

LAW OFFICES
BRYDON, SWEARENGEN & ENGLAND

PROFESSIONAL CORPORATION

312 EAST CAPITOL AVENUE

P.O. BOX 456

JEFFERSON CITY, MISSOURI 65102-0456

TELEPHONE (573) 635-7166

FACSIMILE (573) 635-0427

E-MAIL: KARENBS@AOL.COM

DAVID V.G. BRYDON
JAMES C. SWEARENGEN
WILLIAM R. ENGLAND, III
JOHNNY K. RICHARDSON
GARY W. DUFFY
PAUL A. BOUDREAU
SONDRA B. MORGAN
CHARLES E. SMARR

DEAN L. COOPER
MARK G. ANDERSON
TIMOTHY T. STEWART
GREGORY C. MITCHELL
RACHEL M. CRAIG
BRIAN T. MCCARTNEY
DALE T. SMITH

August 12, 1999

FILED

AUG 12 1999

Missouri Public
Service Commission

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

TA-2000-144

Re: In the Matter of the Application of Kingdom Telephone Company d/b/a Kingdom Long Distance for a certificate of service authority to provide interexchange and local exchange telecommunications services.

Dear Mr. Roberts:

Enclosed please find the original plus fourteen (14) copies of Application for filing on behalf of Kingdom Telephone Company d/b/a Kingdom Long Distance in the above referenced matter. Please bring this matter to the attention of the appropriate Commission personnel. A copy of this filing is being sent to all parties of record.

Thank you for your attention to this matter.

Very truly yours,

BRYDON, SWEARENGEN & ENGLAND P.C.

By: *Sandra Morgan*
Sondra B. Morgan

SBM/k

Enclosures

cc: Office of Public Counsel
Tom Blevins

0000123

FILED

BEFORE THE PUBLIC SERVICE COMMISSION AUG 12 1999
OF THE STATE OF MISSOURI

Missouri Public
Service Commission

In the matter of the application of)
Kingdom Telephone Company)
d/b/a Kingdom Long Distance)
for a certificate of service authority)
to provide interexchange and local)
exchange telecommunications)
services)

Case No. TA-2000-144

APPLICATION

Kingdom Telephone Company d/b/a Kingdom Long Distance ("Applicant"), a Missouri corporation, files this verified application respectfully requesting that the Missouri Public Service Commission ("Commission") issue an order that:

- (a) grants Applicant a Certificate of Service Authority to provide interexchange and local exchange telecommunications services pursuant to Chapter 392 of the Missouri Revised Statutes;
- (b) grants competitive status to Applicant; and
- (c) waives certain Commission rules and statutory provisions pursuant to Section 392.420, RSMO Supp. 1998.

In support of its request, Applicant states:

1. Applicant is a Missouri corporation with its principal office and place of business at 211 South Main, Auxvasse, Missouri 65231. A copy of Applicant's Articles of Incorporation and Certificate of Authority from the Missouri Secretary of State to transact business in Missouri is marked Appendix A and attached hereto as if more fully incorporated herein. A copy of Applicant's Registration of Fictitious Name is attached hereto as Appendix B. A list of Applicant's current officers and directors is attached as Appendix C and is incorporated by reference herein.

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0000123

2. All communications, notices, orders and decisions respecting this Application and proceeding should be addressed to:

Tom Blevins
General Manager
Kingdom Long Distance
P.O. Box 97
Auxvasse, Missouri 65231

W.R. England, III, Esq.
Sondra B. Morgan, Esq.
Brydon, Swearingen & England, P.C.
312 East Capitol Street
P.O. Box 456
Jefferson City, Missouri 65102

3. Applicant proposes to resell one plus (1+) interexchange telecommunications services and associated operator and directory assistance services to business and residential customers located throughout the State of Missouri. Initially, Applicant will only provide service to local exchange customers of Kingdom Telephone Company in the exchanges of Auxvasse, Hatton, Williamsburg, Big Spring, Rhineland, Mokane and Tebbets. Applicant will utilize its own facilities, or purchase for resale, the services or facilities of other carriers in order to provide the services sought to be provided.

