

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application ) Application No. C-1328  
of The Nebraska Central Telephone )  
Company, Gibbon, Nebraska seek- ) GRANTED  
in authority to issue long-term )  
indebtedness. ) Entered: June 4, 1996

PRELIMINARY MATTERS

On April 30, 1996, the Nebraska Central Telephone Company of Gibbon, Nebraska filed an application with the Commission for authority to issue long-term indebtedness for the purposes of (a) partially financing its proposed acquisition of exchanges from US West Communications, Inc. (US West), as described in Application No. C-1311 and (b) to refinance existing indebtedness owing to Rural Telephone Bank. Notice of the application was published in the Omaha Daily Record on May 2, 1996. No protests or petitions for formal intervention to the application were filed. Therefore, this application will be processed pursuant to the Commission's Rule of Modified Procedure (see Rule 018.03).

BY THE COMMISSION

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

The Nebraska Central Telephone Company is a corporation organized under and by virtue of the laws of the State of Nebraska and is engaged in the provision of general telecommunications services, currently serving 12 exchanges in central Nebraska, which as of December 31, 1995, had 6,106 access lines.

On March 13, 1996, the applicant, together with three other independent telephone companies, entered into an Agreement for Purchase and Sale of Exchanges (the "Purchase Agreement") with US West pursuant to which the applicant agreed to purchase eight exchanges which served 2,585 access lines as of December 31, 1994. The Agreement and circumstances surrounding the transaction described in the Agreement are the subject of Application No. C-1311, which was granted by this Commission on May 21, 1996.

On December 20, 1983, this Commission granted authority to the applicant, in Application No. C-455, to issue long-term indebtedness, a portion of such indebtedness owing to Rural Telephone Bank in the amount of \$4,444,650, for the purposes of completing a service improvement program which included provision of one-party service to all the applicant's subscribers and the installation of digital central office equipment.

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Applicant presently requests to borrow from CoBank, ACB the sum of \$7,500,000 for the purpose of partially financing the acquisition of the purchased exchanges from US West pursuant to the Purchase Agreement. CoBank and the applicant have entered into a written agreement specifying the terms of such financing, a copy of which is attached to the application as Exhibit A.

The applicant also proposes to borrow from CoBank the sum of \$4,200,000 for the purpose of refinancing the Rural Telephone Bank indebtedness described herein at an interest rate and upon terms which will be of advantage to the applicant and its subscribers. CoBank and the applicant have also entered into a written agreement specifying the terms of such refinancing, a copy of which is attached to the Application as Exhibit B.

Nebraska Central requests authority from this Commission for the issuance of long-term indebtedness owing to CoBank in the total amount of \$11,700,000 for the purposes described above, with disbursement of funds by CoBank for the refinancing of the Rural Telephone Bank indebtedness to be made at the earliest reasonable date following the issuance of this order and the completion of documentation required in connection with such refinancing. The disbursement of funds by CoBank for the partial financing of the applicant's purchased exchanges from US West will be made upon compliance with all terms and conditions of the Purchase Agreement and upon approval by the Federal Communications Commission.

In support of its application, Nebraska Central has submitted to the Commission a certified copy of its Amended and Restated Articles of Incorporation and its Amended Bylaws. Further, certified copies of the Resolutions of the applicant's Board of Directors authorizing the refinancing of the Rural Telephone Bank indebtedness and the partial financing of the acquisition of the purchased exchanges from US West have been provided to the Commission.

Based upon the above information, the Commission is hereby of the opinion and finds that the application filed herein is in compliance with the applicable Nebraska statutes and the requirements of Rule 022 of the Commission's Rules of Procedure and that the funds to be acquired through the issuance of long-term indebtedness to CoBank are reasonably required for the acquisition of the Purchased Exchanges from US West and to refinance indebtedness on more favorable terms and conditions to the applicant and its subscribers. The application is fair, reasonable, is in the public interest and should be granted.

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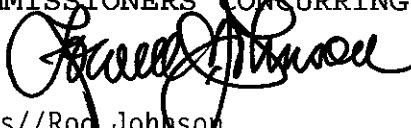
IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application C-1328 filed by The Nebraska Central Telephone Company, of Gibbon, Nebraska be, and it is hereby granted and the applicant is authorized to issue long-term indebtedness in favor of CoBank ACB in the total amount of \$11,700,000 in accordance with the Opinion and Findings set forth hereinabove.

IT IS FURTHER ORDERED that the applicant is authorized to use the funds to be borrowed from CoBank for the purposes hereinabove and that the applicant is authorized to take all actions necessary and appropriate in connection with the accomplishment of the foregoing.

MADE AND ENTERED at Lincoln, Nebraska, this 4th day of June, 1996.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

  
//s//Rod Johnson  
//s//Frank E. Landis  
//s//James F. Munnelly  
//s//Daniel G. Urwiller

Chairman

ATTEST:

  
Executive Director

# SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

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