

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of Ellington)
Telephone Company for Authority to Borrow an)
Amount not to Exceed \$3,000,000 from CoBank)
under a Twelve (12) Year Secured Credit Facility) Case No. TF-2008-0298
and in Connection therewith to Execute a Lien and)
Security Interest.)

STAFF RECOMMENDATION

COMES NOW the Staff (“Staff”) of the Missouri Public Service Commission (“Commission”), and for its Recommendation respectfully states as follows:

1. On March 10, 2008, Ellington Telephone Company (“Ellington” or “Company”) filed with the Commission, an Application seeking authority “to borrow certain sums, not to exceed \$3,000,000, through a 12-year secured credit facility from CoBank, ACB (“CoBank”) in order to fund various capital improvements, finance operating needs, make an investment in a wireless venture, and for general corporate purposes.”

2. Ellington, a telecommunications company organized and exiting under the laws of the State of Missouri, is certificated by the Commission to provide telecommunications services in this state.

3. Section 392.300.1 RSMo provides that no telecommunications company shall mortgage or otherwise encumber the whole or any part of its franchise, facilities or system, necessary or useful in the performance of its duties to the public without having first secured from the Commission an order authorizing it to do so. This statute further provides that any such mortgage or encumbrance made other than in accordance with the order of the Commission authorizing the same shall be void. Section 392.310.1 provides that a telecommunications company may, when authorized by order of the Commission, issue notes or other evidence of

indebtedness payable at periods of more than twelve months when necessary for the acquisition of property, the construction, completion, extension or improvements of its facilities or the improvement or maintenance of its service within the state, or for the discharge or lawful refunding of its obligations, or reimbursement of moneys actually expended from the income from any source, within five years next prior to the filing of the application therefor, or for any such purposes.

4. The applicable standard is whether this transaction is not detrimental to the public interest. See, *In the Matter of the Application of Le-Ru Telephone Company*, 9 Mo. P.S.C. 3d 331, 334 (2000).

5. Section 386.300 RSMo directs the Commission to charge a fee for authorizing an issue of bonds, notes or evidences of indebtedness.

6. In an order issued March 12, 2008, the Commission directed the Staff to file a recommendation concerning this matter no later than May 12, 2008.

7. Attached as Appendix A is the Staff's Memorandum indicating that the proposed financing is not detrimental to the public interest. The Staff recommends Commission approval of the Company's Application, along with two conditions.

WHEREFORE, the Staff respectfully recommends that the Commission issue an Order approving Ellington Telephone Company's March 10, 2008 Application, and including the conditions set forth in the attached Memorandum.

Respectfully submitted,

/s/ Dennis L. Frey

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 12th day of May 2008.

/s/ Dennis L. Frey