

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SOUTH CENTRAL RURAL)
TELEPHONE COOPERATIVE CORPORATION,) CASE NO.
INC. FOR GENERAL ADJUSTMENT IN RATES) 2016-00045

O R D E R

On March 8, 2016, South Central Rural Telephone Cooperative Corporation, Inc. ("South Central Telephone") filed a motion for waiver of certain rate application filing requirements contemporaneously with tendering its application requesting authorization to adjust its rates and charges for basic local exchange service.

In its motion, South Central Telephone requested a waiver from the following filing requirements and subparts of 807 KAR 5:001:

- Section 16(4)(b), which requires the filing of prepared testimony of each witness who will support the application.

South Central Telephone requested a waiver from this requirement because a detailed narrative explanation of the proposed rate adjustment, which complies with a Federal Communications Commission ("FCC") order and is not driven by a financial need, was submitted as Exhibit 1 of the application, and thus does not require further explanation through prepared testimony.

- Section 16(4)(h), which requires a 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.

South Central Telephone requested a waiver from this requirement because the proposed rate adjustment is driven by requirement to comply with FCC rate floor and not because of a financial need to meet a target rate of return. Further, the proposed increase in revenue is *de minimus*, and thus does not justify the cost of preparing the materials required by this filing requirement.

- Section 16(4)(i), which requires the reconciliation of rate base and capital used to determine revenue requirements.

South Central Telephone requested a waiver from this requirement because the proposed rate adjustment is based on a rate floor set by the FCC, not on rate base and capital.

- Section 16(4)(n), which requires the summary of the latest depreciation study with a schedule identifying current and test-period depreciation rates used by major plant accounts.

South Central Telephone requested a waiver from this requirement to the extent that it must provide additional information in addition to the current and test-period depreciation rates filed as Exhibit 7 to its application.

- Section 16(4)(r), which requires the monthly managerial reports providing financial results of operations for the 12 months in the test period.

South Central Telephone requested a waiver from this requirements because its annual financial report for 2015, which covers the test period, is on file with the Commission.

- Section 16(5), which allows, upon good cause shown, a utility to request pro forma adjustments for known and measurable changes to ensure fair, just, and

reasonable rates based on the historical test period, and which requires any such adjustments to be supported by specific financial and statistical information.

South Central Telephone requested a waiver from this requirement because its application does not include any pro forma adjustments.

Based on a review of South Central Telephone's motion and rate application, the Commission finds that:

1. South Central Telephone's application has been filed to comply with an FCC mandate which specifies a rate floor for basic exchange service.

2. Based on the FCC rate mandate, South Central Telephone has shown good cause to permit it to deviate from the filing requirements of 807 KAR 5:001, Sections 16(4)(b), 16(4)(h), 16(4)(i), 16(4)(n), 16(4)(r), and 16(5), and its request for a waiver from the filing requirements should be granted.

3. The Commission, on its own motion, finds that South Central Telephone's 2015 annual financial report on file with the Commission should be incorporated into the record by reference only.

IT IS THEREFORE ORDERED that:

1. South Central Telephone's request for a deviation from the filing requirements of 807 KAR 5:001, Sections 16(4)(b), 16(4)(h), 16(4)(i), 16(4)(n), 16(4)(r), and 16(5), is granted.

2. South Central Telephone's 2015 annual financial report on file with the Commission is incorporated into the record by reference only.

3. South Central Telephone's application is deemed filed as of the date of this Order.

By the Commission

ENTERED 
MAR 16 2016
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Acting Executive Director 

Case No. 2016-00045

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