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September 25, 2003

Mr. Dale Hardy Roberts
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

FILED

SEP 25 2003

Re: Case No. TF-2000-428

Missouri Public
Service Commission

Dear Mr. Roberts:

Enclosed for filing on behalf of Le-Ru Telephone Company ("Le-Ru"), please find an original and eight (8) copies of a Response to Order Directing Filing.

Would you please see that this filing is brought to the attention of the appropriate Commission personnel.

Copies of this filing have been provided to all parties of record.

I thank you in advance for your cooperation in this matter.

Sincerely yours,

BRYDON, SWEARENGEN & ENGLAND P.C.

By:



Sondra B. Morgan

SBM/lar
Enclosure

cc: Office of Public Counsel
Denny Frey

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

FILED

SEP 25 2003

Missouri Public
Service Commission

**In the matter of the Application)
of LE-RU TELEPHONE COMPANY)
for authority to borrow an amount)
not to exceed \$9,164,700 from the)
Rural Utilities Service, the Rural)
Telephone Bank and the Federal)
Financing Bank and in connection)
therewith to execute an Amending)
Telephone Loan Contract Amendment,)
Promissory Notes, and a Restated)
Mortgage, Security Agreement and)
Financing Statement.)**

Case No. TF-2000-428

RESPONSE TO ORDER DIRECTING FILING

Comes now Le-Ru Telephone Company ("Le-Ru") and for its Response to Order Directing Filing states to the Missouri Public Service Commission ("Commission") as follows:

1. On January 18, 2000, Le-Ru filed an Application with the Commission requesting authority to borrow an amount not to exceed \$9,164,700 from the Rural Utilities Service ("RUS") and the Rural Telephone Bank ("RTB").
2. On August 15, 2000, the Commission issued its Order Approving Financing in which it approved the Application with certain conditions previously agreed to by the Applicant, including the condition that Le-Ru would not borrow more than \$7,800,606 of the \$9,164,700 approved by the Rural Utilities Service ("RUS") without further order of the Commission. On August 16, 2000, the Commission issued a Notice Correcting Order Nunc Pro Tunc to correct the Order's reflection of the vote. On September 1, 2000, the Commission issued a Modified Order Approving Financing in response to concerns regarding the original order from Le-Ru.

3. Order paragraph 7 of the Modified Order stated that Le-Ru “shall file semi-annual surveillance reports beginning January 1, 2003, and ending December 31, 2007, or ending when the company’s equity ratio reaches 40 percent.” The Commission’s Order Directing Filing states that Le-Ru has not filed a semiannual surveillance report and directs the company to do so. Le-Ru is directed to file its report by September 25, 2003, along with an explanation as to why it was not filed previously and clarifying when the company expects to file its second semiannual surveillance report.

4. Le-Ru admits that through oversight it neglected to file the surveillance report on January 1, 2003, as ordered by the Commission in this case. However, Le-Ru did file detailed financial information in its 2002 Annual Report filed with the Commission. The information in this report would be the same as the information Le-Ru would have provided in a surveillance report on January 1, 2003, and Le-Ru asks that the Annual Report be accepted as compliance with the requirement to file a surveillance report on that date. Also marked as Appendix A and attached is a copy of the “Financial and Statistical Report for Telecommunications Borrowers” that Le-Ru provided to the Rural Utilities Service (“RUS”) for the period ending December 2002.

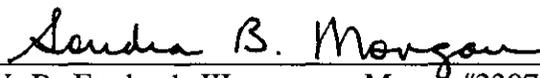
5. Marked as Appendix B and attached to this Response is Le-Ru’s surveillance report and financial information as of June 30, 2003. This report is marked “proprietary” because it contains confidential financial information not ordinarily prepared in the ordinary course of its business, and Le-Ru requests that it be treated in accordance with the terms of the Protective Order previously entered in this case.

6. Le-Ru has completed approximately 95% percent of the construction contemplated, and has drawn down approximately \$5,850,000 of the loan proceeds at this time.

