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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of)
Townes Telecommunications, Inc. for an)
Order authorizing Townes Telecommuni-)
cations, Inc. to purchase or acquire,) Case No. TM-99-79
take or hold all of the issued and)
outstanding capital stock of Choctaw)
Telephone Company, Inc.)

ORDER AND NOTICE

On August 26, 1998, Townes Telecommunication, Inc. (Townes or Applicant) filed its Application to acquire ownership of all outstanding stock of Choctaw Telephone Company, Inc. (Choctaw). Townes filed a Motion for Protective Order on August 27 requesting that a standard protective order be issued. In its motion, Townes stated that its application to acquire ownership of all of the outstanding stock of Choctaw and the attachments contain highly confidential information. On September 1, the Commission issued its Motion Granting Protective Order.

Townes states that Choctaw is a Missouri corporation duly organized and existing under the laws of the State of Missouri in good standing. Further, Choctaw's principal office and place of business is located at 221 W. Main, Halltown, Missouri 65664. Townes states that Choctaw is engaged in the business of providing telecommunications service to approximately 525 customers in the exchange of Halltown, Missouri, and is subject to the jurisdiction of the Commission.

The applicant states that it is a Texas corporation in good standing with its principal office and place of business located in Lewisville, Arkansas. The applicant has attached a certificate of good standing in

the most formal form available from the State of Texas to its application as Attachment 1. Townes is engaged in the business of owning and operating telecommunications companies in several states, including MoKan Dial, Inc., a company owning and operating exchanges in both Kansas and Missouri.

The applicant states that Townes and all of the individual owners of all of the issued and outstanding shares of capital stock of Choctaw have entered into an agreement whereby Townes will purchase all of said stock, subject to obtaining necessary regulatory approval. A copy of the highly confidential agreement and a certified copy of the resolution of Townes authorizing this acquisition is attached to the application.

The applicant states that the proposed transaction is not detrimental to the public interest in that: (1) after the completion of the stock purchase transaction and acquisition, Choctaw will continue to do business under the same name, with the same regulatory authority, and under the same approved tariffs that it currently utilizes to conduct business; (2) there will be no change in the rate base or approved telecommunications service rates of Choctaw caused by this acquisition; (3) there will be no change in the financial statements of Choctaw caused by this acquisition; (4) Townes is an experienced owner and operator of telephone properties, and anticipates making upgrades and improvements in facilities and operations which will improve the services Choctaw provides to its customers; (5) upon acquisition, for the foreseeable future, Townes will assign the present general manager of MoKan Dial oversight responsibility for the general operations of Choctaw, and current full-time employees of Choctaw will be retained in order to continue to provide efficient and affordable services to Choctaw customers. Maintaining all current full-time staff is anticipated to

accelerate the deployment of facilities necessary to service new growth, as well as improve the services provided existing customers; (6) it is anticipated that current accounting and billing operations of Choctaw will be converted to the systems of Townes, with improvements expected to result in the accounting records, financial reports and statements, and financial operations of Choctaw; and (7) Choctaw will remain subject to the present regulatory supervision and control afforded the Missouri Public Service Commission under law.

The applicant requests expedited consideration and approval of its application in time to close this transaction 60 days from the date of filing of its application, simultaneous with the closing of another acquisition in another state, and because all individual Choctaw shareholders wish expedited closure of the sale. The applicant has attached to its application separate affidavits from each seller of Choctaw capital stock wherein the seller concurs in this application and requests expedited approval thereof.

The Commission determines that notice of the proposed sale of stock should be given, either by direct mail or by billing insert, to Choctaw's customers. The direct mailing or billing insert should provide, at a minimum, the following information: (1) the identity of the parties to the contract; (2) a general statement of the transaction proposed; (3) a general statement of the anticipated impact on rates; and (4) a statement referring any questions or concerns to the Office of the Public Counsel, Post Office Box 7800, Jefferson City, Missouri 65102 by October 5, 1998. The Commission further determines that proper parties should be given an opportunity to intervene in this case. Applications to intervene should be submitted to the Secretary of the Missouri Public

Service Commission, Post Office Box 360, Jefferson City, Missouri 65102.

Copies of the application to intervene should be sent to:

Johnny Ross
General Manager
Townes Communications, Inc.
P.O. Box 729
Lewisville, Arkansas 71845

John West
President
Choctaw Telephone Company
P.O. Box 520
Bolivar, Missouri 65613

Craig S. Johnson
Andereck, Evans, Milne, Peace & Baumhoer, L.L.C.
P.O. Box 1438
Jefferson City, Missouri 65102

The Records Department of the Commission shall send a copy of this order to the county commission of Lawrence County, Missouri. In addition, the Information Officer of the Commission shall send a notice of this application to each newspaper located in Lawrence County, Missouri, as listed in the newspaper directory of the current *Official Manual of the State of Missouri* and to all members of the General Assembly representing Lawrence County.

The requirement of a hearing has been fulfilled when all those having a desire to be heard are offered such an opportunity. If no proper party or governmental entity files an application to intervene and neither the Commission's Staff nor the Office of the Public Counsel requests a hearing, the Commission may determine that a hearing is not necessary and that the applicant may submit evidence in support of the application by verified statement. State ex rel. Deffenderfer Enterprises, Inc. v. P.S.C., 776 S.W.2d 494, 496 (Mo. App. 1989).

IT IS THEREFORE ORDERED:

1. That the Records Department of the Missouri Public Service Commission shall provide notice as set out herein.

2. That the Information Officer of the Missouri Public Service Commission shall provide notice as set out herein.

3. That Choctaw Telephone Company, Inc. shall provide notice to its customers as set out herein. Townes Telecommunications, Inc. shall file a copy of the notice provided to the Choctaw customers with the Commission within ten days following the date the notice is issued.

4. That any interested party wishing to intervene in this case shall file an application to do so no later than October 5, 1998. Such applications shall be filed with the Secretary of the Missouri Public Service Commission, Post Office Box 360, Jefferson City, Missouri 65102, and copies shall be sent to:

Johnny Ross
General Manager
Townes Communications, Inc.
P.O. Box 729
Lewisville, Arkansas 71845

John West
President
Choctaw Telephone Company
P.O. Box 520
Bolivar, Missouri 65613

Craig S. Johnson
Andereck, Evans, Milne, Peace & Baumhoer, L.L.C.
P.O. Box 1438
Jefferson City, Missouri 65102

5. That this order shall become effective on September 14, 1998.

BY THE COMMISSION

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Shelly A. Register, 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 3rd day of September, 1998.

RECEIVED

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COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION