

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Joint Application of)	
Mid-Missouri Holding Corp., a Delaware)	
Corporation, and Mid-Missouri Telephone Company)	
a Missouri Corporation, for an Order)	
Authorizing: 1) Mid-Missouri Holding Corp. to)	
Purchase or Acquire, Take or Hold All of the)	<u>Case No. TF-99-578</u>
Issued and Outstanding Capital Stock of)	
Mid-Missouri Telephone Company, and 2) for)	
Mid-Missouri Telephone Company to Execute a)	
Deed of Trust, Security Agreement and Financing)	
Statement to Secure a Loan to Complete the)	
Transaction.)	

ORDER SCHEDULING HEARING

On May 27, 1999, the Mid-Missouri Holding Corp. (MMH) and Mid-Missouri Telephone Company (Mid-Missouri), and certain individuals and trustees (collectively the "Applicants"), filed their joint application for authority to carry out their agreement and in particular requesting the Commission's Order: 1) authorizing MMH and Mid-Missouri to enter into and perform their obligations under a stock purchase agreement; 2) authorizing MMH to purchase all of the currently issued and outstanding common stock of Mid-Missouri; and 3) authorizing Mid-Missouri to execute and deliver a Deed of Trust, Security Agreement and Financing Statement related to the financing of the purchase price.

Applicants also filed a motion for a protective order seeking to protect confidential and proprietary information, including documents containing the purchase price of the stock and non-public

financial information. The Commission granted a protective order on June 9, 1999.

The Commission also issued a *Notice of Deficiency* on June 9, 1999, requesting additional information to be provided by the Applicants. On June 17, 1999, the Applicants filed their *Response of Joint Applicants to Notice of Deficiency* in which they provided the additional information.

Also, on June 9, 1999, the Commission issued an *Order Directing Notice*. The Records Department of the Commission was directed to send notice of the application to interested government officials and Mid-Missouri was directed to provide direct notice to its customers. Mid-Missouri filed a *Notice of Compliance* on July 15, 1999, that included a certification and copy of the notice given by Mid-Missouri. No requests for intervention or for a hearing have been filed in this proceeding.

On September 24, 1999, the Commission's Staff completed its investigation of the proposed sale of stock and financing and filed its memorandum recommending approval of the application.

The Applicants stated that because the financing involved a loan to MMH and not to Mid-Missouri, adjustments would not be required to the financial statements of Mid-Missouri. Applicants also stated that no fees would be due the Commission under Section 386.300, RSMo 1994¹.

¹ Statutory references are to the Revised Statutes of Missouri 1994, unless noted otherwise.

The Applicants also stated that there will be no impact from the sale of the stock of Mid-Missouri on the tax revenues of the political subdivisions in which any structures, facilities or equipment of the companies involved are located.

The Applicants stated that the proposed acquisition of the stock of Mid-Missouri is not detrimental to the public interest. The Applicants stated that: Mid-Missouri will continue to do business under the same name and 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; the present manager and employees will be retained; and Mid-Missouri's managerial abilities will be combined with the telecommunications expertise of the principals of MMH in order to effectively provide efficient and affordable service to the Mid-Missouri customers.

Staff indicated that with respect to the financing, its recommendation for approval was based on the projected cash flow of MMH and not the ability of Mid-Missouri to support the debt. Staff noted that MMH is generating significant cash flows from its operations to meet the covenants of its loan on a cash flow basis. Staff believes that financial resources necessary to operate the local telephone company will continue to be available to Mid-Missouri.

Staff also indicated that no change will occur in the local operations of Mid-Missouri, that existing management and craft groups would be retained, and that there will be no restatement or adjustment of Mid-Missouri's financial statements for regulatory or rate-making

purposes. Organizational costs related to the transaction will be recorded on the books of MMH, and will not affect rates.

Staff also believes, based on its investigation, that Mid-Missouri's level of service will be maintained, modernization plans will continue, and that no harm to the quality of service for Mid-Missouri's customers will result.

The Commission has reviewed the information provided by the parties and the representations set out above. The Commission has determined that, prior to taking action on the joint application, it desires a greater understanding of the basis supporting the representations of the Applicants and the findings of the Staff noted above. For example, the Commission would find it helpful to have additional information and detail concerning the financial impact, risk, and accounting requirements presented for Mid-Missouri Telephone Company with regard to the financing of MMH's loan to acquire the stock of Mid-Missouri. A hearing would provide an appropriate means for the Commission to obtain this additional information from the Applicants and Staff prior to acting on the application.

IT IS THEREFORE ORDERED:

1. That a hearing shall be held in this matter on October 27, 1999, beginning at 10:00 a.m.
2. That the hearing will be held in the Commission's hearing room on the fifth floor of the Harry S Truman State Office Building, 301 West High Street, Jefferson City, Missouri. Any person with special needs as addressed by the Americans With Disabilities Act should contact the Missouri Public Service Commission at least five

(5) days prior to the hearing at one of the following numbers:
Consumer Services Hotline - 1-800-392-4211, or TDD Hotline -
1-800-829-7541.

3. That this order shall become effective on October 8, 1999.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Keith Thornburg, Regulatory
Law Judge, by delegation of
authority pursuant to 4 CSR
240-2.120(1) (November 30, 1995)
and Section 386.240, RSMo 1994.

Dated at Jefferson City, Missouri,
on this 8th day of October, 1999.

R E C E I V E D

OCT 08 1999

COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION