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511 MAIN STREET
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WEST LIBERTY, KY 41472
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RECEIVED

JUN 03 2010

**PUBLIC SERVICE
COMMISSION**

Jeff R. Derouen, Executive Director
KY Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

June 3, 2010

Dear Director Derouen,

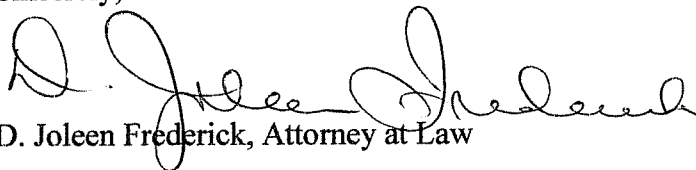
2010-00224

Attached for your review is an Application for a Certificate of Public Convenience and Necessity for the construction of a new headquarters building in West Liberty, Kentucky. This Application is submitted on behalf of Mountain Rural Telephone Cooperative Corporation, Inc.

Enclosed are an original and ten copies of Mountain Rural Telephone Cooperative Corporation, Inc. verified Application and required Exhibits for filing with the Commission.

Any questions about this application should be referred to Eileen Bodamer, Consultant to Mountain Rural Telephone Cooperative Corporation, Inc. at 770-649-1886.

Sincerely,



D. Joleen Frederick, Attorney at Law

Attachment

Cc: W. A. Gillum
Shayne Ison

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JUN 03 2010

PUBLIC SERVICE
COMMISSION

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

**THE APPLICATION OF MOUNTAIN RURAL)
TELEPHONE COOPERATIVE CORPORATION, INC.)
FOR A CERTIFICATE OF PUBLIC) Case No. _____
CONVENIENCE AND NECESSITY FOR THE)
CONSTRUCTION OF A NEW HEADQUARTERS)
BUILDING IN WEST LIBERTY, KENTUCKY)**

**APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND
NECESSITY FOR CONSTRUCTION OF A NEW HEADQUARTERS BUILDING
IN WEST LIBERTY, KENTUCKY**

Mountain Rural Telephone Cooperative Corporation, Inc. pursuant to KRS 278.020 and 807 KAR 5:001, Sections 8 and 9, hereby submits this application for a certificate of public convenience and necessity for the construction of a new headquarters building in West Liberty, Kentucky.

1. The full name and address of Mountain Rural Telephone Cooperative Corporation, Inc. ("Mountain") is 405 Main St., P.O. Box 399 West Liberty, KY 41472.

2. Mountain, a Rural Utilities Services (RUS) borrower, operates as a rural incumbent local exchange carrier providing telecommunications services to areas within Morgan, Elliott, Menifee, and Wolfe County, Kentucky. Mountain also provides service to small areas of Bath and Lee Counties. Mountain, as of December 31, 2009, has approximately 15,000 access lines.

3. A copy of Mountain's Articles of Incorporation and all amendments thereto was previously filed in case 2009-00538 and is not included at this time.

4. Mountain is seeking to construct a new headquarters building on a lot that it previously purchased and now owns. The site on which the company seeks to construct its new building is an empty lot that abuts the existing property. Because this location sits adjacent to its current headquarters building and that building will remain in use by Mountain, the company will continue to use its current address for all correspondence.

5. Built in the late 1960s, Mountain's current headquarters building did not anticipate the wide-spread deployment of computers or subsequent state and federal requirements for accessibility and occupational health and safety compliance. Accordingly, the existing building fails to meet many now-basic operating expectations:

- a. While marginally meeting federal requirements for handicap accessibility, Mountain's existing facilities are inadequate for independent enjoyment by its membership. Access to the building and company services cannot be accomplished without manual assistance from employees.
- b. Environmental controls are inadequate for the heat and noise generated by Mountain's computers. Mountain's computer operators must frequently share space with the company's main frame computers and are exposed to high levels of background noise.
- c. Basic health facilities, i.e., bathrooms, were deficient in the original building and remain woefully inadequate to support the number of employees in the building. Additionally, existing facilities fail to allow ready access by handicapped employees or customers.
- d. The current building lacks any privacy between departments or routine secured handling of customer issues. Both federal "red flag" and CPNI

rules – as well as common sense – require that sensitive material be afforded confidential treatment. While the company has adapted as best it can, its current environment does not readily support the privacy expectations of Mountain’s customers, vendors, or employees.

