

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of McDonald)	
County Telephone Company for Authority to)	
Create a Lien on its Property Devoted to the)	Case No. _____
Public Service for the Purpose of Obtaining)	
a Loan to be Used to Construct Additional)	
Facilities)	

**APPLICATION FOR AUTHORITY TO CREATE A LIEN
ON ASSETS DEVOTED TO THE PUBLIC SERVICE**

McDonald County Telephone Company ("McDonald" or "Company"), by and through its undersigned counsel, pursuant to Sections 392.290, 392.300.1, and 392.310.1, RSMo, and in accordance with Missouri Public Service Commission ("Commission") Rules 4 CSR 240-2.060 and 4 CSR 240-3.530, as applicable, hereby makes application for authority to issue a note and to create a lien on certain of the Company's real estate assets devoted to the public service for the purpose of obtaining a loan, the proceeds from which will be used to build additional facilities necessary for McDonald to provide service to its customers within the state of Missouri. In support of its application, the Company states as follows:

1. McDonald is a Missouri corporation with its principal office and place of business at 704 North Main Street, Pineville, Missouri 64856-0207. Under authority granted by the Commission, the Company provides local exchange telecommunications service to customers in three (3) exchanges located in and around McDonald County. A copy of McDonald's Certificate of

Good Standing, issued by the Secretary of State of Missouri, is attached to this application as Appendix A and is incorporated herein by reference.

2. There are no final unsatisfied judgments or decisions pending against McDonald from any federal or state agency or court that involve customer service or rates, and McDonald has no annual report or assessment fees that are overdue. The Company is not currently a party to any other matter or proceeding pending before the Commission.

3. Pleadings, notices, orders, and other correspondence and communications concerning this application should be addressed to the undersigned counsel and also to:

Ross M Babbitt
McDonald County Telephone Company
704 North Main
Pineville, MO 64856-0207
Tele: (417) 223-4313
E-Mail: rbabbitt@olemac.net

4. McDonald is a "public utility" and a "telecommunications company," as those terms are defined in Section 386.020, RSMo; therefore, the Company is subject to the regulatory jurisdiction of the Commission.

5. McDonald proposes to enter into a loan agreement with The Corner Stone Bank of Southwest City, Missouri, that will enable the Company will borrow up to \$540,000, in the form of a secured note, for the purpose of financing the construction of additional administrative office space and other facilities necessary for the Company to provide service to its customers. As security for its loan, McDonald will grant a lien in favor of the lender on certain of the Company's real estate assets that are devoted to the public service. Copies of the various

loan documents, including the note that McDonald proposes to issue, are attached to this application as Appendix B and are incorporated herein by reference. The general terms of those loan documents are as follows:

Lender:	The Corner Stone Bank 117 N. Main Southwest City, Missouri 64863;
Amount:	Up to \$540,000;
Term:	One year, renewable;
Interest Rate:	8.00% per annum for initial year, adjustable annually;
Security:	Real estate deed of trust on real estate assets described therein;

6. As required by 4 CSR 240-3.530(2)(E) and (G), McDonald has prepared a balance sheet and income statement showing the effect of the issuance of the proposed loan and a five-year capital expenditure schedule, as required by Section 392.310, RSMo. Copies of those documents are attached to this application as Appendix C and are incorporated herein by reference.

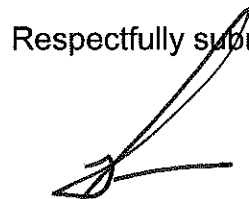
6. The Company's board of directors has approved the proposed loan, and a copy of the resolution of the board evidencing that approval is attached to this application as Appendix D and is incorporated herein by reference.

7. None of the proceeds of the loan that is the subject of this application will be used to refund any existing indebtedness; therefore, it appears that the fee schedule prescribed by Section 386.300(5), RSMo, will apply to the entire amount of the loan.

WHEREFORE, McDonald requests the Commission to: 1) grant this application and to issue an order authorizing the Company to provide a note, as

described herein, that includes a lien on certain of McDonalds real property assets devoted to the public service; 2) authorize McDonald to do all things reasonably necessary to effectuate the transaction described herein; and 3) grant such other relief as the Commission may deem reasonable under the circumstance

Respectfully submitted,



W. R. England, III	MBN 23975
L. Russell Mitten	MBN 27881
Brian McCartney	MBN 47788

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ATTORNEYS FOR McDONALD COUNTY
TELEPHONE COMPANY

VERIFICATION

STATE OF MISSOURI }
 }
COUNTY OF McDONALD } ss
 }

Ross M. Babbitt, being duly sworn on oath, deposes and says that he is President of McDonald County Telephone Company, that he has read the foregoing application and is familiar with its contents, and that the information contained in that application is true and correct to the best of his knowledge and belief.

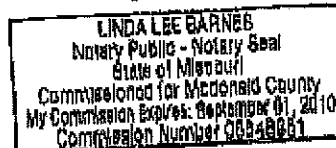
McDONALD COUNTY TELEPHONE
COMPANY

BY: Ross Babbitt

Subscribed and sworn to before me, the undersigned Notary Public in and for the county and state aforesaid, on the 14th day of July, 2008.

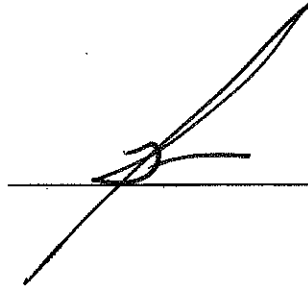
Linda Lee Barnes
Notary Public

My Commission expires: 9-2010



CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was sent by first class mail, electronic mail, or hand delivery on this 14th day of July, 2008, to the Office of the General Counsel of the Missouri Public Service Commission and to the Office of the Public Counsel.



A handwritten signature in dark ink is written over a horizontal line. The signature is stylized, featuring a large, sweeping 'S' shape that crosses the line, followed by a smaller, more intricate flourish.