

John E. Selent
(502) 540-2315 (direct)
(502) 585-2207; (502) 581-8111 (faxes)
john.selent@dinsmore.com

June 10, 2013

RECEIVED

JUN 11 2013

PUBLIC SERVICE
COMMISSION

VIA HAND DELIVERY

Hon. Jeff R. Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
Frankfort KY 40601-8294

Re: Tariff Filing of Thacker-Grigsby Telephone Company - Case No. 2013-00195
before the Public Service Commission of the Commonwealth of Kentucky

Dear Mr. Derouen:

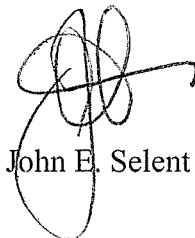
Enclosed for filing with the Public Service of the Commonwealth of Kentucky is one original and ten (10) copies of the following documents.

- 1) Application
- 2) Motion for Waiver of Certain Rate Application Filing Requirements
- 3) Petition for Confidential Treatment

Thank you, and if you have any questions with regard to this matter, please call me.

Very truly yours,

DINSMORE & SHOHL LLP



John E. Selent

JES/bmt
Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILING OF THACKER-GRIGSBY
TELEPHONE COMPANY, INCORPORATED

RECEIVED
JUN 11 2013
PUBLIC SERVICE
COMMISSION
) CASE NO. 2013-00195

APPLICATION

Applicant Thacker-Grigsby Telephone Company, Incorporated ("Thacker-Grigsby"), by counsel, pursuant to KRS 278.180, Sections 14 and 16 of 807 KAR 5:001, Section 6 of 807 KAR 5:011, and the Public Service Commission of the Commonwealth of Kentucky's (the "Commission") May 29, 2013 Order in this case (the "Order," attached hereto as "Exhibit 1"), applies for authority to adjust its rates and charges for basic local exchange service and gives notice of its intention to increase the same rates and charges effective May 31, 2013.

INTRODUCTION

This application for a rate increase is necessitated by an order from the Federal Communications Commission that fundamentally alters the cost structure of providing telecommunications services in high-cost rural areas, like those Thacker-Grigsby serves. *See In the Matter of Connect America Fund et al.*, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (Nov 18, 2011) ("Transformation Order"). For decades prior to that Order, high-cost carriers had received subsidies from the federal government's "Universal Service Fund" ("USF"). Those USF subsidies were intended to fulfill the Federal Communications Act's requirement that "[c]onsumers in all regions of the Nation, including . . . those in rural, insular, and high cost areas, should have access to telecommunications and information services . . . that are available at rates that are reasonably comparable to rates charged for similar services in urban areas." 47 U.S.C. § 254(b)(3). The Commission found, however, that many rural consumers were paying

rates that were less than those paid by consumers in urban areas. Transformation Order ¶ 235. In consequence, the FCC Transformation Order sets a rate floor equal to the national average of local rates plus state regulated fees. *Id.* ¶ 238. The Transformation Order also “limit[s] high-cost support where local end-user rates plus state regulated fees” do not meet that national rate floor; those carriers’ federal subsidies will be reduced “on a dollar-for-dollar basis . . . , to the extent that [the] carrier’s local rates (plus state regulated fees) do not meet the urban rate floor.” *Id.* ¶ 239.

Thacker-Grigsby’s proposed rate increase is thus necessary to preserve its ability to receive these important USF subsidies. Without a minimum rate sufficient to meet the FCC’s new rate floor, high-cost carriers will lose significant federal subsidies that have historically allowed these carriers to provide service to the most costly, rural customers. That loss of federal funding will threaten the financial existence of these rural carriers, who have important obligations under federal and state law as carriers of last resort. Moreover, the loss of those subsidies could portend even larger rate increases in the future, as these carriers would need to raise their rates dramatically to reflect the full, unsubsidized cost of providing service in high-cost rural areas. And, as explained in the attached exhibits, Thacker-Grigsby believes that this rate increase will be effectively revenue-neutral, as a substantial percentage of its customers will qualify for an offset that negates virtually all of the proposed rate change.

* * * * *

In support of its Application, Thacker-Grigsby states as follows.

1. Pursuant to Section 14(1) of 807 KAR 5:001, (i) the full name of the applicant is Thacker-Grigsby Telephone Company, Incorporated; (ii) the address of the applicant is 60 Communications Lane, P.O. Box 789, Hindman, Kentucky 41822; and (iii) the electronic mailing address of the applicant is comments@tgtel.com.

2. Thacker-Grigsby is a rural incumbent local exchange carrier serving most of Knott County and small portions of Breathitt, Floyd, and Perry Counties (the “**Service Territory**”). Thacker-Grigsby was established in 1956 as a family-owned corporation to provide local telephone service to business and individual customers within the exchanges of Fisty, Pippa Passes, Topmost, Cody, Hindman, and Mousie. Thacker-Grigsby provides approximately Four Thousand Nine Hundred Eighty-Eight (4,988) residential lines and One Thousand Two Hundred Eleven (1,211) business lines. Thacker-Grigsby is an eligible telecommunications carrier (“**ETC**”) in the communities it serves and is also the carrier of last resort (“**COLR**”) in its Service Territory. Thacker-Grigsby has not increased its local service rate since 1978.

3. This proceeding is motivated by an Order of the Federal Communications Commission that implemented “a rule to limit high-cost support where end-user rates do not meet a specified local rate floor.” *See* Transformation Order at ¶ 235.

4. Under the Transformation Order, certain local exchange carriers such as Thacker-Grigsby must meet a specified rate floor on June 1 of each subsequent year in order to be eligible to receive the maximum amount of High Cost Loop Support (“**HCLS**”) from the Federal Communications Commission. Failure to meet the rate floor will result in forfeiture of HCLS that the carrier could have otherwise received for that year. Transformation Order at ¶¶ 133, 238-40.

5. In addition to HCLS reform, the Transformation Order also established a glide path to reduce access charges to zero.

6. While Thacker-Grigsby is not currently a recipient of the specific fund that forces other companies to immediately request a similar rate increase, the company expects that it will become eligible and would otherwise be unable to collect this support absent such a rate increase.

More importantly, Thacker-Grigsby believes that its ongoing ability to draw from any universal service funds will be compromised if it retains its historically low local service rate.

7. Thacker-Grigsby filed with the Commission on April 23, 2013 revised tariff sheets that contained an adjustment of its rates for basic local exchange service. Thacker-Grigsby informed the Commission of its intent to place its proposed rates into effect on and after May 31, 2013.

8. The Commission subsequently entered the Order, which allowed Thacker-Grigsby's new rates to become effective on June 1, 2013, subject to refund. The Order requested that Thacker-Grigsby file an application to support its proposed new rates in compliance with Section 16 of 807 KAR 5:001, except for any waivers that may be granted.

* * * * *

9. Pursuant to Section 4 of 807 KAR 5:006, Thacker-Grigsby's annual reports, including the annual report for 2012, are on file with the Commission.

10. Pursuant to Section 14(2)(a) of 807 KAR 5:001, a certified copy of Thacker-Grigsby's Articles of Incorporation and all amendments thereto are attached hereto as "**Exhibit 2**".

11. Pursuant to Section 16(1)(a)(1) of 807 KAR 5:001, Thacker-Grigsby's application is supported by a twelve-month historical test period of January 1, 2012 to December 31, 2012. Thacker-Grigsby's annual reports, including the annual report for 2012, are on file with the Commission.

12. Pursuant to Section 16(1)(b)(1) of 807 KAR 5:001, Thacker-Grigsby states that it requires an adjustment of its rates to maintain eligibility for the maximum amount of HCLS.

13. Pursuant to Section 16(1)(b)(2) of 807 KAR 5:001, a Certificate of Existence, dated within sixty (60) days of the date this Application is filed, is attached hereto as "**Exhibit 3**".

14. Thacker-Grigsby does not operate under an assumed name pursuant to KRS 365.015. Accordingly, the requirements of Section 16(b)(3) of 807 KAR 5:001 are inapplicable.

15. Pursuant to Section 16(1)(b)(4) of 807 KAR 5:001, Thacker-Grigsby's proposed tariff, in such form as is required by 807 KAR 5:011, is attached hereto as “**Exhibit 4**”. The proposed effective date of the proposed tariff is May 31, 2013, and the rate is currently effective as of June 1, 2013 pursuant to the Order. As more fully explained in Thacker-Grigsby’s Motion for Waiver of Certain Rate Application Filing Requirements filed contemporaneously with this Application, Thacker-Grigsby seeks partial waiver of Section 16(1)(b)(4) of 807 KAR 5:001, requiring that the effective date be not less than thirty (30) days from the date the application is filed.

16. As more fully explained in Thacker-Grigsby’s Motion for Waiver of Certain Rate Application Filing Requirements filed contemporaneously with this Application, Thacker-Grigsby seeks waiver of Section 16(1)(b)(5) of 807 KAR 5:001, requiring that the present and proposed tariff sheets be shown in comparative form or that the proposed tariff use italicizing, underscoring, and strikethroughs to show revisions.

17. Pursuant to Section 16(1)(b)(6) of 807 KAR 5:001, the notice sent to customers is attached hereto as “**Exhibit 5**”. As more fully explained in Thacker-Grigsby’s Motion for Waiver of Certain Rate Application Filing Requirements, which is filed contemporaneously with the Application, Thacker-Grigsby seeks a waiver of Section 16(1)(b)(6) of 807 KAR 5:001, requiring a statement that the customer notice has been given in compliance with Section 16(3)-(4) of 807 KAR 5:001.

18. As more fully explained in Thacker-Grigsby’s Motion for Waiver of Certain Rate Application Filing Requirements filed contemporaneously with this Application, Thacker-Grigsby

seeks waiver of Section 16(2) of 807 KAR 5:001, requiring notice of intent to file an application for a rate adjustment.

19. Pursuant to Section 16(9)(a) of 807 KAR 5:001, a narrative summary of the particular circumstances that justify and support Thacker-Grigsby's application, including support for changes in price and activity levels, is attached hereto as "**Exhibit 6**" and is incorporated herein. Exhibit 6 is filed in conjunction with a Petition for Confidential Treatment pursuant to Section 13 of 807 KAR 5:001 filed contemporaneously with this Application.

20. Thacker-Grigsby has gross annual revenues in excess of Five Million And 00/100 Dollars (\$5,000,000.00). As more fully explained in Thacker-Grigsby's Motion for Waiver of Certain Rate Application Filing Requirements filed contemporaneously with this Application, Thacker-Grigsby seeks waiver of Section 16(9)(b) of 807 KAR 5:001, requiring the testimony of supporting witnesses.

21. Thacker-Grigsby has gross annual revenues in excess of Five Million And 00/100 Dollars (\$5,000,000.00). Accordingly, the requirements of Section 16(9)(c) of 807 KAR 5:001 are inapplicable.

22. Pursuant to Section 16(9)(d) of 807 KAR 5:001, Exhibit 6 contains an estimate of the effect that each new rate will have upon the revenues of the utility. However, as more fully explained in Thacker-Grigsby's Motion for Waiver of Certain Rate Application Filing Requirements filed contemporaneously with this Application, Thacker-Grigsby seeks partial waiver of Section 16(9)(d) of 807 KAR 5:001, requiring the percentage increase or decrease.

23. Thacker-Grigsby is not an electric, gas, sewage, or water utility. Accordingly, the requirements of Section 16(9)(e) of 807 KAR 5:001 are inapplicable.

24. Pursuant to Section 16(9)(f) of 807 KAR 5:001, Exhibit 6 contains a description of the effect upon the average bill for a change in basic local service.

25. As more fully explained in Thacker-Grigsby's Motion for Waiver of Certain Rate Application Filing Requirements filed contemporaneously with this Application, Thacker-Grigsby seeks waiver of Section 16(9)(g) of 807 KAR 5:001, requiring an analysis of customers' bills.

26. As more fully explained in Thacker-Grigsby's Motion for Waiver of Certain Rate Application Filing Requirements filed contemporaneously with this application, Thacker-Grigsby seeks waiver of Section 16(9)(h) of 807 KAR 5:001, requiring a summary of the determination of revenue requirements.

27. As more fully explained in Thacker-Grigsby's Motion for Waiver of Certain Rate Application Filing Requirements filed contemporaneously with this Application, Thacker-Grigsby seeks waiver of Section 16(9)(i) of 807 KAR 5:001, requiring a reconciliation of the rate base and capital used to determine revenue requirements.

