

**Dinsmore & Shohl** LLP  
ATTORNEYS

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July 31, 2006

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PUBLIC SERVICE  
COMMISSION

**via Hand Delivery**  
Ms. Beth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd.  
P. O. Box 615  
Frankfort, KY 40601

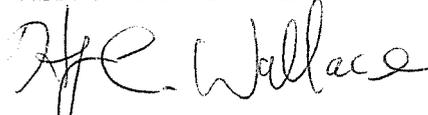
**Re: *Ballard Rural Telephone v. Jackson Purchase Rural Electric Cooperative Corporation, Case No. 2004-00036***

Dear Ms. O'Donnell:

Enclosed for filing with the Public Service Commission of the Commonwealth of Kentucky (the "Commission") is one original and ten (10) copies of Ballard Rural Telephone Cooperative Corporation Inc.'s Responses to Commission Staff's Post-Hearing Data Requests in the above-styled case.

Very truly yours,

DINSMORE & SHOHL LLP



Holly C. Wallace

HCW/rk  
Enclosure  
cc: John E. Selent, Esq. (w/o enclosure)

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

ORIGINAL

*In the Matter of:*

BALLARD RURAL TELEPHONE )  
COOPERATIVE CORPORATION, INC. )

) CASE NO. 2004-00036

v. )

JACKSON PURCHASE ENERGY CORPORATION )

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PUBLIC SERVICE  
COMMISSION

**RESPONSES TO COMMISSION STAFF'S POST-HEARING DATA REQUESTS**

Ballard Rural Telephone Cooperative Corporation, Inc. ("Ballard Rural"), by counsel, hereby responds to the post-hearing data requests from staff of the Public Service Commission of the Commonwealth of Kentucky (the "Commission").

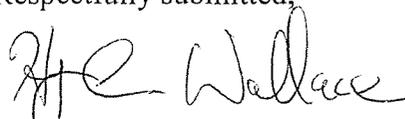
**REQUEST NO. 1:** Please explain why Ballard Rural uses the figure "1.5" in determining the total annual carrying charge in the calculation of its pole attachment rates.

**RESPONSE NO.1:** Ballard Rural uses the 1.5 figure in calculating its total annual carrying charge because in Administrative Case No. 251-2, *In the Matter of: The CATV Pole Attachment Tariff of Ballard Rural Telephone Cooperative Corporation, Inc.*, the Commission ordered Ballard Rural to calculate the rate of return component of the total annual carrying charge by multiplying 1.5 times Ballard Rural's cost of debt. *Order, In the Matter of: The CATV Pole Attachment Tariff of Ballard Rural Telephone Cooperative Corporation, Inc.*, Administrative Case No. 251-2, pp. 3-4, March 31, 1983.

**REQUEST NO. 2:** Provide updated rate calculations for Ballard Rural's pole attachments.

**RESPONSE NO. 2:** See calculation spreadsheets attached as Exhibit 1.

Respectfully submitted,



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Holly C. Wallace  
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500 West Jefferson Street  
Louisville, KY 40202  
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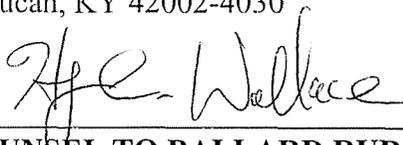
**COUNSEL TO BALLARD  
RURAL TELEPHONE COOPERATIVE  
CORPORATION, INC.**

**CERTIFICATE OF SERVICE**

It is hereby certified that a true and accurate copy of the foregoing was served, via United States mail, first class, postage pre-paid, this 31<sup>st</sup> day of July, 2006 on the following:

W. David Denton  
Melissa D. Yates  
Denton & Keuler, LLP  
555 Jefferson Street  
P.O. Box 929  
Paducah, KY 42002-0929

G. Kelly Nuckols  
President & CEO  
Jackson Purchase Energy  
Corporation  
2900 Irvin Cobb Drive  
Paducah, KY 42002-4030



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**COUNSEL TO BALLARD RURAL  
TELEPHONE COOPERATIVE  
CORPORATION, INC.**



Ballard Rural Telephone Cooperative Corporation, Inc  
 C.A.T.V. Pole Attachment Rates Cost Justification  
 2003 Rates Based on Calculations Made in the Current Tariff

I. Weighted Average Cost of 30' and 35' Poles:

	Quantity	Cost *		Undepr. Portion	=	Net Cost
30' Poles	1,095	155,044.57	X	0.566	=	87,755.23
35' Poles	320	46,613.90	X	0.566	=	26,383.47
	<u>1,415</u>	<u>201,658.47</u>				<u>114,138.69</u>
Average Cost/Pole =	114,138.69	Divided by	1,415	=		\$80.66