Construction costs were less than estimated at the time of the loan, so it appears that it will not be necessary for Le-Ru to seek additional authorization from the Commission to borrow more than the \$7,800,606 already authorized. At the present time, Le-Ru estimates that total borrowing to complete the project should not exceed \$6,500,000. As contemplated by the projections provided to Commission Staff March 31, 2000, in Proprietary Exhibit 2, the borrowing has reduced Le-Ru's equity percentage. Le-Ru has now drawn down the majority of the funds needed for construction and should soon start to see the benefits of that construction through an increase in revenues.

Wherefore Le-Ru respectfully requests that the Commission accept this Response to its Order Directing Filing as full compliance with the Commission's orders.

Respectfully submitted,



W. R. England, III Mo. #23975
Sondra B. Morgan Mo. #35482
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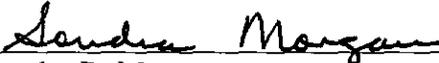
Attorneys for Le-Ru Telephone Company

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was delivered, via U.S. Mail, and/or hand-delivered this 25th day of September, 2003, to:

Office of Public Counsel
Governor Office Building
200 Madison Street
P.O. Box 7800
Jefferson City, MO 65102

Mr. Denny Frey
Public Service Commission
200 Madison Street
P.O. Box 360
Jefferson City, MO 65102



Sondra B. Morgan

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. (U.S.C. 301 et seq.) and may not be confidential. *Make copy*

USDA-RUS

This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et seq.) and may not be confidential.

FINANCIAL AND STATISTICAL REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER NAME AND ADDRESS
 LE RU TELEPHONE CO INC
 555 Carter St
 P.O. Box 147
 Stella, MO 64867-
 SEP 25 2003

INSTRUCTIONS-Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.

PERIOD ENDING 12/2002
 BORROWER DESIGNATION Service Center MO0592

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

03/25/2003

Robert L. Hart

03/25/2003

DATE

DATE

Part A. Balance Sheet

	Balance Prior Year	Balance End of Period		Balance Prior Year	Balance End of Period
ASSETS			LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Assets			Current Liabilities		
1. Cash and Equivalents	1,054,368	1,201,363	25. Accounts Payable	282,971	600,547
2. Cash-RUS Construction Fund	100	100	26. Notes Payable	0	0
3. Affiliates:			27. Advance Billings and Payments	0	0
a. Telecom, Accounts Receivable	0	0	28. Customer Deposits	0	0
b. Other Accounts Receivable	3,000	31,971	29. Current Mat. L/T Debt	171,726	338,194
c. Notes Receivable	183,333	50,000	30. Current Mat. L/T Debt-Rur. Dev.	0	0
4. Non-Affiliates:			31. Current Mat.-Capital Leases	0	0
a. Telecom, Accounts Receivable	264,895	295,038	32. Income Taxes Accrued	0	0
b. Other Accounts Receivable	0	0	33. Other Taxes Accrued	8,646	11,074
c. Notes Receivable	0	0	34. Other Current Liabilities	4,300	4,010
5. Interest and Dividends Receivable	7,252	6,719	35. Total Current Liabilities (25 thru 34)	467,643	953,825
6. Material-Regulated	98,890	85,616	Long-Term Debt		
7. Material-Nonregulated	0	0	36. Funded Debt-RUS Notes	3,110,903	7,218,977
8. Prepayments	41,923	61,933	37. Funded Debt-RTB Notes	0	0
9. Other Current Assets	0	0	38. Funded Debt-FFB Notes	0	0
10. Total Current Assets (1 thru 9)	1,653,762	1,732,740	39. Funded Debt-Other	0	0
Noncurrent Assets			40. Funded Debt-Rural Develop. Loan	0	0
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt	0	0
a. Rural Development	0	0	42. Recquired Debt	0	0
b. Nonrural Development	0	0	43. Obligations Under Capital Lease	0	0
12. Other Investments			44. Adv. From Affiliated Companies	0	0
a. Rural Development	0	0	45. Other Long-Term Debt	0	0
b. Nonrural Development	1,500	1,500	46. Total Long-Term Debt (36 thru 45)	3,110,903	7,218,977
13. Nonregulated Investments	48,294	55,715	Other Liab. & Def. Credits		
14. Other Noncurrent Assets	465,219	659,630	47. Other Long-Term Liabilities	0	0
15. Deferred Charges	3,108	2,893	48. Other Deferred Credits	51,540	46,716
16. Jurisdictional Differences	0	0	49. Other Jurisdictional Differences	0	0
17. Total Noncurrent Assets (11 thru 16)	518,121	719,738	50. Total Other Liabilities and Deferred Credits (47 thru 49)	51,540	46,716
Plant, Property, and Equipment			Equity		
18. Telecom, Plant-in-Service	7,098,436	8,908,350	51. Cap. Stock Outstanding & Subscribed	20,400	20,400
19. Property Held for Future Use	0	0	52. Additional Paid-in Capital	0	0
20. Plant Under Construction	243,807	3,287,269	53. Treasury Stock	0	0
21. Plant Adj., Nonop. Plant & Goodwill	52,637	52,637	54. Membership and Cap. Certificates	0	0
22. Less Accumulated Depreciation	3,500,251	3,922,582	55. Other Capital	0	0
23. Net Plant (18 thru 21 less 22)	3,894,619	8,325,674	56. Patronage Capital Credits	0	0
24. Total Assets (10 - 17 + 23)	6,066,502	10,778,152	57. Retained Earnings or Margins	2,416,016	2,538,234
			58. Total Equity (51 thru 57)	2,436,416	2,558,634
			59. Total Liabilities and Equity (35 - 46 + 50 + 58)	6,066,502	10,778,152