28. As more fully explained in Thacker-Grigsby's Motion for Waiver of Certain Rate Application Filing Requirements filed contemporaneously with this Application, Thacker-Grigsby seeks waiver of Section 16(9)(j) of 807 KAR 5:001, requiring a current chart of accounts.

29. As more fully explained in Thacker-Grigsby's Motion for Waiver of Certain Rate Application Filing Requirements filed contemporaneously with this Application, Thacker-Grigsby seeks waiver of Section 16(9)(k) of 807 KAR 5:001, requiring an auditor's annual opinion report.

30. Thacker-Grigsby has not been audited by the FCC. Accordingly, the requirements in Section 16(9)(l) of 807 KAR 5:001 are inapplicable.

31. As more fully explained in Thacker-Grigsby's Motion for Waiver of Certain Rate Application Filing Requirements filed contemporaneously with this Application, Thacker-Grigsby seeks waiver of Section 16(9)(m) of 807 KAR 5:001, requiring the most recent PSC Form T.

32. As more fully explained in Thacker-Grigsby's Motion for Waiver of Certain Rate Application Filing Requirements filed contemporaneously with this Application, Thacker-Grigsby seeks waiver of Section 16(9)(n) of 807 KAR 5:001, requiring a summary of the latest depreciation study.

33. As more fully explained in Thacker-Grigsby's Motion for Waiver of Certain Rate Application Filing Requirements filed contemporaneously with this Application, Thacker-Grigsby seeks waiver of Section 16(9)(o) of 807 KAR 5:001, requiring a schedule of detailed information regarding all software, programs, and models used to prepare the application.

34. Thacker-Grigsby has never made a stock or bond offering. Accordingly, the requirements of Section 16(9)(p) of 807 KAR 5:001 are inapplicable.

35. As more fully explained in Thacker-Grigsby's Motion for Waiver of Certain Rate Application Filing Requirements filed contemporaneously with this Application, Thacker-Grigsby seeks waiver of Section 16(9)(q) of 807 KAR 5:001, requiring the annual report to shareholders or members with statistical supplements.

36. As more fully explained in Thacker-Grigsby's Motion for Waiver of Certain Rate Application Filing Requirements filed contemporaneously with this Application, Thacker-Grigsby seeks waiver of Section 16(9)(r) of 807 KAR 5:001, requiring monthly managerial reports.

37. Thacker-Grigsby is not required to file the U.S. Securities and Exchange Commission's Form 10-K, Form 8-K, or Form 10-Q. Accordingly, the requirements of Section 16(9)(s) of 807 KAR 5:001 are inapplicable.

38. Thacker-Grigsby has not had any amounts charged or allocated to it by an affiliate or general or home office, and has not paid any monies to an affiliate or a general or home office during the test period or during the previous three (3) calendar years. Accordingly, the requirements of Section 16(9)(t) of 807 KAR 5:001 are inapplicable.

39. Thacker-Grigsby is not an electric, gas, sewage, or water utility. Accordingly, the requirements of Section 16(9)(u) of 807 KAR 5:001 are inapplicable.

40. Thacker-Grigsby has fewer than Fifty Thousand (50,000) access lines. Accordingly, the requirements of Section 16(9)(v) of 807 KAR 5:001 are inapplicable.

41. As more fully explained in Thacker-Grigsby's Motion for Waiver of Certain Rate Application Filing Requirements filed contemporaneously with this Application, Thacker-Grigsby seeks waiver of ¶ 3.a. of the Order, requiring an estimate of the annual revenue to be received from HCLS beginning July 1, 2013.

42. Pursuant to ¶ 3.b. of the Order, Exhibit 6 contains an estimate of the annual revenue to be lost due to adjustment of terminating access rates effective July 1, 2013.

43. Pursuant to ¶ 3.c. of the Order Exhibit 6 contains an estimate of the annual revenue to be generated by the tariff changes.


44. Pursuant to ¶ 3.d. of the Order, "**Exhibit 7**" contains an estimate of the historical line counts. As more fully explained in Thacker-Grigsby's Motion for Waiver of Certain Rate Application Filing Requirements filed contemporaneously with this Application, Thacker-Grigsby seeks partial waiver of ¶ 3.d. of the Order, requiring forecast line counts.

45. Pursuant to ¶ 3.e. of the Order, "**Exhibit 8**" contains the quarterly universal service from 1Q2011 to 3Q2013 projected amounts. As is certified annually to the Commission, these funds

are used by Thacker-Grigsby to provide voice and advanced data services to our customers, thereby providing residents of the Service Territory with access to critical communications services.

WHEREFORE, Thacker-Grigsby Telephone Company, Incorporated requests that the Public Service Commission of the Commonwealth of Kentucky enter a final order approving Thacker-Grigsby Telephone Company, Incorporated's revisions to the applicable tariffs.

Respectfully submitted,



John E. Spent
Edward T. Depp
Joseph A. Newberg, II
DINSMORE & SHOHL LLP
101 South Fifth Street
Suite 2500
Louisville, KY 40202
Phone: (502) 540-2300
Fax: (502) 585-2207
*Counsel to Thacker-Grigsby Telephone
Company, Inc.*

CERTIFICATE OF SERVICE

I certify that, on the date this Application was filed or served with the Kentucky Public Service Commission, a true and accurate copy of the foregoing was served by Federal Express or by hand delivery upon the persons listed below.

On this the 10th day of June, 2013.



*Counsel for Thacker-Grigsby Telephone
Company, Inc.*

Honorable Jack Conway
Capitol Suite 118
700 Capitol Avenue
Frankfort, Kentucky 40601-3449

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILING OF THACKER-GRIGSBY
TELEPHONE COMPANY, INC.

) CASE NO.
) 2013-00195

ORDER

On April 23, 2013, Thacker-Grigsby Telephone Company, Inc. ("Thacker-Grigsby") filed with the Commission revised tariff sheets that contained a general adjustment of its rates for basic local exchange service. Thacker-Grigsby informed the Commission of its intent to place its proposed rates into effect on and after May 31, 2013. However, as discussed below, the Commission finds that the proposed tariff should be suspended pursuant to KRS 278.190(2), but the proposed rates may be charged, subject to refund, on and after June 1, 2013.

Thacker-Grigsby filed its proposed increased rates to comply with the directive of the Federal Communications Commission ("FCC") in its Order that, *inter alia*, comprehensively reformed intercarrier compensation.¹ In addition to establishing a glide path to reduce access charges to zero, the FCC's ICC/USF Order also established a rate floor for local exchange rates. The FCC required that Local Exchange Carriers ("LEC"), such as Thacker-Grigsby, shall be eligible to receive high-cost support in a study area if the rates for local exchange service are at or above the rate floor on June

¹ In the Matter of Connect America Fund: A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform; Mobility Fund, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (rel. Nov. 18, 2011) ("ICC/USF Order").

1 of every subsequent year.² Failure to meet the rate floor will result in forfeiture of the high-cost support that the carrier would have otherwise received for that year.³

The Commission, in the past, has held that a general adjustment in rates cannot be made simply through a tariff filing.⁴ A utility must file an application that complies with the filing requirements of 807 KAR 5:001, Section 16, which, *inter alia*, requires that certain financial information be filed with the Commission and notice be given to customers. Thacker-Grigsby's tariff filing seeking to raise local exchange rates is a general adjustment in rates and, therefore, an application for a general adjustment in rates must be filed pursuant to 807 KAR 5:001, Section 16. Thacker-Grigsby must comply with the requirements found in 807 KAR 5:001, Section 16. Thacker-Grigsby's tariff filing does not comply with this regulation and cannot be put into effect on the proposed effective date.

The Commission is cognizant that Thacker-Grigsby's ability to receive high-cost loop support will be jeopardized if its rates for basic local exchange service are not at or above the \$14.00 rate floor mandated in the ICC/USF. Therefore, the Commission will only suspend the proposed rates for one day and allow them to go into effect on June 1, 2013, subject to refund. The Commission also acknowledges the mandatory and the time-sensitive nature of the FCC's rate floor, and that all of the information specified in

² 47 C.F.R. § 54.318 High-cost support, limitations on high-cost support.

³ ICC/USF Order at ¶¶ 133, 238-240.

⁴ *See*, Case No. 2004-00459, *The Application of Louisville Gas and Electric Company for Approval of New Rate Tariffs Containing a Mechanism for the Pass-Through of MISO-Related Revenue and Costs Not Already Included in Existing Base Rates* (Ky. PSC Apr. 15, 2004).

807 KAR 5:001, Section 16, may not be necessary to support an increase in basic local exchange rates under these circumstances.

At the very least, the Commission will require that Thacker-Grigsby file the information required in 807 KAR 5:001, Section 16(1)(a)(1), (1)(b)(4), (1)(b)(6), (3)(b)(1), (4), (6), (9)(a), (9)(d), (9)(f), (9)(h), and (10). Except as required above, Thacker-Grigsby may request a deviation, pursuant to 807 KAR 5:001, Section 16(15), from the other requirements of 807 KAR 5:001, Section 16.

Based on the foregoing, IT IS THEREFORE ORDERED that:

1. Thacker-Grigsby's proposed rates for its basic local exchange service are suspended for one day from the effective date of May 31, 2013, and will be effective subject to refund on June 1, 2013.

2. Within ten days of the date of this Order, Thacker-Grigsby shall file with the Commission an application to support its proposed tariff to increase rates for local exchange service. The application shall comply with 807 KAR 5:001, Section 16, except for any waivers that may be granted or requirements other than those specified in the findings above.

3. The application shall also contain:

a. The estimated annual revenue to be received from High-Cost Loop Support beginning July 1, 2013.

b. The estimated annual revenue to be lost due to adjustment of terminating access rates effective July 1, 2013.

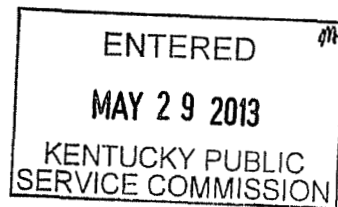
c. The total estimated annual revenue (increase or decrease) to be generated by the tariff changes. Include a breakout for each service or category of service to show changes in revenue.

d. Historical and projected line counts and the effects of any line changes on the company.

e. Historical and projected federal universal service support and its effects on the company.

f. A narrative of any other circumstances that justify or support the proposed rate changes.

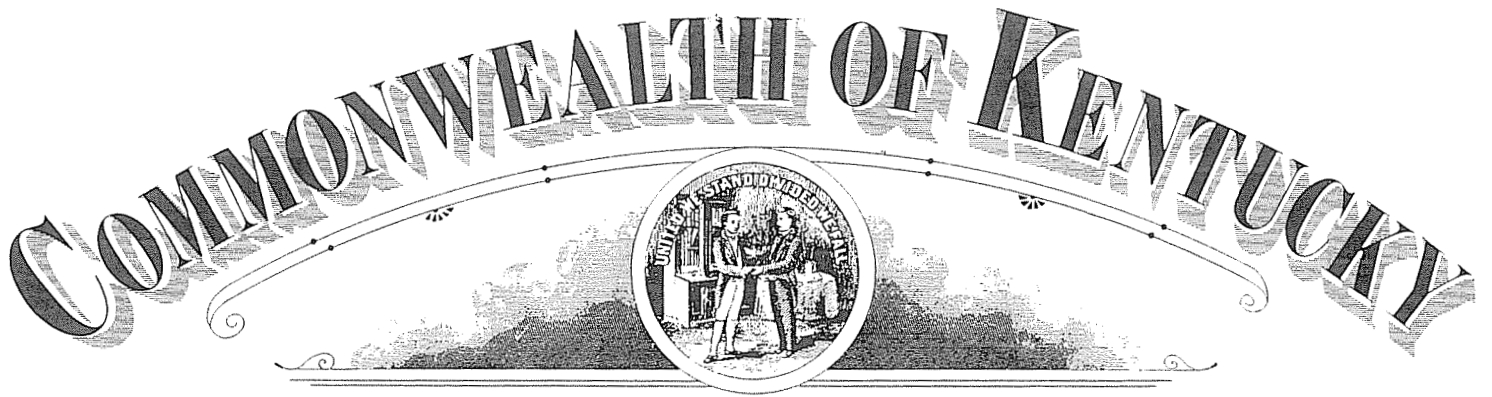
By the Commission



ATTEST:


Executive Director

Case No. 2013-00195



**Alison Lundergan Grimes
Secretary of State**

Certificate

I, Alison Lundergan Grimes, Secretary of State for the Commonwealth of Kentucky, do hereby certify that the foregoing writing has been carefully compared by me with the original thereof, now in my official custody as Secretary of State and remaining on file in my office, and found to be a true and correct copy of

ARTICLES OF INCORPORATION OF

THACKER-GRIGSBY TELEPHONE COMPANY, INCORPORATED FILED MAY 7, 1956.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 10th day of June, 2013.



