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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 15th
day of April, 1999.

In the Matter of the Application of)	
Mark Twain Rural Telephone Company for)	
Authority to Borrow an Amount not to)	
Exceed \$32,976,550 from the Rural)	
Utilities Service and the Rural)	<u>Case No. TF-99-200</u>
Telephone Bank and in Connection)	
Therewith to Execute an Amending)	
Telephone Loan Contract, Mortgage Notes,)	
and a Supplemental Mortgage Security)	
Agreement and Financing Statement.)	

ORDER DIRECTING ADDITIONAL FILING

Mark Twain Rural Telephone Company (Mark Twain) filed an application on November 3, 1998, asking the Commission to approve the borrowing of certain sums, not to exceed \$32,976,550, from the Rural Utilities Service (RUS) and the Rural Telephone Bank (RTB) to fund capital improvements and finance the operating needs of Mark Twain. Mark Twain made its request in compliance with Section 392.310, RSMo 1994, and 4 CSR 240-2.060.

Mark Twain wishes to use the proceeds of the loan for the construction, completion, extension and improvement of its facilities within the state. Specifically, the proceeds of the loan are to be used to make system improvements including replacement of air-core cable, replacement of air-core service entrances, replacement of existing analog station carrier facilities serving 60 percent of the rural subscribers, integration of fiber feeder cable in the local loop, utilization of

electronic service area terminals providing 15 KF maximum length non-loaded subscriber loops, further improvements in the fiber toll networks, and generic updates of digital switches all necessary to bring Mark Twain into compliance with the Commission's Modernization Plan and the requirements of RUS.

In order to finance these projects, Mark Twain asks the Commission to approve its borrowing of \$32,976,550 from RUS and RTB. As part of this transaction, Mark Twain has issued a Mortgage Note payable to the United States of America acting through the Administrator of the RUS in the amount of \$20,827,000 and a Mortgage Note payable to RTB in the amount of \$12,149,550, with both notes providing for the payment of the indebtedness evidenced thereby within thirteen (13) years.

The Staff of the Public Service Commission, including the Telecommunications and Financial Analysis Departments, reviewed Mark Twain's application and exhibits and filed a memorandum on April 7, 1999. Staff expressed some concerns that this financing would have a significant impact on Mark Twain's consolidated capital structure should it utilize the entire line of credit offered by this loan. Staff recommended that Mark Twain make every effort to maintain an equity ratio equal to or greater than 40 percent. Staff recommended that the Commission approve Mark Twain's application subject to several conditions.

The Commission has reviewed Mark Twain's Application and Staff's memorandum, its attachments and specific recommendations. The Commission finds that it needs additional information prior to acting on Mark Twain's Application.

IT IS THEREFORE ORDERED:

1. That Mark Twain Rural Telephone Company shall, no later than April 30, 1999, file with the Commission the pro forma balance sheets and income statements that it submitted to the Rural Utilities Service and the Rural Telephone Bank for purpose of obtaining the commitment for a loan.

2. That Mark Twain Rural Telephone Company shall, no later than April 30, 1999, file an additional pleading in which it explains how it will service this new debt and whether or not any new revenues are anticipated over the term of the proposed debt.

3. That this order shall become effective on April 27, 1999.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton, Murray
and Schemenauer, CC., concur
Drainer, C., absent

Woodruff, Regulatory Law Judge

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COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION