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DEC 14 2004

Missouri Public
Service Commission

LAW OFFICES

BRYDON, SWEARENGEN & ENGLAND

PROFESSIONAL CORPORATION

312 EAST CAPITOL AVENUE

P.O. BOX 455

JEFFERSON CITY, MISSOURI 65102-0455

TELEPHONE (573) 636-7100

FACSIMILE (573) 636-0427

E-Mail: msweareng@brydon.comDAVID V.G. BRYDON
JAMES C. SWEARENGEN
WILLIAM R. ENGLAND, III
JOHNNY K. RICHARDSON
GARY W. DUFFY
PAUL A. BOUDREAU
SONDRA D. MORGAN
CHARLES E. SMARRDEAN L. COOPER
MARK O. ANDERSON
TIMOTHY T. STEWART
GREGORY C. MITCHELL
RACHEL M. CRAIG
BRIAN T. MCCARTNEY
DALE T. SMITH

January 26, 2000

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Re: Case No. TM-2000-182

Dear Mr. Roberts:

Enclosed please find the original plus fourteen (14) copies of Joint Recommendation for filing on behalf of Spectra Communications Group, LLC, GTE Midwest Incorporated, Staff of the Missouri Public Service Commission and the Office of Public Counsel in the above referenced matter. Please bring this matter to the attention of the appropriate Commission personnel. A copy of this filing is being sent to all parties of record.

Thank you for your attention to this matter.

Very truly yours,

BRYDON, SWEARENGEN & ENGLAND P.C.

By:

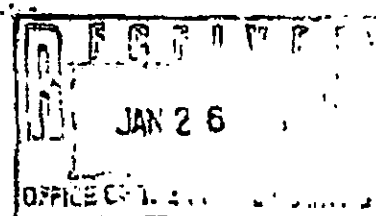
Sondra B. Morgan

Sondra B. Morgan

SBM/k

Enclosures

cc: All Parties of Record

Exhibit No. 9
Case No(s) CO-2005-0066
Date 11-12-04 Rptr TM

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

FILED²

JAN 26 2000

**Missouri Public
Service Commission**

In the matter of the Joint Application
of GTE Midwest Incorporated and
Spectra Communications Group LLC
for authority to transfer and acquire
part of GTE Midwest Incorporated's
franchise, facilities or system located in
the State of Missouri and for issuance of
certificates of service authority to Spectra
Communications Group LLC and for
authority for Spectra Communications
Group LLC to borrow an amount not to
exceed \$250,000,000 from CenturyTel,
Inc, and in connection therewith to
execute a Telephone Loan Contract,
Promissory Notes, and a Mortgage,
Security Agreement and Financing
Statement.

Case No. TM-2000-182

JOINT RECOMMENDATION

On August 24, 1999, Spectra Communications Group, LLC ("Spectra") and GTE Midwest Incorporated ("GTE"), filed a Joint Application with the Missouri Public Service Commission ("Commission") requesting authority for GTE to sell and Spectra to acquire certain of GTE's telephone properties consisting of 107 Missouri exchanges. In this Joint Application, Spectra also requested certificates of service authority to serve the subject exchanges, and GTE requested that it be authorized to discontinue providing service in those exchanges. Spectra also requested Commission approval to borrow \$250,000,000 from CenturyTel, Inc., in order to partially finance the acquisition.

As a result of meetings and discussions between the parties ("Parties") concerning the above-described transactions, the parties to this Joint Recommendation have reached the following agreements and make the following recommendations to the Commission.

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A. Transfer of assets

The Parties recommend that the Commission issue its order approving the transfer and acquisition of that part of GTE's franchise, facilities and system used in providing service to the public in the Missouri exchanges listed on Exhibit 3 to the Joint Application in accordance with the terms of the Asset Purchase Agreement attached to the Joint Application as Exhibit 2.

B. Issuance of certificates

The Parties recommend that the Commission grant certificates of service authority to Spectra to provide local telecommunications service, including basic local telecommunications service, and interexchange telecommunications service in the subject exchanges and authorizing Spectra to commence providing telecommunications service effective on the date of closing of the sale. The Parties also recommend that GTE be authorized to discontinue providing telecommunications services in the enumerated exchanges on the date of transfer.

C. Financing

The Parties recommend that the Commission authorize Spectra to borrow from CenturyTel an amount not to exceed \$250,000,000 substantially in accordance with the terms and conditions set out in the Summary Term Sheet attached to the Joint Application as Exhibit 8 and to execute and deliver all promissory notes and security documents necessary for placing a lien on Spectra's assets and securing the loan.

Further, as a condition of the authorizations recommended above in paragraphs A, B and C above, Spectra agrees to the following:

D. Acquisition adjustment

Spectra agrees to separately identify on its books and records all costs of acquisition of the subject properties which exceed their associated book value (i.e., acquisition premium) as well as all incremental acquisition costs (e.g., incorporation expenses, regulatory approvals, due diligence review, associated sales tax, etc.) incurred in acquiring these properties. Spectra further agrees to forego recovery in future rates for intrastate telecommunications services of any acquisition premium or incremental acquisition costs.