- e. The current building lacks either a loading dock or storage space for critical materials, such as bill stock, required by the company in the performance of its daily operations. As a result, it is forced to purchase materials in uneconomically small quantities.
- f. Building security is woefully lacking, a concern that will grow dramatically with the deployment of expensive next generation service offerings.
- g. The drive-through window, now very popular with Mountain’s members, can only accommodate two cars at a time. As a result, during several peak periods a month, the use of this amenity blocks the main road and creates a traffic hazard.
- h. There is no room whatsoever for future growth to accommodate new services.

6. Mountain was recently approved for federal funding for fiber-to-the-home project. Accommodating those services will require expansion in office facilities including specialized equipment that may include video production and ad insertion capabilities. The existing building lacks space, environmental controls, or security necessary to realistically accommodate these new products.

7. Before seeking to construct a new headquarters building, Mountain first evaluated whether it could modify its existing structure to address its myriad of requirements. After extensive review, Mountain's building engineer determined that the existing structure was incapable of accommodating the needs of the company. Mountain concluded that construction of a new headquarters was the only viable solution for addressing these issues.

8. Mountain's existing building will be used to house central office employees and as storage space. It will remain wholly used by the company.

9. As a member-owned cooperative, the decision to construct the new headquarters required approval from the member-elected board. The board unanimously approved this request in late 2009.

10. Mountain anticipates that the construction of its new building will commence in the third quarter of this year and be completed in approximately one year.

11. The company has not estimated an ongoing cost of maintenance and operation of its new headquarters. Upon information and belief, the company anticipates that its ongoing operating costs will be consistent with such costs for an energy efficient office building.

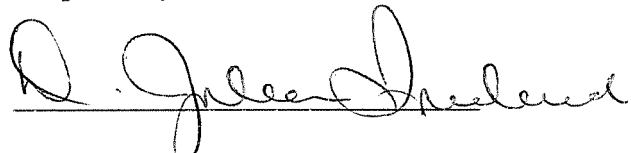
12. Pursuant to 807 KAR 5:001, section 9(2)(b), Mountain does not require franchise approval from any public authority to deploy the facilities described herein. The site on which the new building is to be constructed is already partially zoned for commercial purposes. The building has been designed to integrate with the existing businesses in the area and Mountain anticipates that all applicable building permits will be obtained without any undue delay.

13. Exhibit A of this application shows the project budget as prepared by the company's licensed architect for this project. Architectural renditions of the site layout and the building itself, including its proximity to Mountain's existing building are also provided in that same exhibit.

14. As shown in Exhibit A, the company anticipates that the total cost for the project will be approximately \$5.2M or \$155 per square foot. At this time, the company does not anticipate requiring any local rate adjustments to fund its new construction. Mountain proposes to fund the construction of its new building through existing available funds.

Based on the foregoing, and in accordance with KRS 278.020 and 807 KAR 5:001, sections 8 and 9, Mountain Rural Telephone Cooperative Corporation, Inc. respectfully requests that the Commission issue a Certificate of Public Convenience and Necessity for construction of a new headquarters building in West Liberty, Kentucky.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "D. Joleen Frederick", written over a horizontal line.

D. Joleen Frederick, Attorney for Mountain
511 Main Street
West Liberty, KY 41472
(606) 743-2550

June 3, 2010

Exhibit A

Mountain Rural Telephone Cooperative Corporation, Inc.

Application for a Certificate of Public Convenience and Necessity for construction
of a new headquarters building in West Liberty, Kentucky

