## BEFORE THE PUBLIC SERVICE COMMISSION STATE OF MISSOURI

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In the matter of the Joint Application of New Florence Telephone Company, Tiger Telephone, Inc. and Direct Communications Rockland, Inc. for an order authorizing Direct Communications Rockland, Inc. to purchase or acquire, take or hold all of the issued and outstanding capital stock of Tiger Telephone, Inc.

Case No.

### JOINT APPLICATION

Come now New Florence Telephone Company ("New Florence"), Tiger Telephone, Inc. ("TigerTel") and Direct Communications Rockland, Inc., or an entity to be designated by Direct, ("DCR") (sometimes collectively referred to as "Joint Applicants"), and file this Joint Application in compliance with the terms and conditions of the Stipulation and Agreement in Missouri Public Service Commission ("Commission") Case No. TC-2006-0184 in which New Florence agreed to a transfer of ownership which could be accomplished by the sale of either the ownership or the assets, as well as pursuant to Section 392.300, RSMo 2000, 4 CSR 240-2.060 and 4 CSR 240-3.535. In support of their application to the Commission for an Order authorizing New Florence, TigerTel and DCR to perform in accordance with the terms of a Stock Purchase Agreement which will result in the acquisition by DCR of all of the capital stock of TigerTel, state that:

1. New Florence is a Missouri chartered corporation, in good standing in all respects, with its principal place of business at 118 East Nodaway. Oregon, MO 64473. New Florence is engaged generally in the business of providing basic local telecommunications service to approximately 470 customers subject to the jurisdiction of the Commission in one exchange located in the Missouri county of Montgomery as shown by its exchange area map on file with and approved

by the Commission. A copy of New Florence's Certificate of Corporate Good Standing from the Missouri Secretary of State is attached hereto as <u>Appendix A</u>.

2. TigerTel is a Missouri corporation, in good standing in all respects, with its principal place of business at 118 East Nodaway. Oregon, MO 64473. TigerTel is engaged in the business of acquiring, operating and managing telecommunications companies. TigerTel is the owner of all of the stock of New Florence. A copy of TigerTel's Certificate of Corporate Good Standing from the Missouri Secretary of State is attached hereto as <u>Appendix B</u>.

3. DCR is an Idaho corporation, in good standing in all respects, with its principal office and place of business at 150 South Main, Rockland, Idaho 83271. DCR is engaged in the business of acquiring and operating communications businesses. A copy of DCR's Certificate of Corporate Good Standing from the Idaho Secretary of State's Office is attached as <u>Appendix C</u>. DCR has not requested a cerrtificate of authority to do business in Missouri as it will only hold the stock of TigerTel.

4. All communications, notices, orders and decisions respecting this Joint Application and proceeding should be addressed to:

W. R. England, III
Sondra B. Morgan
Brydon, Swearengen & England P.C.
312 E. Capitol Avenue
P.O. Box 456
Jefferson City, MO 65102
(573) 635-7166
(573) 634-7431 (fax)
<u>smorgan@brydonlaw.com</u> (e-mail)

or, if to TigerTel and New Florence, to:

Robert D. Williams 118 East Nodaway P. O. Box 227 Oregon, MO 64473 660 446-3391 (Tel.) 660 446-2800 (Fax)

or, if to DCR:

Leonard May P.O. Box 269 Rockland, ID 83271 208 548-2345 (Tel.) 208 548-9911 (Fax)

5. The individual shareholders of TigerTel, Robert D. Williams, Rebecca Sue Malcolm and Local Exchange Company, L.L.C. ("Sellers") TigerTel, the sole shareholder of New Florence, and DCR have entered into a Stock Purchase Agreement dated September 29, 2006 (the "Agreement"). Under the terms of the Agreement, and subject to obtaining necessary regulatory approvals, DCR will acquire from the Sellers all of the currently issued and outstanding common stock of TigerTel. A copy of the Agreement in substantially final form, which contains proprietary information and is being filed under seal, is marked <u>Proprietary Appendix D</u>, attached hereto, and made a part hereof for all purposes. A Motion for Protective Order is being filed at the same time as this Application. A fully-executed copy of the Agreement will be provided to the Commission after completion.

