

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF THACKER-)	
GRIGSBY TELEPHONE COMPANY, INC. FOR)	CASE NO.
A CERTIFICATE OF PUBLIC CONVENIENCE)	2020-00124
AND NECESSITY FOR THE CONSTRUCTION)	
OF FIBER OPTIC CABLE)	

ORDER

On April 21, 2020, Thacker-Grigsby Telephone Company, Inc. (Thacker-Grigsby), submitted an application seeking a Certificate of Public Convenience and Necessity (CPCN) for the construction of a fiber optic network in Breathitt County, Kentucky. There were no motions to intervene or other objections made in this matter. Having reviewed the record and being otherwise sufficiently advised, the Commission grants Thacker's request for a CPCN as discussed herein below.

BACKGROUND

Thacker-Grigsby is a Kentucky corporation and rural incumbent local exchange carrier serving parts of Knott County, Perry County, Floyd County, and Breathitt County, Kentucky.¹ As of March 31, 2020, Thacker-Grigsby had 4,484 residential customers and 908 business customers.² Thacker-Grigsby was previously granted a CPCN to upgrade

¹ Application at paragraph 3.

² *Id.*

portions of its network from copper to fiber optic,³ and it has upgraded portions of its network to fiber optic based on that authority.⁴ Thacker-Grigsby requests a CPCN to construct a Fiber-to-the-Home (FTTH) network in the designated areas to provide broadband data services to customers that are not currently capable.⁵

The proposed FTTH network will serve residential subscribers in Breathitt County in the Clayhole, Hunting Creek, and Taulbee service areas.⁶ The proposed FTTH network will consist primarily of aerial cable and strand; however, some cables may be placed underground using conventional burying and boring.⁷ The FTTH will be deployed utilizing the same Gigabit passive optical network (G-PON) technology that Thacker-Grigsby currently utilizes for its broadband services. The construction for the proposed network is scheduled to begin in September 2020 and be completed in April 2021.⁸

Thacker-Grigsby asserted that the proposed FTTH network would allow it to provide high-speed broadband service to approximately 32 customers within the Clayhole, Hunting Creek, and Taulbee service areas.⁹ Thacker-Grigsby noted the importance of high-speed broadband and other advanced telecommunication services to

³ See Case No. 2014-00397 *Application of Thacker-Grigsby Company for Certificate of Public Convenience and Necessity for the Construction of Fiber Optic Cable and Next Generation Soft Switch*, (Ky. PSC. Dec. 17, 2014) (in which Thacker-Grigsby was granted a CPCN to upgrade a portion of its network from copper to fiber-optic with a proposed construction time of 4 to 5 years) and Case No. 2018-00405, *Application of Thacker-Grigsby Telephone Company, Inc. for a Certificate of Public Convenience and Necessity for the Construction of Fiber Optic Cable in Knott County, Kentucky*, (Ky. PSC Jan. 10, 2019).

⁴ See Application at Exhibit B (indicating that the areas in which the network has been upgraded or is currently being upgraded and the areas in which it current proposes to upgrade the network).

⁵ *Id.* at paragraph 4.

⁶ *Id.* at Exhibit C.

⁷ *Id.* at paragraph 10.

⁸ *Id.* at paragraph 7.

⁹ *Id.* at Exhibit C.

the economic development of rural communities like those in its service area and indicated that it would be unable to provide that service to the affected areas without the proposed construction.¹⁰ Thacker-Grigsby stated that the new construction will not compete with any CATV-based services in the area and there are no other line-based competitive local exchange carriers or broadband providers serving in those exchange areas.¹¹

Thacker-Grigsby stated that the estimated cost of the new construction in Kentucky is \$3,077,676. It has obtained a grant of \$2,308,257 for the project from Rural Utilities Services (RUS) under the ReConnect program and will finance the remainder of the project from its general fund.¹² Based on its current financial condition and reasonably foreseeable operating circumstances, Thacker-Grigsby asserted that it anticipates being able to service the additional debt without requiring any rate adjustments for regulated services.¹³ Moreover, Thacker-Grigsby stated that it does not anticipate the proposed construction increasing its annual operating expenses once construction is complete.¹⁴

DISCUSSION AND FINDINGS

It appears that the proposed construction will result in an expansion of the services available to subscribers and will enhance Thacker-Grigsby's ability to maintain its facilities and provide service to customers. Thacker-Grigsby also indicated that it did not expect

¹⁰ Application at paragraph 6.

¹¹ *Id.* at paragraph 10.

¹² *Id.* at paragraph 13.

¹³ *Id.* at paragraph 15.

¹⁴ *Id.* at paragraph 11.

the new construction to result in an increase in its operating expenses or to otherwise require an increase in rates for regulated services. Thus, the Commission finds that Thacker-Grigsby should be authorized to proceed with the proposed construction as set forth in its application and described herein.

However, the planned construction is extensive and designed primarily for Thacker-Grigsby to support services that may be beyond the jurisdiction of the Commission.¹⁵ The Commission recognizes that the General Assembly has found that the provision of broadband and other state-of-the-art telecommunications technologies is an “essential element to the Commonwealth’s initiatives to improve the lives of Kentucky citizens”¹⁶ Nevertheless, the Commission remains obligated to ensure that Thacker-Grigsby’s ability to offer safe, adequate, and reasonable basic local exchange service is not adversely affected.¹⁷ Thus, while the Commission finds that Thacker-Grigsby should be authorized to proceed with the proposed construction, Thacker-Grigsby should also carefully account for the costs associated with the construction of these facilities and properly allocate those costs between jurisdictional and non-jurisdictional services.¹⁸

¹⁵ KRS 278.5462 provides, in part, that the provision of broadband services is not subject to Commission regulation. However, the Commission may assist in the resolution of consumer complaints stemming from broadband service and has the authority to arbitrate and enforce interconnection agreements. Interconnection agreements may include provisions related to remote terminals and central office facilities, which may incorporate broadband services.

¹⁶ KRS 278.546(1).

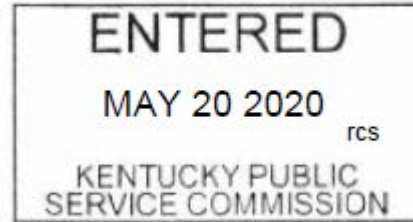
¹⁷ KRS 278.542(1)(n).

¹⁸ The Commission retains the authority to review the reasonableness of such accounting procedures when considering adjustments of rates for basic local exchange service.

IT IS THEREFORE ORDERED that:

1. Thacker-Grigsby is granted a CPCN to construct new facilities as set forth in its application and as described in this Order.
2. Should the costs of the construction authorized herein exceed by more than 10 percent the estimated costs contained in the application, Thacker-Grigsby shall immediately notify the Commission in writing of the adjustment and include an explanation of the additional costs for the Commission's approval.
3. As provided for in this Order, Thacker-Grigsby shall maintain records that clearly and sufficiently document the proper allocation of costs for jurisdictional and non-jurisdictional services provided as a result of this construction project.
4. Any documents filed pursuant to ordering paragraph 2 of this Order shall reference the number of this case and shall be retained in the post-case correspondence file.
5. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:

A handwritten signature in blue ink, consisting of stylized initials and a surname, positioned above a horizontal line.

Executive Director

Case No. 2020-00124

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