

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL
WORKING FILE

FROM: TERRI CARLOCK

DATE: May 14, 2004

RE: CAMBRIDGE TELEPHONE COMPANY'S AMENDMENT TO
AUTHORITY TO BORROW UP TO \$17.5 MILLION;
CASE NO. CAM-T-03-2, Order No. 29399.

Cambridge Telephone Company (Cambridge) requests an amendment to its authority to borrow up to \$17.5 Million from the Rural Telephone Utilities Service (RUS) and Rural Telephone Bank (RTB), Order No. 29399. The proposed financing was expected to be structured with three loans: a RUS loan of \$7,500,000 that qualifies for the 5% hardship interest rate with a 15-year loan maturity, a RUS loan of \$6,096,000 and a RTB loan of \$3,547,950. The amendment is to recognize that RUS, in the loan agreement dated April 1, 2004, now proposes four loans instead of three. The total amount remains the same at up to \$17.5 Million but the loan details are slightly different. The loans will be as follows:

- 1) RUS note for \$6,096,000 with the interest rate to be determined prior to taking the advance and a maturity date of March 1, 2019.
- 2) RUS note for \$4,857,000 with the interest rate of 5% and a maturity date of March 1, 2019.
- 3) RUS note for \$2,643,000 with the interest rate of 5% and a maturity date of March 1, 2012.
- 4) RTB note for \$3,457,950 with the interest rate to be determined prior to taking the advance and a maturity date of March 1, 2019.

The remaining terms and purpose of the notes continue to be consistent with Order No. 29399.

STAFF RECOMMENDATION

Staff recommends approval of the loan amendment. All other terms and conditions of Order No. 29399 remain the same.

COMMISSION DECISION

Does the Commission approve the requested amendment for the four loans as stated?

Terri Carlock
Terri Carlock

TC:udmemos/DM cam-t-03-2 5.04