

RECEIVED

MAR 14 2008

PUBLIC SERVICE
COMMISSION

Dinsmore & Shohl LLP
ATTORNEYS

Holly C. Wallace
502-540-2309
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March 13, 2008

VIA FEDERAL EXPRESS

Hon. Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

Re: *In the Matter of: Application of North Central Telephone Cooperative Corporation, Inc. to Adjust Rates and Charges for Basic Local Exchange Service, Case No. 2007-00162*

Dear Ms. O'Donnell:

Enclosed for filing in the above-referenced case is the original and eleven (11) copies of North Central Telephone Cooperative Corporation's Response to Post-Hearing Requests.

Please return a file-stamped copy of the response to me in the in the self-addressed, postage prepaid envelope.

Thank you, and if you have any questions with regard to this matter, please call me.

Very truly yours,

DINSMORE & SHOHL LLP



Holly C. Wallace

HCW/rk

Enclosures

cc: All Parties of Record
John E. Selent, Esq.

126707v1

1400 PNC Plaza, 500 West Jefferson Street Louisville, KY 40202
502.540.2300 502.585.2207 fax www.dinslaw.com

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAR 14 2008

PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF NORTH CENTRAL)
TELEPHONE COOPERATIVE)
CORPORATION, INC. TO ADJUST)
RATES AND CHARGES FOR BASIC)
LOCAL EXCHANGE SERVICE)

Case No. 2007-00162

**NORTH CENTRAL'S RESPONSE TO
POST-HEARING REQUESTS**

North Central Telephone Cooperative Corporation ("North Central"), by counsel, hereby files with the Public Service Commission of the Commonwealth of Kentucky (the "Commission"), its response to the Commission's post-hearing data requests.

REQUEST NO. 1

Provide North Central's interstate and intrastate access rates in Tennessee and Kentucky.

Responsible Witness: F. Thomas Rowland

RESPONSE:

North Central's intrastate access tariffs in Kentucky and Tennessee, which are on file with the Commission and the Tennessee Regulatory Authority, respectively, are attached hereto as Exhibit A. North Central participates in the National Exchange Carrier Association's interstate access tariff. Access charges are comprised of a variety of rate elements including transport, which is billed on a per access minute per mile basis as well as the switches (that is, host, remote, tandem) required to deliver access traffic. Therefore, terminating access charges vary based on the distance the call is transported and the office serving the end user. For illustrative purposes, North Central estimated its interstate and intrastate originating and terminating access charges based on a sampling of a single, large carrier in its largest Tennessee exchange and its only Kentucky exchange. The estimated terminating access charges are as follows:

	Full Rate including NTSR			
	Interstate		Intrastate	
	<u>Orig</u>	<u>Term</u>	<u>Orig</u>	<u>Term</u>
TN	0.01025	0.01071	0.03902	0.03917
KY	0.01175	0.00976	0.01394	0.15023

REQUEST NO. 2

For calendar year 2007, provide TIER as calculated by RUS on Form 479, and provide a TIER calculation on regulated operations only.

Responsible Witness: Thomas N. Strait

RESPONSE:

North Central's TIER calculations based on its audited financial statements for calendar year 2007 as calculated by RUS (inclusive of non-regulated operations) and as calculated by the Commission (inclusive of regulated operations only) are attached hereto as Exhibit B.

REQUEST NO. 3

Do the loan covenants with RUS specify a debt service covenant ratio?

Responsible Witness: F. Thomas Rowland

RESPONSE:

No. RUS has confirmed that it does not require a debt service ratio.

REQUEST NO. 4

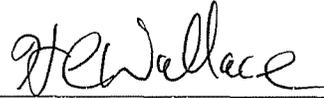
Provide a chart of North Central's corporate structure.

Responsible Witness: F. Thomas Rowland

RESPONSE:

A chart of North Central's corporate structure is attached hereto as Exhibit C.

Respectfully submitted,



John E. Selent

Holly C. Wallace

DINSMORE & SHOHL LLP

1400 PNC Plaza

500 W. Jefferson Street

Louisville, Kentucky 40202

(502) 540-2300

(502) 585-2207 (fax)

**Counsel to North Central Telephone
Cooperative Corporation**

CERTIFICATION

I hereby certify that, for the data requests for which I have been identified as the responsible witness, I have supervised the preparation of North Central Telephone Cooperative Corporation's responses to the post-hearing data requests, and that the responses contained therein are true and accurate to the best of my knowledge, information, and belief formed after reasonable inquiry.