Alison Lundergan Grimes

Alison Lundergan Grimes
Secretary of State
Commonwealth of Kentucky
dwilliams/0051121 - Certificate ID: 139781

51121

Commonwealth of Kentucky

Department of State



Office of Secretary of State

THELMA L. STOVALL, SECRETARY

ARTICLES OF INCORPORATION

I, **THELMA L. STOVALL**, Secretary of State of the Commonwealth of Kentucky, do hereby certify that Articles of Incorporation of

THACKER-CRIGSEY TELEPHONE COMPANY, INCORPORATED

Hindman, Kentucky

duly signed and acknowledged according to law, have this day been filed in my office. I further certify that all taxes, fees and charges payable upon the filing of said Articles of Incorporation have been paid

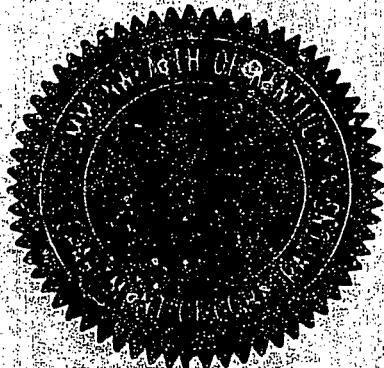
Witness my official signature this 7th day

of May, 1956.

Thelma L. Stovall

Secretary of State

J. L. Lyon
Chief Clerk, Corporation Department



SECRETARY OF STATE

ARTICLES OF INCORPORATION
OF
THACKER-GRIGSBY TELEPHONE COMPANY, INCORPORATED.

Know all men by these presents:

That we, Robert Thacker, Leburn, Knott County, Kentucky, Janice Grigsby, Leburn, Kentucky, and Junealla Thacker, Leburn, Kentucky, do associate to form a corporation under the laws of the State of Kentucky.

Article I. The corporation hereby proposed to be organized shall be named and known as Thacker-Grigsby Telephone Company, Incorporated, by which name it may contract and be contracted with, sue and be sued, adopt a corporate seal and do its business.

Article II. The principal office and place of business of said Corporation shall be in the Town of Hindman, Knott County, Kentucky.

Article III. The nature of the business proposed to be transacted, promoted, and carried on by this corporation shall be constructing, maintaining, promoting, and owning telephones, telephone lines, and telephone equipment and appliances, and carrying on and operating a telephone line and lines in Knott County, Kentucky, and other counties in the State of Kentucky; also purchasing and owning of rights of way for telephone lines and other real estate necessary for use in its business for offices, plants, and other purposes in carrying on said business; also purchasing, owning, and selling of telephones, telephone equipment and appliances, plants, machinery, and equipment; also with the right and power to do any and all things necessary in carrying on its said business of furnishing telephone service over its lines in Knott County, Kentucky, and adjoining counties, and to obtain and own franchises and certificates of necessity for constructing, maintaining, and operating telephone lines and furnishing telephone service; also with the full right and power to own, buy, sell, lease, or mortgage any of its said property or equipment, and with the right and power to borrow money and mortgage its said property as security therefor.

The corporation shall further have power to make contracts and to do any and all things usually done by similar corporations engaged in a similar business, and any and all things necessary in carrying on its business of furnishing telephone service.

Article IV. The capital stock of the corporation shall be Thirty Thousand (\$30,000.00) Dollars, which shall be divided into 300 shares of the par value of \$100.00 each.

Article V. The names, places of residence, and number of shares of stock subscribed by each stockholder are as follows:

Janice Grigsby, Leburn, Kentucky----- 150 shares.

Robert Thacker, Leburn, Kentucky-----140 shares.

Junella Thacker, Leburn, Kentucky----- 10 shares.

Article VI. The corporation shall commence business as soon as practicable after these articles of incorporation are filed in the office of the Secretary of State of Kentucky and in the Knott County Court Clerk's Office, and after fifty per cent of the capital stock of this company has been in good faith subscribed, and such subscription certified to the Secretary of State of Kentucky.

The corporation shall continue for ninety nine years unless sooner dissolved by a vote of at least two-thirds of the capital stock issued.

Article VI. The affairs and business of the corporation shall be conducted by three directors, one of whom shall be elected president of the board, and another vice-president. The president of the Board shall be the chief executive officer of the company.

The first board of directors shall be elected by the stockholders by ballot at such time and place as a majority of the stockholders may determine, and thereafter an election of directors shall be held at the company's Office in Hindman, Kentucky, at the annual meeting of the stockholders which shall be on the first Monday in February of each year.

The board of directors shall at their first meeting elect one of their number president, and another vice-president. They shall also

elect a secretary-treasurer of the company, who shall hold office for one year, unless removed by a majority of the directors. A majority of the directors shall have power to remove the secretary-treasurer at any time.

The board of directors shall have power to make all such by-laws and rules to regulate the business of the company as will not be inconsistent with these articles of incorporation, the laws of the State of Kentucky, and of the United States of America.

Article VIII. The process agent for the company upon whom process for the company may be served shall be Robert Thacker, Leburn, Kentucky.

Article IX. The highest amount of indebtedness which the corporation may incur at any one time shall be Two Hundred and Fifty Thousand (\$250,000.00) Dollars.

Article X. The private property of the stockholders shall not be subject to the payment of the debts of the corporation.

IN TESTIMONY WHEREOF, witness the signatures of the incorporators hereof, this the 5th day of May, 1956.

Robert C. Thacker
Janice Grigsby
Junella Thacker

STATE OF KENTUCKY ()
COUNTY OF KNOTT () SCT.

The undersigned, Henry Stinchard, a Notary Public in and for the county and state aforesaid, hereby certifies that the foregoing articles of incorporation of Thacker-Grigsby Telephone Company, Incorporated, was on the 5th day of May, 1956, produced to me in my said county and state by Robert Thacker, Janice Grigsby, and Junella Thacker, and signed in my presence by each of them and acknowledged by them and each of them to be their free act and deed.

My Commission expires the 5 day of May, 1956

Given under my hand, this the 5th day of May, 1956

Henry Stinchard
Notary Public, Knott County, Kentucky

Commonwealth of Kentucky
Alison Lundergan Grimes, Secretary of State

Alison Lundergan Grimes
Secretary of State
P. O. Box 718
Frankfort, KY 40602-0718
(502) 564-3490
<http://www.sos.ky.gov>

Certificate of Existence

Authentication number: 139766
Visit <https://app.sos.ky.gov/ftshow/certvalidate.aspx> to authenticate this certificate.

I, Alison Lundergan Grimes, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

THACKER-GRIGSBY TELEPHONE COMPANY, INCORPORATED

is a corporation duly incorporated and existing under KRS Chapter 14A and KRS Chapter 271B, whose date of incorporation is May 7, 1956 and whose period of duration is May 7, 2055.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that Articles of Dissolution have not been filed; and that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 7th day of June, 2013, in the 222nd year of the Commonwealth.



Alison Lundergan Grimes
Alison Lundergan Grimes
Secretary of State
Commonwealth of Kentucky
139766/0051121

THACKER-GRIGSBY TELEPHONE COMPANY, INC.

PSC KY NO. 1
PART II
1st Revised Sheet 47

GENERAL EXCHANGE SERVICE TARIFFS
SURROUNDING COUNTIES CALLING PLAN (SCCP)

(D)

(D)

Issue Date: April 23, 2013
Effective Date: May 31, 2013

Issued by: /s/ Robert C. Thacker
Robert C. Thacker, President and General Manager

THACKER-GRIGSBY TELEPHONE COMPANY, INC.

**PSC KY NO. 1
PART II
1st Revised Sheet 48**

**GENERAL EXCHANGE SERVICE TARIFFS
SURROUNDING COUNTIES CALLING PLAN (SCCP)**

(D)

(D)

Issue Date: April 23, 2013
Effective Date: May 31, 2013

Issued by: /s/ Robert C. Thacker
Robert C. Thacker, President and General Manager

GENERAL EXCHANGE SERVICE TARIFFS

SERVICE CONNECTION CHARGES (Continued)

(d) DIRECTORY SERVICE ORDERS

A Directory Service Order applies as follows, to modify, add, or delete a Subscriber Listing record. Such orders will modify both the published Telephone Company directory and the Telephone Company's Directory Assistance information records.

Listings may be subject to monthly charges pursuant to the Miscellaneous Equipment Section of this Tariff. Additional Service Order charges may apply as provided for in Tariffs of the Telephone Company.

Service Order Charge, per Order issued:

	<u>Non-Recurring Charge</u>
- Published Listing established with new service	No additional Charge
- Non-Published Listing established with new service	\$ 10.00
- Deletion of Published listing (conversion to unlisted)	\$ 10.00
- Modification of a listing from unlisted to listed	\$ 10.00
- Additional Listings, including cross-reference	\$ 10.00

(T)

(T)

Monthly recurring rates previously referenced here now appear in the Miscellaneous Equipment Section of this Tariff.

(N)

(N)

Issue Date: April 23, 2013
Effective Date: May 31, 2013

Issued by: /s/ Robert C. Thacker
Robert C. Thacker, President and General Manager

GENERAL EXCHANGE SERVICE TARIFFS

MISCELLANEOUS EQUIPMENT

A.

B.

C. DIRECTORY LISTING SERVICES

Per listing, per month

A.	Primary Listing	\$ 0.00
B.	Dual Name	\$ 0.50
C.	Extra / Special Listing	\$ 0.50 *
D.	Shared Tenant Listing	\$ 0.50
E.	Non-published / Unlisted Number	\$ 1.50 *

(T)

(T)

D.

* Rates shown here previously appeared in Part III of PSC No. 4.

Issue Date: April 23, 2013
Effective Date: May 31, 2013

Issued by: /s/ Robert C. Thacker
Robert C. Thacker, President and General Manager

GENERAL EXCHANGE SERVICE TARIFFS

TOUCH TONE

1. General Regulations

- a. Touch-Tone calling service provides for the origination of telephone calls through the use of telephones equipped with push buttons. The service requires special central office facilities and will be furnished only where the necessary facilities and equipment are available.
- b. The service is furnished in connection with single-party service only.
- c. The minimum contract period for Touch-Tone service is one month.
- d. All lines, unless otherwise requested, shall be equipped for touch-tone calling service. (C)
- e. Other facilities, miscellaneous and supplemental equipment, requested by customers and not detrimental to this service or other service of the Telephone Company will be furnished in accordance with regulations and at the rates specified in the applicable sections of this tariff.
- f. Rotary dial telephones may also be used on the same line with touch tone telephones.

2. Rates

All exchange lines provided herein include Touchtone with no additional charge. (T)

* Prior Sheet incorrectly labeled as Revised Sheet 19.

Issue Date: April 23, 2013
Effective Date: May 31, 2013

Issued by: /s/ Robert C. Thacker
Robert C. Thacker, President and General Manager

THACKER-GRIGSBY TELEPHONE COMPANY, INC.

PSC KY NO. 3
PART IV
1st Revised Sheet 4

INTRALATA PRIVATE LINE TARIFFS

(D)

(D)

Issue Date: April 23, 2013
Effective Date: May 31, 2013

Issued by: /s/ Robert C. Thacker
Robert C. Thacker, President and General Manager

LOCAL EXCHANGE TARIFFS – CODY EXCHANGE

(C)

I. General

A. This Tariff is governed, except as otherwise specified herein, by the General Rules and Regulations, Kentucky P.S.C. No. 4 and the General Exchange Tariffs of KY P.S.C. No. 4 which are hereby made a part of this Tariff. Unless otherwise specified, the charges quoted in this Tariff or in the General Rules and Regulations and General Exchange Tariffs are for periods of one month, are payable monthly in advance and entitle the customer exchange access service within the exchange listed.

B. The rates quoted herein entitle the subscribers of this exchange to call, without additional charge subject to paragraph III of this Section, the exchanges listed below. This listing refers exclusively to out-bound calling; the determination of in-bound toll-free calling is outside the scope of this tariff.