4. Applicant proposes to charge for its services based upon rates, rules and regulations as proposed in the tariff attached hereto and incorporated by reference as Appendix D.

5. Applicant requests classification as a competitive telecommunications company within the State of Missouri. Applicant believes that its proposed services will be subject to sufficient competition to justify a lesser degree of regulation. Granting of this application will

allow greater price and service options for telephone users.

6. Applicant also requests, pursuant to Section 392.420, RSMO 1994, that the Commission waive the application of the following rules and statutory provisions as they relate to the regulation of Applicant:

§392.240(1)	Rates-reasonable average return on investment.
§392.270	Property valuation.
§392.280	Depreciation rates.
§392.290	Issuance of stocks and bonds.
§392.310	Issuance of stocks and bonds.
§392.320	Issuance of stocks and bonds.
§392.330	Issuance of stocks and bonds.
§392.340	Reorganization.
4 CSR 240-10.020	Income on depreciation fund investments.
4 CSR 240-30.010(2)(C)	Posting exchange rates at central offices.
4 CSR 240-30.040	Uniform System of Accounts.
4 CSR 240-32.030(1)(B)	Exchange boundary maps.
4 CSR 240-32.030(1)(C)	Record of access lines.
4 CSR 240-32.030(2)	In-state record keeping.
4 CSR 240-32.050(3-6)	Telephone directories.
4 CSR 240-32.070(4)	Coin telephones.
4 CSR 240-33.030	Inform customers of lowest priced service.
4 CSR 240-33.040(5)	Finance fee.

It is Applicant's understanding that the above-referenced rules and statutory provisions have typically been waived for other interexchange carriers in prior cases.

7. The interexchange services provided by Applicant will be performed by the Applicant or by independent contractors, agents or employees of Kingdom Telephone Company. For example, billing & collection and billing inquiry services will be performed by the Applicant, or they will be provided under contractual agreements between Applicant and independent contractors, including local exchange carriers. Applicant will compensate its independent

contractors, or local exchange carriers fully for all services provided on Applicant's behalf.

8. Kingdom Telephone Company has extensive experience in providing reliable and affordable telecommunications services to the public in the State of Missouri. As a result, Applicant will have available to it the technical expertise to provide interexchange telecommunications services that meet or exceed all service standards established by the Commission.

9. Applicant is financially capable of providing the proposed service. For purposes of illustration, Comparative Balance Sheets of the Applicant are attached hereto as Appendix E.

10. The Commission has found that the interexchange market which Applicant seeks to enter is sufficiently competitive so as to justify a lesser degree of regulation. In Re Classification of Service Provided by Interexchange Telecommunications Carrier within the State of Missouri, Case No. TO-88-142, Report and Order (effective October 16, 1989) at pp. 19-20. Expedient grant of the instant Application will increase the competition in the provision of interexchange services, consistent with the Commission's policies and increase the variety and number of interexchange telecommunications providers and services available to users. Accordingly, Applicant's proposed operations are in the public interest.

WHEREFORE, Applicant respectfully requests that the Commission grant it a certificate of service authority to provide intrastate interexchange and local exchange telecommunications services to the public in the State of Missouri. If granted local exchange authority, such authority will be limited to the provisioning of dedicated, non-switched local exchange private line services. Applicant also requests classification as a competitive telecommunications company. In addition, Applicant requests a waiver of the above-referenced rules and statutory provisions.

Respectfully submitted,

Sandra B. Morgan

W.R. England, III Mo Bar#23975

Sondra B. Morgan Mo Bar #35482

Brydon, Swearngen & England P.C.

