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December 12, 2005

Keith Gabbard  
Manager  
Peoples Rural Telephone Cooperative Corporation, Inc.  
P. O. Box 159  
McKee, KY 40447

CERTIFICATE OF SERVICE

RE: Case No. 2005-00452  
Peoples Rural Telephone Cooperative Corporation, Inc.

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on December 12, 2005.

Executive Director

BOD/jc  
Enclosure

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

|   |   |            |
|---|---|------------|
| THE APPLICATION OF PEOPLES RURAL        | ) |            |
| TELEPHONE COOPERATIVE CORPORATION, INC. | ) |            |
| FOR A CERTIFICATE OF PUBLIC CONVENIENCE | ) | CASE NO.   |
| AND NECESSITY TO CONSTRUCT NEW          | ) | 2005-00452 |
| FACILITIES                              | ) |            |

O R D E R

On November 4, 2005, Peoples Rural Telephone Cooperative Corporation, Inc. ("Peoples RTCC") filed an application seeking a Certificate of Public Convenience and Necessity ("CPCN") to construct a new operations center building. Peoples RTCC is a non-stock, non-profit, membership-owned cooperative corporation with its main office in McKee, Jackson County, Kentucky. As of December 31, 2004, Peoples RTCC had a total of 8,799 access lines providing telephone service to its members in Jackson and Owsley counties in Kentucky.

The proposed construction of the new operations center building is to cost \$2,118,825. Peoples RTCC proposes to finance the cost of the construction through the use of cash and equivalent assets. As of August 31, 2005, Peoples RTCC had \$6,351,691 in cash and equivalents on hand. Peoples RTCC states that it does not anticipate any rate adjustments as a result of the expenditures associated with the proposed construction.

The purpose of the proposed construction is to construct a building that will contain new and additional office space, provide new facilities for its IBM AS400 computer system, and house Peoples RTCC's relocated central office switch. The

proposed office is a two-story building containing 12,578 square feet. Peoples RTCC notes that in its current administrative offices there are as many as three workers in offices designed for a single worker. With the new construction, Peoples RTCC will be able to reduce overcrowding in offices and increase productivity among its work force.

The air conditioning system required for the operation of the IBM AS400 computer system currently used by Peoples RTCC is insufficient and has resulted in periodic service problems. The proposed building has space specifically dedicated to the operation of the IBM AS400, and climate control systems have been designed to meet the needs of the computer system. In addition, Peoples RTCC notes that the building in which the central office switch is currently located is prone to flooding. During flooding, which occurred in 2003 and 2004, water did get into the building. Thus, Peoples RTCC claims that it is necessary to relocate the switch to an area that will not be subject to flooding.

The Commission finds that Peoples RTCC has demonstrated the proposed construction is necessary to maintain adequate utility service. The Commission, therefore, finds that Peoples RTCC should be issued a CPCN to construct the proposed facilities as described in this Order and the application.


IT IS THEREFORE ORDERED that:

1. Peoples RTCC is granted a CPCN to construct the proposed facilities as described in this Order and its application.
2. Peoples RTCC shall notify the Commission, in writing, if the actual costs of the proposed construction exceed the estimated expenditures reported herein by more than 10 percent and shall thoroughly describe the reason for the adjustment.

Done at Frankfort, Kentucky, this 12th day of December, 2005.

By the Commission

ATTEST:



Executive Director

Case No. 2005-00452