense)</u> | 97 | 186 |
| <u>Operating taxes:</u> | | |
| Other operating taxes - property | 25,151 | 25,321 |
| <u>Operating margins before fixed charges</u> | 1,153,417 | 1,403,942 |
| <u>Fixed charges</u> | | |
| Interest on long-term debt | 559,274 | 510,866 |
| <u>Net operating margins</u> | 594,143 | 893,076 |
| <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) | (6,191) | 313,198 |
| | 26,351 | 672,614 |
| <u>Net margins for period</u> | 620,494 | 1,565,690 |
| <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-) | - | - |
| | - | - |
| Comprehensive income | \$ 620,494 | \$ 1,565,690 |

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

| | Years ended December 31. | |
|--|--------------------------|--------------|
| | 2003 | 2002 |
| <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 | 3,287,582 | 3,084,002 |
| <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 | (571,201) | (3,670,325) |
| <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 | (1,237,621) | 1,236,063 |
| <u>Net increase (decrease) in cash and cash equivalents</u> | 1,478,760 | 649,740 |
| <u>Cash and cash equivalents - beginning of year</u> | 2,623,865 | 1,974,125 |
| <u>Cash and cash equivalents - end of year</u> | \$ 4,102,625 | \$ 2,623,865 |

(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 | <u>-</u> | <u>(10,825)</u> |
| 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 | <u>18,036</u> | <u>377</u> |
| 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 | 100,000 |
| 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.

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

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.

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

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) | - | <u>50,000</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:

| | <u>December 31,</u> | |
|---|---------------------|---------------------|
| | <u>2003</u> | <u>2002</u> |
| 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 * | <u>1,036,000</u> | <u>1,036,000</u> |
| | 7,550,075 | 7,884,009 |
| Less advance payments | <u>(137,888)</u> | <u>(295,844)</u> |
| | 7,412,187 | 7,588,165 |
| Less current maturities | <u>(493,455)</u> | <u>(333,832)</u> |
| Total | <u>\$ 6,918,732</u> | <u>\$ 7,254,333</u> |

* 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:

| | 2003 | 2002 |
|--|-------------|-------------|
| Benefit obligation at December 31 | \$ 74,201 | \$ 58,277 |
| Fair value of plan assets at December 31 | - | - |
| Funded status at December 31 | \$ (74,201) | \$ (58,277) |

The amounts of contributions and benefits payable from the plan is as follows:

| | 2003 | 2002 |
|---------------------------|-----------|------|
| 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:

| | 2003 | 2002 |
|--|--------------|--------------|
| Prepaid benefit cost | \$ - | \$ - |
| Accrued benefit liability | (108,320) | (106,103) |
| Intangible asset | - | - |
| Accumulated other comprehensive income | - | - |
| Net amount recognized | \$ (108,320) | \$ (106,103) |

(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 checked="" type="checkbox"/> Addressee <i>[Signature]</i> | |
| 1 Article Addressed to: <i>Duane Schmitt Northwest Communications PO Box 38 Ray MO 58849-0038</i> | B. Received by (Printed Name) <i>MI Simpson</i> | C. Date of Delivery <i>12-17-04</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 1446 | |
| PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540 | | |

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 checked="" type="checkbox"/> Addressee <i>[Signature]</i> | |
| 1 Article Addressed to: <i>Mark L Stenejem 314 1st Ave East Williston MO 58802-1366</i> | B. Received by (Printed Name) <i>MI Simpson</i> | C. Date of Delivery <i>12/16/04</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 1439 | |
| PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540 | | |