USDA-RUS

BORROWER DESIGNATION

**FINANCIAL AND STATISTICAL REPORT
FOR TELECOMMUNICATIONS BORROWERS**

MOD592

PERIOD ENDING

12/2002

INSTRUCTIONS-See RUS Bulletin 1744-2

Part B. Statements of Income and Retained Earnings or Margins

Item	This Period (b)	This Year (b)	Last Year (c)
1. Local Network Services Revenues	0	254,138	241,574
2. Network Access Services Revenues	0	2,569,720	2,504,251
3. Long Distance Network Services Revenues	0	0	0
4. Carrier Billing and Collection Revenues	0	41,124	30,930
5. Miscellaneous Revenues	0	29,147	31,712
6. Uncollectible Revenues	0	33,099	0
7. Net Operating Revenues (1 thru 5 less 6)	0	2,861,030	2,808,467
8. Plant Specific Operations Expense	0	650,256	605,315
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	0	82,189	79,531
10. Depreciation Expense	0	424,788	415,387
11. Amortization Expense	0	0	0
12. Customer Operations Expense	0	413,726	350,192
13. Corporate Operations Expense	0	1,030,162	778,851
14. Total Operating Expenses (8 thru 13)	0	2,601,121	2,229,276
15. Operating Income or Margins (7 less 14)	0	259,909	579,191
16. Other Operating Income and Expenses	0	0	0
17. State and Local Taxes	0	0	0
18. Federal Income Taxes	0	(4,824)	(4,824)
19. Other Taxes	0	52,902	52,655
20. Total Operating Taxes (17 + 18 + 19)	0	48,078	47,831
21. Net Operating Income or Margins (15 + 16 - 20)	0	211,831	531,360
22. Interest on Funded Debt	0	247,301	126,962
23. Interest Expense - Capital Leases	0	0	0
24. Other Interest Expense	0	215	215
25. Allowance for Funds Used During Construction	0	84,194	0
26. Total Fixed Charges (22 + 23 + 24 - 25)	0	163,322	127,177
27. Nonoperating Net Income	0	15,369	26,119
28. Extraordinary Items	0	0	0
29. Jurisdictional Differences	0	0	0
30. Nonregulated Net Income	0	58,340	50,892
31. Total Net Income or Margins (21+27+28+29-30-26)	0	122,218	481,194
32. Total Taxes Based on Income	0	0	0
33. Retained Earnings or Margins Beginning-of-Year	0	2,416,016	2,128,092
34. Miscellaneous Credits Year-to-Date	0	0	0
35. Dividends Declared (Common)	0	0	193,270
36. Dividends Declared (Preferred)	0	0	0
37. Other Debits Year-to-Date	0	0	0
38. Transfers to Patronage Capital	0	0	0
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	0	2,538,234	2,416,016
40. Patronage Capital Beginning-of-Year	0	0	0
41. Transfers to Patronage Capital	0	0	0
42. Patronage Capital Credits Retired	0	0	0
43. Patronage Capital End-of-Year (40+41-42)	0	0	0
44. Annual Debt Service Payments	0	499,203	274,496
45. Cash Ratio [(14+20-10-11) / 7]	0.0000	0.7775	0.6629
46. Operating Accrual Ratio [(14+20-26) / 7]	0.0000	0.9830	0.8561
47. TIER [(31 - 26) / 26]	0.0000	1.7500	4.7800
48. DSCR [(31+26-10+11) / 44]	0.0000	1.4200	3.7300

