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November 5, 2007

VIA E-MAIL AND U.S. MAIL

Filing Center
Oregon Public Utility Commission
550 Capitol Street NE, Suite 215
Salem, OR 97301-2529

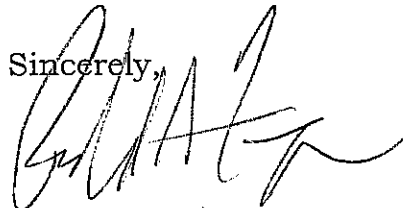
Re: Application of Eagle Telephone System, Inc. and Midvale Telephone
Exchange, Incorporated Pursuant to ORS 759.560

Dear Sir/Madam:

Enclosed you will find the original and three copies of the above-referenced Application. Pursuant to the Commission's rules, an electronic copy has been filed as well. However, Exhibits B and C (maps) are not filed electronically.

If you have any questions concerning this Application, please contact the undersigned.

Sincerely,



RICHARD A. FINNIGAN

RAF/km
Enclosures

cc: Lane Williams (via e-mail, w/encl.)
Mike Lattin (via e-mail, w/encl.)

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

DOCKET UA __

In the Matter of the Joint Application of Eagle Telephone System, Inc. and Midvale Telephone Exchange, Incorporated for the Unallocation, Transfer and Allocation of Certain Territory

**APPLICATION OF EAGLE
TELEPHONE SYSTEM, INC. AND
MIDVALE TELEPHONE EXCHANGE,
INCORPORATED PURSUANT TO
ORS 759.560**

COME NOW, Eagle Telephone System, Inc. ("Eagle") and Midvale Telephone Exchange, Incorporated ("Midvale") and hereby apply for an order concerning the Conner Creek exchange (the "Territory") which does the following:

1. Unallocates the Territory from Midvale;
2. Transfers the Territory and any rights Midvale may have in the Territory to Eagle; and
3. Allocates the Territory to Eagle.

This Application is filed pursuant to ORS 759.560 and OAR 860-025-0027.

Eagle also requests that the Commission recognize the Territory as part of the existing Richland exchange, as described herein.

In support thereof, and pursuant to the requirements of OAR 860-025-0027,¹ Eagle and Midvale state and submit the following information:

Statement of Purposes for the Allocation²

The Territory lies immediately south of the existing Richland exchange. Midvale has provided basic telecommunications service to this area for many years. The Territory was formerly partially within Qwest predecessor's service area at one time and partially totally unserved. The portion of the Territory that was in the Qwest service area was relinquished to Midvale. There are approximately twenty-two (22) customers within the area.

While Midvale was able to bring initial service to this area, the Territory is difficult to serve from Midvale's existing facilities and would be very expensive to upgrade to provide advanced telecommunications services. Existing facilities are showing sign of age and an expensive reconstruction program would need to be undertaken. The allocation and transfer will allow Eagle, with facilities in the vicinity, to extend service that will allow a broadband platform as well as basic service to be provided to the customers in the area.

Supporting Reasons for the Allocation³

The reason for the requested "unallocation" by Midvale and the allocation of the Territory to Eagle along with the transfer of any rights in the Territory from Midvale to Eagle is that the most efficient means to provide updated facilities for the provision of

¹ It appears that some of the requirements of OAR 860-025-0027 are no longer applicable as a result of changes created by Laws of 2005, Chapter 232. An example is the metes and bounds legal descriptions referenced in OAR 860-025-0027(1)(e) and (f). Eagle and Midvale respectfully request waiver of such requirements.

² See, OAR 860-025-0027(1)(a).

³ See, OAR 860-025-0027(1)(a).

basic and advanced services in the Territory is through the extension of the facilities of Eagle. Eagle is willing to provide telephone service to the Territory without charging individual customers for the construction of the new facilities on a per-customer basis. Further, Eagle will charge its existing rates to the customers in the service area. Thus, an order pursuant to this filed Application is the most efficient method to provide updated facilities to serve the residents in the Territory.

Explanation Justifying why the Allocation will Not be Contrary to the Public Interest

The allocation will not be contrary to the public interest.⁴ In fact, this allocation and transfer is in the public interest because it will allow the customers in the Territory to receive updated telecommunications facilities that will allow the provisioning of not only basic service, but broadband services in this portion of rural Oregon.

In addition, the proposed allocation and transfer will allow conservation of number resources. Customers will be assigned numbers out of the 541-893 Eagle numbering resources. The current resources assigned to the Territory of 541-675 will be returned by Midvale to the numbering administrator upon completion of the transactions contemplated by this Application. Thus, a 10,000 block will become available for use in another portion of the 541 NPA.