Allen *	Hyden *	Salyersville *
Buckhorn *	Jackson *	So. Williamson *
Canoe *	Jenkins *	Stinnett *
Cody	Leather Wood *	Stone *
Dwarf *	Martin *	Topmost
Elkhorn *	McCarr *	Vicco *
Feds Creek *	McDowell *	Virgie *
Fisty	Mousie	Wayland *
Freeburn *	Neon *	Wheelwright *
Grethel *	Pikeville *	Whitesburg *
Harold *	Pippa Passes	Wooton *
Hazard *	Prestonsburg *	
Hindman	Royalton *	

(C)

* Indicates an Exchange Area that is not served by Thacker-Grigsby Telephone Company, Inc. (N)

Issue Date: April 23, 2013
 Effective Date: May 31, 2013

Issued by: /s/ Robert C. Thacker
 Robert C. Thacker, President and General Manager

LOCAL EXCHANGE TARIFFS – CODY EXCHANGE

II. Rates
 Rates listed below apply throughout the exchange.

CLASS OF SERVICE	MONTHLY RATE
Business Exchange Access Service	\$ 17.42 (I)
Residential Exchange Access Service	\$ 14.00 (I)
Paystation (Semi-Public)	\$ 22.64 (I)
Key and PBX Systems	\$ 23.16 (I)

III. Usage Limitation
 Non-metered usage as described in the Section is meant for normal residential and business usage. Traffic terminated to non-Thacker Grigsby exchanges (signified with a * in Section I.B) is limited to a monthly cap. Usage above the monthly maximum will be charged at rates per minute specified below.

Total Usage is rounded to the nearest whole minute.

<u>Exchange Access Service</u>	<u>Monthly Cap</u>	<u>Rate per MOU</u>
- Business Exchange Access Service, per line	1,500 minutes	\$0.050
- Residential Exchange Services, per line	1,000 minutes	\$0.050
- Paystation (Semi-Public), per line	1,500 minutes	\$0.050
- Key and PBX Systems, per line or trunk	1,500 minutes	\$0.050

Duplicate material appearing in PSC KY Tariff 3, Part II, removed from this page. (N)

Issue Date: April 23, 2013
 Effective Date: May 31, 2013

Issued by: /s/ Robert C. Thacker
 Robert C. Thacker, President and General Manager

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(N)

(N)

LOCAL EXCHANGE TARIFFS – HINDMAN EXCHANGE

(C)

I. General

- A. This Tariff is governed, except as otherwise specified herein, by the General Rules and Regulations, Kentucky P.S.C. No. 4 and the General Exchange Tariffs of KY P.S.C. No. 4 which are hereby made a part of this Tariff. Unless otherwise specified, the charges quoted in this Tariff or in the General Rules and Regulations and General Exchange Tariffs are for periods of one month, are payable monthly in advance and entitle the customer exchange access service within the exchange listed.
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Allen *	Hyden *	Salyersville *
Buckhorn *	Jackson *	So. Williamson *
Canoe *	Jenkins *	Stinnett *
Cody	Leather Wood *	Stone *
Dwarf *	Martin *	Topmost
Elkhorn *	McCarr *	Vicco *
Feds Creek *	McDowell *	Virgie *
Fisty	Mousie	Wayland *
Freeburn *	Neon *	Wheelwright *
Grethel *	Pikeville *	Whitesburg *
Harold *	Pippa Passes	Wooton *
Hazard *	Prestonsburg *	
Hindman	Royalton *	

(C)

* Indicates an Exchange Area that is not served by Thacker-Grigsby Telephone Company, Inc. (N)

Issue Date: April 23, 2013
 Effective Date: May 31, 2013

Issued by: /s/ Robert C. Thacker
 Robert C. Thacker, President and General Manager

LOCAL EXCHANGE TARIFFS – HINDMAN EXCHANGE

II. Rates
 Rates listed below apply throughout the exchange.

CLASS OF SERVICE	MONTHLY RATE
Business Exchange Access Service	\$ 17.42 (I)
Residential Exchange Access Service	\$ 14.00 (I)
Paystation (Semi-Public)	\$ 22.64 (I)
Key and PBX Systems	\$ 23.16 (I)

III. Usage Limitation
 Non-metered usage as described in the Section is meant for normal residential and business usage. Traffic terminated to non-Thacker Grigsby exchanges (signified with a * in Section I.B) is limited to a monthly cap. Usage above the monthly maximum will be charged at rates per minute specified below.

Total Usage is rounded to the nearest whole minute.

<u>Exchange Access Service</u>	<u>Monthly Cap</u>	<u>Rate per MOU</u>
- Business Exchange Access Service, per line	1,500 minutes	\$0.050
- Residential Exchange Services, per line	1,000 minutes	\$0.050
- Paystation (Semi-Public), per line	1,500 minutes	\$0.050
- Key and PBX Systems, per line or trunk	1,500 minutes	\$0.050

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Issue Date: April 23, 2013
 Effective Date: May 31, 2013

Issued by: /s/ Robert C. Thacker
 Robert C. Thacker, President and General Manager

(T)
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 (N)
 (N)

LOCAL EXCHANGE TARIFFS – MOUSIE EXCHANGE

(C)

I. General

A. This Tariff is governed, except as otherwise specified herein, by the General Rules and Regulations, Kentucky P.S.C. No. 4 and the General Exchange Tariffs of KY P.S.C. No. 4 which are hereby made a part of this Tariff. Unless otherwise specified, the charges quoted in this Tariff or in the General Rules and Regulations and General Exchange Tariffs are for periods of one month, are payable monthly in advance and entitle the customer exchange access service within the exchange listed.

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Allen *	Hyden *	Salyersville *
Buckhorn *	Jackson *	So. Williamson *
Canoe *	Jenkins *	Stinnett *
Cody	Leather Wood *	Stone *
Dwarf *	Martin *	Topmost
Elkhorn *	McCarr *	Vicco *
Feds Creek *	McDowell *	Virgie *
Fisty	Mousie	Wayland *
Freeburn *	Neon *	Wheelwright *
Grethel *	Pikeville *	Whitesburg *
Harold *	Pippa Passes	Wooton *
Hazard *	Prestonsburg *	
Hindman	Royalton *	

(C)

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Issue Date: April 23, 2013
 Effective Date: May 31, 2013

Issued by: /s/ Robert C. Thacker
 Robert C. Thacker, President and General Manager

LOCAL EXCHANGE TARIFFS – MOUSIE EXCHANGE

II. Rates

Rates listed below apply throughout the exchange.

CLASS OF SERVICE	MONTHLY RATE
Business Exchange Access Service	\$ 17.42 (I)
Residential Exchange Access Service	\$ 14.00 (I)
Paystation (Semi-Public)	\$ 22.64 (I)
Key and PBX Systems	\$ 23.16 (I)

III. Usage Limitation

Non-metered usage as described in the Section is meant for normal residential and business usage. Traffic terminated to non-Thacker Grigsby exchanges (signified with a * in Section I.B) is limited to a monthly cap. Usage above the monthly maximum will be charged at rates per minute specified below.

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- Paystation (Semi-Public), per line	1,500 minutes	\$0.050
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Issue Date: April 23, 2013
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Issued by: /s/ Robert C. Thacker
 Robert C. Thacker, President and General Manager

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(N)

(N)

LOCAL EXCHANGE TARIFFS – FISTY EXCHANGE

(C)

I. General

- A. This Tariff is governed, except as otherwise specified herein, by the General Rules and Regulations, Kentucky P.S.C. No. 4 and the General Exchange Tariffs of KY P.S.C. No. 4 which are hereby made a part of this Tariff. Unless otherwise specified, the charges quoted in this Tariff or in the General Rules and Regulations and General Exchange Tariffs are for periods of one month, are payable monthly in advance and entitle the customer exchange access service within the exchange listed.
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Allen *	Hyden *	Salyersville *
Buckhorn *	Jackson *	So. Williamson *
Canoe *	Jenkins *	Stinnett *
Cody	Leather Wood *	Stone *
Dwarf *	Martin *	Topmost
Elkhorn *	McCarr *	Vicco *
Feds Creek *	McDowell *	Virgie *
Fisty	Mousie	Wayland *
Freeburn *	Neon *	Wheelwright *
Grethel *	Pikeville *	Whitesburg *
Harold *	Pippa Passes	Wooton *
Hazard *	Prestonsburg *	
Hindman	Royalton *	

(C)

* Indicates an Exchange Area that is not served by Thacker-Grigsby Telephone Company, Inc. (N)

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 Robert C. Thacker, President and General Manager

LOCAL EXCHANGE TARIFFS – FISTY EXCHANGE

II. Rates
 Rates listed below apply throughout the exchange.

CLASS OF SERVICE	MONTHLY RATE
Business Exchange Access Service	\$ 17.42 (I)
Residential Exchange Access Service	\$ 14.00 (I)
Paystation (Semi-Public)	\$ 22.64 (I)
Key and PBX Systems	\$ 23.16 (I)

III. Usage Limitation
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- Paystation (Semi-Public), per line	1,500 minutes	\$0.050
- Key and PBX Systems, per line or trunk	1,500 minutes	\$0.050

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Issue Date: April 23, 2013
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Issued by: /s/ Robert C. Thacker
 Robert C. Thacker, President and General Manager

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(N)

LOCAL EXCHANGE TARIFFS – TOPMOST EXCHANGE

(C)

I. General

- A. This Tariff is governed, except as otherwise specified herein, by the General Rules and Regulations, Kentucky P.S.C. No. 4 and the General Exchange Tariffs of KY P.S.C. No. 4 which are hereby made a part of this Tariff. Unless otherwise specified, the charges quoted in this Tariff or in the General Rules and Regulations and General Exchange Tariffs are for periods of one month, are payable monthly in advance and entitle the customer exchange access service within the exchange listed.
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Allen *	Hyden *	Salyersville *
Buckhorn *	Jackson *	So. Williamson *
Canoe *	Jenkins *	Stinnett *
Cody	Leather Wood *	Stone *
Dwarf *	Martin *	Topmost
Elkhorn *	McCarr *	Vicco *
Feds Creek *	McDowell *	Virgie *
Fisty	Mousie	Wayland *
Freeburn *	Neon *	Wheelwright *
Grethel *	Pikeville *	Whitesburg *
Harold *	Pippa Passes	Wooton *
Hazard *	Prestonsburg *	
Hindman	Royalton *	

(C)

* Indicates an Exchange Area that is not served by Thacker-Grigsby Telephone Company, Inc. (N)

Issue Date: April 23, 2013
 Effective Date: May 31, 2013

Issued by: /s/ Robert C. Thacker
 Robert C. Thacker, President and General Manager

LOCAL EXCHANGE TARIFFS – TOPMOST EXCHANGE

II. Rates

Rates listed below apply throughout the exchange.

CLASS OF SERVICE	MONTHLY RATE
Business Exchange Access Service	\$ 17.42 (I)
Residential Exchange Access Service	\$ 14.00 (I)
Paystation (Semi-Public)	\$ 22.64 (I)
Key and PBX Systems	\$ 23.16 (I)

III. Usage Limitation

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- Paystation (Semi-Public), per line	1,500 minutes	\$0.050
- Key and PBX Systems, per line or trunk	1,500 minutes	\$0.050

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Issue Date: April 23, 2013
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Issued by: /s/ Robert C. Thacker
 Robert C. Thacker, President and General Manager

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(N)

(N)

LOCAL EXCHANGE TARIFFS – PIPPA PASSES EXCHANGE

(C)

I. General

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- B. The rates quoted herein entitle the subscribers of this exchange to call, without additional charge subject to paragraph III of this Section, the exchanges listed below. This listing refers exclusively to out-bound calling; the determination of in-bound toll-free calling is outside the scope of this tariff.

Allen *	Hyden *	Salyersville *
Buckhorn *	Jackson *	So. Williamson *
Canoe *	Jenkins *	Stinnett *
Cody	Leather Wood *	Stone *
Dwarf *	Martin *	Topmost
Elkhorn *	McCarr *	Vicco *
Feds Creek *	McDowell *	Virgie *
Fisty	Mousie	Wayland *
Freeburn *	Neon *	Wheelwright *
Grethel *	Pikeville *	Whitesburg *
Harold *	Pippa Passes	Wooton *
Hazard *	Prestonsburg *	
Hindman	Royalton *	

(C)

* Indicates an Exchange Area that is not served by Thacker-Grigsby Telephone Company, Inc. (N)

Issue Date: April 23, 2013
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Issued by: /s/ Robert C. Thacker
 Robert C. Thacker, President and General Manager

LOCAL EXCHANGE TARIFFS – PIPPA PASSES EXCHANGE

II. Rates

Rates listed below apply throughout the exchange.

