

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

HAROLD TELEPHONE COMPANY, INC.,            )  
FILING TO REFINANCE CERTAIN            ) CASE NO. 10199  
OUTSTANDING NOTES                        )

O R D E R

On March 16, 1988, Harold Telephone Company, Inc. ("Harold"), filed an application with the Commission seeking permission to refinance \$1,125,793 in outstanding notes payable to the Rural Telephone Bank ("RTB"). The notes to be refinanced carried interest rates of 11.25 percent and 11.50 percent and would generate approximately \$2,600,000 in interest over the 20 year remaining life. The new note, in the amount of \$1,250,881 and payable to the Rural Telephone Finance Corporation ("RTFC"), will carry an interest rate of 7.75 percent and generate approximately \$875,000 in interest over the 15 year life of the note. In addition to the obvious advantages realized because of the lower interest rates, the RTB, in compliance with the Omnibus Budget Reconciliation Act of 1987, has published an interim rule in the Federal Register dated January 22, 1988, which would waive the prepayment penalty on any RTB loans or portions thereof prepaid on or after December 22, 1987, but no later than September 30, 1988.

FINDINGS AND ORDERS

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:

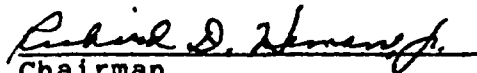
1. The refinancing of \$1,125,793 of RTB notes bearing interest rates of 11.25 percent and 11.50 percent with a single RTFC note in the amount of \$1,250,881 bearing an interest rate of 7.75 percent will generate significant interest savings and is therefore in the public interest.

2. The refinancing should occur before September 30, 1988.

IT IS THEREFORE ORDERED that Harold be and it hereby is authorized to refinance no later than September 30, 1988, existing notes in the amount of \$1,125,793 and bearing interest rates of 11.25 percent and 11.50 percent by executing a single RTFC note in the amount of \$1,250,881 bearing an interest rate of 7.75 percent.

Done at Frankfort, Kentucky, this 13th day of May, 1988.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Executive Director