E. Deferred taxes

Spectra agrees to use an additional offset to rate base in any filing for a general increase in telecommunications rates in Missouri initiated in the next five (5) years to compensate for rate base deductions associated with deferred taxes eliminated by this transaction, unless Spectra can show that its actual deferred tax reserve is the same as or greater than that reserve would have been taking into account the amortization provided for hereinafter absent the sale of these exchanges. The amount of the offset shall reduce by 20% per year on the anniversary date of the closing of the transaction.

F. Rates

Spectra agrees to use the same rates, terms and provisions that GTE currently charges customers for telecommunications services in the subject exchanges. If Spectra has not been designated a price cap regulated incumbent local exchange telecommunications company within five (5) years of the closing date of this transaction, Spectra will file a rate proceeding in which all relevant ratemaking factors can be considered by the Commission and rates adjusted as needed.

G. Capital structure

Spectra agrees to achieve a capital structure of at least forty (40) percent equity to total capital (total capital is defined as the sum of short-term debt, long-term debt, preferred stock and common equity) within five (5) years of the closing date of the transaction. If such capital structure is not achieved within five (5) years, Spectra will make a filing with the Commission detailing why it has not achieved a forty (40) percent equity to total capital ratio and stating when and how it will achieve a forty (40) percent ratio. Spectra also agrees to file surveillance reports in accordance with the Commission's standard format for its Surveillance Reporting Tracking System with the Financial Analysis Department every six (6) months until such time as it achieves a 40 percent common equity level. Spectra also agrees to make no distribution of capital, other than for payment of taxes, until the equity to total capital ratio reaches forty (40) percent. Spectra agrees that it will not seek to recover in rates an increased overall cost of capital nor an increase to any component of cost of capital due to risk factors stemming from a low common equity ratio or other capital risk issues. Potential capital structure risk issues include, but are not limited to, a high level of leverage in the capital structure and an increased cost of debt due to a high level of leverage and/or an increased return on common equity due to a low common equity ratio.

H. Price cap status

Spectra has not requested that the Commission determine whether it should be subject to price cap regulation pursuant to Section 392.245.2, RSMo Supp. 1998, in this proceeding. Spectra will adopt the existing rates and tariffs of GTE at the time of transfer of the assets, but the price cap status of GTE will not be transferred to Spectra.

I. Interconnection agreements

Spectra agrees to make every effort to negotiate new interconnection agreements with all competitive local exchange companies ("CLECs") who currently have interconnection agreements with GTE and who desire to have interconnection with Spectra. Where it is feasible, Spectra will enter into agreements which have the same rates, terms and conditions as those agreements previously negotiated with GTE. There will, necessarily, be some differences in these agreements because of the different methods of interfacing between GTE and Spectra. If Spectra and any CLEC are unable to agree on the terms of these agreements, Spectra agrees to submit any disputes to the Commission for resolution. In those situations where the CLEC is already providing service in an exchange to be transferred, Spectra agrees to cooperate with the CLEC in requesting expedited approval of these new interconnection agreements from the Missouri Public Service Commission.

Respectfully submitted,

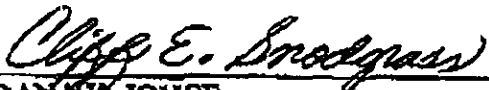
Spectra Communications Group, LLC

GTE Midwest Incorporated

Sandra B. Morgan
W.R. England, III Mo. #23975
Sandra B. Morgan Mo. #35482
BRYDON, SWEARENGEN &
ENGLAND P.C.
312 East Capitol Avenue
P.O. Box 456
Jefferson City, MO 65101-0456
573-635-7166
573-636-6450 (Fax)

Byron Francis by SRW
Byron Francis Mo. #23982
GTE Midwest Incorporated
600 Monroe Street, Suite 304
Jefferson City, MO 65101
573-634-8424

Staff of the Missouri Public Service
Commission



DAN K. JOYCE
General Counsel

Cliff E. Snodgrass
Senior Counsel
Illinois Bar No. 3123645
P.O. Box 360
Jefferson City, MO 65102
573-751-3966
573-751-9285 (Fax)

Office of Public Counsel



Michael F. Dandino Mo. # 24590
Senior Public Counsel
301 West High Street, Box 7800
Jefferson City, MO 65102
673-751-5559
573-751-5562 (Fax)

Certificate of Service

The undersigned hereby certifies that a true copy of the foregoing Joint Recommendation was served upon all parties of record via U.S. mail, postage prepaid, by hand delivery or facsimile on this 26th day of January, 2000.

Sondra B. Morgan
Sondra B. Morgan