

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MOUNTAIN RURAL)
TELEPHONE COOPERATIVE CORPORATION)
INC., FOR A CERTIFICATE OF CONVENIENCE) CASE NO. 97-273
AND NECESSITY TO CONSTRUCT NEW)
FACILITIES THROUGHOUT ITS SEVEN)
EXCHANGES IN EASTERN KENTUCKY)

O R D E R

On June 16, 1997, Mountain Rural Telephone Cooperative Corporation, Inc. ("Mountain Rural") filed an application with the Commission seeking a Certificate of Public Convenience and Necessity to construct new facilities throughout its service territory in Kentucky.

Mountain Rural is a non-stock, non-profit membership cooperative corporation with its principal office in West Liberty, Kentucky. Mountain Rural provides local telephone service to all or portions of Elliott, Morgan, Wolfe, Bath, and Menifee counties in Kentucky.

The proposed construction will provide for an upgrade in switching, transmission, outside plant, and the construction of new buildings to accommodate access line growth throughout the system during the next five years. The new construction will accommodate an estimated 2,863 new subscribers projected over the five-year loan design period. In addition, the construction will permit Mountain Rural to offer new services based on emerging technologies and will increase the system's reliability for subscribers.

The proposed construction involves a total estimated project cost of \$31,029,000. Mountain Rural does not anticipate seeking any rate adjustments as a result of the proposed construction expenditures. Mountain Rural proposes to defray the cost of construction of these new facilities, in part, through a loan now pending from the Rural Utility Service ("RUS") and the Rural Telephone Bank ("RTB") totaling \$31,001,550. The loan proposal has been reviewed and recommended for approval by the RUS General Field Representative in Kentucky, and RUS has completed its engineering and financial studies which indicate that the applicant meets the RUS tier requirements for the loan. Mountain Rural is awaiting final approval of funding. Mountain Rural requests that any expenses associated with the implementation of the early phases of the construction be paid through General Funds or "N" Loan Funds and reimbursed as soon as the RUS loan funds are available. The Commission finds this request to be reasonable and that it should be granted.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Mountain Rural should be authorized to proceed with the proposed construction.

IT IS THEREFORE ORDERED that:


1. Mountain Rural is granted a Certificate of Public Convenience and Necessity to construct new facilities throughout its service territory as set forth in its application and this Order.
2. Any expenses associated with the implementation of the early phases of the construction shall be paid through General Funds or "N" Loan Funds and reimbursed as soon as the RUS loan funds are available.


3. Should the costs of the construction authorized herein exceed the estimated costs supplied with the application, Mountain Rural shall immediately notify the Commission of the adjustment including an explanation of the additional cost for the Commission's approval.

Done at Frankfort, Kentucky, this 7th day of August, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director