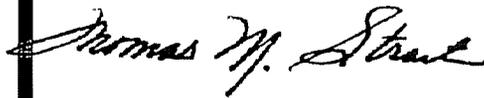
A handwritten signature in black ink, appearing to read "F. Thomas Rowland", written over a horizontal line.

F. Thomas Rowland
President and CEO
North Central Telephone Cooperative Corporation

Date: 3/13/08

CERTIFICATION

I hereby certify that, for the data requests for which I have been identified as the responsible witness, I have supervised the preparation of North Central Telephone Cooperative Corporation's responses to the post-hearing data requests, and that the responses contained therein are true and accurate to the best of my knowledge, information, and belief formed after reasonable inquiry.



Thomas M. Strait

Date: March 13, 2008

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing was served on the following via U.S. first-class mail, postage pre-paid this 13th day of March, 2008.

C. Kent Hatfield
Douglas Brent
Stoll Keenon Ogden PLLC
500 W. Jefferson Street
2000 PNC Plaza
Louisville, KY 40202

Dulaney L. O’Roark, III
VP and General Counsel-Southeast Region
Verizon
PO Box 110, MC FLT 0007
Tampa, FL 33601



**Counsel to North Central Telephone
Cooperative Corporation**

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USDA-RUS

**OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

TN0545

PERIOD ENDING

December, 2007

INSTRUCTIONS- See RUS Bulletin 1744-2

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	4,346,782	4,769,132
2. Network Access Services Revenues	6,165,199	6,335,814
3. Long Distance Network Services Revenues	3,550,205	3,255,122
4. Carrier Billing and Collection Revenues	120,691	112,056
5. Miscellaneous Revenues	2,178,439	2,513,017
6. Uncollectible Revenues	110,567	30,000
7. Net Operating Revenues (1 thru 6 less 6)	16,250,749	16,955,141
8. Plant Specific Operations Expense	3,592,504	3,442,262
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	2,236,698	2,350,302
10. Depreciation Expense	5,339,421	5,715,774
11. Amortization Expense		
12. Customer Operations Expense	2,263,832	2,150,352
13. Corporate Operations Expense	2,718,772	2,744,096
14. Total Operating Expenses (8 thru 13)	16,151,227	16,402,786
15. Operating Income or Margins (7 less 14)	99,522	552,355
16. Other Operating Income and Expenses		
17. State and Local Taxes	402,808	417,003
18. Federal Income Taxes		
19. Other Taxes		
20. Total Operating Taxes (17+18+19)	402,808	417,003
21. Net Operating Income or Margins (15+16-20)	(303,286)	135,352
22. Interest on Funded Debt	977,799	1,429,426
23. Interest Expense - Capital Leases		
24. Other Interest Expense	18,679	26,779
25. Allowance for Funds Used During Construction	120,300	536,005
26. Total Fixed Charges (22+23+24-25)	876,178	920,200
27. Nonoperating Net Income	166,898	175,566
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	1,464,329	2,124,984
31. Total Net Income or Margins (21+27+28+29+30-26)	451,763	1,515,702
32. Total Taxes Based on Income	5,336	20,548
33. Retained Earnings or Margins Beginning-of-Year	1,076,444	451,766
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital	1,076,441	451,766
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	451,766	1,515,702
40. Patronage Capital Beginning-of-Year	39,696,098	40,205,625
41. Transfers to Patronage Capital	1,076,441	451,766
42. Patronage Capital Credits Retired	566,914	5,253
43. Patronage Capital End-of-Year (40+41-42)	40,205,625	40,652,138
44. Annual Debt Service Payments	977,799	1,429,426
45. Cash Ratio [(14+20-10-11) / 7]	0.6901	0.6549
46. Operating Accrual Ratio [(14+20+26) / 7]	1.0726	1.0463
47. TIER [(31+28) / 28]	1.5156	2.6471
48. DSCR [(31+28+10+11) / 44]	6.8187	5.7028

