BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application of *Clarks Telephone Company*, Clarks, Nebraska which seeks approval of a modification of existing REA loans and certain documents evidencing those loans.	Application No. C-1024 GRANTED Entered: October 27, 1993

BY THE COMMISSION

Clarks Telephone Company ("Clarks") of Clarks, Nebraska filed this application August 27, 1993. The applicant seeks to amend its Rural Electrification Administration ("REA") loan agreement previously approved by this Commission in Application No. C-735 (June 9, 1987).

Notice of the application was published in the Omaha Daily Record August 31, 1993. No protests were filed and the application will therefore be processed using the Commission's modified procedure rule.[1]

OPINION AND FINDINGS

Upon consideration of the application and being fully advised, the Commission is of the opinion and finds:

1. Clarks is a telecommunications common carrier regulated by the Commission pursuant to certain Nebraska statutes found in Chapter 75, Articles 1 and 6 and Chapter 86, Article 8. The applicant is a Nebraska corporation with its principle office in Clarks, Nebraska and has exchanges in Clarks, Staplehurst, and Ulysses, Nebraska.

2. The applicant's services are furnished under rates and charges as filed with the Commission and its records and books are maintained according to the Commission's standard as incorporated from the FCC' Class A System of Accounts.

3. In Application No. C-735, the Commission approved a loan to Clarks totaling $1.571 million from the REA at five percent interest and repayable according to certain terms and conditions set forth in its accompanying loan documents.

[1] Title 291 NAC Ch. 1, Rule 018.03.

4. By the terms of the loan documents, advances on the loan were to be made by the REA during a period to end on or before July 1, 1993 (the "basis date"). At the end of this period, loan servicing was scheduled to begin. In the case of this particular loan, $48,585 was not drawn down prior to the basis date.

5. On July 12, 1993, Clark's Board of Directors approved amending the loan agreement with the REA at a special meeting of the Board.

6. Both Clarks and the REA have re-negotiated the loan agreement to establish a new basis date for the remaining $48,585 and to extend the terms of the loan agreement in this regard. All other terms and conditions of the agreement will remain in force and effect if the proposed modification is approved by this Commission.

7. The REA and Clarks have offered for our consideration a copy of an unsigned agreement (Exhibit 1) which, subject to the Commission's approval in this application, will establish the new basis date for advancement of the remaining $48,585.

8. Clarks proposes to use the remaining balance of $48,585 in addition to current general funds, if necessary, to implement a digital switch upgrade.

9. Clarks argues in support of the application that the financing offered through this amendment to the original REA loan is superior to other financing methods in its terms and interest rate and that therefore the public interest will benefit from the lower cost of capital.

Based on the original order in Application No. C-735 and the amendment proposed thereto in this proceeding, Application No. C-1024 is fair and reasonable, serves the public interest, and should be granted.

ORDER

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-1024 be, and it is hereby, granted and Clarks Telephone Company, Clarks, Nebraska is authorized to amend its agreement with the REA to establish a new basis date and to extend the original loan note in Application No. C-735 as it affects the previously unadvanced principal of $48,585. All other terms and conditions of the original agreement shall remain in effect.

IT IS FURTHER ORDERED that a signed copy of the amended loan agreement between the REA and Clarks Telephone Company be

filed with the Commission and be made a part of the record in this docket as late-filed exhibit.

MADE AND ENTERED at Lincoln, Nebraska this 27th day of October, 1993.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING

Daniel G. Urwiller

Duane D. Gay

//s//Rod Johnson
//s//Frank E. Landis, Jr.
//s//James F. Munnelly

Chairman

ATTEST:

Executive Director