

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application of) Application No. C-997
the Rock County Telephone Company,)
Blair, Nebraska which seeks authori-))
ty to modify existing loans and cer-))
tain documents evidencing loans with) GRANTED
the Rural Electrification Adminis-))
tration.))
) Entered: August 16, 1993

BY THE COMMISSION

By application filed June 1, 1993, the Rock County Telephone Company ("Rock County") of Blair, Nebraska petitions the Commission to approve the modification of certain existing loans and documents evidencing those loans made between the applicant and the Rural Electrification Administration ("REA"). Said loans were previously approved by the Commission in Application No. C-475 (March 13, 1984). Rock County is a telephone common carrier authorized to provide local exchange telecommunications services in Nebraska intrastate commerce. This application is governed specifically by Neb. Rev. Stats. 75-146 to 75-151 (1990 Reissue) and they prescribe that securities issued by common carriers are subject to approval of the Nebraska Public Service Commission.

Notice of the application was published in the Omaha Daily Record June 3, 1993. No one protested the application. Absent a protest, we process this application pursuant to our modified procedure rule.¹

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

The applicant is a corporation organized under the laws of the State of Nebraska with its principal office located in Blair, Nebraska. It provides local exchange service to approximately 1,023 subscribers in Washington County, Nebraska through exchanges located in Basset and Newport, Nebraska. The company is a common carrier subject to the Commission's jurisdiction pursuant to both constitutional provision and statute.²

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

²Nebraska Constitution, Art. IV, Sec. 20 and Neb. Rev. Stats. 75-601 et. seq. (Reissue 1990) and 86-801 et seq. (Reissue 1987 and 1992 Cumm. Supp.).

Application No. C-997

Page 2

The company applied to the REA and was granted a loan of funds in the amount of \$1.404 million at five % interest (approval of which was granted in Application No. C-475 by this Commission). By the terms of the loan, advances were to be made by the REA during a period to end on or before March 20, 1993 (the "basis date"). Commencing from this time, loan servicing was to begin and payments on the interest only were to be payable during the advance period.

Currently there is an unadvanced principal of \$535,000 which has not been drawn prior to the basis date's expiration date. The REA and Rock County have arranged a new agreement subject to our approval to install a new basis date in the original loan document.

If approved, the remaining balance of the loan will be used to install new digital switches in Rock County's exchanges and provide new services currently not available under the present switch arrangement. REA has approved the use of its loan for this project (See Exhibit 3 in the application). Attached as Exhibit 2 to the application is a certificate from Rock County's Board of Directors certifying the approval of this arrangement by the company's board.

We find Rock County's petition should be granted. The subscribers served by the applicant will benefit from the proposed upgrade of facilities. The financing of the upgrade by the method proposed should be more cost effective than other means of financing. Rock County should therefore be authorized to enter into a modified loan arrangement with the REA as described in its application.

Rock County should also be ordered to take all action required of it in connection with said loan documents as is necessary to borrow funds from the REA in order to enable it to improve and upgrade its current facilities.

After review, the use of the capital to be secured by the security issuance is reasonably required for the purposes cited by the applicant. The application is fair and reasonable, is in 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-997 be, and it is hereby, granted and Rock County Telephone Company, Blair, Nebraska is authorized to enter into an amended loan agreement with the Rural Electrification Administration to change the basis date on its original loan and

Application No. C-997

Page 3

use said funds for the upgrade of its Bassett and Newport, Nebraska switches as set out in the application.

IT IS FURTHER ORDERED that the applicant shall take all action required of it in connection with said loan document as is necessary to borrow funds from the Rural Electrification Administration to enable the applicant to improve and upgrade said facilities.

IT IS FINALLY ORDERED that a signed copy of the loan agreement between the REA and the Rock County Telephone Company 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 16th day of August, 1993.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING

Daniel G. Unwiller
Dwane D. Gay

//s//Rod Johnson
//s//Frank E. Landis, Jr.
//s//James F. Munnelly

Paul S. Sandoz
Chairman

ATTEST:

D. R. King
Executive Director