Project: 09 17 08ProjectBudget_CD at 100%.xls
 05/27/2010 10:06 AM

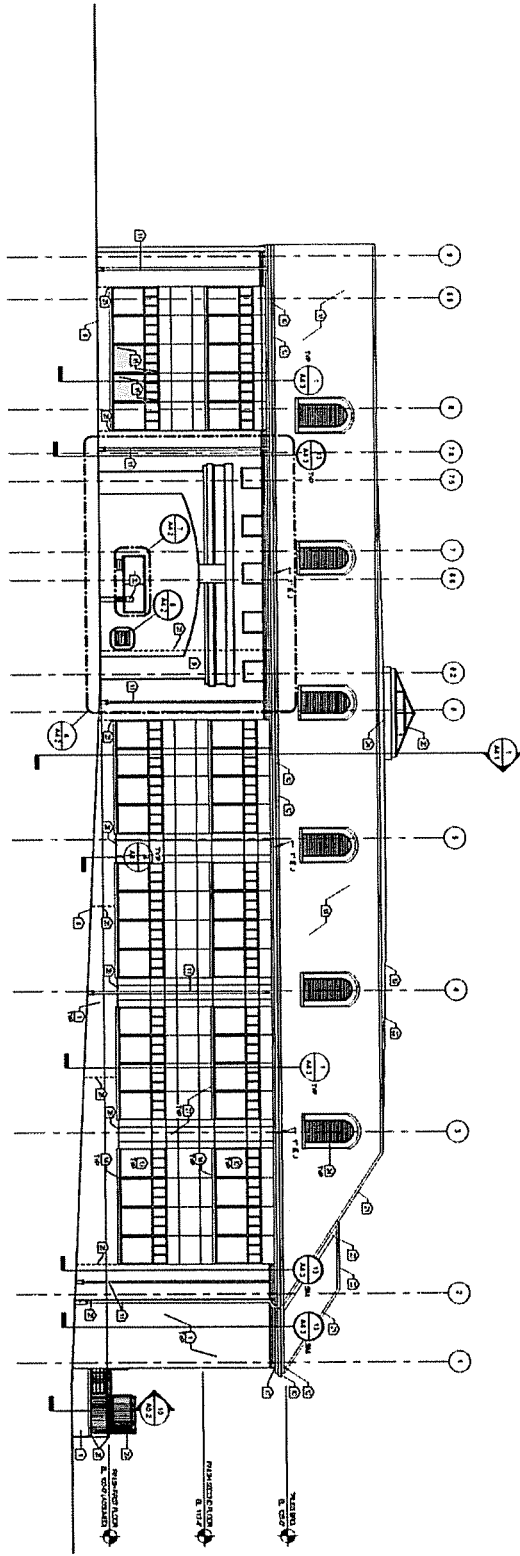
Sherman-Carter-Barnhart PSC
Probable Construction Budget

