

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF HAROLD TELEPHONE)
COMPANY, INC. FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY TO) CASE NO. 93-261
BORROW \$1,111,111 AND CONSTRUCT A)
NEW HEADQUARTERS BUILDING)

O R D E R

On September 27, 1993, Harold Telephone Company, Inc. ("Harold Telephone") filed an application to construct a new headquarters building and borrow \$1,111,111 from the Rural Telephone Finance Cooperative ("RTFC") to finance the construction. Harold Telephone also proposed to use a portion of its general funds to meet construction costs. RTFC is not a governmental lending agency as described in KRS 278.300(10) and therefore the financing as well as the construction required Commission approval.

On November 12, 1993 and November 22, 1993, the Commission ordered Harold Telephone to respond to information requests pertaining to the financing and construction. Responses were received on November 17, 1993 and November 29, 1993. On December 1, 1993, the Commission ordered that the financing portion of the application be continued beyond the 60-day limitation provision found in KRS 278.300(2), because its investigation into the financing was not yet complete. On February 9, 1994 and March 31, 1994, the Commission issued further information requests to Harold Telephone.

On May 11, 1994, the Commission approved Harold Telephone's application as it related to the construction and required Harold Telephone to submit all documents pertaining to its loan from RTFC within 30 days of the loan filing and receipt. On June 28, 1994, Harold Telephone filed RTFC's approval for Harold Telephone's long-term loan application in the amount of \$1,052,632.

The financing portion of the application is complete and the Commission finds that Harold Telephone's execution of the loan agreement with RTFC is for a lawful object within its corporate purpose, is necessary, appropriate for and consistent with the proper performance of its service to the public, will not impair its ability to perform that service, is reasonably necessary and appropriate for such purpose, is consistent with the requirements of KRS 278.300, and should be approved.

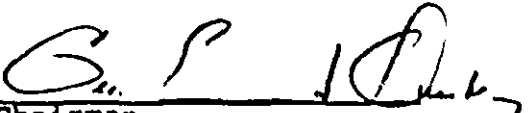
The Commission, being otherwise sufficiently advised, HEREBY ORDERS that:


1. The financing arrangement between Harold Telephone and RTFC as described in the record is approved.
2. Harold Telephone shall file with the Commission the finalized terms and conditions and security documents associated with the loan within 30 days of the date of receipt and execution.
3. Approval of this financing does not imply any guarantee of the securities or evidence of indebtedness by the state or any obligation on the part of the state with respect thereto.

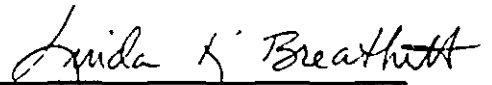
Done at Frankfort, Kentucky, this

3rd day of August, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director