CLASS OF SERVICE	MONTHLY RATE
Business Exchange Access Service	\$ 17.42 (I)
Residential Exchange Access Service	\$ 14.00 (I)
Paystation (Semi-Public)	\$ 22.64 (I)
Key and PBX Systems	\$ 23.16 (I)

III. Usage Limitation

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- Paystation (Semi-Public), per line	1,500 minutes	\$0.050
- Key and PBX Systems, per line or trunk	1,500 minutes	\$0.050

Duplicate material appearing in PSC KY Tariff 3, Part II, removed from this page. **(N)**

Issue Date: April 23, 2013
 Effective Date: May 31, 2013

Issued by: /s/ Robert C. Thacker
 Robert C. Thacker, President and General Manager

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(N)

MESSAGE PAGE

THACKER-GRIGSBY COMMUNICATION RATE INCREASE

Beginning June 1, 2013, per an order issued by the FCC, Thacker-Grigsby Telephone Co., Inc. has been required to increase its local residential rate to \$14.00. The business, paystation, key and PBX rates will increase to \$17.42, \$22.64 and \$23.16, respectively.

We are aware in these uncertain economic times, this increase may be difficult. We understand. Therefore, Thacker-Grigsby will be offsetting this burden by giving each residential customer 1000 free minutes per month of extended calling to the these surrounding areas, including: Allen, Buckhorn, Canoe, Dwarf, Elkhorn City, Feds Creek, Freeburn, Grethel, Harold, Hazard, Hyden, Jackson, Jenkins, Leatherwood, Martin, McCarr, McDowell, Neon, Pikeville, Prestonsburg, Royalton, Salyersville, South

MESSAGE PAGE

Williamson, Stinnett, Stone, Vicco, Virgie, Wayland, Wheelwright, Whitesburg and Wooton. Any usage over 1000 minutes will be billed at only \$0.05 per minute.

The new business rate will include 1500 free minutes of extended calling per month to the above surrounding areas, with any overage billed at only \$0.05 per minute.

Thacker-Grigsby customers have not seen a local rate increase since 1978 and you can be assured we are working diligently to help keep your local telephone service affordable. For more information on these changes, please call our business office at 606-785-9500.

Thacker-Grigsby Communications

Limited Extended Area Calling

Beginning June 1, 2013

Residential customers have 1000 free minutes per month

Business customers have 1500 free minutes per month

to call the seven surrounding counties, including:

Allen, Buckhorn, Canoe, Dwarf, Elkhorn City, Feds Creek, Freeburn, Grethel, Harold, Hazard, Hyden, Jackson, Jenkins, Leatherwood, Martin, McCarr, McDowell, Neon, Pikeville, Prestonsburg, Royalton, Salyersville, South Williamson, Stinnett, Stone, Vicco, Virgie, Wayland, Wheelwright, Whitesburg and Wooton



For more information, watch the commercial message on TVS24 weekdays at 9:30 am and 6:50 pm.

[Home](#)

[Residential](#)

[Business](#)

[Internet](#)

[Fiber](#)

[Information](#)



Welcome to Thacker-Grigsby!

Thacker-Grigsby is a cutting edge telecommunications provider located in Eastern Kentucky. TG provides [landline telephone](#), [long distance](#), [dialup internet](#) and [high speed DSL](#) services to customers in Knott County. Video is also provided to some of our customers through our [FTH service](#). Thacker-Grigsby is committed to keeping our prices low and our technology advanced. Let TG bring the world to your home!



Search

FCC Required Rate Increase & Limited Extended Area Calling Information

Hindman, KY
 Updated 3:55 AM EDT WED MAY 29 2013
 Wednesday Thursday Friday Saturday

Partly Cloudy	Mostly Sunny	Chance Of Showers	Partly Cloudy
Hi: 85F Lo: 60F	Hi: 89F Lo: 65F	Hi: 85F Lo: 69F	Hi: 85F Lo: 69F

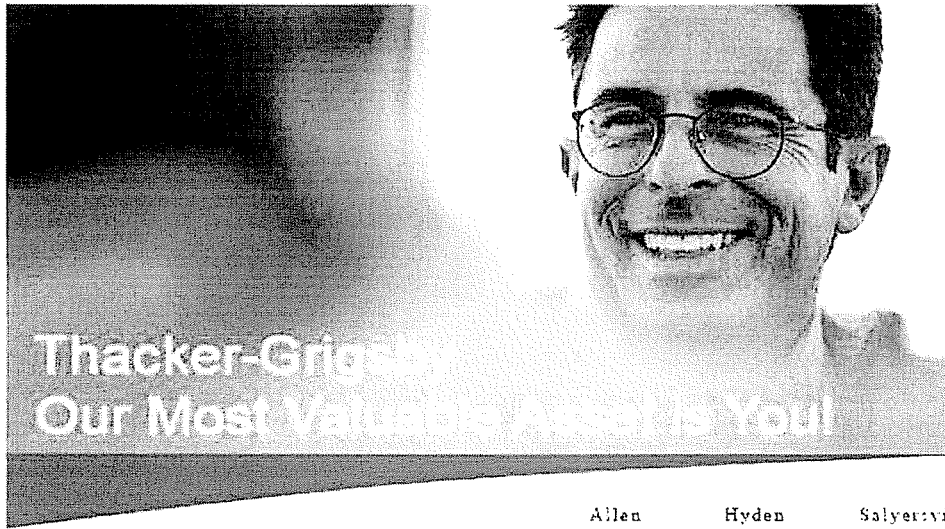
[Click here for details from weatherforyou.com](#)



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Make This Your Default Homepage

FCC Required Rate Increase & Limited Extended Area Calling Information



LIMITED EXTENDED AREA CALLING - 1000 RESIDENTIAL MINUTES OR 1500 BUSINESS MINUTES TO THE 7 SURROUNDING COUNTIES.



Thacker-Grigsby and all other rural telephone companies have been required by the FCC to raise their local service rates on

June 1, 2013 in order to reduce their reliance on the Universal Service Fund (USF).

- | | | |
|--------------|--------------|--------------|
| Allen | Hyden | Salterville |
| Buckhorn | Jackson | S Williamson |
| Canoe | Jenkins | Stinnett |
| Dwarf | Leatherwood | Stoue |
| Elkhorn City | Martin | Vicco |
| Feds Creek | McCas | Virgie |
| Freeburn | McDowell | Wayland |
| Grathel | Neon | Wheelwright |
| Harold | Pikeville | Whitesburg |
| Hazard | Prestonsburg | Wooton |
| | Royalton | |

To help offset this rate increase, Thacker-Grigsby will be implementing LIMITED EXTENDED AREA CALLING for Thacker-Grigsby telephone customers. This will give each residential customer 1000 minutes and each business customer 1500 minutes of extended calling to the seven surrounding counties.



Thacker-Grigsby Communications

P.O. Box 789
Hindman, KY 41822
(606) 785-9500
www.tgnet.com

For further information, please see our infomercial on TVS24 Monday-Friday at 9:30 am and 6:50 pm.



Setting: room with desk, technology all around, but good ol' TG phone on desk.

Hi. My name is Chris Boyd, a team member at Thacker Grigsby Communications.

I am here to tell you about some important changes affecting you and your telephone service over the next few months.

Your telephone service is regulated by the Federal Communications Commission-- FCC. The FCC regulates interstate and international communications by radio, television, wire, satellite and cable in all 50 states. It also covers the District of Columbia and all U.S. territories. You can find out more about the FCC at www.FCC.gov. *(show home page of FCC and web address on bottom of screen)* Recently, the FCC has made some changes that will notably affect the prices of your service starting June, 1st of this year...and that's what I am here to talk to you about.

Thacker Grigsby has always made it their mission to give you, their customers, good, quality phone service at the lowest price allowed. They had the 2nd lowest rates in the state and they have not raised your local telephone bill since 1978. Think about that, can you name anything else that has not changed in price since 1978? I mean, think how phones have changed since 1978. Yet, the cost of your service never has. *(little chuckle/smile/soft, trusting body language)*

On June 1st of this year, the FCC is requiring Thacker Grigsby to raise our local service rate to fall within a specific range and here is why: The FCC feels that rural carriers' rates are much lower than the national average and therefore need to be adjusted. The range of satisfactory rates is between what they call the "floor& ceiling"...what this means is there is a low rate and high rate that all rural carriers must conform to or they will be penalized. The intent of this is to get more rural companies to cover their cost from their local rates and reduce their reliance on the Universal Service Fund. The USF is *(Point to the bottom of the screen and show this)*: **The Universal Service Fund (USF) was created by the United States Federal Communications Commission (FCC) in 1997 to meet Congressional universal service goals as mandated by the Telecommunications Act of 1996.** The 1996 Act states that all providers of telecommunications services should contribute to federal universal service in some equitable and nondiscriminatory manner; there should be specific, predictable, and sufficient Federal and State mechanisms to

preserve and advance universal service; all schools, classrooms, health care providers, and libraries should, generally, have access to advanced telecommunications services; and finally, that the Federal-State Joint Board and the FCC should determine those other principles that, consistent with the 1996 Act, are necessary to protect the public interest. As of the third quarter of 2012, the USF fee, which changes quarterly, equals 15.7 percent of a telecom company's interstate end-user revenues.

...yet explain to viewer in layman's terms what it is')

Basically, it was a fund started to help rural telecom customers; It allows them access to the latest telecommunication advancements, regardless of where they live. Without this fund, many rural areas would still not be served today.

This fund is divided into 4 programs:

1. High Cost
2. Low Income
3. Rural Healthcare
4. Schools and Libraries

Beginning **June 1**, per an order issued by the FCC, Thacker-Grigsby Telephone Co., Inc. has been required to increase its local residential rate. We are aware in these uncertain economic times, this increase may be difficult. We understand. Therefore, Thacker-Grigsby will be implementing LIMITED EXTENDED AREA CALLING for every Thacker Grigsby phone customer. This will offset the financial burden by giving each residential customer 1000 free minutes per month of extended calling to the seven surrounding counties—including Allen, Buckhorn, Canoe, Dwarf, Elkhorn City, Feds Creek, Freeburn, Grethel, Harold, Hazard, Hyden, Jackson, Jenkins, Leatherwood, Martin, McCarr, McDowell, Neon, Pikeville, Prestonsburg, Royalton, Salyersville, South Williamson, Stinnett, Stone, Vicco, Virgie, Wayland, Wheelwright, Whitesburg and Wooton. *(Show each city, NXX, one by one)* Any usage over 1000 minutes will be billed at only \$0.05 per minute. The new business rate will include 1500 free minutes of extended calling per

month to the above surrounding areas, with any overage billed at only \$0.05 per minute, as well. It will not affect your current long distance carrier, but you can always choose to have Thacker Grigsby to take care of that for you, too.

As I have stated previously, Thacker-Grigsby customers have not seen a local rate increase since 1978 and can be assured we are working diligently to help keep your local telephone service affordable. There are also services available, for those that qualify, that could assist in helping with their bill. The Lifeline program is a federal based program available to those that fit the following criteria: (*Show these programs on the screen*) Income that is at or below 135% of the federal Poverty Guidelines... OR Participate in one of the following assistance programs:

- Medicaid
- Supplemental Nutrition Assistance Program (SNAP)
- Supplemental Security Income (SSI)
- Federal Public Housing Assistance (Section 8)
- Low Income Home Energy Assistance Program (LIHEAP)
- Temporary Assistance to Needy Families (TANF)
- and the National School Lunch Free Lunch Program.

To help ensure that Lifeline can reach as many low-income consumers as possible, the FCC has determined that eligible consumers can only receive one Lifeline – subsidized phone service. For more information on these changes, or to see if you qualify for assistance, please call our business office at 785-9500. A Customer Service Representative will be glad to help you. Also, customers that are currently on an Optional Calling Plan that discounts extended area calling, please call us and allow us to analyze your calling patterns. Customers, who make a substantial amount of calls to the surrounding area, may actually see a reduction in their bill.

We're sure you will also notice a new look to your Thacker Grigsby bill. This has nothing to do with the new federally mandated changes. We just happen to be

changing our billing system and the two coincided. We hope this change will help you; help us, and help, *overtime*, eliminate tons of waste.