312 East Capitol Avenue

P. O. Box 456

Jefferson City, MO 65102-0456

(573) 635-7166

Attorneys for KINGDOM TELEPHONE
COMPANY d/b/a KINGDOM LONG DISTANCE

VERIFICATION

STATE OF MISSOURI)
) ss.
COUNTY OF CALLAWAY)

Tom Blevins, having been duly sworn upon his oath states that he is General Manager of Kingdom Telephone Company d/b/a Kingdom Long Distance, Applicant herein, and as such, is duly authorized to execute said Application and to make this affidavit on its behalf, that the matters and things stated in the foregoing Application and exhibits thereto are true and correct to the best of his information, knowledge and belief.

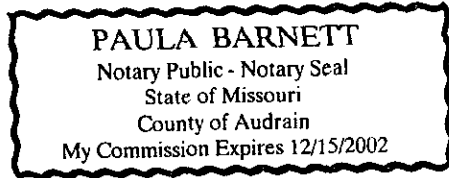
Tom Blevins

Subscribed and sworn to before me, a notary public, on this 6th day of August, 1999.

Paula Barnett
Notary Public

My Commission expires:

12/15/2002



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Appendix A
Articles of Incorporation
Kingdom Telephone Company

STATE OF MISSOURI



Rebecca McDowell Cook
Secretary of State

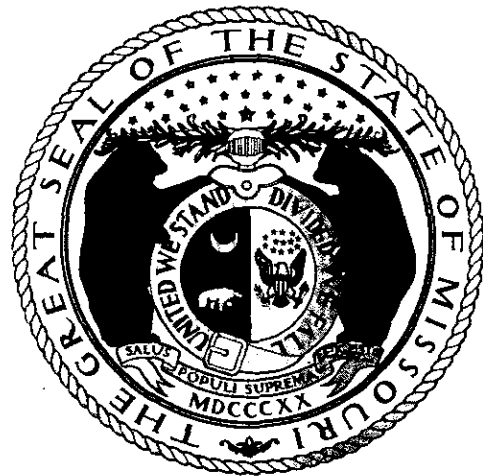
CORPORATION DIVISION
CERTIFICATE OF CORPORATE RECORDS

KINGDOM TELEPHONE COMPANY

I, REBECCA McDOWELL COOK, SECRETARY OF STATE OF THE STATE OF MISSOURI AND KEEPER OF THE GREAT SEAL THEREOF, DO HEREBY CERTIFY THAT THE ANNEXED PAGES CONTAIN A FULL, TRUE AND COMPLETE COPY OF THE ORIGINAL DOCUMENTS ON FILE AND OF RECORD IN THIS OFFICE.

IN TESTIMONY WHEREOF, I HAVE SET MY HAND AND IMPRINTED THE GREAT SEAL OF THE STATE OF MISSOURI, ON THIS, THE 10TH DAY OF AUGUST, 1999.

Rebecca McDowell Cook
Secretary of State



STATE OF MISSOURI

1917

Certificate of Incorporation

WHEREAS

Highland Telephone Company

has filed in the office of the Secretary of State of Missouri in writing, as provided by law, and has in all respects complied with the requirements of The General and Business Corporation Act of Missouri governing the formation of Private Corporations.

NOW, THEREFORE, I, WALTER H. TOBEMAN, Secretary of State of the State

of Missouri, in virtue and by authority of law, do hereby certify that said association has on the day hereof become a body corporate duly organized under the laws of Missouri.

Highland Telephone Company

and the address of its initial Registered Office is:

Camden, Missouri

and is entitled to all the rights

and privileges granted to corporations organized under The General and Business Corporation Act of Missouri for a term of

perpetual years; and that the

amount of its Authorized Shares is

1,000 common, \$50's
Eighty thousand Dollars.

IN TESTIMONY WHEREOF, I hereunto set my hand and

affix the Great Seal of the State of Missouri. Done at the

City of Jefferson, this *28th* day

of *April*, A. D. Nineteen Hundred

and *fifty-five*

Walter H. Tobeman

Secretary of State

(REAL)

Chief Clerk.

ARTICLES OF INCORPORATION OF
KINGDOM TELEPHONE COMPANY

We, the undersigned, being natural persons of the age of twenty-one years or more and subscribers to the shares of the corporation to be organized pursuant hereto, for the purpose of forming a corporation under the General and Business Corporation Law of Missouri, Chapter 351, Revised Statutes of Missouri, 1949, do hereby adopt the following articles of incorporation:

ARTICLE I

The name of the corporation is: Kingdom Telephone Company.

