

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 30<sup>th</sup> day of  
September, 2008.

In the Matter of the Application of McDonald County	)	
Telephone Company for Authority to Create a Lien	)	
on its Property Devoted to the Public Service for the	)	<b><u>Case No. TO-2009-0025</u></b>
Purpose of Obtaining a Loan to be Used to Construct	)	
Additional Facilities.	)	

**ORDER GRANTING APPLICATION**

Issue Date: September 30, 2008

Effective Date: October 10, 2008

This order grants the application filed by McDonald County Telephone Company (hereafter "McDonald County Telephone") and allows McDonald County Telephone to issue a note and to create a lien on certain real estate it owns, as described in the application.

**The Application**

On June 14,<sup>1</sup> McDonald County Telephone filed an application with the Missouri Public Service Commission. McDonald County Telephone asks for authority to pledge certain of its assets as collateral so that it may obtain a loan to finance construction needed to serve its customers.

McDonald County Telephone has a certificate of service authority to provide local exchange telecommunications service to customers in and around McDonald County,

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<sup>1</sup> Unless stated otherwise, all calendar references are to 2008.

Missouri. McDonald County Telephone has an agreement with The Corner Stone Bank of Southwest City, Missouri to borrow up to \$540,000 for the purpose of financing the construction of additional administrative office space and other facilities.

### **Staff Recommendation**

The Staff of the Commission (hereafter “Staff”) filed its Recommendation on September 12. Staff stated that the applicable standard is whether the transaction would be detrimental to the public interest. Staff states that the proposed transaction would not be detrimental to the public interest.

Staff visited McDonald County Telephone’s old and new facilities. Staff noted that the old facilities are crowded and in need of renovation, and that the new facilities will give the owner/operators their own offices, instead of a shared office with their desks abutting each other.

Also, Staff performed a financial analysis of McDonald County Telephone, and finds that even with issuing the requested note, McDonald County Telephone will have a small amount of debt. McDonald County Telephone’s pro-forma financial ratios are consistent with at least an investment grade credit rating.

Because Staff believes the proposed transaction would not be detrimental to the public interest, Staff recommends that the Commission grant the application subject to certain conditions. Commission Rule 4 CSR 240-2.080(15) allows parties ten days to respond to pleadings. No party responded to Staff’s Recommendation. Therefore, the Commission assumes that McDonald County Telephone acquiesces in Staff’s Recommendation and recommended conditions.

## **DECISION**

The Commission has reviewed the parties' verified pleadings, which are admitted into evidence. The applicable standard is whether the transaction would be detrimental to the public interest.<sup>2</sup> The Commission finds that the transaction McDonald County Telephone proposes would not be detrimental to the public interest, and will therefore approve the transaction, subject to the above conditions.

### **THE COMMISSION ORDERS THAT:**

1. The application filed by McDonald County Telephone Company is granted, subject to the following conditions:
  - A. McDonald County Telephone Company shall submit to the Commission any information concerning deviations from the stated use of the funds or any information that would materially change the pro-forma capitalization and financial ratios associated with this Application;
  - B. The Application is approved for the purpose stated in the Application and not for operation expenses;
  - C. Nothing in the Commission's order is to be considered a finding by the Commission of the value of this transaction for ratemaking purposes, and the Commission reserves the right to consider the ratemaking treatment to be afforded these financing transactions and their results in cost of capital in any later proceeding;
  - D. McDonald County Telephone Company shall submit journal entries to the Budget and Fiscal Services Department for it to calculate the fee due under Section 386.300.2 RSMo;
2. The Commission authorizes McDonald County Telephone Company to provide a note as described in its application that includes a lien on certain of McDonald County Telephone Company's real property assets devoted to the public service.

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<sup>2</sup> See, e.g. *In re Le-Ru Telephone Company*, 9 Mo. P.S.C. 3d 331, 334 (2000).

3. The Commission authorizes McDonald County Telephone Company to do all things reasonably necessary to effectuate the transaction described in its application.
4. This order shall become effective on October 10, 2008.
5. This case may be closed on October 11, 2008.

**BY THE COMMISSION**

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a horizontal line.

Colleen M. Dale  
Secretary

( S E A L )

Davis, Chm., Murray, Clayton,  
Jarrett, and Gunn, CC., concur.

Pridgin, Senior Regulatory Law Judge