If you currently receive a phone bill and a DSL bill—you can now call and have those combined. One bill—both services. We encourage you to call in and enroll to receive one bill, it will not occur automatically. YOU must call and request it. In the coming months, you will also have the option to pay your bill online.

So to clarify what you will see on your next Thacker Grigsby statement:

An increase in your local rate, a new look to your bill, and 1000 FREE Limited Extended Area Calling minutes for residential customers and 1500 for Businesses.

For any questions you may have, please give us a call at 785-9500

Comments regarding this issue can be shared with the Public Service Commission at www.psc.ky.gov

Your business is important to us.

Thacker Grigsby--where our most valuable communication asset/tool is you.

Thacker-Grigsby Commercial for WKCB

May 20 – June 17, 2013

Thacker-Grigsby has always made it their mission to give their customers good, quality telephone service at the lowest price allowed.

On June 1, Thacker-Grigsby has been required by the FCC to increase its local residential rate. They are aware in these uncertain economic times, this increase may be difficult and they understand. Therefore, Thacker-Grigsby will be offsetting this burden by giving each residential customer 1000 free minutes per month and each business customer 1500 free minutes per month of extended calling to the seven surrounding counties.

Thacker-Grigsby customers can be assured they are working diligently to help keep your local telephone service affordable. For more information on these changes, you can watch their commercial message on TVS24 weekdays at 9:30 am and 6:50 pm; or call their office at 785-9500.

Bill Message for Thacker-Grigsby Telephone Rate Increase

Beginning **June 1**, per an order issued by the FCC, Thacker-Grigsby Telephone Co., Inc. has been required to increase its local residential rate to \$14.00. The business, paystation, key and PBX rates will increase to \$17.42, \$22.64 and \$23.16, respectively.

We are aware in these uncertain economic times, this increase may be difficult. We understand. Therefore, Thacker-Grigsby will be offsetting this burden by giving each residential customer 1000 free minutes per month of extended calling to the seven surrounding counties, including: Allen, Buckhorn, Canoe, Dwarf, Elkhorn City, Feds Creek, Freeburn, Grethel, Harold, Hazard, Hyden, Jackson, Jenkins, Leatherwood, Martin, McCarr, McDowell, Neon, Pikeville, Prestonsburg, Royalton, Salyersville, South Williamson, Stinnett, Stone, Vicco, Virgie, Wayland, Wheelwright, Whitesburg and Wooton. Any usage over 1000 minutes will be billed at only \$0.05 per minute.

The new business rate will include 1500 free minutes of extended calling per month to the above surrounding areas, with any overage billed at only \$0.05 per minute.

Thacker-Grigsby customers have not seen a local rate increase since 1978 and can be assured we are working diligently to help keep your local telephone service affordable. For more information on these changes, please call our business office at 785-9500.

DESCRIPTION AND JUSTIFICATION

On April 23, 2013, Thacker-Grigsby Telephone Company, Incorporated (“**TGTC**”) filed for an increase of its basic local service rates to Fourteen And 00/100 Dollars (\$14.00) per month. This filing was in response to the Federal Communications Commission’s November 18, 2011 order requiring that providers meet certain minimum local service rates in order to continue to receive certain federal universal service support. In that Order (the “**Transformation Order**”) the Federal Communications Commission established a local exchange rate floor of Ten And 00/100 Dollars (\$10.00) as of June 1, 2012, Fourteen And 00/100 Dollars (\$14.00) as of June 1, 2013, and an undefined “urban rate” as of June 1, 2014. Companies below the applicable rate floor are penalized with a dollar for dollar reduction in High Cost Loop Support (“**HCLS**”). Though TGTC is not currently a recipient of HCLS, TGTC expects that it will become eligible to receive those funds and, without this rate increase, TGTC would otherwise be unable to collect that support. More importantly, TGTC believes that its ongoing ability to draw from *any* universal service funds will be compromised if it retains its historically low local service rate levels.

FINANCIAL IMPACT

In establishing urban rates as a bench mark, the Federal Communications Commission chose to ignore the significant differences in calling scope between urban areas, such as Louisville or Winchester, and rural areas, such as those TGTC generally serves. To rectify this inequity and mitigate the impact of its local rate increase on its customers, TGTC proposes to significantly expand the local calling areas it offers to its customers in order to provide a calling scope closer to that enjoyed in urban areas. As such, upon acceptance of the proposed rate

increases, calls by TGTC customers to Pike, Perry, Magoffin, Letcher, Leslie, Knott, Floyd, and Breathitt Counties will be considered local calls.

As demonstrated in Exhibit A, which includes losses in eligible recovery described herein, the increase in local service rates proposed by TGTC is offset by its cost and lost revenues in expanding the local calling area. The company expects a negligible impact on its annual revenues and forecasts that this filing will be largely revenue neutral on its end users.

In determining the revenue impact on the company and on its end users, TGTC incorporated the following factors: the local service rate increase for end users; the cost to the company in expanding EAS services both in lost originating access and in cost onsets associated with terminating this traffic; savings to its end users in eliminating toll calling to its surrounding counties; the elimination of optional toll calling plans; and the 2013 reduction of interstate and intrastate revenue requirement and recovery. All studies were completed using April 2013 or March 2013 data as such data was available.

To meet the Fourteen And 00/100 Dollar (\$14.00) residential rate floor established by the Federal Communications Commission, TGTC proposes to raise both the residential rate by Eight And 26/100 Dollars (\$8.26). TGTC will also raise its business rates by an equal amount.

In computing the net effect that these changes will have on its customers, TGTC identified all exchanges in the eight counties that would become EAS for its customers and performed a study estimating the volume of traffic currently delivered to those areas as long distance, which is included in Line 1 of Exhibit A. By transitioning this traffic to EAS, TGTC will forego originating access and incur costs from a carrier-provider to terminate these calls to the expanded areas, reducing the company's net revenues. The lost revenues associated with the elimination of now defunct optional calling plans is reflected on Line 5 in Exhibit A. Lastly, the

company anticipates losses due to a forecast of stimulation that will increase its cost to terminate traffic in these areas, as well as the accelerated erosion of access lines as marginal customers abandon the network.

Page 2 of Exhibit A shows the aggregate estimated impact of TGTC's plan on the company's customers. In addition to the rate increase described above, TGTC's customers will experience savings of both recurring expenses for optional toll plans, as well as the conversion of long distance traffic to EAS. Based upon feedback from its customers, TGTC estimates that the average retail charge to its subscribers for these long distance calls is 11/100 Dollars (\$0.11) per minute. Accordingly, the average impact of this change on customers is [REDACTED] before erosion as shown on Line 16. Unfortunately, TGTC has already seen a spike in line terminations of those customers who the expanded calling has no value and, as such, TGTC anticipates that this rate impact analysis is artificially high and that the actual change will be *de minimus*.

Additionally, as part of the Transformation Order, the Federal Communications Commission established that the intercarrier compensation collected in 2011 fiscal year, from October 1, 2010 to September 30, 2011, was the maximum amount of allowed revenues from intercarrier compensation. In addition, the Transformation Order established a phase down schedule of those maximum amounts allowed, requiring that the maximum intercarrier compensation amount be reduced by Five Percent (5.00%) for the 2012 fiscal year and Four and Seventy-Five Hundredths Percent (4.75%) for the 2013 fiscal year. With this change, TGTC cannot collect more than the maximum intercarrier compensation revenue amount. As is shown below, this reduction was approximately [REDACTED] for TGTC's 2012 fiscal year and the cumulative reduction at the end of TGTC's

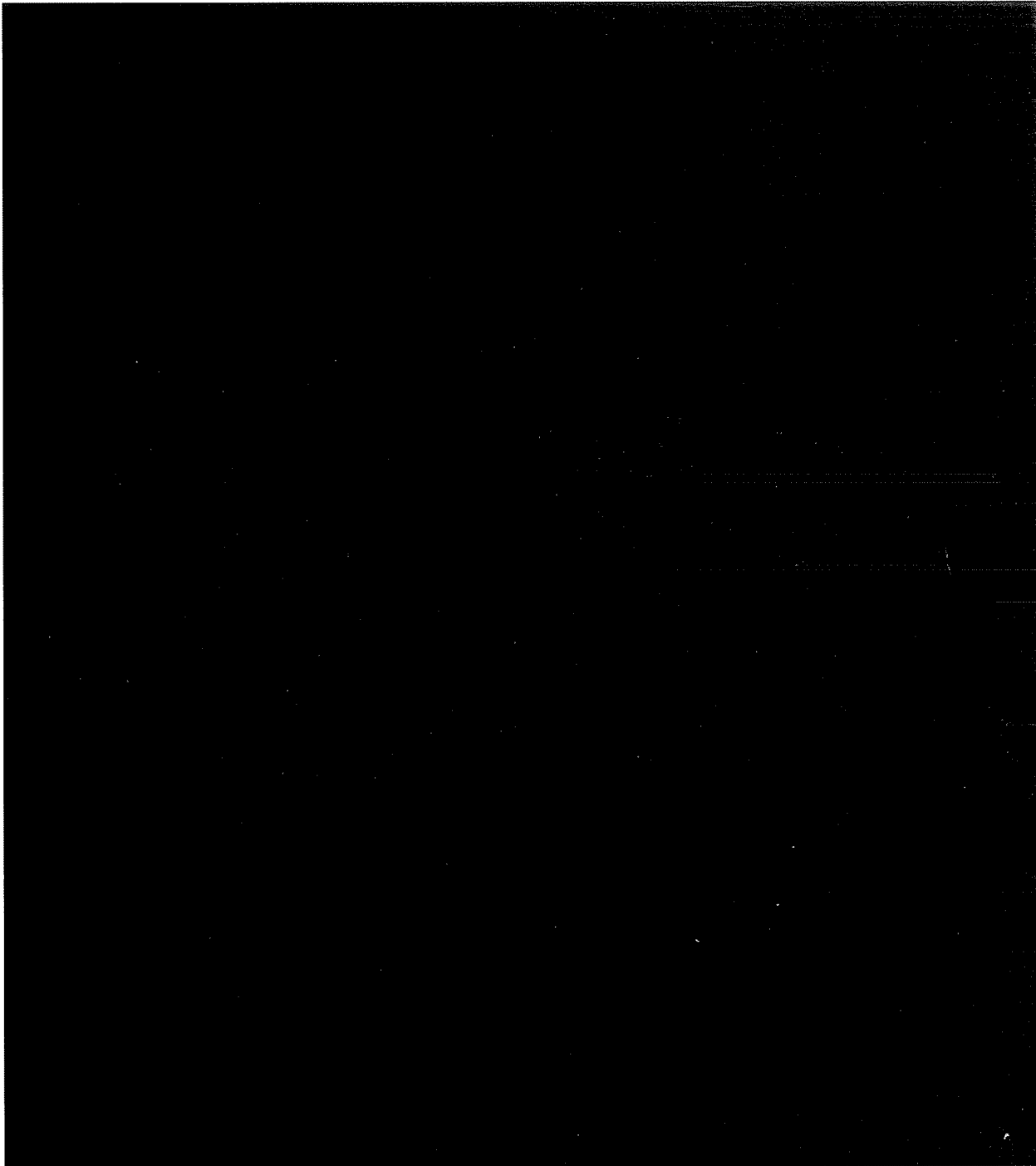
2013 fiscal year will be approximately [REDACTED]

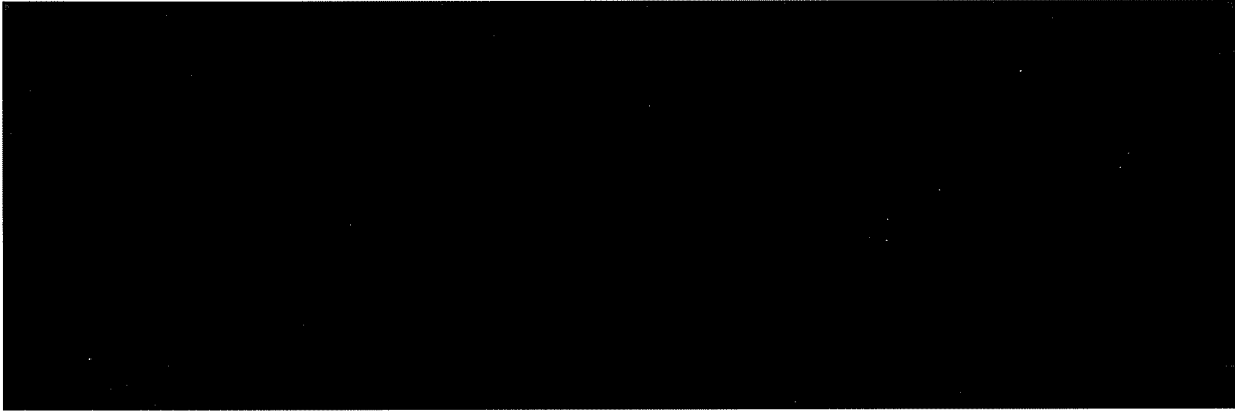
[REDACTED].