Copies of all Written Evidence Comprising the Agreement Between Eagle and Midvale

Exhibit A is the Purchase and Sale Agreement between Eagle and Midvale concerning service to the Territory.

⁴ See, OAR 860-025-0027(1)(a).

Maps required

Exhibit B is a map showing the proposed boundaries of Eagle's Richland exchange extended to include the Territory. Exhibit C is the map of the current exchange as held by Midvale.

Rates to be Charged

The existing tariffed rates of Eagle will apply in the Territory since it will become part of the Richland exchange. Eagle has concluded that the existing cost recovery mechanism for Eagle's existing operations including access charges, federal and state universal service support, and local rates are adequate to support the construction of facilities to serve the Territory.

Franchises, permits or public authority approvals

Eagle and Midvale are unaware of the existence of any requirement of approval of any public agency, other than this Commission, for the authority to unallocate and abandon territory in the state of Oregon.⁵ However, Eagle and Midvale intend to jointly file, pursuant to 47 C.F.R. § 1.3 (section 1.3 of the Federal Communication Commission's ("FCC") rules), a request for a waiver of the definition of "study area" contained in the Appendix-Glossary of Part 36 of the FCC's rules after this Commission has approved their applications.

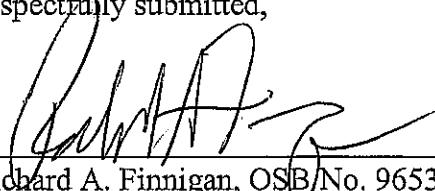
WHEREFORE, Eagle and Midvale request the Commission to issue an order (1) allocating the Territory as described herein to Eagle and transferring any rights Midvale may have in such Territory from Midvale to Eagle and (2) approving the revised

⁵ See, OAR 860-025-0027(g).

Richland exchange map.

DATED: November 5, 2007

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Richard A. Finnigan', written over a horizontal line.

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Olympia, WA 98512
(360) 956-7001
(360) 753-6862 (facsimile)
rickfinn@localaccess.com
Attorney for Eagle Telephone System,
Inc. and Midvale Telephone Exchange,
Incorporated

EXHIBIT A

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT ("Agreement") is made this 13th day of July, 2007, by and between Midvale Telephone Exchange, Inc. ("Midvale"), an Idaho corporation, and Eagle Telephone System, Inc. ("Eagle"), an Oregon corporation. Midvale and Eagle may be referred to individually as "Party" or collectively as "Parties."

RECITALS

1. Midvale is the owner of the Conner Creek Service Area, a telecommunications system serving approximately fifty-nine (59) connections with twenty-two (22) active customers located primarily in Baker County, Oregon. Midvale desires to sell the telecommunications system to Eagle.
2. Eagle desires to purchase the telecommunications system from Midvale on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and benefits contained herein, the Parties hereby agree as follows:

AGREEMENT

1. Transfer of Telecommunications System. In consideration for Eagle's purchase of the Conner Creek Service Area ("Telecommunications System"), which is geographically depicted on Exhibit 1, Midvale agrees to transfer all right, title and interest in the Telecommunications System to Eagle pursuant to the terms of this Agreement.
2. Purchase Price. The purchase price for the Telecommunications System is FORTY THOUSAND AND NO/100 DOLLARS (\$40,000.00) to be paid at Closing (defined below). In addition, Eagle agrees to pay all transactional costs, including, without limitation, filing fees, escrow fees, recording fees and the like. Transactional costs do not include the fees of Midvale's consultants in arranging this sale.
3. Eagle's Obligations. Eagle hereby agrees to accept the Telecommunications System "AS IS" and to operate and maintain the Telecommunications System with the degree of care normally associated with the operation of telecommunications systems of similar size.
4. Effective Date. Eagle shall begin operating the Telecommunications System and billing the individual customers of the Telecommunications System upon Closing. Billing will be in accordance with the terms and conditions established by Eagle.
5. Assets Transferred.

a. The Telecommunications System consists of the assets as depicted on Exhibit 2, and only such assets, which include, but are not limited to, buried cable plant, drops, easements, franchises and appurtenances which are now used to serve the Telecommunications System, but shall not include any switching equipment. All conveyances shall be free and clear of all encumbrances.

b. Title to personal property shall be transferred in the form of a Bill of Sale as set out in Exhibit 3.

c. Title to easements and franchises shall be in the form of an Assignment, as set out in Exhibit 4.

d. There is no real property transferred under this Agreement.

