

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 30th
day of January, 1990.

In the matter of the application of Bourbeuse Telephone)
Company for an order of the Commission authorizing it to)
borrow an amount not to exceed \$200,000 from Northern)
Telecom Finance Corporation and to create a lien upon) Case No. TF-90-116
Bourbeuse Telephone Company's franchise, facilities or)
system necessary or useful in providing telephone service)
to the public in order to secure said loan.)
)

ORDER

On December 8, 1989, Bourbeuse Telephone Company (Applicant) filed an application for an order authorizing it to borrow an amount not to exceed \$200,000 from Northern Telecom Finance Corporation and to create a lien upon Bourbeuse Telephone Company's franchise, facilities or system necessary or useful in providing telephone service to the public in order to secure said loan.

Applicant stated it is a corporation duly organized and existing under the laws of the state of Missouri with its principal office and place of business located at Gerald, Missouri. Applicant also stated it is primarily engaged in the business of providing telecommunications services to the public in certain areas of Missouri pursuant to a certificate of convenience and necessity issued by this Commission. Applicant further stated that it is providing telecommunications services to one telephone exchange serving approximately 1,613 access lines. Applicant stated it has experienced, and expects in the foreseeable future, further growth and a demand for additions and improvements to its plant and system.

Applicant stated that in order to finance said additions and improvements, Applicant proposes to borrow an amount not to exceed \$200,000 from Northern Telecom Finance Corporation (Northern) for a term of ten years at an annual interest rate of 8.25 percent. Applicant further stated that as security for the loan, it will be

required to grant a security interest in and a lien upon certain portions of its telephone equipment and all proceeds and related products related thereto. The exact terms and conditions of the loan are in a Term Loan Agreement between Applicant and Northern, which is attached to the application as Exhibit 1 and incorporated herein by reference.

Applicant also stated that all the loan proceeds will be used by Applicant for acquisition of property, the construction, completion, extension or improvement of its facilities, or the improvement or maintenance of its service within the state, or reimbursement of moneys actually expended from income prior to filing of the instant application. Applicant stated specifically that the loan proceeds will be used to purchase and install remote digital switching equipment, plus the needed software to operate said equipment, in the Applicant's Rosebud and Lost Valley offices of the Gerald exchange. Applicant stated that none of the purposes for the loan proceeds are in any part reasonably chargeable to operating expenses or income. Applicant asserted that the proposed borrowing will promote the public interest by enabling it to provide adequate telecommunications services.

Applicant attached a certified copy of the resolution of its Board of Directors authorizing this loan as Exhibit 2 to its application.

On January 18, 1990, the Commission Staff (Staff) filed a memorandum stating that from conversations with Applicant, Staff believes the only purpose of the proposed financing is to pay for the switching equipment, and the software to run said equipment, in the Applicant's Rosebud and Lost Valley offices in its Gerald exchange. The Staff recommended approval of the instant application and requested the Commission order Applicant to file a copy of the final loan document in the case papers after the Term Loan Agreement is officially signed.

The Commission, having given due consideration to the application herein, attached exhibits and the recommendations of its Staff, concludes that a hearing is not necessary to resolve the issues in this matter. The Commission finds the

recommendations of its Staff in regards to the instant application should be adopted and the application should be granted.

In the opinion of the Commission, the requested financing is not, in whole or in part, reasonably chargeable to operating expenses or to income. Moreover, the Commission has determined that the proposed borrowing is not detrimental to the public. The application is granted in an amount not to exceed \$200,000.

It is, therefore,

ORDERED: 1. That Bourbeuse Telephone Company is hereby authorized to borrow an amount not to exceed Two Hundred Thousand Dollars (\$200,000) from Northern Telecom Finance Corporation in accordance with the Term Loan Agreement attached to the instant application as Exhibit 1.

ORDERED: 2. That Bourbeuse Telephone Company is hereby authorized to execute and deliver to Northern Telecom Finance Corporation a promissory note as attached to the instant application as Exhibit A to Exhibit 1.

ORDERED: 3. That Bourbeuse Telephone Company is hereby authorized to do and perform, or to cause to be done and performed, all such other acts and things as well as to make, execute and deliver any and all documents as may be necessary or appropriate to effect the financing proposed herein.

ORDERED: 4. That nothing in this order shall be considered as a finding by the Commission of the reasonableness of the expenditures herein involved, nor of the value for ratemaking purposes of the properties herein involved, nor as an acquiescence in the value placed upon said properties by Bourbeuse Telephone Company. Furthermore, the Commission reserves the right to consider the ratemaking treatment to be afforded these financing transactions, and their resulting cost of capital, in any later proceeding.

ORDERED: 5. That within thirty (30) days from the closing of the transactions herein authorized, Bourbeuse Telephone Company shall file a copy of the final loan documents after the Term Loan Agreement is officially signed.

ORDERED: 6. That within thirty (30) days from the closing of the transactions herein authorized, Bourbeuse Telephone Company shall file copies of its journal entries reflecting the amount of the borrowing and the applications of the proceeds.

ORDERED: 7. That this order shall become effective on the 9th day of February, 1990.

BY THE COMMISSION



Daniel J. Redel
Acting Secretary

(S E A L)

Steinmeier, Chm., Mueller, Rauch,
McClure and Letsch, CC., Concur.