USDA-RUS

BORROWER DESIGNATION

**FINANCIAL AND STATISTICAL REPORT
FOR TELECOMMUNICATIONS BORROWERS**

MO0592

PERIOD ENDING

12/2002

INSTRUCTIONS-See RUS Bulletin 1744-2

Part C. Subscriber (Access Line) and Route Mile Data

Line	Exchange	1. Rates		2. Subscribers (Access Lines)		2. Subscribers (Access Lines)		3. Route Miles	
		B-1 (a)	R-1 (b)	Business (a)	Residential (b)	Total (c)	Total (incl. Fiber) (a)	Fiber (b)	
1	POWELL	17.00	10.50	60	804	864	648.00	20.00	
2	STELLA	17.00	10.50	79	628	707	0.00	0.00	
3		0.00	0.00	0	0	0	0.00	0.00	
4		0.00	0.00	0	0	0	0.00	0.00	
5		0.00	0.00	0	0	0	0.00	0.00	
6		0.00	0.00	0	0	0	0.00	0.00	
7		0.00	0.00	0	0	0	0.00	0.00	
8		0.00	0.00	0	0	0	0.00	0.00	
9		0.00	0.00	0	0	0	0.00	0.00	
10		0.00	0.00	0	0	0	0.00	0.00	
11		0.00	0.00	0	0	0	0.00	0.00	
12		0.00	0.00	0	0	0	0.00	0.00	
13		0.00	0.00	0	0	0	0.00	0.00	
14		0.00	0.00	0	0	0	0.00	0.00	
15		0.00	0.00	0	0	0	0.00	0.00	
16		0.00	0.00	0	0	0	0.00	0.00	
	Mobile Wireless					0			
	Route Mileage outside exch. area						0.00	0.00	
	Total			139	1,432	1,571	648.00	20.00	
	No. Exchanges		2						

USDA-RUS FINANCIAL AND STATISTICAL REPORT FOR TELECOMMUNICATIONS BORROWERS		BORROWER DESIGNATION MO0592		
		PERIOD ENDING 12/2002		
INSTRUCTIONS-See RUS Bulletin 1744-2				
Part D. System Data				
1. No. Plant Employees	2. No. Other Employees	3. Square Miles Served	4. Access Lines per Square Mile	5. Subs. per Route Mile
5	4	185	8.49	2.42

USDA-RUS

BORROWER DESIGNATION

MO0582

**FINANCIAL AND STATISTICAL REPORT
FOR TELECOMMUNICATIONS BORROWERS**

PERIOD ENDING

12/2002

INSTRUCTIONS-See RUS Bulletin 1744-2

Part E. Toll Data

1. Types of Toll Settlements (Check One)

Interstate:

Average Schedule

Cost Basis

Intrastate:

Average Schedule

Cost Basis

**FINANCIAL AND STATISTICAL REPORT
FOR TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

MOD592

PERIOD ENDING

12/2002

INSTRUCTIONS-See RUS Bulletin 1744-2

Part F. Funds Invested in Plant During Year

1. RUS, RTB, & FFB Loan Funds Expended	4,527,114
2. Other Long-Term Loan Funds Expended	0
3. Funds Expended Under RUS Interim Approval	0
4. Other Short-Term Loan Funds Expended	0
5. General Funds Expended (Other than Interim)	0
6. Salvaged Materials	0
7. Contribution in Aid to Construction	0
8. Gross Additions to Telecom. Plant (1 thru 7)	4,527,114

USDA-RUS FINANCIAL AND STATISTICAL REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION MO0592
	PERIOD ENDING 12/2002

INSTRUCTIONS-See RUS Bulletin 1744-2

Part G. Investments in Affiliated Companies

Investments (a)	Current Year Data Investment This Year (b)	Current Year Data Income/Loss This Year (c)	Cumulative Data Cumulative Investment To Date (d)	Cumulative Data Cumulative Income/Loss To Date (e)	Cumulative Data Current Balance (f)
1. Investment in Affiliated Companies - Rural Development	0	0	0	0	0
2. Investment in Affiliated Companies - Nonrural Development	0	0	0	0	0

USDA-RUS

BORROWER DESIGNATION

**FINANCIAL AND STATISTICAL REPORT
FOR TELECOMMUNICATIONS BORROWERS**

MO0592

PERIOD ENDING

12/2002

INSTRUCTIONS-See RUS Bulletin 1744-2

Part H. Current Depreciation Rates

Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)

 YES NO

Equipment Category	Depreciation Rate
1. Land and support assets - Motor Vehicles	10.23 %
2. Land and support assets - Aircraft	0.00 %
3. Land and support assets - Special purpose vehicles	10.23 %
4. Land and support assets - Garage and other work equipment	6.71 %
5. Land and support assets - Buildings	2.80 %
6. Land and support assets - Furniture and Office equipment	6.71 %
7. Land and support assets - General purpose computers	13.59 %
8. Central Office Switching - Digital	6.67 %
9. Central Office Switching - Analog & Electro-mechanical	10.30 %
10. Central Office Switching - Operator Systems	0.00 %
11. Central Office Transmission - Radio Systems	0.00 %
12. Central Office Transmission - Circuit equipment	0.00 %
13. Information origination/termination - Station apparatus	0.00 %
14. Information origination/termination - Customer premises wiring	0.00 %
15. Information origination/termination - Large private branch exchanges	0.00 %
16. Information origination/termination - Public telephone terminal equipment	5.00 %
17. Information origination/termination - Other terminal equipment	0.00 %
18. Cable and wire facilities - Poles	6.19 %
19. Cable and wire facilities - Aerial cable - Metal	0.00 %
20. Cable and wire facilities - Aerial cable - Fiber	0.00 %
21. Cable and wire facilities - Underground cable - Metal	0.00 %
22. Cable and wire facilities - Underground cable - Fiber	0.00 %
23. Cable and wire facilities - Buried cable - Metal	4.29 %
24. Cable and wire facilities - Buried cable - Fiber	0.00 %
25. Cable and wire facilities - Conduit systems	0.00 %
26. Cable and wire facilities - Other	0.00 %

USDA-RUS FINANCIAL AND STATISTICAL REPORT FOR TELECOMMUNICATIONS BORROWERS	Borrower Designation <i>LE RU TELEPHONE CO INC (MO0592)</i>
	Period Ending 12/2002
Notes to the Financial and Statistical Report	

Page 3.4 represents loan funds expended during the calendar year 2002. Total gross additions to telecommunications plant during 2002 was \$4,857,950. The difference between the loan funds expended of \$4,527,114 and the gross additions relates to accounts payable at December 31, 2002 for which loan advances have not been requested as invoices were payable after December 31, 2002.