

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the Application of)
Kingdom Telephone Company)
for Authority to borrow an amount)
not to exceed \$5,000,000 from CoBank)
under a twelve (12) year secured credit)
facility and in connection therewith to)
execute a lien and security interest.)

Case No. _____

APPLICATION

Comes now Kingdom Telephone Company, Inc. (hereinafter referred to as "Applicant") and, pursuant to Sections 392.300 and 392.310, RSMo 2000, and 4 CSR 240-3.530, states to the Missouri Public Service Commission ("Commission") as follows:

1. Applicant is a corporation organized and existing under the laws of the State of Missouri and is in good standing in all respects. A Certificate of Good Standing from the Missouri Secretary of State is marked as Appendix 1 attached hereto and made a part hereof for all purposes. Applicant's headquarters and principal place of business is located at 211 S. Main, Auxvasse, Missouri 65231. Applicant is subject to the jurisdiction of the Commission and is engaged generally in providing telecommunications service to customers in seven (7) exchanges located in the Missouri counties of Audrain, Calloway, and Montgomery, as shown by its exchange area maps on file with and approved by this Commission. Applicant's telephone number is (573) 386-2241, its fax number is (573) 386-5520, and it can be reached by e-mail at tly@ktis.net.

2. All communications with respect to this Application and this proceeding should be directed to:

W. R. England, III
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and

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3. Applicant proposes to borrow certain sums, not to exceed \$5,000,000, through a 12-year secured credit facility from CoBank, ACB ("CoBank") in order to fund various capital improvements, finance operating needs, and for general corporate purposes. CoBank is part of the Farm Credit System, which is a nationwide financial cooperative that lends money and provides financial services to agriculture and rural America.

4. The borrowing referred to in paragraph three (3) will be used by Applicant for "the acquisition of property, the construction, completion, extension or improvement of its facilities [and] 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” as described in §392.310 RSMo. 2000.

5. Applicant proposes to enter into a secured credit facility substantially in the form of the Master Loan Agreement and First Supplement to the Master Loan Agreement marked Appendix 2 attached hereto and made a part hereof for all purposes. A summary of terms of this agreement is marked as Appendix 3.

6. In connection with this borrowing, and in compliance with the CoBank secured credit facility as set out in the Master Loan Agreement and First Supplement to the Master Loan Agreement, Applicant proposes to execute and deliver the Promissory Note marked Appendix 4 which is attached hereto and made a part hereof for all purposes.

7. As security for the loan, Applicant proposes to execute and deliver a mortgage, security agreement, and financing statement on substantially all the assets of Applicant substantially in the form of the Real Estate Deed of Trust and Security Agreement marked Appendix 5, attached hereto and made a part hereof for all purposes.

8. Marked Appendix 6 and attached hereto and made a part hereof for all purposes, is an original certified copy of the Resolution of the Board of Directors of Kingdom Telephone Company, which approves the making of the loan, the execution of

the promissory notes, and related transactions.

9. Marked Appendix 7 and attached hereto and made a part hereof for all purposes is a pro forma balance sheet and pro forma income statement of Applicant showing the effect of the proposed financing.

10. Marked Appendix 8 and attached hereto and made a part hereof for all purposes is a capitalization expenditure schedule for the prior five (5) years, as required by §392.310 RSMo. 2000.

11. No portion of the proceeds of the loan will be used for the purpose of guaranteeing, taking over, refunding, discharging, or retiring existing indebtedness; therefore the entire proceeds of the loan will be subject to the fee schedule as set forth in §386.300 RSMo. 2000.

12. Applicant has no pending action or final unsatisfied judgment or decisions 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. Applicant does not have any annual reports or assessment fees which are overdue.

WHEREFORE, Applicant prays this Commission enter its order:

A. Approving and authorizing the transactions as set forth in this Application and authorizing Applicant to:

1. Borrow from CoBank an amount not to exceed \$5,000,000, substantially in accordance with the terms and conditions of the Master Loan Agreement and First Supplement to the Master Loan Agreement attached hereto as Appendix 2;
2. Execute and deliver a promissory note evidencing the loan, substantially in the form of the Promissory Note attached hereto as Appendix 4 in the total sum not to exceed \$5,000,000.
3. Execute and deliver a mortgage, security agreement and financing statement for the purpose of placing a lien on its assets and securing the loan substantially in the form of the Real Estate Deed of Trust and Security Agreement attached hereto as Appendix 5 in the total sum not to exceed \$5,000,000;
3. Do and perform or cause to be done and performed all such other acts and things, as well as to make, execute and deliver any and all documents as may be necessary, advisable or proper to the end that the intent and purposes

of this financing may be fully effectuated;

B. Finding that the money, property and labor to be procured by said transaction is reasonably required for the purposes specified above, and that no part of the proceeds shall be reasonably chargeable to operating expenses or to income; and,

C. Granting such further relief in this matter as the Commission may deem necessary.

Respectfully submitted,

/s/ Brian McCartney

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Attorneys for Applicant

Kingdom Telephone Company

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent by electronic transmission, hand-delivered or mailed, United States Mail, postage prepaid, this 2nd day of November, 2007 to:

General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Public Counsel
Office of Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

/s/ Brian McCartney

Brian T. McCartney