6. Contingencies to Closing. This Agreement and the transfer of the Telecommunications System are subject to obtaining 214 approval from the Federal Communications Commission and such other federal or state approvals as may be necessary. Closing is also contingent upon construction of facilities by Eagle to enable it to provide service.

7. Closing. This Agreement shall close within ten (10) working days of the satisfaction of contingencies (the "Closing"). If the contingencies are not satisfied on or before January 1, 2008, this Agreement shall lapse; provided, however, that the Parties hereto may extend the date of Closing by execution of a rider to this Agreement.

8. Deposits with Closing Agent/Payment of Closing Costs. At or prior to the date of Closing, each Party shall deposit with the closing agent all instruments and funds necessary to complete this transaction in accordance with the terms of this Agreement. The closing agent shall be agreed between Midvale and Eagle.

9. Prorations. Midvale reserves the right to collect on telecommunications service account customers until Closing. Midvale reserves the right to collect past due accounts from telecommunications service customers using all options that are available to it under law.

10. Possession. Eagle shall be entitled to possession at Closing.

11. Warranties of Midvale. Midvale warrants and represents as follows:

(a) That it is an Idaho corporation in good standing with the full authority to enter into this Agreement and to transfer the Telecommunications System, which has been duly approved by appropriate corporate resolution;

(b) Execution of this Agreement shall not place Midvale in violation of any other agreement or covenant;

(c) The Telecommunications System shall be conveyed free and clear of any liens or other claims; and

(d) That there have been no hazardous substances used in the operation of the Telecommunications System to the best of Midvale's knowledge.

These warranties shall survive Closing. THESE ARE THE ONLY WARRANTIES PROVIDED BY MIDVALE AND MIDVALE EXPRESSLY DISCLAIMS ANY AND ALL OTHER WARRANTIES, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR INTENDED PURPOSE.

12. Warranties and Representations of Eagle. Eagle hereby warrants and represents as follows:

(a) It is an Oregon corporation in good standing with full authority to enter into this Agreement;

(b) Purchase of the Telecommunications System has been duly approved by appropriate corporate resolution; and

(c) Execution of this Agreement shall not place Eagle in violation of any other agreement or covenant.

These warranties survive Closing.

13. Notice. Any notice related to, acquired or authorized under the terms of this Agreement shall be given to Midvale or to Eagle at the address indicated below for the respective Party. Delivery shall be deemed to have occurred upon delivery in person or three (3) days after the date of postmark when mailed by U.S. mail, postage prepaid, to the address indicated herein.

To Eagle: Eagle Telephone System, Inc.
109 Main
Richland, OR 97870

To Midvale: Midvale Telephone Exchange, Inc.
2005 Keithley Creek Road, PO Box 7
Midvale, ID 83645

14. Remedies/Attorney Fees. If either Party fails or refuses to close this transaction on the date specified, the other Party shall have right to specifically enforce this Agreement, or, at its election, to seek damages for the breach of this Agreement. In the event of any conflict, claim or dispute between the parties hereto arising out of or relating to the subject matter of this Assignment, whether or not such conflict, claim or dispute has its basis in law or in equity, the substantially prevailing party shall be entitled to receive from the other party all reasonable costs and expenses of every sort whatsoever

including, but not limited to, arbitrator's fees, mediation fees, deposition costs, expert witness fees, accounting expenses and actual attorneys' fees incurred or expended, whether or not arbitration or court proceedings are initiated, and including all such costs or expenses incurred or expended in arbitration, in trial, on appeal, or in any bankruptcy or receivership proceeding.

15. Broker's Agreement. Each Party represents to the other Party that it has not engaged any agent or broker in connection with this transaction, and shall indemnify and hold harmless the other against any claims arising out of a breach of this representation.

16. Casualty/Loss. If, prior to Closing, the Telecommunications System is destroyed or materially damaged by fire or other casualty, Eagle may elect to terminate this Agreement.

17. Actions Prior to Closing. Midvale shall provide Eagle with a customer list and cooperate with Eagle in informing Midvale's current customers of the transfer.

18. Books and Records. At or prior to Closing, Midvale shall deliver to Eagle all maps, customer billing information and other books and records related to the operation of the Telecommunications System; provided, that, a list of customers and addresses will be provided within ten (10) days following execution of this Agreement.

19. Professional Advice. Eagle and Midvale each acknowledge that it may be advisable to have the terms and conditions of this Agreement reviewed by independent legal counsel, and acknowledge that each has been afforded the opportunity to do so prior to executing this Agreement.

