

**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)	Case No. TO-2005-0237
Related Matters of Illegal Activity.)	

STAFF’S RESPONSE TO ORDER DIRECTING FILING

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”) and for its response to the Commission’s Order Directing Filing states:

1. By order dated and made effective March 7, 2005 the Commission ordered the Staff to, no later than March 14, 2005, file a pleading stating the date on which the Staff’s additional inquiry of New Florence Telephone Company with regard to eligibility for Universal Service Funds will be complete.

2. The Staff plans to complete its work by April 29, 2005 and have draft results, conclusions and recommendations by May 20, 2005.

3. As the Staff stated in its response to New Florence Telephone Company’s motion for certification to receive Universal Service Funds: “At least until very recently, New Florence, has had business relationships with LEC, LLC.”

4. As stated at pages 48-49 of its initial investigation report filed in this case February 25, 2005, at least until the end of 2004, LEC LLC was providing billing and collection services to New Florence Telephone Company. Those charges are part of the expenses that are relied on to determine Universal Service Fund support.

5. As the Staff stated in its response to New Florence Telephone Company’s Motion for Certification to Receive Universal Service Funds:

“LEC, LLC has objected to the Staff’s informal requests for information. In its Order establishing Case No. TO-2005-0237, the Commission states at paragraph 7, “Staff and the Commission have concerns, however, that certain information requested from LEC L.L.C. and other affiliated companies may not be forthcoming. Therefore, the Commission deems it appropriate to create a docket for the formal establishment of this investigation as well as the receipt of any Staff discovery problems, for the issuance of any necessary discovery orders, and in order to take additional actions found necessary to protect the customers of the telephone companies affected by these events aforesaid.”

6. LLC still has not yet provided to the Staff support for the charges it made to New Florence Telephone Company and the Staff does not know when, or if, it will receive that information although Commission issued *subpoenas* for production of documents that were served on LEC, LLC (Local Exchange Company, LLC) on March 7, 2005 and have a return date of April 6, 2005.

7. In response to the Staff’s requests for copies of their external auditor’s workpapers, New Florence Telephone Company and Cass County Telephone Company, on March 10, 2005, declined to provide the workpapers asserting that “the auditors’ workpapers are privileged and protected from discovery pursuant to section 326.322.2, RSMo Supp 2004.”

WHEREFORE, the Staff responds that the Staff plans to complete its additional inquiry by April 29, 2005.

Respectfully submitted,

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/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 14th day of March 2005.

/s/ Nathan Williams

Nathan Williams