

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

STATE CORPORATION COMMISSION

APR 07 2006

Susan Talbot Docket Room

Joint Application of Rural Telephone Service)
Company, Inc. (RuralTel) and Gorham Telephone)
Company, Inc. (Gorham) for Permission of)
RuralTel to Cease Operating as a Telephone)
Public Utility in Two Kansas Exchanges it is)
Acquiring from United and to Grant Gorham)
a Certificate of Public Convenience for the Same)
Two Exchanges, and for Authority to Transfer)
Property, Plant and Equipment of RuralTel Located)
in the Two Exchanges to Gorham and Complete)
all Matters Incident to the Transfer.)

Docket No.

06-GRHT-1095-COC

JOINT APPLICATION

COMES NOW Rural Telephone Service Company, Inc. ("RuralTel") and Gorham Telephone Company, Inc. ("Gorham") and jointly apply to the Commission for (1) an order allowing RuralTel to transfer the designated franchises of Luray and Paradise Exchanges upon and simultaneously with receiving orders from the Commission in Docket Nos. 06-RRLT-963-COC and 06-UTDT-962-COC approving RuralTel's acquisition of the two Exchanges from United and (2) orders pursuant to K.S.A. 66-101, et seq. allowing RuralTel to cease its responsibility to operate the two Exchanges and K.S.A. 66-131, issuing a Certificate of Convenience and Authority for Gorham to operate as a telephone public utility in the two Exchanges.

This Joint Application requests (1) an Order approving, pursuant to K.S.A. 66-136, to the extent applicable, the assignment or transfer of the two Exchanges franchises, telephone plant, equipment and facilities from RuralTel to Gorham in accordance with the Asset Purchase Agreement ("Agreement"), a copy of which is attached to this Application as "Confidential Exhibit A" and (2) an Order approving the filing of Gorham's concurrences with the General Rules and Regulations General Exchange Tariffs, message talk, and United's access service tariffs with local rates set forth, and (3) 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 purposes of the transaction may be effectuated so as to have only one change of service to the customers in the two Exchanges.

In support of this Application, RuralTel and Gorham allege and state as follows:

I. APPLICANTS AND THE EXTENT OF TERRITORY

1. 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. United is a telecommunications public utility, as defined in K.S.A. 66-1,187, and a public utility, as defined in K.S.A. 66-104. RuralTel 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. Gorham is a corporation duly organized and existing under the laws of the State of Kansas with its principal place of business located at 105 Market, Gorham, Kansas. Gorham is a telecommunications public utility, as defined in K.S.A. 66-1,187, and a public utility, as defined in K.S.A. 66-104. Gorham 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 RuralTel seeks to release are two of the twelve Exchanges it is acquiring from United and Gorham seeks to acquire by the Joint Application two of the Exchanges described in detail in Confidential Exhibit A. The information in Confidential Exhibit 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 March 31, 2006, RuralTel and Gorham entered into the proposed Agreement (**Confidential Exhibit A**). The Agreement provides that RuralTel will transfer its telephone property plant and equipment located in the two Exchanges, along with certain related assets, to Gorham 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 the Commission of the Joint Application in Docket No. 06-RRLT-963-COC and 06-UTDT-962-COC and this Application the closing of the above-described transaction between the parties, including transfer of customer base (currently planned for the summer of 2006), RuralTel proposes to immediately transfer the operation of local exchange telephone service and other related activities and service within the two Exchanges, and concurrently, Gorham 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 RuralTel and Gorham to obtain the necessary regulatory approvals for the exchange of the property and facilities described in the Agreement. As previously stated, RuralTel 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, RuralTel will pass through United's operations as 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 two Exchanges. Through this transfer, Gorham seeks to assume the regulatory responsibilities placed on a local exchange carrier for the two Exchanges subject to traditional rate of return regulation, pursuant to K.S.A. 66-2005 (b). Such responsibilities cannot be transferred until the Commission approves United's request to cease operations as a local exchange carrier in the two exchanges, and RuralTel requests certification to provide local exchange and exchange access service in the same two Exchanges.