II. Weighted Average Cost of 40' and 45' Poles:

	Quantity	Cost *		Undepr. Portion	=	Net Cost
40' Poles	70	18,154.87	X	0.566	=	10,275.66
45' Poles	5	1,381.81	X	0.566	=	782.10
	<u>75</u>	<u>19,536.68</u>				<u>11,057.76</u>
Average Cost/Pole =	11,057.76	Divided by	75	=		\$147.44

\* This is the bare pole cost per Ballard's Continuing Property Records. Cross arms, anchors, guy wires, grounds and other appurtenances are identified separately within Ballard's Continuing Property Records. Therefore neither a "bare pole factor" nor grounding costs are applied in our calculations of pole attachment rates below.

III. C.A.T.V. Carrying Charge Justification  
 Per 2003 Annual PSC Report

Depreciation			=			5.60%
Taxes	Operating Other Taxes	203,665.00				
	Net Telephone Plant	15,622,198.00	=			1.30%
Administration and Overhead	Customer Operations Exp.	463,806.00				
	Corporate Operations Exp.	612,887.00				
		<u>1,076,693.00</u>				
	Net Telephone Plant - Beg.	14,637,830.00				
	Net Telephone Plant - End	15,622,198.00				
		<u>30,260,028.00</u>	Divided by	2	=	15,130,014.00
		<u>1,076,693.00</u>				
		15,130,014.00	=			7.12%
Maintenance	Poles	42,718.00				
	Poles Asset - Beg.	536,179.00				
	Poles Asset - End	539,113.00				
		<u>1,075,292.00</u>	Divided by	2	=	537,646.00
		<u>42,718.00</u>				
		537,646.00	=			7.95%
Rate of Return	Interest on Funded Debt	715,437.00				8.30%
	Long Term Debt - Beg.	10,563,981.00				
	Long Term Debt - End	12,219,656.00				
		<u>22,783,637.00</u>	Divided by	2	=	11,391,818.50
		<u>715,437.00</u>				
		11,391,818.50	=			6.28%
	1.5 Times	6.28%	=			9.42%
Total Annual Carrying Charge						31.39%

IV. Calculation of Charge for Two Party Poles:

\$80.66	X	31.39%	X	0.1818	=	\$4.60
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V. Calculation of Charge for Three Party Poles:

\$147.44	X	31.39%	X	0.0759	=	\$3.51
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Ballard Rural Telephone Cooperative Corporation, Inc.  
CATV Anchor Attachment Rates Cost Justification  
Using 12/30/2003 Financials

I. 2-Party Anchor Attachment Rate Calculation:

Gross Book Value of Anchors in Ballard's CPR Records	\$42,437.92
Times Undepreciated Portion of Pole Account	0.566
Net Book Value of Anchors	<u>\$24,019.86</u>
Times Ballard's Carrying Charge Per Pole Attachment Worksheet	31.39%
	<u>\$7,539.83</u>
Divided by the Number of Anchors in Ballard's CPR Records	1,001
	<u>\$7.53</u>
Divided by the Number of Users	2
2-Party Anchor Attachment Rate	<u><u>\$3.77</u></u>

Ballard Rural Telephone Cooperative Corporation, Inc.  
CATV Grounding Attachment Rates Cost Justification

I. 2-Party Grounding Attachment Rate Calculation:

Grounding Cost Per Administrative Case 251	\$12.50
Times Undepreciated Portion of Ballard's Pole Account	0.566
Net Grounding Cost for Ballard	<u>\$7.08</u>
Times Ballard's Carrying Charge Per Pole Attachment Worksheet	<u>31.39%</u>
	\$2.22
Times 2-Party Pole Usage Factor Per Administrative Case 251	<u>0.1818</u>
2-Party Grounding Attachment Rate	<u><u>\$0.40</u></u>

II. 3-Party Grounding Attachment Rate Calculation:

Grounding Cost Per Administrative Case 251	\$12.50
Times Undepreciated Portion of Ballard's Pole Account	0.566
Net Grounding Cost for Ballard	<u>\$7.08</u>
Times Ballard's Carrying Charge Per Pole Attachment Worksheet	<u>31.39%</u>
	\$2.22
Times 3-Party Pole Usage Factor Per Administrative Case 251	<u>0.0759</u>
2-Party Grounding Attachment Rate	<u><u>\$0.17</u></u>