

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. C-3804
of K & M Telephone Company,)
Inc., Chambers, seeking)
authority to issue long-term) GRANTED
indebtedness.)
) Entered: June 12, 2007

BY THE COMMISSION:

On May 4, 2007, an application was filed by K & M Telephone Company, Inc. ("K & M" or "Applicant"), Chambers, seeking authority to issuance long-term indebtedness. Notice of the application was published in The Daily Record, Omaha, Nebraska, on May 8, 2007. No protests were filed; therefore, this application is processed pursuant to the Commission's Rule of Modified Procedure.

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

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

K & M is a Nebraska corporation with its principle office located in Chambers, Nebraska. Applicant is an Incumbent Local Exchange Carrier serving the exchanges of Chambers and Inman in Holt, Wheeler and Garfield Counties in Nebraska.

Applicant seeks approval and authority to incur long-term indebtedness pursuant to Neb. Rev. Stat. § 75-148, which states in pertinent part.

A common carrier may issue stock, bonds, notes, or other evidence of indebtedness, payable at periods of more than twelve months after the date thereof, when necessary for the acquisition of property, the construction, completion, extension or improvement of facilities, the improvement or maintenance of its service, or the discharge or lawful refunding of its obligations if the common carrier first secures from the Commission an order authorizing such issue and the amount thereof and stating that in the opinion of the

Commission the use of the capital to be secured by the issue of such stock, bonds, notes, or other evidence of indebtedness is reasonably required for the purposes of the carrier.

The Applicant is planning to upgrade the western part of the Chambers exchange, including the Amelia area. K & M is working with RVW, Inc., an engineering firm and Consortia Consulting of Omaha for consulting and financial assistance. K & M has been approved for a G-11 loan from the United States of America, Department of Agriculture, Rural Development, Rural Utilities Service ("RUS") in the amount of \$1,795,000 at 5% interest per annum, payable over a 19-year term. The loan will be secured by a mortgage on all the real property of K & M and a security interest in all of the personal property of K & M.

Based upon the above information, the Commission finds the application to be in the public interest and to be reasonably required for the purposes of K & M Telephone Company, Inc. Therefore, the application should be granted.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-3804 be, and is hereby, granted.

MADE AND ENTERED at Lincoln, Nebraska, this 12th day of June, 2007.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director