

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Alma Communications Company,)	
doing business as Alma Telephone Company, for)	
Authority and Approval to Issue a Note, Loan)	
Agreement, Mortgage, Security Agreement, and)	<u>Case No. TU-2005-0358</u>
Financing Statement to Borrow Funds from the)	
Rural Utility Services of the United States of America,)	
for Interim Financing, and for Section 392.280.2,)	
RSMo (HB 360) Accounting Authority Orders.)	

ORDER ADOPTING PROTECTIVE ORDER
AND DIRECTING FILING

On April 8, 2005, Alma Communications Company, doing business as Alma Telephone Company,¹ filed its Application seeking authority to borrow certain funds and to pledge part of its system assets as security for the loan. Alma simultaneously filed its Motion for Protective Order.

Alma states that it is a small, rural incumbent local exchange carrier ("ILEC") with some 350 customers in a single exchange just north of Concordia, Missouri. Alma seeks authority to borrow \$5,579,000 from the Rural Utility Services Administration ("RUS") of the United States Department of Agriculture in order to upgrade its network and purchase a new switch. The project as planned will take two years and Alma also seeks approval to borrow funds as interim financing until the proceeds of the loan from RUS become available. Because Alma's last major project was more than 30 years ago, Alma presently

¹ Presumably, the reference to Alma of Missouri, Inc. at page 3 of the Application is an error.

has no debt and its capital structure is 100 percent equity. However, if the present application is approved, Alma will be left with an unusually high level of debt.

Also as part of the proposed transaction, Alma seeks certain Accounting Authority Orders ("AAOs") pursuant to Section 392.280.2, RSMo Supp. 2004 (HB 360).

That provision states:

Notwithstanding the provisions of subsection 1 of this section, a telecommunications company may request the commission to authorize minimum depreciation rates in lieu of fixed rates, and to record depreciation expense on the basis of depreciation rates in excess of such minimum rates. The reasonableness of any request for an increase in the tariffed rates for noncompetitive telecommunications service shall be considered on the basis of the minimum authorized depreciation rates, and the depreciation expense attributed to any test period shall be calculated on the basis of the company's minimum depreciation rates regardless of the depreciation expense actually recorded by the telecommunications company. Where minimum depreciation rates have been authorized pursuant to this subsection, the commission may prescribe new minimum depreciation rates in a general rate proceeding and use those new minimum depreciation rates to determine the reasonableness of tariffed rates for telecommunications service in that general rate proceeding. In any proceeding to consider a request for an increase in the tariffed rates for telecommunications service, the telecommunications company shall utilize for the purposes of such proceeding the depreciation reserve levels which have occurred on the basis of the recorded depreciation expenses.

Under this section, Alma seeks authority to book almost \$300,000 in extraordinary retirements and to use certain proposed depreciation rates "which will more appropriately reflect the actual useful life of modern technology, plant, and equipment[.]"

Finally, in connection with its Application, Alma also seeks a protective order in order to safeguard the confidentiality of certain proprietary or highly confidential information that this proceeding will necessarily include.

The Commission will adopt its standard protective order for the purposes of this proceeding. The Commission will direct its Staff to file a Memorandum and Recommendation with respect to Alma's Application.

IT IS THEREFORE ORDERED:

1. That the Protective Order attached hereto as Attachment A is adopted for the purposes of this proceeding. The parties are directed to comply with its terms.
2. That the Staff of the Missouri Public Service Commission shall, by 4:00 p.m. on Friday, May 13, 2005, file its Memorandum and Recommendation with respect to the Application filed on April 8, 2005, by Alma Communications Company, doing business as Alma Telephone Company.
3. That this Order shall become effective on April 12, 2005.

BY THE COMMISSION

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Kevin A. Thompson, Deputy Chief
Regulatory Law Judge, by delegation
of authority pursuant to
Section 386.240, RSMo 2000.

Dated at Jefferson City, Missouri,
on this 12th day of April, 2005.