

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BALLARD)	
RURAL TELEPHONE COOPERATIVE)	
CORPORATION, INC. FOR A CERTIFICATE OF)	CASE NO.
PUBLIC CONVENIENCE AND NECESSITY FOR)	2020-00155
THE CONSTRUCTION OF A GIGABIT PASSIVE)	
OPTICAL AND FIBER TO THE PREMISES)	
NETWORK)	

ORDER

On May 13, 2020, Ballard Rural Telephone Cooperative Corporation, Inc. (Ballard Rural), submitted an application seeking a Certificate of Public Convenience and Necessity (CPCN) for the construction of a Fiber-to-the-Home (FTTH) network and additional network upgrades in McCracken County, Kentucky. There were no motions to intervene or other objections made in this matter, and the case is ready for a decision based upon the record.

BACKGROUND

Ballard Rural is a Kentucky corporation and rural incumbent local exchange carrier serving all or parts of Ballard and McCracken counties in Kentucky.¹ As of December 31, 2019, Ballard Rural had 2,288 residential and 798 business customer voice lines.² Ballard

¹ Application, Exhibit C at 5.

² 2019 Annual Report of Ballard Rural Telephone Cooperative Corporation, Inc., Page 28

Rural states that it provides services to its existing customers over a FTTH network that has been “Certified Gig” by the National telephone Cooperatives Association.³

Ballard Rural is proposing to serve 20.15 square miles in the New Hope area which is adjacent to Ballard Rural’s Heath exchange and lies in the westernmost area of AT&T Kentucky’s Paducah exchange. Ballard Rural will provide service as a certificated CLEC, which will be a subsidiary of Ballard Rural.⁴ The proposed FTTH network will consist primarily of buried cable along existing roadways.⁵ The FTTH will be deployed utilizing the same Gigabit passive optical network (G-PON) technology that Ballard Rural currently utilizes for its broadband services. The construction schedule for the proposed network is scheduled to begin 2020 and be completed in 2022.⁶

Ballard Rural asserted that the proposed FTTH network would allow it to provide high-speed broadband, telephone, and video service to approximately 289 premises within the proposed service areas.⁷ Ballard Rural noted that the importance of high-speed broadband and other advanced telecommunication services to 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.⁸

Ballard Rural stated that the estimated cost of the new construction in Kentucky is \$3,212,468. It has obtained a grant of \$2,409,351 for the project from Rural Utilities

³ Application, Exhibit C at 8.

⁴ Application, Exhibit C at 6.

⁵ *Id.*

⁶ Application, Exhibit C at 9.

⁷ Application, Exhibit C at 6.

⁸ *Id.* at paragraph 6.

Services (RUS) under the ReConnect program and will finance the remainder of the project from its general fund.⁹ Based on its current financial condition and reasonably foreseeable operating circumstances, Ballard Rural asserted that it anticipates being able to fund the project without requiring any rate adjustments for regulated services.¹⁰ Moreover, Ballard Rural stated that it does not anticipate the proposed construction increasing its annual operating expenses once construction is complete.¹¹

DISCUSSION AND FINDINGS

It appears that the proposed construction will result in an expansion of the services available to subscribers and will enhance Ballard Rural's ability to maintain its facilities and provide service to customers. Ballard Rural also indicated that it did not expect 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 Ballard Rural 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 Ballard Rural to support services that may be beyond the jurisdiction of the Commission.¹² The Commission recognizes that the General Assembly has found that the provision of

⁹ Application at 3.

¹⁰ *Id.* at paragraph 8.

¹¹ *Id.*

¹² 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.

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”¹³ Nevertheless, the Commission remains obligated to ensure that Ballard Rural’s ability to offer a safe, adequate, and reasonable basic local exchange service is not adversely affected.¹⁴ Thus, while the Commission finds that Ballard Rural should be authorized to proceed with the proposed construction, Ballard Rural should also carefully account for the costs associated with the construction of these facilities and properly allocate those costs between jurisdictional and nonjurisdictional services.¹⁵

IT IS THEREFORE ORDERED that:

1. Ballard Rural 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, Ballard Rural 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, Ballard Rural shall maintain records that clearly and sufficiently document the proper allocation of costs for jurisdictional and nonjurisdictional services provided as a result of this construction project.

¹³ KRS 278.546(1).

¹⁴ KRS 278.542(1)(n).

¹⁵ The Commission retains the authority to review the reasonableness of such accounting procedures when considering adjustments of rates for basic local exchange service.

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.

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By the Commission

ENTERED
JUN 18 2020 rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



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