

**BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

Joint Application of United Telephone )  
Company of Kansas, Inc., United Telephone )  
Company of Eastern Kansas, Inc. (United) and )  
Rural Telephone Service Company, Inc. (RuralTel) )  
For Permission of United to Cease Operating )  
As a Telephone Public Utility in Twelve )  
Of its Kansas Exchanges, to Grant RuralTel )  
A Certificate of Public Convenience for the )  
Same Twelve Exchanges, and for Authority )  
to Transfer Property, Plant and Equipment of )  
United Located in the Twelve Exchanges to )  
RuralTel and Complete all Matters Incident to the )  
Transfer. )

Docket No. 06-UTDT-962-CCS

STATE CORPORATION COMMISSION

MAR 03 2006

*Susan K. Duffy* Docket Room

**JOINT APPLICATION**

COMES NOW United Telephone of Kansas, Inc., United Telephone Company of Eastern Kansas, Inc. (collectively "United"), and Rural Telephone Service Company, Inc. ("RuralTel"), and jointly apply to the Commission for (1) an order, pursuant to K.S.A. 66-101, et seq., allowing United to cease operating as a telephone public utility in twelve of its Kansas exchanges<sup>1</sup>; (2) an order, pursuant to K.S.A. 66-131, issuing a Certificate of Public Convenience and Necessity for RuralTel to operate as a telephone public utility in the twelve exchanges; (3) an order approving, pursuant to K.S.A. 66-136, to the extent applicable, the assignment or transfer of the designated United franchises, telephone plant, equipment and facilities from United to RuralTel in accordance with the Transfer Agreement, and affirming the validity of contracts and agreements with reference to or affecting those specified United franchises to be assigned to RuralTel; (4) an order approving the filing of RuralTel's concurrence with the general rules and regulations,

<sup>1</sup> The twelve (12) subject exchanges, as more fully described in the attached Asset Purchase Agreement, are: Burr Oak, Courtland, Esbon, Ionia, Lebanon, Republic, and Webber for United Telephone Company

general exchange, message toll, and United's access service tariffs with the local rates set forth; (5) an order relieving United of responsibilities as Carrier of Last Resort in the subject exchanges and designating RuralTel as the successor Carrier of Last Resort therein, subject to the rights and responsibilities attendant thereto and as specified in K.S.A. 66-2009; and (6) an order, under the Commission's general supervisory powers, if needed, for such other authority to perform or cause to be performed such other acts as will be necessary, advisable and proper that the intended purpose of the transaction may be effectuated as described in the attached Transfer Agreement (referred to as "Transfer Agreement" or "Agreement" with a copy attached to this Application as Confidential Exhibit 1). In support of this Application, United and RuralTel allege and state as follows:

**I. APPLICANTS AND THE EXTENT OF TERRITORY**

1. United is a corporation duly organized and existing under the laws of the State of Kansas with its principal place of business located at 6200 Sprint Parkway, Overland Park, Kansas. United is a telecommunications public utility, as defined in K.S.A. 66-1, 187, and a public utility, as defined in 66-104. United currently provides telecommunications services within the State of Kansas pursuant to the authority granted by this Commission and subject to the regulation and supervision of the Commission.

2. RuralTel is a corporation duly organized and existing under the laws of the State of Kansas with its principal place of business located at 145 N. Main, Lenora, Kansas. RuralTel is a telecommunications public utility, as defined in K.S.A. 66-1, 187,

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of Eastern Kansas, and Downs, Luray, Osborne, Paradise, and Russell for United Telephone Company of Kansas.

and a public utility, as defined in K.S.A. 66-104. RuralTel currently provides local exchange and exchange access telecommunications services within the State of Kansas, pursuant to the authority granted by this Commission and subject to the regulation and supervision of this Commission.

3. The service area United seeks to release and RuralTel seeks to acquire by the Joint Application are the twelve Kansas Exchanges described in detail in Attachment A of the attached Transfer Agreement. The information in Attachment A also contains the full legal descriptions of each of the subject exchange areas, currently on file with the Commission.

## **II. NATURE AND TERMS OF TRANSFER AGREEMENT**

4. On February 3, 2006, United and RuralTel entered into the proposed Transfer Agreement (**Confidential Exhibit A**). The Transfer Agreement provides that United will transfer its telephone property plant and equipment located in the twelve exchanges, along with certain related assets, to RuralTel, for the consideration set forth in that Agreement. The exact nature of the service territory, franchises, facility and systems proposed to be transferred, and the terms and conditions of the proposed transfer are more particularly described in further detail in the attached Agreement.