North Central Telephone Cooperative Corporation
 Regulated TIER Calculation

3/12/2008

Period 2007

Income Statement

Operating Revenues

Local network services revenue	\$ 4,769,132
Network access service revenue	6,335,814
Long distance network services revenue	3,255,122
Miscellaneous revenue	2,625,073
Uncollectible revenue	(30,000)
Additional Revenues	-
Total Operating Revenues	\$ 16,955,141

Operating Expenses

Plant specific operations expense	\$ 3,442,262
Plant non-specific operations expense	2,350,302
Provision for depreciation	5,715,774
Customer operations expense	2,150,352
Corporate operations expense	2,744,096
Operating taxes	417,003
Total Operating Expenses	\$ 16,819,789

Operating Income **\$ 135,352**

Fixed Charges

Interest expense	\$ 1,456,205
Interest charged to construction - credit (12)	(536,005)
Total Fixed Charges	\$ 920,200

Income Before Taxes on Income **\$ (784,848)**

Taxes on Income **20,548**

Net Income **\$ (805,396)**

TIER Calculation	0.12
Net Income (after taxes)	\$ (805,396)
Interest expense	\$ 920,200
Net Income (after taxes) + Interest Expense	\$ 114,804

ACCESS SERVICE

17. Rates and Charges (Cont'd)17.1 Carrier Common Line Access Service (Cont'd)17.1.2 Non-Traffic Sensitive Revenue

Regulations concerning Non-Traffic Sensitive Revenue charges are set forth in Section 3.9. The Non-Traffic Sensitive Revenue Requirement per access line per month rate for each of the Issuing Carriers follows:

	<u>Per Access Line Per Month Rate</u>
Duo County Telephone Coop. Corp., Inc.	\$ 8.52
Ballard Rural Telephone Coop. Corp., Inc.	\$ 6.31
Brandenburg Telephone Company, Inc.	\$ 9.67
Gearheart Communications, Inc. dba Coalfields Telephone Company, Inc.	\$10.38
Foothills Rural Tel. Coop. Corp., Inc.	\$ 9.53
Highland Telephone Cooperative, Inc.	\$ 8.80
Logan Telephone Cooperative, Inc.	\$ 4.84
Mountain Rural Telephone Coop. Corp.	\$10.88
North Central Telephone Coop., Inc.	\$ 8.74
Peoples Rural Tel. Coop. Corp., Inc.	\$10.46
South Central Rural Tel. Coop. Corp., Inc.	\$ 5.81
Thacker-Grigsby Telephone Company	\$10.64
West Kentucky Rural Tel. Coop. Corp., Inc.	\$ 7.39

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

NOV 01 1999

PURSUANT TO 807 KAR 5:011,
SECTION 9(1)

BY: Stephan D. Bell
SECRETARY OF THE COMMISSION

Issued: September 20, 1999

Effective: November 1, 1999

By: W.W. Magruder, Executive Vice President

ACCESS SERVICE

17. Rates and Charges (Cont'd)17.2 Switched Access Service (Cont'd)17.2.2 Local Transport (Cont'd)RateTariff
Section
ReferencePremium Access (Cont'd)

- <u>Tandem Switched Transport</u>		6.1.3(A) (3)
- <u>Tandem Switched Facility</u>	\$.000189	
Per Access Minute Per Mile		
- <u>Tandem Switched Termination</u>	\$.000933	
Per Access Minute Per		
Termination		
- <u>Tandem Switching</u>	\$.003507	
Per Access Minute Per Tandem		
- <u>Transport Interconnection</u>		6.1.3(A) (4)
<u>Charge</u>		
Per Access Minute		
* - Rate Band 1	\$.005006 ✓	
- Rate Band 2	\$.007509	
- Rate Band 3	\$.010012	
- Rate Band 4	\$.012515	

Refer to the Transport
Interconnection Charge Rate
Band Table in 17.6.1 to view
company specific rate band
association.

Non-Premium Access

- <u>Transport Interconnection</u>		6.1.3(A) (4)
<u>Charge</u>		
Per Access Minute		
- Rate Band 1	\$.002253	
- Rate Band 2	\$.003379	
- Rate Band 3	\$.004505	
- Rate Band 4	\$.005632	

Refer to the Transport
Interconnection Charge Rate
Band Table in 17.6.1 to view
company specific rate band
association.