	Allowed Revenues	Reduction	Cumulative	% Reduction
FY 2011				0.00%
FY 2012				-5.00%
FY 2013				-9.75%

CONCLUSION

The Transformation Order seeks to dramatically change the revenue sources historically available to rural telephone companies like TGTC to use in meeting their carrier of last resort obligation and to expand the availability of advanced broadband services to their customers. Unfortunately, for many of these companies, doing so requires upward pressure on local service rates; fortunately, however, TGTC has been able to negate much of the effects on customer rates through the expanded local calling service discussed herein. As shown in this documentation, TGTC has no other options available to it, has made a good faith attempt to negate the rate increase net effect on customers and, therefore, requests that its tariff revisions be approved.





Thacker-Grigsby Telephone Co., Inc.
Access Line Count 2008 - 2012

	Residential	Single line Business	Multi-line Business	Totals	% Change
2008	5999	242	1038	7279	
2009	5752	230	1039	7021	-0.03544
2010	5505	219	1035	6759	-0.03732
2011	5275	202	1082	6559	-0.02959
2012	5011	189	1029	6229	-0.05031

THACKER/GRIGSBY TEL

Case 2013-00195

Period	State	SAC	Study Area Name	Total High Cost Monthly	Total High Cost Quarterly
3Q2013	KY	260419	THACKER/GRIGSBY TEL	\$ 155,831	\$ 467,493
2Q2013	KY	260419	THACKER/GRIGSBY TEL	\$ 159,716	\$ 479,148
1Q2013	KY	260419	THACKER/GRIGSBY TEL	\$ 169,107	\$ 507,321
4Q2012	KY	260419	THACKER/GRIGSBY TEL	\$ 80,177	\$ 240,531
3Q2012	KY	260419	THACKER/GRIGSBY TEL	\$ 80,177	\$ 240,531
2Q2012	KY	260419	THACKER/GRIGSBY TEL	\$ 100,575	\$ 301,725
1Q2012	KY	260419	THACKER/GRIGSBY TEL	\$ 98,179	\$ 294,537
4Q2011	KY	260419	THACKER/GRIGSBY TEL	\$ 100,575	\$ 301,725
3Q2011	KY	260419	THACKER/GRIGSBY TEL	\$ 100,575	\$ 301,725
2Q2011	KY	260419	THACKER/GRIGSBY TEL	\$ 103,737	\$ 311,211
1Q2011	KY	260419	THACKER/GRIGSBY TEL	\$ 103,737	\$ 311,211

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

In the Matter of:

JUN 11 2013

TARIFF FILING OF THACKER-GRIGSBY
TELEPHONE COMPANY, INCORPORATED

) CASE NO. PUBLIC SERVICE
) 2013-00195 COMMISSION

**MOTION FOR WAIVER OF CERTAIN
RATE APPLICATION FILING REQUIREMENTS**

Thacker-Grigsby Telephone Company, Inc. ("**Thacker-Grigsby**"), by counsel and pursuant to Section 16(15) of 807 KAR 5:001, hereby moves the Public Service Commission of the Commonwealth of Kentucky (the "**Commission**") for waiver for good cause of certain filing requirements set forth in 807 KAR 5:001 Section 16 and the May 29, 2013 Order in this case (the "**Order**", attached as Exhibit 1 to the Application). In support of its request, Thacker-Grigsby states as follows.

I. Introduction

In the Order, the Commission requested that Thacker-Grigsby file an application pursuant to 807 KAR 5:001 Section 16 in order to obtain the rate adjustments that it seeks. The Commission recognized "the mandatory and time-sensitive nature of the FCC's rate floor, and that all of the information specified in 807 KAR 5:001 Section 16 may not be necessary to support an increase in basic local exchange rates under these circumstances." Order at 2. Accordingly, the Commission provided a list of specific requirements from 807 KAR 5:001 that are necessary to allow the Commission to evaluate Thacker-Grigsby's Application. Thacker-Grigsby now moves for waiver of certain requirements of Section 16 of 807 KAR 5:001 and the Order.

II. Argument

Upon good cause shown, the Commission shall grant “[a] request for waiver of any of the provisions of [the] filing requirements.” 807 KAR 5:001, Section 16(15). In determining whether good cause exists, the Commission shall consider:

(a) Whether other information provided by the utility is sufficient to allow the Commission to effectively and efficiently review the rate application;

(b) Whether the information for which waiver is requested is normally maintained by the utility or reasonably available from the information the utility does maintain; and

(c) The expense in providing the information which is the subject of the waiver request.

Id.

Because of the expedited nature of these proceedings (which is required due to the time-sensitive nature of the rate floor) and the relatively small size of the utility, it is not feasible for Thacker-Grigsby to compile some of the information required by Section 16 by the application deadline established in the Order. Furthermore, Thacker-Grigsby’s Application is simply a response to the regulatory pronouncement of the FCC as opposed to a financial need for additional revenue from its ratepayers, and the Commission acknowledged in its Order that “all of the information specified in 807 KAR 5:001 Section 16 may not be necessary to support an increase in basic local exchange rates under these circumstances.” Order at 2.

Wherefore, Thacker-Grigsby requests waiver of the following filing requirements. A brief supporting narrative is included for each of these provisions.

A. Filing Requirements Not Specified in the Order

The information required by the following regulations was not requested by the Commission in the Order. *See* Order at 3.

807 KAR 5:001 Section 16(1)(b)(5)

New or revised tariff sheets shown by either providing the present and proposed tariffs in comparative form on the same sheet side by side or on facing sheets side by side, or providing a copy of the present tariff indicating proposed additions by italicized inserts or underscoring and striking over proposed deletions.

Thacker-Grigsby does not have this information readily available and accordingly seeks waiver of 807 KAR 5:001 Section 16(1)(b)(5).

807 KAR 5:001 Section 16(2)

File written notice of intent to file a rate application at least thirty days, but not more than sixty days, prior to filing the application; state in such notice whether the application will be supported by a historical or forecast test period; serve a copy of the notice upon the Attorney General.

Thacker-Grigsby files the Application pursuant to the Order, which established a deadline of ten days from entry of the Order. Furthermore, Thacker-Grigsby will serve a copy of the Application upon the Attorney General contemporaneous with its filing. Therefore, in light of the unique circumstances of this case, Thacker-Grigsby seeks waiver of 807 KAR 5:001 Section 16(2).

807 KAR 5:001 Section 16(9)(b)

If utility has gross annual revenues exceeding \$5,000,000, prepared testimony of each witness who will support the application.

Thacker-Grigsby's filing is in response to the Transformation Order and is not driven by a financial need to obtain more revenue from its ratepayers or achieve a higher rate of return. Thacker-Grigsby asserts that the information provided in the Application does not require further explication through prepared testimony. Furthermore, it is not feasible for Thacker-Grigsby to prepare testimony in the timeframe prescribed by the Commission for this filing. Accordingly, Thacker-Grigsby seeks waiver of 807 KAR 5:001 Section 16(9)(b).

807 KAR 5:001 Section 16(9)(g)

Analysis of customers' bills in such detail that revenues from present and proposed rates can be readily determined for each customer class.

Thacker-Grigsby's financial report, containing its 2012 revenues under the rates in effect prior to the filing of the Application, is on file with the Commission. Additionally, Exhibit 6 of the Application contains a breakdown of the revenue impact of the proposed rate increase. This information should be sufficient to allow the Commission to effectively and efficiently review the Application, and Thacker-Grigsby accordingly seeks waiver of 807 KAR 5:001 Section 16(9)(g).

807 KAR 5:001 Section 16(9)(i)

Reconciliation of rate base and capital used to determine revenue requirements.

Thacker-Grigsby's Application is filed for the purpose of implementing rates to maintain eligibility for the maximum amount of High Cost Loop Support ("**HCLS**"), and not because of a financial need to obtain more revenue from its customers. The new basic local rate was determined based on the rate floor set pursuant to the Transformation Order, and not determined based on the rate base and capital. This data is thus irrelevant to the proposed rate increase and

will not aid the Commission in evaluating Thacker-Grigsby's Application. Accordingly, Thacker-Grigsby seeks waiver of 807 KAR 5:001 Section 16(9)(i).

807 KAR 5:001 Section 16(9)(j) **Current chart of accounts, if more detailed than the Uniform System of Accounts.**

Thacker-Grigsby's financial reports are on file with the Commission and should be sufficient to efficiently evaluate the Application. Accordingly, Thacker-Grigsby seeks waiver of 807 KAR 5:001 Section 16(9)(j).

807 KAR 5:001 Section 16(9)(k) **Independent auditor's annual opinion report, with any written communication from auditor which indicates existence of material weakness in internal controls.**

Thacker-Grigsby's Application is filed merely to maintain eligibility to receive the maximum amount of HCLS and is not driven by financial weakness in the company or a need to secure more revenue from its ratepayers. Reports that otherwise detail Thacker-Grigsby's financials are on file with the Commission. Accordingly, Thacker-Grigsby seeks waiver of 807 KAR 5:001 Section 16(9)(k).

807 KAR 5:001 Section 16(9)(m) **The most recent PSC Form T.**

Subscriber information similar to that which appears in the PSC Form T is included in Exhibit 6 to the Application. This information should allow the Commission the ability to efficiently evaluate the Application under the circumstances of this case, and Thacker-Grigsby thus seeks waiver of 807 KAR 5:001 Section 16(9)(m).

807 KAR 5:001 Section 16(9)(n)

Summary of latest depreciation study with schedules by major plant accounts, except that telecommunications utilities adopting the Commission's average depreciation rates shall provide a schedule identifying current and test period depreciation rates used by major plant accounts.

Thacker-Grigsby's annual financial report for 2012, which covers the test period, is on file with the Commission. Because this information should be sufficient to allow the Commission to efficiently evaluate the Application, Thacker-Grigsby seeks waiver of 807 KAR 5:001 Section 16(9)(r).

807 KAR 5:001 Section 16(9)(o)

A list of all commercially available or in-house developed computer software, programs, and models used in the development of the schedules and work papers associated with the filing of the utility's application.

Because of the unique circumstances of this case, Thacker-Grigsby believes the information contained in Exhibit 6 is sufficient to evaluate the Application. Accordingly, Thacker-Grigsby seeks waiver of Section 16(9)(o) of 807 KAR 5:001.

807 KAR 5:001 Section 16(9)(q)

Annual report to shareholders, or members, and statistical supplements covering the two most recent years from the application filing date.

Thacker-Grigsby's annual financial report for 2012, which covers the test period, is on file with the Commission. Because this information should be sufficient to allow the Commission to efficiently evaluate the Application, Thacker-Grigsby seeks waiver of 807 KAR 5:001 Section 16(9)(r).

807 KAR 5:001 Section 16(9)(r)

Monthly managerial reports providing financial results for twelve months in test period.

Thacker-Grigsby's annual financial report for 2012, which covers the test period, is on file with the Commission. Because this information should be sufficient to allow the Commission to efficiently evaluate the Application, Thacker-Grigsby seeks waiver of 807 KAR 5:001 Section 16(9)(r).

B. Filing Requirements Specified in the Order

807 KAR 5:001 Section 16(1)(b)(4)

New or revised tariff sheets must have an effective date not less than thirty days from the date the application is filed

Because of the time-sensitive nature of the FCC's rate floor, the effective date is within the thirty-day horizon required by Section 16(1)(b)(4), and Thacker-Grigsby accordingly requests waiver of 807 KAR 5:001, Section 16(1)(b)(4) so that it may comply with the Transformation Order and maintain eligibility for the maximum amount of HCLS.

807 KAR 5:001 Section 16(1)(b)(6)

A statement that notice has been given in compliance with subsections (3) and (4) of 807 KAR 5:001 Section 16, with a copy of the notice.