ARTICLE II

The address of its initial registered office in the State of Missouri is the City of Auxvasse, and the name of its initial registered agent at Auxvasse is Mr. R. E. Mottaz.

ARTICLE III

The aggregate number of shares which the corporation shall have authority to issue shall be 3,200 of which 1,600 shares of the par value of \$10.00 each, amounting in the aggregate to \$16,000.00, shall be shares of common stock and 1,600 shares of the par value of \$40.00 each, amounting in the aggregate to \$64,000.00, shall be shares of preferred stock.

The preferences, qualifications, limitations, restrictions, and the special or relative rights in respect to the shares of each class are as follows:

The shares of the corporation shall be issued only for money paid labor done, or property actually received, the value of which shall not be less than the par value of such shares issued.

The corporation shall have authority to issue its common shares only to persons, hereinafter called "Shareholders", who shall: (1) pay the par value thereof; (2) agree to purchase from the corporation telephone service as specified in the bylaws; and (3) agree to comply with and be bound by the articles of incorporation and bylaws of the

corporation and any amendment thereto and such rules and regulations as may from time to time be adopted by the board of directors.

The Corporation shall issue only one share of common stock to any shareholder, and no shareholder shall own more than one share of common stock of this corporation. Any shareholder who shall desire to transfer a share of common stock of the corporation owned by him, shall first offer the share to the corporation which shall have the exclusive right to purchase such share at a price equal to the par value thereof within 30 days after such offer. Shares of stock so acquired by the corporation may be held by it as treasury stock or may be transferred or issued to other persons who comply with the provisions of the articles of incorporation and bylaws of the corporation with respect to the issuance of common stock. If the corporation shall not have exercised its option to purchase such share, the shareholder, after the expiration of such time shall be free to transfer such share, but only to a person who has complied with the provisions of the articles of incorporation and bylaws of the corporation with respect to the issuance of common stock.

The corporation shall have authority to issue its preferred shares only to persons who shall pay the par value thereof and agree to comply with and be bound by the articles of incorporation and bylaws of the corporation and any amendment thereto and such rules and regulations as may from time to time be adopted by the board of directors.

No dividends shall be declared or paid on common shares. Common shares shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders unless provided otherwise by law, these articles of incorporation or the bylaws.

Dividends on the preferred stock shall be 4% of the par value h annum and shall be non-cumulative. Preferred stock shall have no voting rights unless otherwise provided by law.

The corporation may, from time to time, at the option of the board of directors, and in such manner as the board of directors shall determine, redeem the whole or any part of the outstanding preferred stock at par.

In case of liquidation or dissolution of the corporation, the holders of preferred stock shall be entitled to receive cash in the amount of their preferred stock at par, before any payment in liquidation is made upon the common stock, and shall not thereafter par

pate in any of the property of the corporation proceeds of liquidation.

ARTICLE IV

Fourteen shares of common stock shall be issued before the corporation shall commence business and the consideration to be paid therefor is \$10.00 for each such share. Nine shares of preferred stock shall be issued before the corporation shall commence business and the consideration to be paid therefor is \$40.00 for each share. The amount of capital with which this corporation shall commence business is \$500.00.

ARTICLE V

The names and places of residence of the shareholders and the number of shares of each class subscribed by each are:

<u>NAMES</u>	<u>RESIDENCES</u>	<u>NO. OF SHARES</u>	
		<u>COMMON</u>	<u>PREFERRED</u>
R. C. Keown	Holts Summit, Missouri	1	1
Travis R. Million	Williamsburg, Missouri	1	1
Howard Willis	Mexico Rt.3, Missouri	1	
Theophilus Dunn	Auxvasse Rt.3, Missouri	1	
Christy Krebs	Stedman , Missouri	1	1
M. A. Gibson	Portland, Missouri	1	1
L. F. Dickrader	Portland, Missouri	1	1
W. D. Mc Clellan	Fulton Rt. 5, Missouri	1	1
Henry Schultz	Auxvasse Rt.1, Missouri	1	1
Clifford Hamilton	Bachelor, Missouri	1	
John F. Cowan	Auxvasse, Missouri	1	
R. E. Mottaz	Auxvasse, Missouri	1	
Owen Mc Cammon	Auxvasse, Rt.1, Missouri	1	1
Fay Oliver	Jefferson City, Missouri	1	1

ARTICLE VI

The number of directors to be elected at the first meeting of the shareholders is nine.

ARTICLE VII

The corporation is to continue perpetually.

ARTICLE VIII

The purposes for which the corporation is formed are to furnish, improve, and expand telephone service.

ARTICLE IX

In the furnishing of telephone service, the Corporation's operations shall be so conducted that all patrons (the term "patron" shall include shareholders and other persons purchasing telephone service) will through their patronage furnish capital for the Corporation. The Corporation is obligated to account on a patronage basis to all its patrons for all amount received and receivable from the furnishing of telephone service in excess of operating costs and expenses properly chargeable against the furnishing of telephone service and an amount sufficient to pay dividends whether or not declared, on the outstanding shares of preferred stock. All such amounts at the moment of receipt by the Corporation are received with the understanding that they are furnished by the patrons as capital which the Corporation is obligated to pay by credits to a capital account for each patron. The books and records of the Corporation shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Corporation shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash pursuant to a legal obligation to do so and the patron had then furnished the Corporation corresponding amounts for capital.

In the event of dissolution or liquidation of the Corporation, after all outstanding indebtedness of the Corporation shall have been paid and the par value of stockholders' common and preferred shares returned, together with any dividends declared thereon and unpaid, outstanding capital

credits shall be retired without priority on a pro rata basis. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Corporation will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Corporation being first retired. In no event, however, may any such capital be retired unless, after the proposed retirement, the capital of the Corporation shall equal at least forty per centum (40%) of the total assets of the Corporation.

Capital credited to the account of each patron shall be assignable only on the books of the Corporation, pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Corporation unless the Board, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provision of these Articles of Incorporation or the Bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these Articles of Incorporation and the Bylaws, to retire capital credited to any such patron immediately under such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Corporation will not be impaired thereby.

The patrons of the Corporation, by dealing with the Corporation acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Corporation and each patron, and both the Corporation and the patrons are bound by its

contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of these Articles shall be called to the attention of each patron of the Corporation by posting in a conspicuous place in the Corporation's office.

ARTICLE X

The shareholders may make, alter, amend or repeal the bylaws at any regular or special meeting provided the notice of such meeting shall have contained a copy of the proposed adoption, alteration, amendment or repeal. The Board of Directors may also alter, amend or repeal the bylaws provided that this authority shall not extend to any provision which the shareholders shall have altered or amended or to the re-adoption of the substance of an provision which the shareholders shall have repealed.

IN WITNESS WHEREOF, we have hereunto set our hands this 25th day of April, 1955.

<u>R. C. Keown</u>	<u>Clifford Hamilton</u>
<u>Travis R. Million</u>	<u>John F. Cowan</u>
<u>Howard Willis</u>	<u>R. E. Mottaz</u>
<u>Theophilus Dunn</u>	<u>Owen Mc Cammon</u>
<u>Christy Krebs</u>	<u>Fay Oliver</u>
<u>M. A. Gibson</u>	
<u>L. F. Dickrader</u>	
<u>W. D. Mc Clellan</u>	
<u>Henry Schultz</u>	

STATE OF MISSOURI)
) SS
 COUNTY OF CALLAWAY)

The undersigned, R. C. Keown, Travis R. Million, Howard Willis, Theophilus Dunn, Christy Krebs, M. A. Gibson, L. F. Dickrader, W. D. Mc Clellan, Henry Schultz, Clifford Hamilton, John F. Cowan, R. E. Mottaz, Owen Mc Cammon, and Fay Oliver

All of the incorporators of Kingdom Telephone Company, being duly sworn upon their oaths, each did say that the statements and matters set forth in the foregoing articles of incorporation are true.

