

To: Mr. Matthew Barnes  
Missouri Public Service Commission

From: Robert A. Parrett, Corporate Counsel  
Rural Telephone Finance Cooperative

Date: September 6, 2005

Re: PSC Case No. IM-2004-0461  
RTFC designation NC 815 – 9001

The Missouri Public Service Commission (the "Commission") issued an Order Approving Sale of Stock on August 26, 2004 (the "Order") in conjunction with the sale of the outstanding common shares of Oregon Farmers Mutual Telephone Company ("Oregon Farmers") to Northwest Missouri Holdings, Inc. ("Northwest").

Rural Telephone Finance Cooperative ("RTFC") financed the stock purchase pursuant to a loan agreement, secured promissory note, and mortgage and security agreement, each dated as of September 17, 2004 between RTFC and Northwest.

As a condition of RTFC's commitment to finance the stock purchase, Oregon Farmers was required to provide a guaranty of repayment. The guaranty is Oregon Farmers commitment to pay RTFC amounts owed by Northwest should Northwest be unable to make such payments. The guaranty is to be secured by a lien on substantially all of Oregon Farmers' assets. Obtaining collateral for the guaranty provides an extra measure of security for RTFC. If Oregon Farmers were unable to honor its commitment under the guaranty, RTFC would be able to recover the loan amount by selling the assets of the guarantor.

Pursuant to the Order, the Commission approved Northwest's acquisition of the Oregon Farmers' stock, and in item 4 of the Order, authorized Oregon Farmers to "execute and deliver a Deed of Trust, Security Agreement and Financing Statement, as well as to perform such other lawful actions as may be necessary to complete the transaction herein approved."

We note that the Order does not specifically state that Oregon Farmers may execute and deliver a guaranty of payment for the benefit of RTFC. However, the Commission did approve a deed of trust that provides RTFC with a lien on substantially all of the assets of Oregon Farmers. We believe that the Commission's intent was to approve the guaranty, since it approved a lien on the assets of the guarantor, and the fact that the Order does not mention the guaranty was an inadvertent omission.

RTFC has requested that Oregon Farmers obtain confirmation from the Commission that its Order also applies to the guaranty of payment. The application and materials recently submitted by Oregon Farmers are for that purpose.

We hope this information is helpful to the Commission as it considers Oregon Farmers' current application. Should you need further information in this regard, please contact me at (703) 709-2079.

Thank you for your assistance.