Thacker-Grigsby has provided documentation of its customer notices at Exhibit 4 of its Application. However, Thacker-Grigsby requests waiver of 807 KAR 5:001 Section 16(1)(b)(6) as it requires strict compliance with 807 KAR 5:001 Section 16(3)-(4). Thacker-Grigsby targeted its notice in a manner that was most appropriate to reach its customers with the pertinent information. Its efforts to educate the customer base about the proposed rate increase included a

bill insert, a radio advertisement, a television advertisement, and a notice posted on its website. These notices provided details about the FCC's requirements and the proposed rate increases, as well as contact information should a customer desire more information from Thacker-Grigsby. Accordingly, Thacker-Grigsby requests waiver of 807 KAR 5:001 Section 16(1)(b)(6).

807 KAR 5:001 Section 16(9)(d)

Estimation of the effect that the new rates will have on revenues including, at a minimum, total revenues resulting from increase or decrease and percentage of increase or decrease.

Thacker-Grigsby has provided the total revenues that will result from the rate adjustment, demonstrating that the adjustment is virtually revenue-neutral. Because the information Thacker-Grigsby has provided is sufficient to evaluate the Application, Thacker-Grigsby seeks partial waiver of 807 KAR 5:001 Section 16(9)(d).

807 KAR 5:001 Section 16(9)(h)

Summary of determination of revenue requirements based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage, or operating ratio, with supporting schedules.

As an average-schedule-size company, Thacker-Grigsby participates in interstate pools based on the average costs of companies of their average size. Accordingly, it is not required to perform studies pursuant to Part 36 of the FCC Rules that separate revenues, expenses, and investments between various jurisdictions. Due to the substantial financial burden that such studies impose, this is a key advantage of average-schedule filing. Additionally, a utility the size of Thacker-Grigsby could not realistically complete a Part 36 study within ninety days, let alone within the narrow timeframe that the circumstances of this proceeding necessitate.

Thacker-Grigsby does not seek a rate increase in this proceeding based on a failure to earn an adequate rate of return. The changes in rates that it seeks are merely for the purpose of meeting the rate floors prescribed by the Transformation Order to maintain eligibility for the maximum amount of HCLS and are expected by Thacker-Grigsby to provide either no additional revenue or nominal additional revenue that will serve as an offset to other revenue reductions.

Finally, a hypothetical analysis would require so many assumptions or consolidations as to deprive the study of any meaningful analytical value. Such a study would require industry-average allocation factors to establish theoretical jurisdictional separations, or they would provide only a consolidated schedule that would portray a misleading blend of interstate and intrastate performance.

Accordingly, Thacker-Grigsby seeks waiver of the 807 KAR 5:001 Section 16(9)(h) filing requirement.

Order at ¶ 3.a.

Estimated annual revenue from High Cost Loop Support beginning July 1, 2013.

Thacker-Grigsby does not have a readily-available projection for revenue from HCLS starting July 1, 2013. Accordingly, Thacker-Grigsby seeks waiver of the filing requirement that appear in the Order at ¶ 3.a.

Order at ¶ 3.d.

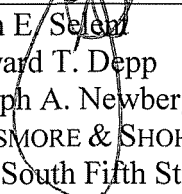
Historical and projected line loss.

Thacker-Grigsby has provided historical line loss data but does not have readily-available data for projected line loss. Accordingly, Thacker-Grigsby seeks partial waiver of the filing requirement that appear in the Order at ¶ 3.d.

III. Conclusion

Thacker-Grigsby has demonstrated good cause for granting each of the requests for waiver identified above. In each case, Thacker-Grigsby does not prepare the requested reports or otherwise have the information readily available. In addition, it would be prohibitively expensive for Thacker-Grigsby to prepare the reports in the timeframe of this case. Accordingly, Thacker-Grigsby has demonstrated good cause and the Commission should grant the requested waivers.

Respectfully submitted,

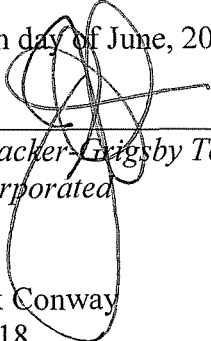


John E. Seaton
Edward T. Depp
Joseph A. Newberg, II
DINSMORE & SHOHL LLP
101 South Fifth Street
Suite 2500
Louisville, KY 40202
Phone: 502.540.2300
Fax: 502.585.2207
*Counsel to Thacker-Grigsby Telephone
Company, Incorporated*

CERTIFICATE OF SERVICE

I certify that, on the date this Motion for Waiver of Certain Rate Application Filing Requirements was filed or served with the Kentucky Public Service Commission, a true and accurate copy of the foregoing was served by Federal Express or by hand delivery upon the persons listed below.

On this the 10th day of June, 2013.



*Counsel for Thacker-Grigsby Telephone
Company, Incorporated*

Honorable Jack Conway
Capitol Suite 118
700 Capitol Avenue
Frankfort, Kentucky 40601-3449

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

In the Matter of:

JUN 11 2013

TARIFF FILING OF THACKER-GRIGSBY
TELEPHONE COMPANY, INCORPORATED

) CASE NO. PUBLIC SERVICE
) 2013-00195 COMMISSION

**PETITION OF THACKER-GRIGSBY TELEPHONE
COMPANY, INCORPORATED FOR CONFIDENTIAL TREATMENT**

Thacker-Grigsby Telephone Company, Incorporated ("Thacker-Grigsby") hereby petitions the Kentucky Public Service Commission ("Commission"), pursuant to Section 13 of 807 KAR 5:001 and KRS 61.878, to grant confidential treatment to certain information Thacker-Grigsby is contemporaneously filing with its application for a general adjustment in rates. The information Thacker-Grigsby seeks to protect as confidential is hereinafter referred to as the "Confidential Information."

Pursuant to Sections 13(2)(a)(3) and 13(2)(b) of 807 KAR 5:001, one (1) copy of the hardcopy pages containing Confidential Information, with the Confidential Information highlighted with transparent ink, printed on yellow paper, or otherwise marked "CONFIDENTIAL," is being filed with this petition. A copy of those pages with the Confidential Information redacted is being filed with the original and each of the ten (10) copies of the application filed with this petition.

The Confidential Information is not publicly available, is not disseminated within Thacker-Grigsby except to those employees and professionals with a legitimate business need to know and act upon the information, and is not disseminated to others without a legitimate need to know and act upon the information.

If and to the extent the Confidential Information becomes generally available to the public, whether through filings required by other agencies or otherwise, Thacker-Grigsby will notify the Commission and have the information's confidential status removed pursuant to Section 13(10)(b) of 807 KAR 5:001.

As discussed below, the Confidential Information is entitled to confidential treatment based upon KRS 61.878(1)(c)(1), which protects "records confidentially disclosed to an agency or required by an agency to be disclosed to it, generally recognized as confidential or proprietary, which if openly disclosed would permit an unfair commercial advantage to competitors of the entity that disclosed the records." 807 KAR 5:001 Section 13(2)(a)(1).

I. Applicable Law

Section 13(2)(a) of 807 KAR 5:001 sets forth the procedure by which certain information filed with the Commission may be treated as confidential. The regulation provides that a party seeking confidential treatment of certain information must:

Establish specific grounds pursuant to KRS 61.878, upon which the Commission should classify that material as confidential;

State the time period in which the material should be treated as confidential and the reasons for the time period; and

Include[] in a separate sealed envelope marked confidential, one (1) copy of the material . . . which identifies by underscoring, highlighting with transparent ink, or other reasonable means only those portions which unless redacted would disclose confidential material.

The Kentucky Open Records Act, KRS 61.870, *et seq.*, exempts certain records from the requirement of public inspection. In particular, KRS 61.878(c)(1) provides the following exemption from the requirement of public inspection:

records confidentially disclosed to an agency or required by an agency to be disclosed to it, generally recognized as confidential or proprietary, which if openly disclosed would present an unfair

commercial advantage to competitors of the entity that disclosed the records.

II. Disclosure of the Confidential Information Would Provide Thacker-Grigsby's Competitors With an Unfair Commercial Advantage.

The Confidential Information for which Thacker-Grigsby seeks confidential treatment pursuant to KRS 61.878(1)(c)(1) is generally recognized as confidential or proprietary under Kentucky law.

The Confidential Information in Exhibit 6 of the Application consists of detailed information about the impact of the adjustment of terminating access rates pursuant to the FCC's November 18, 2011 Order reforming intercarrier compensation and the Universal Service Fund (the "**Transformation Order**") and of the proposed rate increase. The information includes the financial impact on the company itself and on the various classes of Thacker-Grigsby's subscribers. This information provides insight into Thacker-Grigsby's financials and operations that is normally withheld from the public and competitors.

The highlighted information contained in Thacker-Grigsby's Application would result in an "unfair commercial advantage to competitors" of Thacker-Grigsby if disclosed. Thacker-Grigsby, as a participant in the telecommunications market, faces economic competition from other entities in the same market. As alternatives to basic local telephone service like VoIP and wireless service continue to penetrate the market, Thacker-Grigsby faces an increasingly competitive market to sell telecommunication services to customers. Thacker-Grigsby's ability to successfully compete against other entities in the telecommunications market would be adversely affected by the disclosure of its internal financial information and information about its access line trends. Therefore, Thacker-Grigsby has "competitors" as is contemplated under the statute and faces actual competition from other market participants.

The Confidential Information for which Thacker-Grigsby seeks confidential treatment under KRS 61.878(1)(c)(1) is generally recognized as confidential or proprietary under Kentucky law. In particular, information about a company's detailed inner workings is generally recognized as confidential or proprietary. *See, e.g., Hoy v. Ky. Indus. Revitalization Auth.*, 907 S.W.2d 766, 768 (Ky. 1995) (“It does not take a degree in finance to recognize that such information concerning the inner workings of a corporation is ‘generally recognized as confidential or proprietary’”); *Marina Mgmt. Servs. v. Cabinet for Tourism*, 906 S.W.2d 318, 319 (Ky. 1995) (“The most obvious disadvantage may be the ability to ascertain the economic status of the entities without the hurdles systematically associated with the acquisition of such information about privately owned organizations.”).

The disclosure of this confidential and proprietary information would provide competitors an unfair competitive advantage, allowing them insight into Thacker-Grigsby's financial position and giving them the ability to unfairly tailor their competitive efforts against Thacker-Grigsby in light of this Confidential Information.

III. Time Period

Pursuant to Section 13(2)(a)(2) of 807 KAR 5:001, Thacker-Grigsby requests that the Confidential Information remain confidential for a period of five (5) years from the date of this petition, which should allow sufficient time for the projected data to become historical and sufficiently outdated that it could not be used to determine similar Confidential Information at that time.

IV. Conclusion

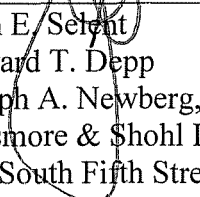
Based on the foregoing, the Confidential Information is entitled to confidential treatment. If the Commission disagrees that Thacker-Grigsby is entitled to confidential treatment, due

process requires the Commission to hold an evidentiary hearing. *Utility Regulatory Comm'n v. Kentucky Water Serv. Co., Inc.*, 642 S.W.2d 591 (Ky. App. 1982).

WHEREFORE, Thacker-Grigsby respectfully requests that the Commission classify and protect as confidential the Confidential Information.

On this the 10th day of June, 2013.

Respectfully submitted,

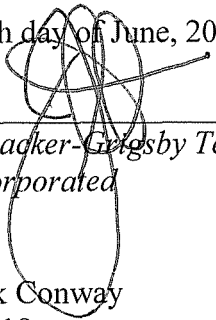


John E. Seibert
Edward T. Depp
Joseph A. Newberg, II
Dinsmore & Shohl LLP
101 South Fifth Street
Suite 2500
Louisville, KY 40202
Phone: (502) 540-2347
Facsimile: (502) 585-2207
tip.depp@dinsmore.com
*Counsel for Thacker-Grigsby Telephone
Company, Incorporated*

CERTIFICATE OF SERVICE

I certify that, on the date this Petition was filed or served with the Kentucky Public Service Commission, a true and accurate copy of the foregoing was served by Federal Express or by hand delivery upon the persons listed below.

On this the 10th day of June, 2013.



*Counsel for Thacker-Gilgusby Telephone
Company, Incorporated*

Honorable Jack Conway
Capitol Suite 118
700 Capitol Avenue
Frankfort, Kentucky 40601-3449