20. No Other Agreements. There are no verbal or other agreements which modify or affect this Agreement. Any and all future changes to this Agreement must be made in writing, signed by Eagle and Midvale. **TIME IS OF THE ESSENCE OF THIS AGREEMENT.**

21. Venue/Applicable Law. This Agreement shall be interpreted and construed according to the laws of the State of Oregon without reference to its choice of law provisions; venue shall be in Baker County, Oregon.

22. Survival. Any terms, which by their nature should survive the closing of the sale, shall survive the closing of the sale. These terms shall include, but not be limited to, representations and warranties, attorneys' fees and costs and disclaimers, etc.

23. Severability. In the event any provision of this Agreement is found unenforceable by a court of law, all other provisions of this Agreement shall remain in full force and effect.

24. Waiver of Customer Notice. To the extent allowed by law, Midvale and Eagle hereby waive on behalf of themselves and the customers of the Telecommunications System, any notice requirements that may exist in statute or regulation to provide customer notice of the transfer of the Telecommunications System.

25. Incorporation by Reference. All exhibits referred to herein are hereby incorporated by reference as if fully set forth.

26. Interpretation of Fair Construction of Contract. This Agreement has been reviewed and approved by each of the Parties. In the event it should be determined that any provision of this Agreement is uncertain or ambiguous, the language in all parts of this Agreement shall be in all cases construed as a whole according to its fair meaning and not strictly construed for nor against either Party.

27. Non-Assignability. This Agreement shall not be assignable by either Party without the written consent of the other Party. Any attempt to assign, or transfer or sub-license any of the rights, duties, or obligations under this Agreement shall be void.

28. Non-Waiver. It is agreed that the failure of either Party to this Agreement at any time or from time-to-time to enforce any of the provisions of this Agreement shall not be construed to be a waiver of such provision or such Party's right to thereafter enforce each and every provision hereof.

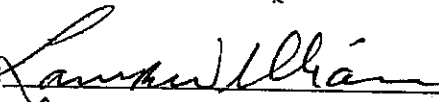
29. Paragraph Headings. Paragraph headings are not to be construed as binding provisions of this Agreement; they are for the convenience of the Parties only.


30. Waiver. No failure on the part of either Party to exercise and no delay in exercising any rights hereunder shall operate as a waiver thereof; nor shall any waiver or acceptance of a partial, single or delayed performance of any term or condition of this Agreement operate as a continuing waiver or a waiver of any subsequent breach thereof.

This Agreement is entered into the date set forth above.

**MIDVALE TELEPHONE
EXCHANGE, INC.**

EAGLE TELEPHONE SYSTEM, INC.

By: 
Its: President

By: 
Its: MANAGER

ADDRESS:

ADDRESS:

2005 Keithley Creek Road
PO Box 7
Midvale, ID 83645

109 Main
Richland, OR 97870

EXHIBIT 1

MAP

EXHIBIT 2

ASSETS

EXHIBIT 3

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS that for and in consideration of the sum of Forty Thousand Dollars (\$40,000.00) and other good and sufficient consideration, receipt whereof is hereby acknowledged, the undersigned grantor, Midvale Telephone Exchange, Inc., an Idaho corporation, does by these presents hereby convey, set over, assign, transfer and sell to Eagle Telephone System, Inc., an Oregon corporation, the following described assets, which include, but are not limited to, 14.5 route miles (approximately) of buried cable plant, 59 drops, and such other related plant and appurtenances, records, easements and franchises that may be associated with the Conner Creek Service Area telecommunications system situated primarily in Baker County, Oregon and Washington County, Idaho.

The said grantor hereby certifies that it is the sole owner of all of the property above described, that it has full power to convey the same and that it will defend the title of said assets vesting in Eagle Telephone System, Inc. against any and all persons lawfully making claim thereto.

Dated this 13 day of July, 2007.

MIDVALE TELEPHONE EXCHANGE,
INC.

By: *Lanallin*

Its: *Manon*

STATE OF IDAHO)
County of Washington) ss.

On this 13th day of July, 2007, before me, the undersigned, a Notary Public in and for the State of Idaho, duly commissioned and sworn, personally appeared Lane R. Williams, to me known to be the President of Midvale Telephone Exchange, Inc., the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he/she is authorized to execute said instrument, and that the seal affixed is the corporate seal of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.

Glenn K. Bonner
Printed name: Glenn K. Bonner
Notary Public in and for the
State of Idaho
My commission expires: 4/6/12

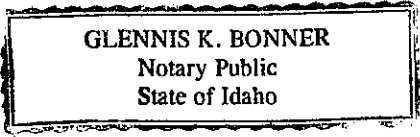


EXHIBIT 4

ASSIGNMENT OF EASEMENTS AND FRANCHISES

THIS ASSIGNMENT OF EASEMENTS AND FRANCHISES (the "Assignment") is entered into this ____ day of July, 2007, by and between Midvale Telephone Exchange, Inc. ("Seller"), an Idaho corporation, and Eagle Telephone System, Inc. ("Purchaser"), an Oregon corporation.

