

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

In the Matter of the Application of )  
Chariton Valley Telephone Corporation )  
for Authority and Approval to Issue a )  
Note, Loan Agreement, Mortgage, )  
Security Agreement, and Financing )  
Statement, to borrow funds from the Rural )  
Utility Services of the United States of )  
America, and for interim financing. )

Case No. IF-2007-0278

**STAFF RECOMMENDATION**

**COMES NOW** the Staff of the Missouri Pubic Service Commission (Staff) and for its recommendation respectfully states:

1. On January 24, 2007 Chariton Valley Telephone Company (Chariton Valley; Applicant) filed its Application for Commission approval in connection with a proposed long-term loan from the Rural Utility Services Administration of the Department of Agriculture of the United States of America (RUS).

2. The attachments to the Application detail the security RUS is to be given for the loan; however the Commission has entered a protective order in this case. The loan documents have been classified as “highly confidential.” Staff has examined the loan documents and has determined that the loan is reasonable and that Applicant’s proposed improvements will benefit its customers.

3. The Applicant is a small incumbent local exchange carrier certificated by this Commission to provide basic local and exchange access telecommunications services in eighteen exchanges in north central Missouri.

4. Section 392.300.1 RSMo directs 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 so to do. This statute further provides that any such mortgage or encumbrance made other than in accordance with the order of the Commission authorizing the same shall be void. In other words, the Applicant will need Commission approval to grant a security interest in the assets described in the Application if the financing includes such a security interest. Section 392.310.1 RSMo provides that a telecommunications company may, when authorized by order of the Commission, issue notes payable at periods of more than twelve months after the date thereof, when necessary for the acquisition of property, the construction, completion, extension or improvement of its facilities or maintenance of its services within the state.

5. The standard for Commission review is whether such a transaction is detrimental to the public interest.

6. In the attached Memorandum, labeled Appendix A, the Staff opines that it is not detrimental to the public interest for Chariton Valley to execute the loan documents and to provide its security in connection with the financing, subject to the conditions listed in Staff's recommendation.

WHEREFORE, the Staff recommends that the Commission authorize Chariton Valley to participate in the financing transaction described in the Application and highly confidential attachments, subject to the conditions outlined in Staff's recommendation.

Respectfully submitted,

/s/ Jennifer Heintz

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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 14th day of March 2007.

/s/ Jennifer Heintz