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December 8, 2015

Jeff R. Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

Case No. 2015-00409

RE: Certificate of Public Convenience and Necessity / Mount Union

Dear Director Derouen:

Attached for your review is an application submitted on behalf of North Central Telephone Cooperative, Inc. for a Certificate of Public Convenience and Necessity to construct fiber-to-the-home in Allen County.

Enclosed are one (1) original application and ten (10) copies. Also enclosed are two (2) additional sets of the exhibits detailing specs and maps and bearing the engineering seal.

Please call or email me with any questions.

Sincerely,

Eileen M Bodamer
Consultant to North Central Telephone Cooperative, Inc.

Enc.

Cc (email): Jim Steven, KY PSC
Johnny McClanahan, NCTC

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DEC 09 2015

— PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

DEC 09 2015

PUBLIC SERVICE
COMMISSION

In the Matter of:

THE APPLICATION OF NORTH CENTRAL)
TELEPHONE COOPERATIVE CORPORATION, INC.)
FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY FOR THE) Case No. 2015-00409
CONSTRUCTION OF FIBER-TO-THE-PREMISE IN)
ALLEN COUNTY, KENTUCKY, MOUNT UNION)
REMOTE SERVING AREA)

APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR
CONSTRUCTION OF FIBER-TO-THE-PREMISE IN ALLEN COUNTY, KENTUCKY,
MOUNT UNION REMOTE SERVING AREA

Pursuant to KRS 278.020 and 807 KAR 5:001, North Central Telephone Cooperative Corporation, Inc. ("NCTC") hereby submits this application for a certificate of public convenience and necessity ("CPCN") for the construction of Fiber-to-the-Premise ("FTTP") in the Mount Union Remote Serving Area of its operating territory in Allen County, Kentucky.

1. Pursuant to **807 KAR 5:001 Section 14(1)**, contact information for NCTC is as follows:

North Central Telephone Cooperative Corporation, Inc.
872 Highway 52 By-Pass East / P.O. Box 70
Lafayette, TN 37083-0070
Attn: Johnny McClanahan
Tel: 615-666-2151
Email: johnny.mcclanahan@nctc.com

2. Pursuant to **807 KAR 5:001 Section 14(2)** NCTC is a Tennessee Corporation chartered as a nonprofit cooperative association and in good standing. The company is registered as a foreign corporation with the Commonwealth of Kentucky. Registration and incorporation documents were provided in Case 2015-00011.
3. Pursuant to requirements of **807 KAR 5:001 Section 15(2)(a)** the following information is provided to show that the proposed construction is required by public convenience and necessity:

Description

NCTC proposes to place approximately 53 miles of new Fiber-to-the-Premise (FTTP) facilities in the Mount Union Remote Serving Area ("RSA") in Allen County. These new

facilities will provide fiber-optic service and broadband speeds of up to one Gbps to approximately 475 subscribers in the southern portion of Allen County. Once fully deployed and converted, the new plant will replace existing copper facilities that currently serve the area and are at or beyond their useful life.

The majority of NCTC members in the targeted areas are unable to enjoy minimal broadband speeds previously defined by the FCC as 4Mbps down and 1Mbps up (“4/1”)¹. Those few able to achieve 4/1 only do so because they are physically located in areas with short loop lengths and typically because NCTC has modified the network to support these speeds. Approximately 200 of these subscribers do not currently have access to 4/1 broadband speeds. Many of these are limited to a maximum internet speed of 512K; some are limited to very low speed dial up internet.

4. In response to **807 KAR 5:001 Section 15(2)(b)** NCTC states that does not require franchise approval from any public authority to deploy the facilities described herein. Any highway or railway permits will be obtained prior to start of construction. The majority of this construction will be on private right-of-way way however NCTC will also apply for KDOT permits should some private ROW be unavailable.
5. Pursuant to **807 KAR 5:001 Section 15(2)(c)** NCTC provides the following information regarding the proposed construction:

The proposed location for this construction is the community of approximately 475 subscribers in the southern portion of Allen County in the company’s Scottsville Rural exchange. This area is served exclusively by copper cable facilities fed from its Mount Union Remote Serving Area (“RSA”). A map of the RSA is provided in **Attachment A**.

This construction is part of a Kentucky Regional Fiber Project and will enable NCTC to provide enhanced broadband services to approximately 475 subscribers, the majority of whom are unable to obtain broadband at even minimal speeds. When complete, subscribers in the affected areas will be able to achieve speeds of up to 1G in both directions, with the majority expected to initially request speeds between 6 and 12 Mbps.