<u>R.C. Keown</u>	<u>Clifford Hamilton</u>
<u>Travis R. Million</u>	<u>John F. Cowan</u>
<u>Howard Willis</u>	<u>R.E. Mottaz</u>
<u>Theophilus Dunn</u>	<u>Owen McCammon</u>
<u>Christy Krebs</u>	<u>Fay Olive</u>
<u>M.A. Gibson</u>	
<u>L.F. Dickrader</u>	
<u>W.D. McClellan</u>	
<u>Henry Schultz</u>	

Subscribed and sworn to before me this 25th day of April, 1955 in Callaway County, Missouri, which adjoins Cole County in which I am Commissioned.

STATE OF MISSOURI)
) SS
COUNTY OF CALLAWAY)

Gregory C. Stokard
Notary Public

On this 25th day of April, 1955, before me personally appeared R. C. Keown, Travis R. Million, Howard Willis, Theophilus Dunn, Christy Krebs, M. A. Gibson, L. F. Dickrader, W. D. Mc Clellan, Henry Schultz, Clifford Hamilton, John F. Cowan, R.E. Mottaz, Owen McCammon and Fay Olive to me known to be the persons described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notary seal the day and year last mentioned above, in Callaway County, Missouri, which adjoins the County of Cole.

Gregory C. Stokard
Notary Public

(SEAL)

FILED AND CERTIFICATE OF
INCORPORATION ISSUED

APR 28 1955

Walter H. Toberman
CORPORATION DEPT. Secretary of State

MEMORANDUM

No. *14, 113*
1275

Articles of Incorporation

NAME

Cambridge Telephone Company

Location

Cambridge, Mass.

Amount of Authorized Shares

1,000,000

Share of No. Par Value

Sum of Cash Paid

None

Capital Paid

FILED AND CERTIFICATE OF
INCORPORATION ISSUED

APR 28 1955

Chas. W. ...

Secretary of State

Appendix B

**Registration of Fictitious Name
Kingdom Telephone Company
d/b/a Kingdom Long Distance**



State of Missouri

No. X 359071

Rebecca McDowell Cook, Secretary of State

Corporation Division

Registration of Fictitious Name

(Submit in duplicate with a filing fee of \$7)

This information is for the use of the public and gives no protection to the name. There is no provision in this Chapter to keep another company or corporation from adopting and using the same name. (RSMo 417)

We, the undersigned, are doing business under the following name, and at the following address:

Name to be registered: Kingdom Long Distance

Missouri Business Address: 211 S. Main
(P.O. Boxes not accepted)

City, State and Zip Code: Auxvasse, MO 65231

The parties having an interest in the business, and the percentage they own are (if a corporation is owner, indicate corporation name and percentage owned). If all parties are jointly and severally liable, percentage of ownership need not be listed:

Name of Owners, Individual or Corporate	Street and Number	City	State and Zip Code	If listed, Percentage of ownership must equal 100%
Kingdom Telephone Company	211 S. Main	Auxvasse	MO 65231	100%

(Must be typed or printed)

Return to: Secretary of State
Corporation Division
P.O. Box 778
Jefferson City, Mo. 65102

FILED

JUL 30 1999

(Over)

Rebecca McDowell Cook
SECRETARY OF STATE

The undersigned, being all the parties owning interest in the above company, being duly sworn, upon their oaths each did say that the statements and matters set forth herein are true.

Individual Owners Sign Here { X _____ X _____
X _____ X _____
X _____ X _____

The undersigned corporation has caused this application to be executed in its name by its President or Vice-President and its Secretary or Assistant Secretary, this 30th day of July, 1999.