WHEREAS, the Seller and Purchaser have entered into an agreement entitled Purchase and Sale Agreement of even date herewith (the "Agreement"), wherein Purchaser is acquiring certain assets of Seller located in Baker County, Oregon and _____ County, Idaho used in connection with the telecommunications system for the Conner Creek Service Area owned by the Seller, and

WHEREAS, the Seller in that Agreement has agreed to assign all of its rights, title and interest in, to and under any existing easements and franchises,

NOW, THEREFORE, the parties agree as follows:

1. Assignment and Assumption of Seller's Interest. Seller hereby assigns to Purchaser all of its rights, title and interest in, to and under the easements and franchises used in connection with the Telecommunications System (as defined in the Agreement), which easements are identified on Exhibit A (the "Easements") and which franchises are identified on Exhibit B (the "Franchises"), together with all of Seller's right, title and interest in the fixtures located thereon. Subject to the terms and conditions set forth herein, Purchaser hereby accepts said assignment and agrees to assume all of Seller's rights, duties and obligations under the Easements and Franchises arising from and after Closing (as defined in the Agreement).
2. Seller's Warranties and Representations. Seller hereby warrants and represents to Purchaser that: (a) Seller is the sole owner of the easement holder's interest under the Easements and the franchise holder's interest under the Franchises; and (b) that the same have not been otherwise assigned, sublet or otherwise transferred or encumbered.
3. Third Party. Nothing in this Assignment, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Assignment on any persons or entities other than the parties hereto and their respective successors. Nothing in this Assignment, whether expressed or implied, is intended to relieve or discharge the obligation or liability of any third party to any party to this Assignment. No provision of this Assignment shall give any third party any right of subrogation or action over or against any party to this Assignment.

4. Further Assurances. Each party hereto will execute and deliver such further instruments and take such further action as may be required to carry out the intent and purpose of this Assignment.


5. Successors in Interest. This Assignment shall be binding upon, inure to the benefit of, and be enforceable by and against the respective heirs, executors, administrators, personal representatives and successors of the parties hereto.

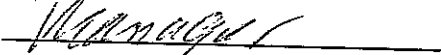
6. Waiver. No waiver of any provision of this Assignment shall be deemed to be a waiver of any other provision hereof, nor shall such waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

7. Incorporation by Reference. The exhibits attached hereto are incorporated herein by this reference as though set forth in full.

SELLER:

**MIDVALE TELEPHONE
EXCHANGE, INC.**

By: 

Its: 


ADDRESS:

2005 Keithley Creek Road
PO Box 7
Midvale, ID 83645

PURCHASER:

EAGLE TELEPHONE SYSTEM, INC.

By: 

Its: 

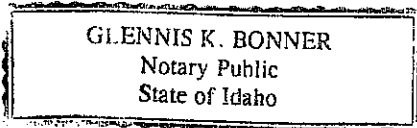
ADDRESS:

109 Main
Richland, OR 97870

STATE OF IDAHO)
) ss.
County of Washington)

On this 12th day of July, 2007, before me, the undersigned, a Notary Public in and for the State of Idaho, duly commissioned and sworn, personally appeared Gene R. Williams, to me known to be the President of Midvale Telephone Exchange, Inc., the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he/she is authorized to execute said instrument, and that the seal affixed is the corporate seal of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.

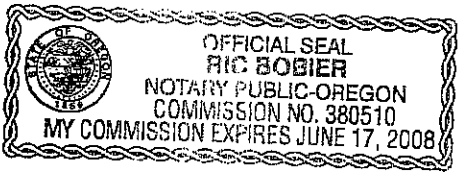


Glennis K. Bonner
Printed name: Glennis K. Bonner
Notary Public in and for the
State of Idaho
My commission expires: 4/6/12

STATE OF OREGON)
) ss.
County of BAKER)

On this 13 day of July, 2007, before me, the undersigned, a Notary Public in and for the State of Oregon commissioned and sworn, personally appeared MIKE LATTIN, to me known to be the MANAGER of Eagle Telephone System, Inc., the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he/she is authorized to execute said instrument, and that the seal affixed is the corporate seal of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.





Printed name: RIC BOBIER
Notary Public in and for the
State of Oregon
My commission expires: 06/17/2008

EXHIBIT A
EASEMENTS

EXHIBIT B
FRANCHISES