

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

In the Matter of the Application of Green Hills)	
Telephone Corporation for Authority to Borrow an)	
Amount Not to Exceed \$22,704,000 from the United)	
States of America Acting through the Rural Utilities)	
Service and the Rural Telephone Bank and in)	Case No. IF-2005-0506
Connection Therewith to Execute a Loan)	
Agreement, Promissory Note, and a Restated)	
Mortgage Security Agreement and Financing)	
Statement.)	

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission and for its
Recommendation states:

1. On June 30, 2005, Green Hills Telephone Corporation (Company) filed its Application seeking authority to borrow up to \$22,704,000 and to pledge substantially all its assets as security for the loan.
2. Section 392.300.1 RSMo provides that no telecommunications company shall mortgage or otherwise encumber the whole or any part of its franchise, facilities or system, necessary or useful in the performance of its duties to the public without having first secured from the Commission an order authorizing it to do so. Section 392.310.1 provides that a telecommunications company may, when authorized by order of the Commission, issue notes or other evidence of indebtedness payable at periods of more than twelve months when necessary for the acquisition of property, the construction, completion, extension or improvements of its facilities or the improvement or maintenance of its service within the state, or for the discharge or lawful refunding of its obligations, or reimbursement of moneys actually expended from the

income from any source, within five years next prior to the filing of the application therefore, or for any such purposes.

3. The applicable standard is whether this transaction is detrimental to the public interest. *In the Matter of the Application of Le-Ru Telephone Company*, 9 Mo. P.S.C. 3d 331, 334 (2000).

4. Section 386.300 RSMo directs the Commission to charge a fee for authorizing an issue of bonds, notes or other evidence of indebtedness.

5. In the attached Memorandum, labeled Appendix A, the Staff states that the proposed financing is for proper purposes and is not detrimental to the public interest. The Company submitted statements indicating it will borrow only \$9,500,000; and Staff's calculations are based on a loan of that amount.

WHEREFORE, the Staff recommends the Commission approve the Application, but for a loan of only \$9,500,000, and subject to the other conditions listed in Appendix A.

Respectfully submitted,

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General Counsel

/s/ William K. Haas

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 9th day of September 2005.

/s/ William K. Haas