If Corporation is Owner, Corporate Officers Execute Here

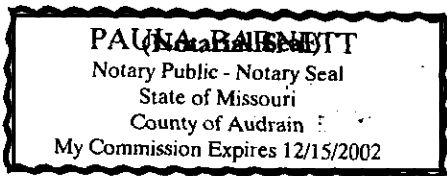
Kingdom Telephone Company
By Gene Austin (Exact Corporate Title) Its President or Vice President
By Mike Fugate Its Secretary or Assistant Secretary

(Corporate Seal)
If no seal, state "none".

State of Missouri }
County of Audrain } ss

I, Paula Barnett, A Notary Public, do hereby certify that on the 30th day of July, 1999, personally appeared before me Paula Barnett and being first duly sworn by me, acknowledged that Gene Austin & Mike Fugate he signed as his own free act and deed the foregoing document in the capacity therein set forth and declared that the statements therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year before written.



Paula Barnett
Notary Public

My commission expires 12/15/2002
MY COUNTY OF COMMISSION Audrain

Appendix C

**Officers and Directors
Kingdom Telephone Company**

BOARD OF DIRECTORS

Williamsburg Exchange
Gene Austin, President

Vice-President
At Large - Southern Exchanges
Glen Horstman

Secretary
Auxvasse Exchange
Michael Fugate

Treasurer
Hatton Exchange
Robert Oliver

Rhineland Exchange
Doug Lensing

Big Spring Exchange
Gene Eldringhoff

At Large - Northern Exchanges
Randy Lee Smith

Mokane Exchange
Henry Lindemann

Tebbetts Exchange
Eugene Richards

General Manager
Tom Blevins

Appendix D

**Proposed Tariff
Kingdom Telephone Company
d/b/a Kingdom Long Distance**

Appendix E

**Comparative Balance Sheets
Kingdom Telephone Company**

Kingdom Telephone Company

Balance Sheet

June 30, 1999

CURRENT ASSETS

Cash - General Fund	\$466,144.50
Cash - Capital Credit Fund	7,895.54
Certificate of Deposits	898,000.00
Investment A/C	1,244,276.13
Bank Secured Investment	2,508,741.54
Special/Working/Petty/Change Funds	250.00
Cash - REA Construction Fund	303.27
Telecommunication Accounts Receivable	280,167.00
Other Accounts Receivable	365,100.36
Notes Receivable	0.00
Interest and Dividends Receivable	45,666.72
Material - Regulated	206,487.11
Material - Nonregulated	17,422.24
Prepayments	48,420.78
Other Current Assets	
Total Current Assets	6,088,875.19

NONCURRENT ASSETS

Affiliated Investments	11,000.00
Other Investments	160,168.02
Non-Regulated Investments	492,031.80
Deferred Charges	43,702.52
Total Noncurrent Assets	706,902.34

PLANT, PROPERTY, AND EQUIPMENT

Telecommunications Plant-in-Service	20,007,091.98
Property Held For Future Use	0.00
Plant Under Construction	2,070,554.99
Plant Adjustment, Nonoperating Plant, and Goodwill	0.00
Less Accumulated Depreciation	7,977,450.68
Net Plant	14,100,196.29
TOTAL ASSETS	\$20,895,973.82

Kingdom Telephone Company
Balance Sheet
June 30, 1999

CURRENT LIABILITIES

Accounts Payable	\$243,400.23
Advance Billings and Payments	0.00
Customer Deposits	32,351.00
Income Taxes Accrued	(25,736.00)
Other Taxes Accrued	96,299.25
Other Current Liabilities	<u>36,921.73</u>
Total Current Liabilities	383,236.21

LONG-TERM DEBT

Funded Debt-REA Notes	4,838,756.97
Funded Debt-RTB Notes	0.00
Funded Debt-Other	0.00
Premium on Long-Term Debt	0.00
Other Long-Term Debt	<u>0.00</u>
Total Long-Term Debt	4,838,756.97

OTHER LIABILITIES AND DEFERRED CREDITS

Other Long-Term Liabilities	110,353.81
Other Deferred Credits	<u>220,246.00</u>
Total Other Liabilities and Deferred Credits	330,599.81

EQUITY

Capital Stock Outstanding and Subscribed	41,960.00
Other Capital	3,649.12
Patronage Capital Credits	14,657,374.18
Retained Earnings or Margins	<u>640,397.53</u>
Total Equity	<u>15,343,380.83</u>

TOTAL LIABILITIES AND EQUITY

\$20,895,973.82

CERTIFICATION: We hereby certify that the entries in this report are in accordance with the accounts and other records of Kingdom Telephone Company and that the report reflects the operating results of Kingdom Telephone to the best of our knowledge and belief.