<u>Network Blocking Per Blocked Call</u>		
Applies to FGD only	\$.0135	6.8.6

Issued: September 20, 1999

Effective: November 1, 1999

By: W.W. Magruder, Executive Vice President

ACCESS SERVICE

17. Rates and Charges (Cont'd)17.2 Switched Access Service (Cont'd)17.2.2 Local Transport (Cont'd)(A) Common Channel Signaling Network Connection

	<u>Rate</u>	<u>Tariff Section Reference</u>
(1) <u>Signaling Network Access Link</u>		6.10.3
- Signaling Mileage Facility per mile	\$ 3.96	
- Signaling Mileage Termination per Termination	\$ 39.79	
- Signaling Entrance Facility per Facility	\$ 69.82	
	<u>Nonrecurring Charge</u>	
	\$177.00	
(2) <u>STP Port</u>		
- Per port	\$455.00	
(B) <u>800 Data Base Access Service Queries</u>		6.10.3
Per Query		
Basic	\$.0054	
Vertical Feature	\$.0059	

Issued: September 20, 1999

Effective: November 1, 1999

By: W.W. Magruder, Executive Vice President

ACCESS SERVICE

17. Rates and Charges (Cont'd)17.2 Switched Access Service (Cont'd)17.2.3 End Office(A) Local SwitchingPremium
Per Access Minute

* ↓	Rate Band 1	\$.009412
-	Rate Band 2	\$.011766
-	Rate Band 3	\$.014119
-	Rate Band 4	\$.016472
-	Rate Band 5	\$.018825
-	Rate Band 6	\$.021178
-	Rate Band 7	\$.023531

Refer to the Local Switching Rate Band Table in 17.6.1 to view company specific rate band association.

Non-Premium
Per Access Minute

-	Rate Band 1	\$.004235
-	Rate Band 2	\$.005295
-	Rate Band 3	\$.006354
-	Rate Band 4	\$.007412
-	Rate Band 5	\$.008471
-	Rate Band 6	\$.009530
-	Rate Band 7	\$.010589

Refer to the Local Switching Rate Band Table in 17.6.1 to view company specific rate band association.

(B) Information Surcharge

-	Premium Per 100 Access Minutes	\$.0161
-	Non-Premium Per 100 Access Minutes	\$.0072

NORTH CENTRAL TELEPHONE COOPERATIVE, INC.
INTRASTATE ACCESS SERVICE TARIFF

Original Page 17-1
13th Revised

17. Rates and Charges

17.1 Carrier Common Line Access Service

17.1.1 Carrier Common Line Access Service*

Regulations concerning Carrier Common Line
Charges are set forth in Section 3.

Premium Access	Rate	
- Terminating, per access minute	\$.024231	R
- Originating, per access minute	\$.020000	

*Includes transition support factor for the year 2000 of \$0.004 and for the year 2001
\$0.007 per minute of use and the year 2002 of \$0.010 per minute of use.

Issued: December 1, 2007

Effective: January 1, 2008

By: F. Thomas Rowland, President and CEO

ACCESS SERVICE

17. Rates and Charges (Cont'd)

17.2 Switched Access Service

Regulations concerning Switched Access Service charges are set forth in Section 6.

17.2.1 <u>Nonrecurring Charges</u>	<u>Rate</u>
(A) Local Transport - Installation	
- Per Entrance Facility	
- Voice Grade Two Wire	\$ 227.00
- Voice Grade Four Wire	\$ 227.00
- High Capacity DS1	\$ 178.00
- High Capacity DS3	\$ 941.60
(B) Interim NXX Translation	
- Per Order Per LATA	\$ 124.00
(C) FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	
- Per 24 Trunks Converted or Fraction thereof on a	
- Per Order Basis	\$ 242.00
(D) Trunk Activation	
- Per 24 Trunks Activated or Fraction thereof on a	
- Per Order Basis	\$ 242.00
(E) Local Transport-Installation	
- Per Line or Trunk	\$ 220.00