5. Upon approval of this Application by the Commission and the closing of the above-described transaction between the parties, including transfer of customer base (currently planned for the summer of 2006), United proposes to discontinue the provision of local exchange telephone service and other related activities and service within the

twelve exchanges, and concurrently, RuralTel proposes to commence the provision of local exchange telephone service and other related activities and service.

6. The proposed transfer has been authorized by all necessary corporate actions of each company.

7 The Agreement requires both United and RuralTel to obtain the necessary regulatory approvals for the exchange of the property and facilities described in the Agreement. As previously stated, United is a public utility and a telecommunications company, as those terms are defined in K.S.A. 66-1,187 and 66-104, respectively. Further, United is the incumbent provider of local exchange telephone service and is included in the definition of local exchange carrier under K.S.A. 66-1,187(h) with respect to the twelve exchanges. Through this transfer, RuralTel seeks to assume the regulatory responsibilities placed on a local exchange carrier for the twelve exchanges. Such responsibilities cannot be transferred until the Commission approves United's request to cease operations as a local exchange carrier in the twelve exchanges, and RuralTel requests certification to provide local exchange and exchange access service in the same twelve exchanges.

8. United presently serves as the Carrier of Last Resort (COLR) in the twelve subject exchanges pursuant to K.S.A. 66-2009. RuralTel is capable of assuming the rights and responsibilities of COLR status in the exchanges subject to certification as herein sought. It is in the public interest that, in addition to the certification and other Commission approval herein requested, RuralTel be designated as the successor COLR for the twelve subject exchanges and deemed subject to the provisions of K.S.A. 66-2009 as to its service in the subject exchanges.

9. United's property to be transferred to RuralTel under the Transfer Agreement is encumbered by liens fully outlined in Attachment 1, Schedule 3.5, of the enclosed Transfer Agreement. These liens will be released as to the transferred property on or before the closing of the transactions contemplated in the agreement. No other material encumbrance exists against this property.

10. The parties submit to the Commission that the consummation of the sale of the twelve exchanges in Kansas is contingent on reasonable and equitable regulatory treatment by the Commission regarding the issues presented in this Application. The Agreement signed by the parties expressly states that United and RuralTel retain the right to terminate their obligations set forth in the Agreement if certain conditions are imposed by regulatory authorities that are deemed to have a material adverse effect on United and/or RuralTel as further described in the Agreement..

11. The Applicants submit that the proposed transaction is in the public interest. RuralTel is an existing Kansas telecommunications company possessing the demonstrated necessary expertise and experience in the provision of telecommunication service to the public generally. RuralTel, therefore, possesses the managerial, engineering and financial expertise necessary to provide quality telecommunication service to the customers in the twelve exchanges. Upon the approval of this Application, RuralTel will abide by all lawful rules, regulations and orders of this Commission, as they pertain to the twelve exchanges. RuralTel also requests the Commission approve its concurrence in United's existing tariff general rules and regulations, general exchange, message toll, and United's access tariffs as applicable to the twelve Kansas exchanges.

12. All communications, correspondence, and pleadings in regard to this

Application should be sent directly to:

For United: Craig T. Smith, Senior Counsel, KS Bar 22333  
6450 Sprint Parkway  
KSOPHN0214-2A671  
Overland Park, Kansas 66251  
Phone: (913) 315-9172  
Fax: (913) 523-9852

Kevin K. Zarling, Senior Counsel  
400 West 15<sup>th</sup> Street  
Austin, Texas 78701  
Phone: (512) 867-1075  
Fax: (512) 472-8362

For RuralTel: James M. Caplinger, Esq. KS Bar 4738  
James M Caplinger, Chartered  
823 West 10<sup>th</sup> Street  
Topeka, Kansas 66612-1618  
Phone: (785) 232-0495  
Fax: (785) 232-0724

WHEREFORE, Applicants respectfully request from this Commission (1) an order, pursuant to K.S.A. 66-101, et seq., allowing United to cease operating as a telephone public utility in twelve of its Kansas exchanges<sup>2</sup>; (2) an order, pursuant to K.S.A. 66-131, issuing a Certificate of Public Convenience and Necessity for RuralTel to operate as a telephone public utility in the twelve exchanges; (3) an order approving, pursuant to K.S.A. 66-136, to the extent applicable, the assignment or transfer of the designated United franchises, telephone plant, equipment and facilities from United to

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<sup>2</sup> The twelve (12) subject exchanges, as more fully described in the attached Asset Purchase Agreement, are: Burr Oak, Courtland, Esbon, Ionia, Lebanon, Republic, and Webber for United Telephone Company of Eastern Kansas, and Downs, Luray, Osborne, Paradise, and Russell for United Telephone Company of Kansas.

