

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application of)
K & M Telephone Company, Inc., Cham-)
bers, Nebraska seeking approval of a)
modification to a certain existing)
Rural Electrification Association)
loans and certain documents evidenc-)
ing said loans.)

Application No. C-974

GRANTED

Entered: March 30, 1993

BY THE COMMISSION

K & M Telephone Company, Inc. ("K & M"), Chambers, Nebraska filed this application February 9, 1993. The applicant seeks approval of a modification to Rural Electrification Association ("REA") loans previously approved by this Commission in Application No. C-769 (entered May 16, 1989) and certain documents evidencing those loans. This application is governed by Neb. Rev. Stats. 75-146 to 75-151 (1990 Reissue) which address security issuances by intrastate common carriers subject to the regulation of the Nebraska Public Service Commission.

Notice of the application was published in the Omaha Daily Record February 10, 1993. No protests were filed with the Commission. We therefore consider the application pursuant to our rule of modified procedure.¹

O P I N I O N A N D F I N D I N G S

Upon consideration of the application and being fully advised, the Commission is of the opinion and finds:

1. The Applicant is a Nebraska corporation with its principal offices in Chambers, Nebraska. It furnishes telecommunications services locally in Holt County, Nebraska. There are approximately 591 subscribers using 607 access lines. K & M is an intrastate telecommunications common carrier and is therefore regulated by the Commission pursuant to the Nebraska statutes found in Chapter 75, articles 1 and 3 and Chapter 86, article 8.

2. K & M's records and books are kept pursuant to the Federal Communications Commission Class A System of Accounts as adopted by this Commission. The rates charged by K & M are the same as were in effect May 16, 1989.

3. By its order in Application No. C-769, the Commission approved loans to K & M totaling \$979,000 in the form of an REA

¹ Title 291 Neb. Admin. Regs. Ch. 1, Rule 018.03.

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loan at five percent per annum. The loan agreement provided that advances on the loan were to be made during a period to end on or before April 9, 1993 (the "basis date") at which time loan servicing was to begin, and that payments on the interest only were to be made payable during the advance period. There is an unadvanced principal totaling \$278,000 on the loan which will not be drawn down by April 9, 1993.

4. K & M and the REA have reached an agreement to extend the basis date on the original loan and to extend the terms of the note so as to allow K & M to make use of the remaining unadvanced principal. The basis date has therefore been extended to April 12, 1995 so that K & M may continue to have access to those funds. Assuming the Commission grants this application, the agreement between the parties will become effective April 12, 1993.

5. K & M has offered as Exhibit B the modification to the original agreement between itself and K & M which extends the basis date. Other than this modification, all other terms of the original agreement subject to our order in Application No. C-769 remain in effect.

6. K & M argues in its petition that the amendment for which it seeks approval means it will obtain financing at interest rates and repayment terms superior to conventional financing and the Commission's approval is therefore in the public interest because the company and, ultimately, its subscribers, will benefit from the lower cost.

7. The Applicant therefore prays the Commission enter an order approving the amendment to the original agreement between K & M and the REA as described previously so as to extend the basis date of the original loan agreement and to amend the terms of the original loan to accomplish that change.

Based on the original order in Application No. C-769 and the amendment proposed in this application, Application No. C-974 is fair and reasonable, serves the public interest, and should be granted.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-974 be, and it is hereby, granted and K & M Telephone Company, Inc., Chambers, Nebraska is authorized to amend its agreement with the REA to establish a new basis date of April 12, 1995 and to extend the original loan note as it effects the previously unadvanced principal of \$278,000. All other

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terms and conditions of the original note subject to Application No. C-769 shall remain in effect.

IT IS FINALLY ORDERED that a signed copy of the loan agreement between the REA and K & M Telephone Company, Inc. be filed with the Commission and be made a part of the record in this docket as a late-filed exhibit.

MADE AND ENTERED at Lincoln, Nebraska this 30th day of March, 1993.

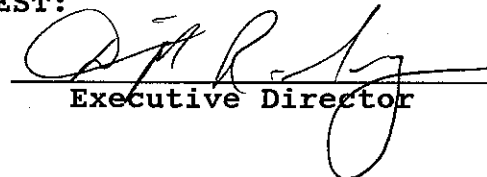
NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING

//s//Duane D. Gay
//s//Frank E. Landis, Jr.
//s//James Munnelly


Chairman

ATTEST:


Executive Director