ACCESS SERVICE

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 Local Transport

Rate

Premium Access

-	<u>Entrance Facility</u>	
	Per Termination	
-	Voice Grade Two Wire	\$ 36.12
-	Voice Grade Four Wire	\$ 57.79
-	High Capacity DS1	\$ 198.94
-	High Capacity DS3	\$ 2,307.75
-	<u>Direct Trunked Transport</u>	
-	<u>Direct Trunked Facility</u>	
	Per Mile	
-	Voice Grade	\$ 2.57
-	High Capacity DS1	\$ 25.10
-	High Capacity DS3	\$ 256.03
-	<u>Direct Trunked Termination</u>	
	Per Termination	
-	Voice Grade	\$ 25.85
-	High Capacity DS1	\$ 116.34
-	High Capacity DS3	\$ 604.97
-	<u>Multiplexing</u>	
	Per Arrangement	
-	DS3 to DS1	\$ 550.00
-	DS1 to Voice	\$ 212.35

ACCESS SERVICE

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 Local Transport (Cont'd)

Rate

Premium Access (Cont'd)

Tandem Switched Transport

- Tandem Switched Facility \$0.000189 R
Per Access Minute Per Mile

- Tandem Switched Termination \$0.000933 R
Per Access Minute Per Termination

- Tandem Switching \$0.003507 R
Per Access Minute Per Tandem

- Local Transport Facility \$0.000132
Per Access Minute Per Mile

- Local Transport Termination \$0.0136
Per Access Minute Per Mile

Residual Interconnection Charge \$0.005006 R
Per Access Minute

Network Blocking Per Blocked Call \$0.0359
Applies to FGD only

ACCESS SERVICE

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 Local Transport (Cont'd)

(A) Common Channel Signaling Network Connection

(1) Signaling Network Access Link

	<u>Monthly</u>	<u>Nonrecurring</u>
	<u>Rate</u>	<u>Charge</u>

Signaling Mileage Facility

- Per Mile \$ 5.16

Signaling Mileage Termination

- Per Termination \$ 51.71

Signaling Entrance Facility

- Per Facility \$ 66.83 \$176.00

(2) STP Port

- Per Port \$476.00

(B) 800 Data Base Access Service Queries

	<u>Rate</u>
- Per Query	
Basic	\$0.0075
Vertical Feature	\$0.0077

ACCESS SERVICE

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.3 End Office

(A) Local Switching

Premium

Rate

Local Switching 1 Per Access Minute
FGA & FGB (except: (1) FGB
utilized for the provision of
MTS/WATS service and (2)
FGA & FGB when utilized for
the provision of terminating
inward WATS and WATS-type
services at an equal access
WATS Serving Office).

\$0.009412 R

- Local Switching 2 Per Access Minute
FGC & FGD (including: (1)
FGB when utilized for the
provision of MTS/WATS service
and (2) FGA & FGB when utilized
for the provision of terminating
inward WATS and WATS-type services
at an equal access WATS Serving
Office).

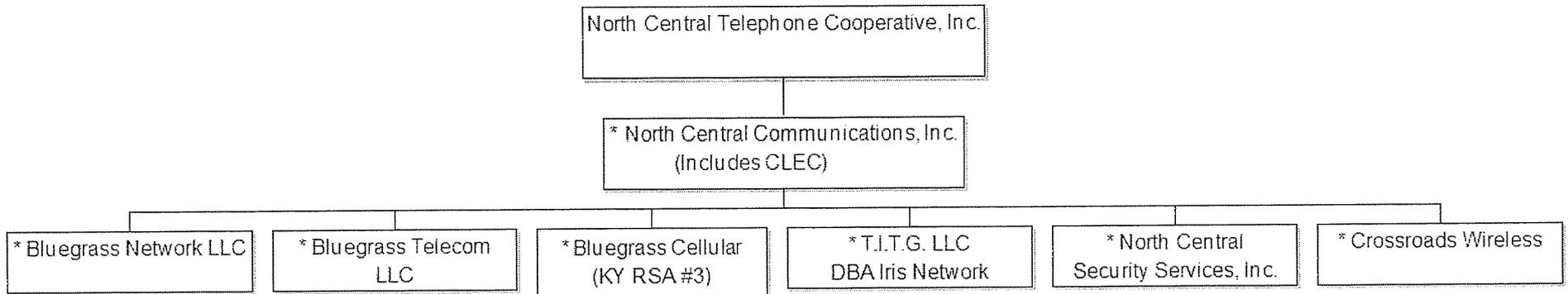
\$0.009412 R

(B) Information Surcharge

Premium Per 100 Access Minutes

\$0.016100 R

North Central Telephone Cooperative, Inc. Corporate Structure



* Provider of non-regulated services