6. Copies of the resolutions of the Board of Directors of TigerTel and New Florence authorizing them to enter into and perform in accordance with the terms of the Agreement are marked <u>Appendix E and F</u> respectively, attached hereto, and made a part hereof for all purposes.

7. A certified copy of the resolutions of the Board of Directors of Direct authorizing it to enter into and perform in accordance with the terms of the Agreement is marked <u>Appendix G</u>, attached hereto, and made a part hereof for all purposes.

8. The proposed acquisition of the stock of TigerTel resulting in a change of ownership of New Florence is not detrimental to the public interest. DCR has operated telephone exchange systems in Idaho under certificated authority granted by the Idaho Public Utilities Commission as an independent local exchange carrier since 1952. The company provides local service to approximately 1,500 subscribers in three Idaho communities. DCR qualifies as a rural telephone company for purposes of the federal Telecommunications Act of 1996. After the proposed acquisition, New Florence will continue to do business under the same name and operate in much the same manner as it does currently. There will be no change in rates or methods of operation as a result of the stock acquisition. DCR will retain the present employees of New Florence whose managerial abilities will be combined with the telecommunications expertise of the principals of DCR in order to effectively provide efficient and affordable service to the New Florence customers.

9. The Stipulation and Agreement approved by the Commission in Case No. TC-2006-0184, states that, "If there is a pending sale of New Florence and Staff is satisfied the potential new owner will implement sufficient financial and managerial controls to justify certification for receipt of federal Universal Service Fund ("USF") disbursement, Staff will recommend to the Commission that, if the sale closes, the Commission certify to the FCC the buyer will use funds received from the federal high cost support funding mechanisms in accordance with Section 254(e) of the federal Telecommunications Act of 1996 (47 USC §254(e) 1999)." Joint Applicants believe that the proposed transaction satisfies the conditions set out above, and that the Staff will be able to recommend that the Commission certify New Florence for receipt of USF support. Providing the Staff makes this recommendation contemplated by the Stipulation and Agreement, Joint Applicants request that the Commission certify to the FCC that New Florence is eligible to receive USF funding upon the closing of the transaction between DCR and TigerTel and that New Florence will use its federal high-cost support "only for the provision, maintenance and upgrading of facilities and services for which the support is intended.

10. Applicants state that neither New Florence or DCR has any pending action or final unsatisfied judgments or decision against it from any state or federal agency or court which involve customer service or rates, which action, judgment or decision has occurred within three (3) years of the date of this application. Applicants further state that no annual report or assessment fees are overdue.

WHEREFORE, New Florence, TigerTel and DCR respectfully request that the Commission issue an order authorizing (1) New Florence, TigerTel and DCR to enter into and perform in accordance with the terms of the Stock Purchase Agreement contained in Appendix D; (2) authorizing DCR to purchase or acquire, take or hold all of the total issued and outstanding capital stock of TigerTel; (3) authorizing TigerTel, New Florence and DCR to do any and all other things as may be reasonably necessary in furtherance of all acts specifically authorized; and (4) granting such other relief as the Commission may deem just and proper under the circumstances.

Respectfully submitted,

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W. R. England, III Mo. Bar #23975
Sondra B. Morgan Mo. Bar #35482
BRYDON, SWEARENGEN & ENGLAND, P.C.
312 E. Capitol Avenue
P.O. Box 456
Jefferson City, MO 65102
573-635-7166
573-634-7431 (Facsimile)
smorgan@brydonlaw.com (e-mail)

Attorneys for Tiger Telephone, Inc., New Florence Telephone Company and Direct Communications Rockland, Inc.

## Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent electronically, hand-delivered or mailed, United States Mail, postage prepaid, this 2nd day of October, 2006, to:

Michael Dandino Senior Counsel Office of Public Counsel P. O. Box 7800 Jefferson City, MO 65102 Kevin Thompson General Counsel Missouri Public Service Commission P. O. Box 360 Jefferson City, MO 65102

W. R. England III/Sondra B. Morgan

## **VERIFICATION**

STATE OF MISSOURI ) ) ss COUNTY OF Buchanan

Robert D. Williams, having been duly sworn upon his oath, states that he is the President of Tiger Telephone, Inc., Joint Applicant herein, and as such, is duly authorized to execute the foregoing Application and to make this Affidavit on its behalf, and that the matters and things stated in the foregoing Application and Appendices thereto are true and correct to the best of his knowledge, information and belief.

