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June 10, 2005

FILED
JUN 10 2005
Missouri Public Service Commission

Secretary/Chief Administrative Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

**Re: In the Matter of the Application of Alma Communications Company d/b/a Alma Telephone Company for Authority and Approval to Issue a Note, Loan Agreement, Mortgage, Security Agreement, and 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. Case No. TU-2005-0358.**

Dear Secretary:

Enclosed for filing please find an original and eight (8) copies of Further Information.

Thank you for seeing this filed.

Sincerely,

Craig S. Johnson

CSJ:sjo

Enclosure

CC: PSC General Counsel
OPC General Counsel
Andy Heins

**BEFORE THE PUBLIC SERVICE COMMISSION**

**STATE OF MISSOURI**



| | | |
|---|---|---|
| **In the Matter of the Application of Alma Communications Company d/b/a Alma Telephone Company for Authority and Approval to Issue a Note, Loan Agreement, Mortgage, Security Agreement, and 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** | ) | **Case No. TU-2005-0358** |

## Further Information

At the conclusion of the June 9, 2005 Agenda discussion, Alma Communications Company committed to providing further information with respect to the difference in cost of the construction project as proposed with an all-fiber network as compared to a construction project utilizing copper.

The all-fiber project was projected to cost $5,578,160. A copper project, designed as described below, is estimated to cost $4,014,570. The estimated cost difference would therefore be $1,563,590.

Please be advised of the following:

a. The initial RUS loan design prepared for Alma Communications took several months to complete. Alma Communications committed to providing a cost difference for a completely different network in much less time. Finley

Engineering Company put together this redesign calculation using the following assumptions:

1. Utilize existing fiber from the Central Office to proposed remote sites in a point to point configuration which provides no redundancy, and yields no network survivability, should a cable cut occur.
2. Standard cable sizes were estimated without a detailed house count. 15,000 feet copper end sections were designed which will provide basic DSL, as currently available to consumers pursuant to Alma's interstate tariffs, and remove all loading of copper cable pairs for all subscribers.
3. Remote site costs were based on average costs seen on previous jobs.

b. Listed below is the side-by-side comparison of the two projects. The breakdown of costs is by RUS major category expense as approved for the all-fiber network.

| | All-Fiber | Copper Based Network |
|---|---|---|
| Engineering: | $ 657,858 | $ 657,858 |
| Switch: | 517,500 | 517,500 |
| Office Building: | 500,000 | 500,000 |
| Outside Plant: | 2,532,472 | 1,637,982 |
| COE/Electronics | 1,014,100 | 345,000 |
| Misc. | 356,230 | 356,230 |
| Total | $5,578,160 | $4,014,570 |

c. The fiber/copper project estimated above was premised upon the existing fiber facilities of Alma with remotes and up to 15,000 foot copper lengths to customer premises

d. The performance of an all-optic network and a fiber to the remote with copper end sections up to 15,000 feet cannot be compared on an "apples to apples" basis.

e. All-optic networks have much greater capacity for bandwidth and can deliver this bandwidth to more subscribers in the network.

f. All-optic networks are primarily limited by electronic equipment deployed at the central office and the customer premise. These limits are based on various Passive Optical Network standards. The fiber link, generally speaking, is not the limiting factor of the network.

g. The copper system to provide only lower end data rates has longer 15,000' ± subscriber end sections which will restrict bandwidth capacity to subscribers.

h. Future subscriber demands for bandwidth would require additional fiber and electronics to be deployed in the future. The cost to enhance the network later would erode and possibly eliminate the initial $1.5 million cost differential.

i. Finley Engineering Company, Inc. designed the previous Alma Communications copper distribution network, which is reaching the end of its service life. Alma Communications Company, the Rural Utility Service of the U.S. Department of Agriculture, and Finley Engineering Company agreed that an all-fiber network would equip Alma Communications for a similar if not longer

life expectancy than copper without having to perform network upgrades in the short term.

Respectfully submitted,

**ANDERECK, EVANS, MILNE, PEACE & JOHNSON, L.L.C.**

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**CERTIFICATE OF SERVICE**

The undersigned does hereby certify that a true and accurate copy of the foregoing was mailed, via U.S. Mail, postage prepaid, this 10th day of June, 2005, to Staff General Counsel Dan Joyce, and to Office of Public Counsel Michael Dandino.

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Craig S. Johnson MO Bar No. 28179