Gen. Mgr. *Jim B...* Dated _____

Rev. Mgr. *Paul H B...* Dated _____

Kingdom Telephone Company
Income Statement
For the Six Months Ending June 30, 1999

	MONTH	YEAR-TO-DATE	BUDGET	PREVIOUS YEAR-TO-DATE
1 Local Network Service Revenue	\$49,193.70	\$290,485.11	300,521	\$266,257.08
2 Network Access Services	316,778.76	1,940,572.21	1,821,000	2,108,560.43
3 Long Distance Network Services	1,858.95	12,525.70	15,013	15,803.62
4 Miscellaneous Services	32,294.08	194,603.14	196,500	190,484.65
5 Uncollectible Revenues	(609.17)	199.35	(2,300)	(1,193.11)
6 Net Operating Revenues	399,516.32	2,438,385.51	2,330,734	2,579,912.67
7 Plant Specific Operations Expense	49,682.60	343,542.44	304,353	235,917.83
8 Plant Nonspecific Operations Expense	25,764.99	147,183.91	122,940	112,600.08
9 Depreciation Expense	109,047.68	654,642.34	636,958	612,506.10
10 Amortization Expense	0.00	0.00	0	0.00
11 Customer Operations Expense	33,548.05	186,486.18	189,324	172,075.14
12 Corporate Operations Expense	112,782.66	403,233.50	314,839	295,937.04
13 Total Operating Expenses	330,825.98	1,735,088.37	1,568,414	1,429,036.19
14 Operating Income or Margins	68,690.34	703,297.14	762,320	1,150,876.48
15 Other Operating Income and Expense	0.00	0.00	0	0.00
16 State and Local Taxes	15,406.39	102,644.85	99,547	98,970.59
17 Federal Income Taxes	500.00	2,880.00	(5,000)	3,270.00
18 Other Taxes	0.00	3.87	0	8.23
19 Total Operating Taxes	15,906.39	105,528.72	94,547	102,248.82
20 Net Operating Income or Margins	52,783.95	597,768.42	667,773	1,048,627.66
21 Interest on Funded Debt	13,613.50	92,981.98	94,000	94,889.68
22 Interest Expense - Capital Lease				
23 Other Interest Expenses	143.21	845.08	1,085	885.49
24 Allowance for Funds Used During Construc	(3,892.93)	(21,776.51)	(30,000)	(12,099.72)
25 Total Fixed Charges	9,863.78	72,050.55	65,085	83,675.45
26 Non-Operating Income or Margins	18,477.86	141,548.29	99,150	124,008.99
27 Non-Operating Taxes	(13,400.00)	(75,380.00)	(63,220)	(76,440.00)
28 Extraordinary Items	337.14	2,526.93	4,240	(216.50)
29 Nonregulated Net Income	4,011.06	45,984.44	(49,510)	15.85
30 Total Net Income or Margins	\$52,346.23	\$640,397.53	593,348	\$1,012,320.55
Cash Ratio	(59.49%)	(48.64%)	(44.02%)	(35.61%)
Accrual Ratio	(89.26%)	(78.44%)	(74.14%)	(62.60%)

CERTIFICATION: We hereby certify that the entries in this report are in accordance with the accounts and other records of Kingdom Telephone Company and that the report reflects the operating results of Kingdom Telephone to the best of our knowledge and belief.

Gen. Mgr. Tom B. [Signature] Dated _____

Rev. Mgr. Randall H. [Signature] Dated _____