Williams Title: President

Subscribed and sworn to before me, a Notary Public, on this <u>27</u> day of <u>Sept</u>, O(A) = O(A2006.

My Commission Expires:

NOTARY SEAL Jo Beth Schaeffer, Notary Public Buchanan County, State of Missouri My Commission Expires 8/1/2007

### VERIFICATION

STATE OF MISSOURI ) ) ss COUNTY OF )

Robert D. Williams, having been duly sworn upon his oath, states that he is the President of New Florence Telephone Company, Joint Applicant herein, and as such, is duly authorized to execute the foregoing Application and to make this Affidavit on its behalf, and that the matters and things stated in the foregoing Application and Appendices thereto are true and correct to the best of his knowledge, information and belief.

Name: Robert D. Williams

Title: President

Subscribed and sworn to before me, a Notary Public, on this <u>27</u> day of  $f_{pt}$ , 2006.



## VERIFICATION

STATE OF IDAHO	)
	) ss
COUNTY OF POWER	)

Leonard May, having been duly sworn upon his oath, states that he is the President of Direct Communications Rockland, Inc., Joint Applicant herein, and as such, is duly authorized to execute the foregoing Application and to make this Affidavit on its behalf, and that the matters and things stated in the foregoing Application and Appendices thereto are true and correct to the best of his knowledge, information and belief.

Name: Deonard May Title: President

Subscribed and sworn to before me, a Notary Public, on this 27 day of 5ept, 2006.

Lenda Rulph Notary Public

My Commission Expires: <u>12-16-06</u>



## STATE OF MISSOURI



## CORPORATION DIVISION CERTIFICATE OF GOOD STANDING

I, ROBIN CARNAHAN, Secretary of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

## NEW FLORENCE TELEPHONE COMPANY T00000634

was created under the laws of this State on the 22nd day of December, 1959, and is in good standing, having fully complied with all requirements of this office.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 20th day of September, 2006

Secretary of State
 Certification Number: 9065828-1 Reference:
 <u>Finite Continent http://www.sos.mo.gov/b</u>
 <u>Finite Continent http://wwww.sos.mo.gov/b
 <u>Finite Continet http://www.sos.mo.gov/b
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# STATE OF MISSOURI



Robin Carnahan Secretary of State

## CORPORATION DIVISION CERTIFICATE OF GOOD STANDING

I, ROBIN CARNAHAN, Secretary of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

## TIGER TELEPHONE, INC. 00459136

was created under the laws of this State on the 21st day of August, 1998, and is in good standing, having fully complied with all requirements of this office.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 20th day of September, 2006

Secretary of State

Certification Number: 9065829-1 Reference:



## State of Idaho

Office of the Secretary of State

## **CERTIFICATE OF EXISTENCE**

OF

## DIRECT COMMUNICATIONS ROCKLAND, INC.

File Number C 47005

I, BEN YSURSA, Secretary of State of the State of Idaho, hereby certify that I am the custodian of the corporation records of this State.

I FURTHER CERTIFY That the record of this office show that the above-named corporation was incorporated under the laws of Idaho on March 7, 1973.

I FURTHER CERTIFY That the corporation is in goodstanding on the records of this office.

Dated: September 27, 2006



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SECRETARY OF STATE

By Mark Stylin

## UNANIMOUS CONSENT OF DIRECTORS OF TIGER TELEPHONE, INC. IN LIEU OF SPECIAL MEETING

Pursuant to the provisions of Section 351.340.2 of the Revised Statutes of Missouri, as amended, the undersigned, being all of the Directors of Tiger Telephone, Inc., a Missouri corporation ("the Corporation"), hereby consent to and approve the following resolutions and direct that this Consent be filed with the official corporate minutes, to have the same force and effect as a unanimous vote of the Directors of the Corporation at a special meeting duly held.

