

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 connection)
therewith to execute a Loan Agreement,)
Promissory Note, and a Restated)
Mortgage, Security Agreement)
and Financing Statement.)

Case No. IF-2005-0506

MOTION TO MODIFY ORDER APPROVING FINANCING

Comes now Green Hills Telephone Corporation ("Green Hills") and for its Motion to Modify Order Approving Financing and Granting Protective Order ("Order") states to the Missouri Public Service Commission ("Commission") as follows:

1. On June 30, 2005, Green Hills filed an application seeking authority to borrow an amount not to exceed \$22,704,000 from the United States of America acting through the Rural Utilities Service ("RUS") and the Rural Telephone Bank ("RTB") and in connection therewith to execute a Loan Agreement, Promissory Note and a Restated Mortgage, Security Agreement and Financing Statement ("the Application"). In the Application, Green Hills stated that it would use the funds for the construction and improvement of its facilities; specifically the funds would be used to complete a project to provide digital loops and broadband capability to all its existing and new customers by the end of 2015.

2. In its responses to Staff data requests and in its discussions with Staff, Green Hills stated that it did not intend to use the entire \$22,704,000 authorized in the loan documents, but believed it could do the planned construction by borrowing only \$9,500,000. In its Recommendation to the Commission, Staff stated that the Commission should cap the authorized amount at \$9,500,000, and Green Hills did not disagree with Staff's Recommendation.

3. On October 13, 2005, the Commission issued its Order approving the financing. The Commission's Order states in Ordered Paragraph 3 that, "the Application filed by Green Hills Telephone Corporation on June 30, 2005, is approved with the conditions set out below." Ordered Paragraph 4 states that "Green Hills Telephone Corporation is authorized to borrow up to \$9.5 million from the Rural Utilities Service." Ordered Paragraph 5 states that Green Hills is authorized "to execute and deliver promissory notes in order to complete the transactions" and Ordered Paragraph 6 states that Green Hills is "authorized to do any and all other things incidental, necessary or appropriate to the performance of any and all acts specifically authorized in this order, including executing all documents necessary for the financing authorized in this proceeding."

4. In order to complete the borrowing set out in the Application, it will be necessary for Green Hills' counsel to issue a regulatory opinion to RUS and RTB that "all authorizations from regulatory bodies required in connection with the execution, delivery and performance of the Transaction Documents have been obtained." Counsel for Green Hills is concerned that the Order as currently written may not grant Green Hills authority to execute the Loan Agreement and Promissory Notes for the full \$22,704,000 and can be read as only authorizing the execution of documents for \$9.5 million. Green Hills does not disagree with the \$9.5 million cap imposed

by the Commission and agrees to not borrow more than that amount without seeking additional authorization from the Commission. However, in order to borrow the \$9.5 million it will be necessary for Green Hills to execute the loan documents for the larger amount. In its Modified Order Approving Financing in Case No. TF-2000-428, the Commission addressed a similar situation with Le-Ru Telephone Company ("Le-Ru"). In this order, the Commission authorized Le-Ru to execute and deliver the documents which authorized it to borrow up to \$9,164,700 from RUS and RTB, but placed a limit on the portion of the debt that Le-Ru could draw upon without further authority from the Commission. Ordered Paragraphs 1 and 2 of that Order read as follows:

1. That Le-Ru Telephone Company is authorized to execute and deliver such instruments and to undertake such other acts as are necessary to consummate the financing transaction as presented in the application and described in this order, including the execution of documents to borrow an aggregate amount not to exceed \$9,164,700 from the Rural Utilities Service, the Rural Telephone Bank and the Federal Financing Bank subject to the requirements of this order, including a limit on the portion of this debt that the Le-Ru Telephone Company may draw upon without further application to the Commission.
2. That Le-Ru Telephone Company is authorized to draw down and obtain debt proceeds as provided in this order in amount up to \$7,800,606 aggregate principal amount through mortgage notes payable under terms and conditions as described in the application and in this order.

Green Hills respectfully requests that the Commission modify its Order in a similar manner so that it is clear that Green Hills has authority to execute the Loan Agreement and Promissory Notes for \$22,704,000.

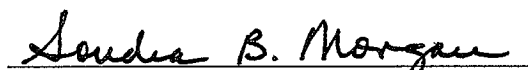
4. In the Application, Green Hills also requested that the Commission grant it authority to execute and deliver a restated mortgage, security agreement and financing statement for the purpose of placing a lien on its assets and securing the loan substantially in the form of the

Restated Mortgage, Security Agreement and Financing Statement attached to the Application. Section 392.300.1, RSMo 2000, states that no telecommunications company shall encumber the whole or any part of its franchise, facilities or system without an order of the Commission authorizing the same. Again, counsel for Green Hills is concerned that the Order does not specifically authorize Green Hills to place a lien on its assets. Therefore, Green Hills respectfully requests that the Commission modify its Order to include an ordered paragraph specifically authorizing Green Hills to execute and deliver the Restated Mortgage, Security Agreement and Financing Statement placing a lien on its assets. Suggested language for this paragraph is as follows:

Green Hills Telephone Corporation is hereby authorized to execute and deliver a Restated Mortgage, Security Agreement and Financing Statement for the purpose of placing a lien on its assets as well as to perform such other lawful acts as may be necessary to complete the transaction herein approved.

Wherefore, Green Hills respectfully requests that the Commission modify its Order Approving Financing and Granting Protective Order as set out above, and for any other relief appropriate in the circumstances.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was sent electronically, by U.S. Mail, postage prepaid, or hand-delivered on this 17th day of October, 2005, to the following parties:

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