

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

An Investigation of the Fiscal and Operational)
Reliability of Cass County Telephone Company)
and New Florence Telephone Company, and)
Related Matters of Illegal Activity.)

Case No. TO-2005-0237

STAFF’S APRIL 2005 UPDATE REPORT

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”) and for its April 2005 Update Report states:

1. In its order effective January 28, 2005 the Commission indicated that the Staff is to bring to the Commission’s attention new events as they occur.

2. In its April 2005 Status Report, the Staff advised the Commission that it would be “meeting the U.S. Attorney’s Office for the Western District of Missouri in the near future to review the forensic audit information gathered during the recently completed investigations.” That meeting, which Staff from the Kansas Corporation Commission joined, was held on Tuesday, April 5, 2005. At the meeting, a forensic accountant at the U.S. Attorney’s Office for the Western District of Missouri and attorneys at the office provided a spreadsheet that showed how that office arrived at the \$8.9 million in improper NECA disbursements and USF subsidies, and they explained how falsified invoices were used to inflate Cass County Telephone Company, LP’s expenses by about \$10.75 million. The U.S. Attorney’s Office indicated that it may share additional information in the future and the Staff is continuing to maintain contact with that office.

3. In its April 2005 Status Report, the Staff also advised the Commission that the Staff was also in the process of finalizing a non-disclosure agreement with the Kansas Corporation Commission. The Staff and the staff of the Kansas Corporation Commission have agreed upon terms and conditions that will govern the sharing of information between them that they obtain regarding LEC, LLC and Cass County Telephone Company, LP in this case and the concurrent case in Kansas. The agreement will facilitate sharing of information between the Kansas and Missouri staffs, reducing the burden of LEC, LLC and Cass County Telephone having to comply with duplicative requests for information. The non-disclosure agreement has been presented to LEC, LLC and Cass County Telephone Company, LP through LEC, LLC's attorney.

4. The Staff has also requested civil litigation files in seeking information for this investigation.

WHEREFORE, the Staff files this April 2005 Update Report.

Respectfully submitted,

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General Counsel

/s/ Nathan Williams

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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 11th day of April 2005.

/s/ Nathan Williams

Nathan Williams