WHEREAS, the Corporation desires to enter into a Stock Purchase Agreement ("SPA") by and among Robert D. Williams, Rebecca Sue Malcolm and Local Exchange Company, L.L.C. ("Sellers"), the Corporation and Direct Communications – Rockland, Inc. ("Direct") pursuant to which Direct will purchase all of the outstanding shares of the Corporation;

WHEREAS, the Board deems it advisable, fair and in the best interests of the Corporation to enter into, execute and deliver the SPA and perform the obligations under the SPA and any other agreements, certificates or documents related thereto to allow Direct to purchase the shares of the Corporation;

**NOW THEREFORE BE IT RESOLVED**, that the execution and delivery of the SPA and the performance of the Corporation's obligations under the SPA are hereby approved, including, but not limited to, the execution and delivery of other related agreements, certificates, documents and instruments necessary to effectuate the purchase of the shares.

**RESOLVED**, that each of the officers of the Corporation be, and each hereby is authorized, empowered and directed for and on behalf of the Corporation and in its name to execute and deliver the SPA and any other agreement, certificate or instrument to which the Corporation will be a party in connection with, arising out of, or relating to the sale of the shares, with such changes therein as the officers executing the same shall approve, the execution and delivery thereof by any such officer to be conclusive evidence of approval by this Board of the SPA as so executed and delivered.

**RESOLVED**, that the appropriate officer of the Corporation be authorized and empowered to take all such further action, to execute and deliver all such further instruments and documents and do all such further things, in the name of and on behalf of the Corporation as in his judgment shall be necessary, proper or advisable in order to carry out fully the intent and accomplish the purposes of the foregoing resolutions.

IN WITNESS WHEREOF, the Directors have executed this Written Consent as of the day of September, 2006.

Robert D. Williams, Director

## UNANIMOUS CONSENT OF DIRECTORS OF NEW FLORENCE TELEPHONE COMPANY IN LIEU OF SPECIAL MEETING

The undersigned, being all of the Directors of New Florence Telephone Company, a Missouri corporation ("the Corporation"), hereby consent to and approve the following resolutions and direct that this Consent be filed with the official corporate minutes, to have the same force and effect as a unanimous vote of the Directors of the Corporation at a special meeting duly held.

WHEREAS, the directors of Tiger Telephone, Inc. ("TigerTel"), the owner of the stock of the Corporation, have negotiated the sale of the stock of TigerTel to Direct Communications – Rockland, Inc. ("Direct");

WHEREAS, the Corporation will be a signatory to the Stock Purchase Agreement ("SPA") between TigerTel and Direct;

WHEREAS, the Corporation, TigerTel and Direct wish to file a Joint Application with the Missouri Public Service Commission ("Commission") requesting authority for this transfer of the stock of TigerTel and thereby the indirect ownership of the Corporation;

**NOW THEREFORE BE IT RESOLVED**, that the execution and delivery of the SPA and the performance of the Corporation's obligations under the SPA are hereby approved, including, but not limited to, the execution and delivery of all documents and instruments necessary to effectuate the transfer of the indirect ownership of the Corporation.

**RESOLVED**, that the officers of the Corporation be, and each hereby is, empowered and directed for and on behalf of the Corporation and in its name to execute and deliver the SPA and any other agreement, certificate or instrument to which the Corporation will be a party in connection with, arising out of, or relating to the purchase of the TigerTel stock.

**IN WITNESS WHEREOF**, the Director has executed this Written Consent as of the 2/2 day of September, 2006.

Robert D. Williams, Director



## CONSENT RESOLUTION OF THE BOARD OF DIRECTORS DIRECT COMMUNICATIONS ROCKLAND, INC.

The undersigned being all of the directors of Direct Communications Rockland, Inc., an Idaho Corporation ("the corporation") do hereby take the following corporate actions without a meeting in accordance with the general corporation laws of the State of Idaho and the constituent documents of the Corporation:

WHEREAS, the Corporation has negotiated to acquire the business now known as New Tiger Telephone and Florence Telephone Company, Inc. and

WHEREAS the Corporation has been authorized to make application to the Public Service Commission of the State of Missouri for said changes to occur,

NOW BE IT THEREFORE RESOLVED that the board gives authorization for the purchase or acquisition of all the issued and outstanding capital stock of said company, and

**BE IT FURTHER RESOLVED** that Leonard May is authorized to act in behalf of the board to accomplish said acquisition.

Dated effective the 25<sup>th</sup> day of September, 2006

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Director