

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE LEWISPORT TELEPHONE)
COMPANY FOR A CERTIFICATE OF PUBLIC) CASE NO. 91-466
CONVENIENCE AND NECESSITY AUTHORIZING IT)
TO CONSTRUCT ADDITIONAL FACILITIES)

O R D E R

On December 18, 1991, Lewisport Telephone Company ("Lewisport") filed an application for a Certificate of Public Convenience and Necessity to construct additional plant and facilities to be utilized in providing service to its subscribers.

Lewisport is a corporation engaged in providing telephone service to its customers in Hancock County, Kentucky, and whose principal office and place of business is located in Lewisport, Kentucky. This single exchange company provides service to approximately 930 subscribers over 112 miles of telephone line. In the first quarter of 1990, Lewisport was acquired by Telephone and Data Systems.

Lewisport plans to borrow \$2,379,220 from the Rural Electrification Administration ("REA") to replace existing defective and air core cable with grease filled buried cable and to replace the existing step-by-step central office equipment with digital equipment. Lewisport will purchase an emergency generator to provide backup power for both the central office equipment and for the

adjacent business office. Funds are also included for a portable standby generator to interface all subscriber electronics sites.

The existing central office equipment is electromechanical and dates back to 1958. Based on information contained in the application, it appears that the equipment is obsolete and cannot support the line additions required to accommodate normal growth over the next five years. Furthermore, it was noted that the equipment cannot provide services such as enhanced 911 service ("E911"), special custom calling features, equal access and toll recording. However, a new digital switch will offer 100 percent touch tone dialing and custom calling features, local automatic message accounting, local measured service, E911, small business features, automatic number announcement, automatic intercept service, equal access, signalling system #7 and custom local area switching service. This switch will interface with 900 lines and 100 trunks and will be located in the existing equipment room.

The number of trouble reports and lack of ability to upgrade services was instrumental in Lewisport making the determination to replace the existing telephone cable system. Digital Service Area #4 ("DSA #4") was evaluated and chosen for its ability to provide a uniform grade of service for the entire franchised area. DSA #4 mitigates backbone facilities, minimizes future switch linecard additions, and allows subscribers access to everything the switch has to offer. Of the current 112 route miles, 105 route miles will be modified and replaced while 7 miles will be retired. In addition, there will be 16 new route miles brought into service.

Lewisport plans to borrow \$2,379,200 from REA to construct these additional facilities. The REA loan commitment has not yet been received by Lewisport; however, the loan design has been approved from an engineering standpoint.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. Replacement of the existing telephone lines and switching equipment at Lewisport is needed to provide adequate and dependable service to existing and future customers.

2. As the issuance of securities or evidences of indebtedness subject to the control of a federal governmental agency do not require Commission approval, KRS 278.300(10), and as the REA is an agency of the federal government, no action on Lewisport's proposed loan from the REA is required.


IT IS THEREFORE ORDERED that:

1. Lewisport shall be and hereby is granted a Certificate of Public Convenience and Necessity to replace existing switching equipment and upgrade its existing telephone line system at Lewisport, Kentucky.


2. Lewisport shall file a copy of all progress reports, or similar documents, submitted to the REA with the Commission.

Done at Frankfort, Kentucky, this 24th day of March, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director