NCTC will deploy 53 miles of FTTH plant. The distribution plant will extend from the existing Mount Union remote central office, which is located on Highway 1421 in south Allen County. Distribution facilities will serve all subscribers that live within the RSA boundary (see attached). Approximately 52 of the 53 route miles will be buried. End user premise equipment will be the Calix 716 GE line card. The equipment will allow for eight hours of battery back-up in the event of a power outage.

This project will is funded by RUS financing and subject to their specifications for OSP and customer premise cable. The initial cost of the FTTH plant is \$1,639,000. End user electronic equipment for each premise converted will be approximately \$168,950,

¹ Under its January 29, 2015, Report and Notice of Inquiry (FCC 15-10), minimum speeds are poised to go to 25/3.

inclusive of labor. Funding for customer premise equipment will be from a combination of RUS loans, general funds, and, where applicable, installation fees.

NCTC has no competition for fixed broadband services in the proposed construction area.

NCTC expects construction to begin in June of 2016 and be completed in approximately seven months. Customers will be migrated to the new FTTH facilities initially on an on-demand basis and then as warranted due to cost, maintenance, and other business considerations.

6. Pursuant to **807 KAR 5:001 Section 15(2)(d)** two copies of the required maps, plan, specs and drawings are being included with this application as well as one copy in pdf format on compact disk.
7. Pursuant to **807 KAR 5:001 Section 15(e)** NCTC plans to finance all proposed construction, engineering and electronics through its traditional RUS loan (Tennessee V-545), which was approved on September 11th, 2011.

The term of the loan is from the date of borrowing through December 31, 2025. Interest will be set at rates determined pursuant to section 6(b) of the Federal Financing Bank Act (12 U.S.C. 2285(b)) and the FFB Lending Policy.

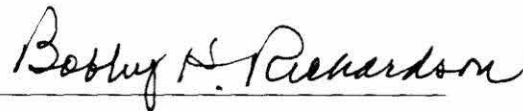
Accordingly, the repayment schedule will be dependent on 1) the timing and size of the withdrawals; 2) interest in effect at the time of the withdrawal; and 3) the length of time the company uses to repay the loan.

At this time, NCTC does not anticipate any local telephone rate adjustments associated with the project *per se*. Because its ability to fund such projects, however, is contingent on its continued access to Universal Service Funding, NCTC anticipates that it may be required to raise rates by the Federal Communications Commission to meet future federal urban benchmarks.

8. In response to **807 KAR 5:001 Section 15(f)** NCTC has not estimated an ongoing cost of maintenance of the fiber upon completion. Upon information and belief, the company anticipates that its ongoing maintenance and provisioning costs will be no more than and likely less, than its costs for its current network.

Based on the foregoing, and in accordance with KRS 278.020, North Central Telephone Cooperative Corporation, Inc. respectfully requests that the Commission issue a CPCN for construction of fiber-to-the-premise in Allen County, Kentucky.

Respectfully submitted,



Bobby Richardson, Attorney
Richardson, Gardner & Alexander
117 E. Washington St.
Glasgow, KY 42141
270-651-8884; 270-651-3662 (fax)
BHR@rgba-law.com

**North Central Telephone Cooperative Corporation, Inc.
Fiber-To-The-Premise in Allen County, Kentucky
Mount Union Remote Serving Area**

ATTACHMENT A

North Central Telephone Cooperative Corporation, Inc.
Application for a Certificate of Public Convenience and Necessity

Plans and Specs

The proposed location for this construction is the community of 390 subscribers in the southern portion of Allen County in the company's Scottsville Rural exchange. This area is served exclusively by copper cable facilities fed from its Mount Union RSA.

Total Construction Estimate

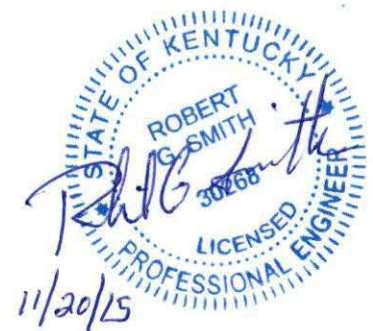
Drops	390
Route Miles	52.76
Drop Miles	20.95
Total Miles	73.71
OPS Estimate	\$1,553,145
Electronics Estimate	\$ 202,410
Engineering Estimate	<u>\$ 388,000</u>
Total Estimate	\$ 2,093,555

