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**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 11th
day of May, 2000.

In the Matter of the Joint Application of GTE)
Midwest Incorporated and Ozark Telephone Company)
for Authority to Transfer and Acquire Part of) Case No. TM-95-134
GTE Midwest Incorporated's Missouri Franchise,)
Facilities or System Located in the State of)
Missouri)

**ORDER APPROVING MODIFICATIONS TO PLAN
TO COMPLY WITH EQUITY REQUIREMENT**

On April 20, 2000, the Staff of the Missouri Public Service Commission (Staff) and Ozark Telephone Company (Ozark) filed a joint motion asking the Commission to modify Ozark's plan to attain a 40 percent equity to total capital ratio. No party has filed a response to that motion.

Ozark's equity to capital ratio became an issue when Ozark was permitted to purchase two exchanges from GTE. As a part of a stipulation and agreement, approved by the Commission on July 11, 1995, Ozark agreed to achieve a capital structure of at least 40 percent equity to total capital within the first two years of operation. Ozark was unable to achieve the desired capital structure. In a Report and Order issued on April 29, 1999, the Commission ordered Ozark to attain a 40 percent equity to total capital ratio no later than April 29, 2000. Ozark and Staff were directed to jointly file a plan to explain how Ozark would achieve the desired capital structure.

On June 17, 1999, the Commission issued an order approving Ozark's plan to attain a 40 percent equity to total capital ratio. Under the approved plan, Ozark infused \$1.8 million from existing investors on June 30, 1999, to increase its equity to capital ratio. However, after all balances for 1999 were final, Ozark's equity to total capital ratio was at 35.6 percent.

In their joint motion, Ozark and Staff agree that although Ozark's equity to total capital ratio was not at 40 percent at the end of 1999, projections indicate that by the end of 2000, Ozark's equity to total capital ratio will be at 40.5 percent without any additional infusion of funds. Ozark and Staff also agree that infusing additional capital at this time would require Ozark to borrow money from outside lenders and would not be a sound business decision.

Staff and Ozark therefore request that the Commission modify Ozark's plan to comply with the equity requirement to allow Ozark until December 31, 2000 to reach the 40 percent equity to capital ratio. In return, Ozark agrees to submit a quarterly surveillance report on September 30, 2000, in addition to the surveillance reports it is obligated to submit on June 30 and December 31.

The Commission has considered the joint motion of Staff and Ozark and concludes that the proposed modification of Ozark's plan is appropriate. The relief sought in the joint motion will be granted.

IT IS THEREFORE ORDERED:

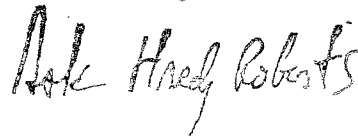
1. That Ozark Telephone Company's plan to comply with the Commission's 40 percent equity to total debt requirement, approved by the

Commission on June 17, 1999, is modified to provide that Ozark Telephone Company shall achieve a 40 percent equity to total capital ratio no later than December 31, 2000.

2. That in addition to the surveillance reports previously required, Ozark Telephone Company shall submit a quarterly surveillance report to the Staff of the Commission on September 30, 2000.

3. That this order shall become effective on May 23, 2000.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton, Murray,
Schemenauer, and Drainer, CC., concur

Woodruff, Regulatory Law Judge