

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Fort)
Jennings Telephone Company for Consent) Case No. 05-447-TP-AIS
and Authority to Obtain Financing.)

FINDING AND ORDER

The Commission finds:

- (1) Applicant, Fort Jennings Telephone Company, an Ohio corporation and a public utility as defined in Section §4905.02, and 4905.03(A)(2), Revised Code, and is subject to the jurisdiction of this Commission.
- (2) This Application, as amended (hereinafter, the "Application"), is filed under the provisions of Sections 4905.40 and 4905.41, Revised Code.
- (3) Applicant proposes to obtain a term loan in the amount of \$450,000 (the "Term Loan") from the Fort Jennings State Bank (the "Bank"), pursuant to the terms and conditions as set forth in the Application and the Exhibits.
- (4) The Term Loan will have a term of 10 years and will bear an interest rate of one half percent over the prime rate adjusted daily, as more fully described in the Application and Exhibits.
- (5) Applicant proposes to use the proceeds from the Term Loan for upgrading and expansion of its regulated telephone operations, both within the service territory and in the expanded service territory, for working capital, and for general corporate purposes, all pursuant to Section 4905.40, Revised Code.
- (6) Applicant states that it has not formed a separate affiliate to provide competitive services and will rely instead on its edge out authority granted in Case No. 02-2028-TP-UNC. Applicant states that it is committed to implementing the affiliate transaction safeguards set forth in Rule 4901:1-6-08(C)(2) Ohio Administrative Code (O.A.C.), relative to its operations in the expanded service territory.
- (7) The amount of the Term Loan, the terms thereof, and the probable cost to Applicant, within the parameters set forth in the Application and the Exhibits do not appear to be unjust or unreasonable.
- (8) The effect on Applicant's revenue requirements resulting from the Term Loan will be considered in the determination of required

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revenue in rate proceedings in which all factors affecting rates will be taken into account according to law.

- (9) Based on information contained in the Application and Exhibits thereto and the circumstances surrounding the upgrading and expansion of Applicant's telephone operations, both within the service territory and in the expanded service territory, the purposes to which the proceeds from the Term Loan shall be applied appear to be reasonably required by the Applicant, and the Commission is satisfied that consent and authority should be granted.

Several factors are key to our approval of this Application. Initially, as noted in the Application, Fort Jennings is a small incumbent local exchange carrier serving less than 1,000 access lines in the Fort Jennings Exchange as well as in the expanded areas including the Rimer-Gomer and the Delphos exchanges. Fort Jennings proposes to service the Term Loan through internally generated funds and has no plans to increase rates. Proceeds from the Term Loan will be used to purchase a new switch and to install fiber-to-the-home in the Fort Jennings and Delphos exchanges which will allow Fort Jennings to efficiently provide voice, data and video services to its customers. As a final matter, we note that Fort Jennings plans to upgrade and expand its network in a phased, incremental approach which will benefit its carrier-of-last-resort customers by providing them with advanced services while limiting the company's exposure to any unforeseen negative impacts of the planned expansion. For the foregoing reasons, we find that the Application is reasonable and should be approved.

It is, therefore,

ORDERED, That Applicant is hereby authorized to obtain a Term Loan in the amount of \$450,000 from the Fort Jennings State Bank, pursuant to the terms and conditions as set forth in the Application and the Exhibits. It is, further,

ORDERED, That Applicant shall apply the proceeds from the Term Loan for the purposes set forth in this Order and otherwise pursuant to the provisions of Section 4905.40, Revised Code. It is, further,

ORDERED, That with respect to its activities in its expanded service territory, Applicant shall implement the affiliate transaction safeguards set forth in Rule 4901:1-6-08(C)(2), O.A.C., relative to its operations in the expanded service territory. It is, further,

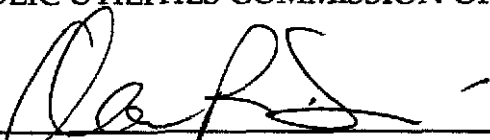
ORDERED, That nothing in this Order shall be construed to imply any guaranty or obligation as to the Term Loan or the interest thereon on the part of the State of Ohio. It is, further,

ORDERED, That nothing in this Order shall be construed to imply any guaranty or obligation by the Commission to assure completion of any specific construction project of the Applicant. It is, further,

ORDERED, That nothing in this Order shall be deemed to be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule or regulation. It is, further,

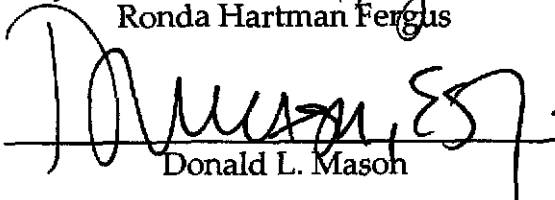
ORDERED, That a copy of this Order be served upon all parties of record.

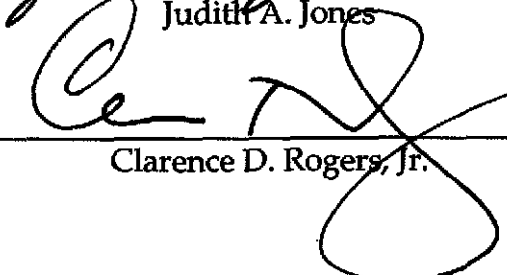
THE PUBLIC UTILITIES COMMISSION OF OHIO


Alan R. Schriber, Chairman


Ronda Hartman Fergus


Judith A. Jones



Donald L. Mason


Clarence D. Rogers, Jr.

SUM:djb

Entered in the Journal

JUN 01 2005


Renee J. Jenkins

Renee J. Jenkins
Secretary