

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application of ) Application No. C-644  
General Telephone Company of the )  
Midwest, Columbus, Nebraska, for ) GRANTED  
authority to issue and sell securities )  
and related matters. ) Entered: May 12, 1986

APPEARANCES: For the applicant  
Victor E. Covalt III, Attorney  
1500 American Charter Center  
Lincoln, Nebraska

OPINION AND FINDINGS

BY THE COMMISSION:

By its application filed on March 21, 1986, the General Telephone Company of the Midwest, Columbus, Nebraska, seeks authority to issue and sell securities in related matters.

Notice of the filing of the application was published pursuant to the provisions of this Commission's Rules and Regulations. No protests to this application were filed.

Pursuant to notice required by law, this matter was set for disposition by modified procedures under Rule 018 on May 12, 1986 at the regular session of the Commission in the Commission Hearing Room, Lincoln, Nebraska, with appearances as set forth above.

Upon consideration of the application, the evidence filed and submitted herewith and being fully advised of premises, the Commission is of the opinion and finds that:

1. Applicant is a corporation organized under and by virtue of the laws of the State of Missouri and is duly qualified to transact business as a foreign corporation in the State of Nebraska.

2. Applicant is engaged in the communications business in the States of Missouri, Iowa, Nebraska, Kansas and Minnesota, providing service to 236,156 customer access lines as of December 31, 1985, through 217 exchanges in a five-state area.

3. Of the total of 236,165 customer access lines in service as of December 31, 1985, 42,822 customer access lines were in Nebraska and the two principal exchanges in Nebraska with the number of customer access lines in service as of that date were:

Kearney	13,567
Columbus	10,675

4. The demand for local and long-distance telephone service continually requires Applicant to provide a substantial amount of new plant and facilities to meet and adequately satisfy such service requirements.

5. During the period from January 1, 1985 through December 31, 1985, Applicant made gross additions to its telephone plant and facilities to meet and adequately satisfy such service requirements.

6. Applicant seeks Commission approval to enter into an agreement and to issue and sell up to \$40 million dollars principal amount of debt securities at the lowest obtainable annual cost of money to Applicant with such refunding provisions and other terms and conditions as Applicant deems appropriate and desirable with a maturity of not less than one year nor more than 30 years bearing interest at a rate or rates, including a floating rate, comparable to the rate of similar debt securities issued at the time by other issuers with credit ratings similar to the Applicant, less underwriting costs and other fees and expenses of issue and sale. Such terms will be subject to negotiations and formal instruments are to be executed between the Applicant and the Investor at the time of closing which is to occur prior to September 30, 1986.

7. The particular purpose of the issue and sale of the debt securities is (i) to redeem \$30 million dollars of long-term debt and to satisfy associated call premiums in the amount of \$1,529,200; and (ii) to apply the remaining balance to the retirement of short-term debt. The incurrence of this existing long-term debt was approved by the Commission in Application No. C-78 (December 11, 1980), Application No. C-137 (January 2, 1981) and Application No. C-296 (November 16, 1982). Applicant also has in excess of \$6 million dollars in short-term debt outstanding. The issuance of debt securities for which Applicant request approval is for the purpose of generating funds necessary to redeem such long-term and short-term indebtedness and reduce interest rates paid thereon.

8. Applicant proposes to research the markets to determine the most competitive terms and conditions among the prospective alternatives and proposes to file with the Commission opinions issued by Soloman Brothers, Inc. and Paine Webber, Inc. as to the competitiveness of the terms and conditions proposed. Applicant further proposes to amortize the call premiums (\$1,529,200) over the life of the new debt securities and that no part of the proceeds shall be chargeable to operating expenses or to income.

9. There is on file with the Commission in connection with prior security applications of the Applicant a certified copy of the restated Articles of Incorporation of Applicant and all amendments thereto. Further, evidence was induced of a certified copy of the present By-Laws as amended and an affidavit of Mr. John Murray that no other amendments exist as to the Articles or By-Laws.

10. It is the opinion of the Commission that the use of the funds to be obtained from the sale of said debt securities is reasonably required to fund repayment of a part of the borrowings and obligations of Applicant which funds have been borrowed to pay for construction, extension and improvement of telephone plant, facilities and equipment.

11. The application is fair and reasonable and is in the public interest and should be granted.

## ORDER

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that application No. C-644 be, and it is hereby granted, and the General Telephone Company of the Midwest is hereby authorized to issue and sell up to Forty million dollars (\$40,000,000.00) principal amount of debt securities at the lowest obtainable cost of money to Applicant of such refunding provisions and other terms and conditions as may be appropriate and desirable. Applicant is further authorized to use the funds thereby obtained for the purposes hereinabove set forth and as set forth in the application. Applicant is further authorized to take all other such action as necessary and appropriate in connection with the accomplishment of the foregoing.

IT IS FURTHER ORDERED that applicant shall file opinions issued by Soloman Brothers, Inc. and Paine Webber, Inc. as to competitiveness of the terms and conditions of the securities when said reports become available and shall file with the Commission within 30 days of the issue of the debt securities a copy of the final agreement including provisions as to interest rates.

MADE AND ENTERED at Lincoln, Nebraska, this 12th day of May, 1986.

NEBRASKA PUBLIC SERVICE COMMISSION

*Eric Rasmussen*  
Vice Chairman

ATTEST:

*Donald Adams*  
Executive Secretary

COMMISSIONERS CONCURRING:

*Duane D. Gay*

Duane D. Gay  
James F. Munnelly  
Eric Rasmussen  
Harold D. Simpson