RuralTel in accordance with the Transfer Agreement, and affirming the validity of contracts and agreements with reference to or affecting those specified United franchises to be assigned to RuralTel; (4) an order approving the filing of RuralTel's concurrence with the general rules and regulations, general exchange, message toll, and United's access service tariffs with the local rates set forth; (5) an order relieving United of responsibilities as Carrier of Last Resort in the subject exchanges and designating RuralTel as the successor Carrier of Last Resort therein, subject to the rights and responsibilities attendant thereto and as specified in K.S.A. 66-2009; and (6) an order, under the Commission's general supervisory powers, if needed, for such other authority to perform or cause to be performed such other acts as will be necessary, advisable and proper that the intended purpose of the transaction may be effectuated as described in the attached Transfer Agreement.

Respectfully submitted,

UNITED TELEPHONE COMPANY OF  
KANSAS, INC (SPRINT)  
UNITED TELEPHONE COMPANY OF  
EASTERN KANSAS, INC. (SPRINT)

By: Craig Smith by fax

Craig T. Smith, KS Bar No. 22333

6450 Sprint Parkway

KSOPHN0214-2A671

Overland Park, Kansas 66251

(913) 315-9172

(913) 523-9852

Rural Telephone Service Company, Inc.

By: James M. Caplinger

James M. Caplinger, Esq., KS Bar 4738

James M. Caplinger, Chartered

823 West 10<sup>th</sup> Street

Topeka, Kansas 66612-1618

(785) 232-0495

(785) 232-0724 (fax)

[jim@caplinger.net](mailto:jim@caplinger.net)



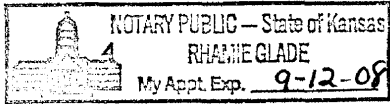
**VERIFICATION**

STATE OF KANSAS        )  
  )  
COUNTY OF JOHNSON    )

I, Craig T. Smith, of lawful age, being first duly sworn upon my oath, state that I am the regulatory counsel for United Telephone Company of Kansas and United Telephone Company of Eastern Kansas; that I am authorized to execute this Application on behalf of United Telephone Company of Kansas and United Telephone Company of Eastern Kansas; and that the facts set forth in the foregoing Joint Application are true to the best of my knowledge, information and believe.

Craig T. Smith

Subscribed and sworn to before me this 1<sup>st</sup> day of March, 2006.



RGlade  
Notary Public

My Commission Expires:

9-12-08

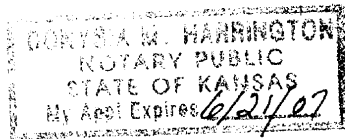
**VERIFICATION**

STATE OF KANSAS        )  
  )  
COUNTY OF SHAWNEE    )

I, James M. Caplinger, of lawful age, being first duly sworn upon my oath, state that I am the regulatory counsel for Rural Telephone Service Company, Inc.; that I am authorized to execute this Application on behalf of Rural Telephone Service Company, Inc.; and that the facts set forth in the foregoing Joint Application are true to the best of my knowledge, information and believe.

James M. Caplinger  
James M. Caplinger

Subscribed and sworn to before me this 28<sup>th</sup> day of February, 2006.



Doreen M. Harrington  
Notary Public

My Commission Expires:

June 21, 2007

# **CONFIDENTIAL INFORMATION**

(Located in Docket Room)

In the Matter of the Joint Application of United Telephone Company of Kansas, Inc., United Telephone Company of Eastern Kansas, Inc. (United) and Rural Telephone Service Company, Inc. (RuralTel) for Permission of United to Cease Operating as a Telephone Public Utility in Twelve of its Kansas Exchanges, to Grant RuralTel a Certificate of Public Convenience for the Same Twelve Exchanges, and for Authority to Transfer Property, Plant and Equipment of United Located in the Twelve Exchanges to RuralTel and Complete all Matters Incident to the Transfer.

## **06-UTDT-962-CCS**

Confidential Application

March 3, 2006