

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application of ) Application No. C-1162  
K & M Telephone Company, Inc., Cham- )  
bers, Nebraska seeking approval of )  
modification to certain existing ) GRANTED  
Rural Electrification Association )  
loans and certain documents evidenc- )  
ing said loans. ) Entered: April 18, 1995

PRELIMINARY MATTERS

K & M Telephone Company, Inc. (K & M), of Chambers, Nebraska filed this application March 9, 1995. The company seeks approval of a modification to Rural Electrification Association (REA), now known as the Rural Utilities Service (RUS), loans previously approved by this Commission in Applications C-769 and C-994. Notice of the application appeared in the Omaha Daily Record, March 14, 1995. No protests to the application were received; therefore, we will proceed pursuant to the Commission's Rule of Modified Procedure.

BY THE COMMISSION

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

Upon consideration of the application, the governing statutes and rules and being fully informed, the Commission is of the opinion and finds:

K & M is a Nebraska corporation with its principal office in Chambers, Nebraska. It furnishes telecommunications services in Holt County, Nebraska. There are approximately 594 subscribers using 622 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.

Pursuant to an Order issued in Application No. C-769, the Commission approved loans to K & M totalling \$979,000 in the form of an REA (RUS) 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 alone were to be made during the advance period. At the expiration of the basis date, April 9, 1993, unadvanced principal remained totalling \$278,000.

Accordingly, K & M filed an application, C-974, with the Commission to amend the agreement with the REA (RUS) to establish a new basis date of April 12, 1995 and to extend the original loan note as it effects the previously unadvanced

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principal of \$278,000. The Commission approved this request on March 30, 1993.

The April 12, 1995 basis date has expired and unadvanced principal in the amount of \$132,000 has not been drawn. The applicant and the RUS have reached agreement, subject to the Commission's approval, that a new basis date will be established covering the original note and extending the terms of said note.

K & M requests an extension in order to use the unadvanced portion remaining on the loan towards improvement of its facilities. K & M argues that approval of the application allows it to obtain financing at interest rates and repayment terms superior to conventional financing. Accordingly, approval of the application would be in the public's interest as the company, and ultimately, its subscribers benefit from the lower cost.

Based on the application and the original order issued in Applications C-769 and C-974, Application C-1162 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-1162 be, and it is hereby, granted and K & M Telephone Company, Inc. is hereby authorized to amend its agreement with the RUS to establish a new basis date and to extend the original loan note as it effects the previously unadvanced principal of \$132,000. All other terms and conditions of the original note subject to Application C-769 shall remain in effect.

IT IS FURTHER ORDERED that a signed copy of the loan agreement between the RUS 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 18th day of April, 1995.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

*[Signature]*  
//s//Rod Johnson  
//s//Daniel G. Urwiller

*[Signature]*  
Chairman

ATTEST:

*[Signature]*  
Executive Director