8. United presently serves as the Carrier of Last Resort (COLR) in the two subject Exchanges pursuant to K.S.A. 66-2009. Gorham 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, Gorham be designated as the successor COLR for the two subject Exchanges and deemed subject to the provisions of K.S.A. 66-2009 as to its service in the subject exchanges.

9. The Applicants submit that the proposed transaction is in the public interest. Gorham is an existing Kansas telecommunications company possessing the demonstrated necessary expertise and experience in the provision of telecommunication service to the public generally. Gorham, therefore, possesses the managerial, engineering and financial expertise necessary to provide quality telecommunications service to the customers in the two Exchanges. Upon the approval of this Application, Gorham will abide by all lawful rules, regulations and orders of this Commission, as they pertain to the two Exchanges. Gorham 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 two Kansas Exchanges.

10. All communications, correspondence, and pleadings in regard to this Application should be sent directly to:

For RuralTel: James M. Caplinger, Esq., Ks. Bar 4738
James M. Caplinger, Chartered
823 West 10th Street
Topeka, Kansas 66612-1618
Phone: 785-232-0495
Fax: 785-232-0724


For Gorham: Thomas E. Gleason, Jr.
Gleason & Doty, Chartered
PO Box 6
Lawrence, Kansas 66044
Phone: 785-842-6800
Fax: 785-856-6800

WHEREFORE, Applicants respectfully request from this Commission (1) an order, pursuant to K.S.A. 66-101, et seq., allowing RuralTel to cease operating as a telephone public

utility in two of its Kansas exchanges; (2) an order, pursuant to K.S.A. 66-131, issuing a Certificate of Public Convenience and Necessity for Gorham to operate as a telephone public utility in the two exchanges; (3) an order approving, pursuant to K.S.A. 66-136, to the extent applicable, the assignment or transfer of the designated franchises, telephone plant, equipment and facilities from RuralTel to Gorham in accordance with the Agreement, and affirming the validity of contracts and agreements with reference to or affecting those specified franchises to be assigned to Gorham; (4) an order approving the filing of Gorham'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 RuralTel of responsibilities as Carrier of Last Resort in the subject exchanges and designating Gorham 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 Agreement.

Respectfully submitted,

Rural Telephone Service Company, Inc.

By: 
James M. Caplinger, #4738
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823 West 10th Street
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Gorham Telephone Company, Inc.

By: Thomas E. Gleason, Jr.

Thomas E. Gleason, Jr.
Gleason & Doty, Chartered
P.O. Box 9
Lawrence, Kansas 66044
(785) 842-6800

VERTIFICATION

STATE OF KANSAS)
) SS:
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 belief.

SUBSCRIBED AND SWORN to before me this 7th day of April, 2006.

Donyisia M. Harrington
Notary Public

My Commission Expires:

June 21, 2007



VERTIFICATION

STATE OF KANSAS)
) SS:
COUNTY OF SHAWNEE)

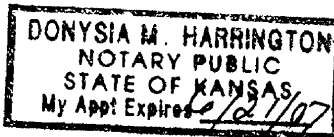
I, Thomas E. Gleason, Jr., of lawful age, being first duly sworn upon my oath, state that I am the regulatory counsel for Gorham Telephone Company, Inc.; that I am authorized to execute this Application on behalf of Gorham Telephone Company, Inc.; and that the facts set forth in the foregoing Joint Application are true to the best of my knowledge, information and belief.

SUBSCRIBED AND SWORN to before me this 7th day of April, 2006.

Donyia M. Harrington
Notary Public

My Commission Expires:

June 21, 2007



CONFIDENTIAL INFORMATION

(Located in Docket Room)

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

06-GRHT-1095-COC

Confidential Exhibit A of Application

File Date:

4-7-2006