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July 30, 2014

Edward T. Depp
101 South Fifth Street
Suite 2500
Louisville, Kentucky 40202

RE: Case No. 2014-00122: Notice of Intent to File Rate Application of Highland Telephone Cooperative, Inc.

Dear Mr. Depp:

On April 2, 2014, you filed a notice of intent to file a rate application with the Commission on behalf of Highland Telephone Cooperative, Inc. ("Highland"). In the notice you state that Highland is proposing to make a general adjustment in rates in order to meet the minimum rate floor for basic local exchange service mandated in 47 C.F.R. § 54.318, which will allow Highland to receive high-cost support essential to its operations. You also state that the rate increase must be effective no later than June 1, 2014 in order to comply with the Federal Communications Commission's ("FCC") directive.

You, however, also state that pending FCC action may delay the implementation of the rate floor, in which case Highland might elect to withdraw this notice and postpone the filing of an application for a general adjustment in rates. If this occurs, Highland would then submit a new notice of intent at a later date.

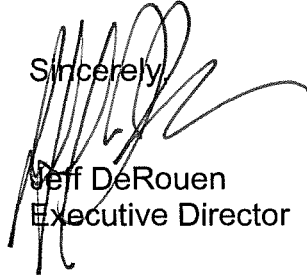
807 KAR 5:001 Section 16(a)(2) states that a utility shall provide notice of intent to file a proposed general adjustment in rates at least 30 days, but not more than 60 days, prior to the filing of the application. Highland's notice of intent was filed on April 2, 2014. Therefore, the latest date by which Highland could file its application under the terms of that notice was June 2, 2014. As of the date of this letter Highland has made no such filing.

The Commission is cognizant that Highland's failure to file timely its application is due to the FCC's recent actions that, *inter alia*, delayed the increase to the rate floor until January 2, 2015. (See *In the matter of Connect America Fund*, Report and Order, Declaratory Ruling, Order, Memorandum Opinion and Order, Seventh Order on Reconsideration, and Further Notice of Proposed Rulemaking, FCC 14-54 (June 10, 2014)). The Commission also recognizes that, due to FCC actions, Highland will likely

be required to file a general adjustment of rates in the near future. However, Highland's April 2, 2014 notice of intent to file a general adjustment of rates has expired, and a new notice of intent must be filed 30 days prior to filing such a rate application in accordance with 807 KAR 5:001 Section 16(a)(2).

Thank you for your letter pertaining to the matters discussed above. Should you have any questions or concerns, please contact Staff Attorney J.E.B. Pinney at 502-782-2587 or at jeb.pinney@ky.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff DeRouen", written over the typed name.

Jeff DeRouen
Executive Director