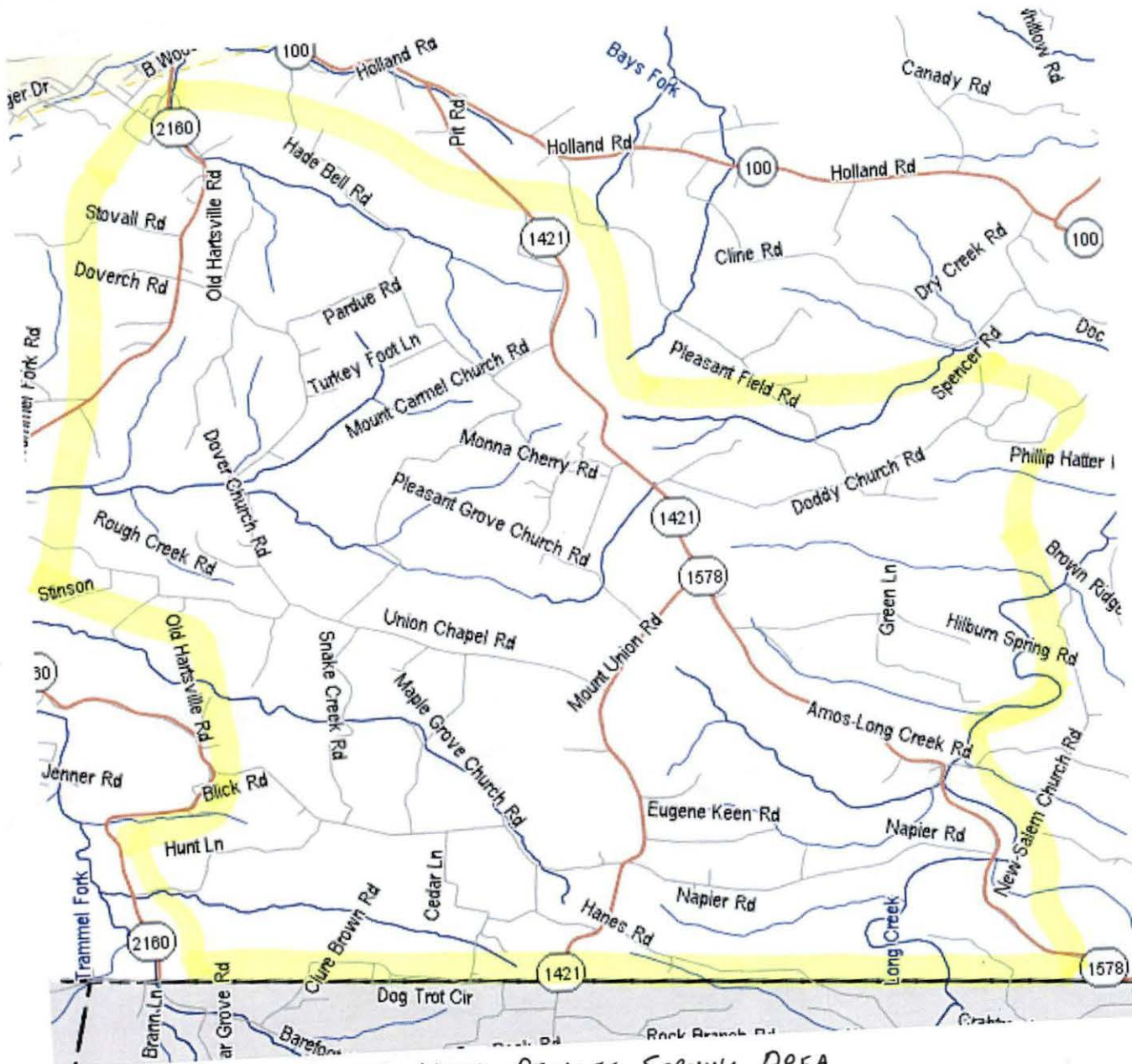
This construction is part of a Kentucky Regional Fiber Project and will enable NCTC to provide enhanced broadband services to 390 subscribers, the majority of whom are unable to obtain broadband at even minimal speeds. When complete, subscribers in the affected areas will be able to achieve speeds of up to 1G in both directions with the majority expected to initially request speeds between 6 and 12 Mbps.

NCTC will deploy 73.71 miles of FTTH plant. The distribution plant will extend from the existing Mount Union remote central office, which is located on Mount Union Road in southwest Allen County.

Distribution facilities will serve all subscribers that live within the attached RSA boundary.

Approximately 72 of the 73.71 route miles will be buried. End user premise equipment will be the Calix 716 GE line card. The equipment will allow for eight hours of battery back-up in the event of a power outage.





MT. UNION REMOTE SERVING AREA