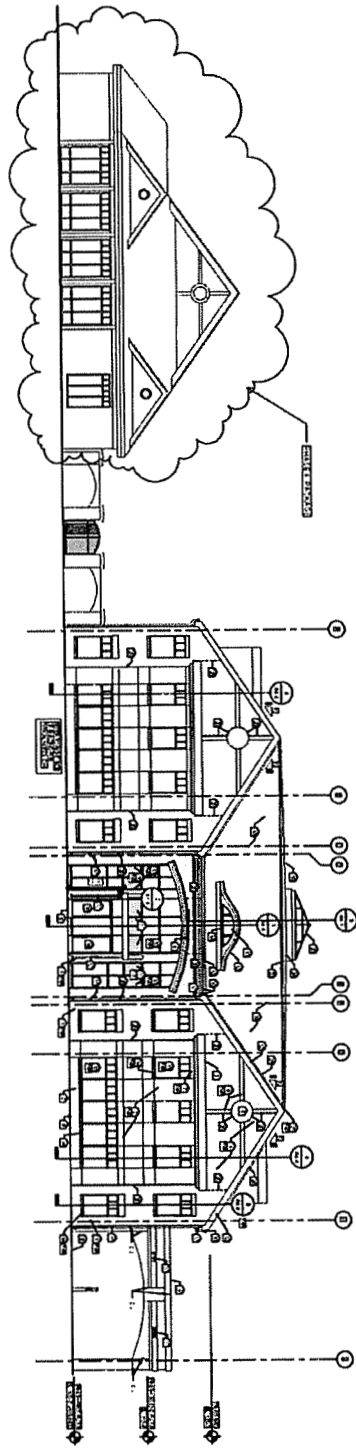
Summary

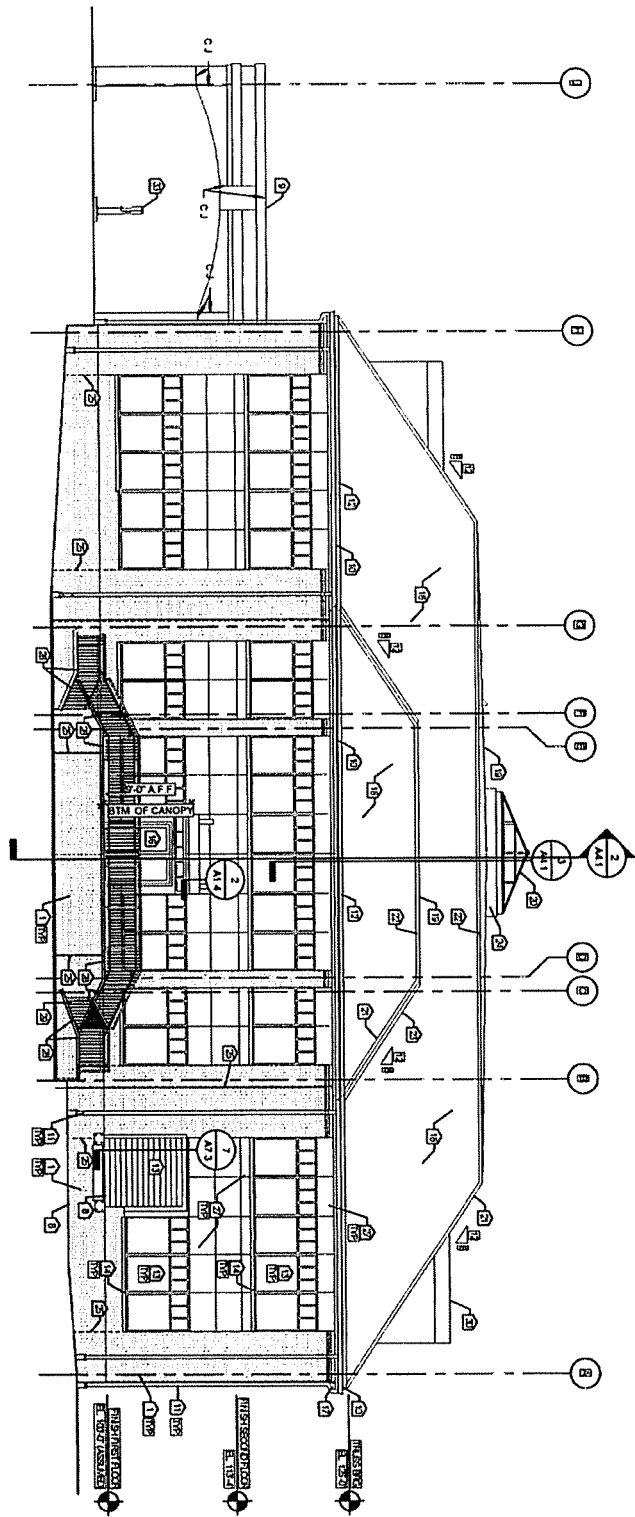
Project:	Mt Telephone	Project #:	0984
Location:	West Liberty, KY	Contract Type	GC
Phase:	Construction Documents	Project Type:	New Construction
Architect:	Rob Selin / Charlie Barnhart	Estimator:	Cathy Kono / Troy Fraley
Job Duration	Months 12 WEEKS 52	Days	365
Total SF	33945	New	33945
		Renovation	0

DESCRIPTION	Per SF Cost	Sub-Total	%Cost	TOTAL
DIVISION 1 - General Requirements	\$6.69	\$226,984.40	5%	
DIVISION 2 - Site	\$13.52	\$458,984.56	9%	
DIVISION 3 - Concrete	\$7.52	\$255,240.00	5%	
DIVISION 4 - Masonry	\$7.77	\$263,895.00	5%	
DIVISION 5 - Metals	\$14.10	\$478,579.50	10%	
DIVISION 6 - Wood & Plastics	\$15.47	\$525,182.87	11%	
DIVISION 7 - Thermal & Moisture Protection	\$11.56	\$392,253.92	8%	
DIVISION 8 - Doors & Windows	\$11.47	\$389,313.00	8%	
DIVISION 9 - Finishes	\$12.33	\$418,498.96	8%	
DIVISION 10 - Specialties	\$1.33	\$45,251.75	1%	
DIVISION 11 - Equipment	\$0.41	\$14,000.00	0%	
DIVISION 12 - Furnishings	\$0.47	\$15,950.01	0%	
DIVISION 13 - Special Construction	\$0.00	\$0.00	0%	
DIVISION 14 - Conveying Systems	\$1.47	\$50,000.00	1%	
DIVISION 15 - Mechanicals	\$19.76	\$670,700.00	13%	
Fire Protection	\$3.92	\$133,000.00	3%	
DIVISION 16 - Electrical	\$19.25	\$653,340.65	13%	
ALTERNATES	\$0.00	\$0.00	0%	
SUB-TOTAL		\$147.04		\$4,991,174.62
Inflation Adjustment	0%			\$0.00
Wage Rate Adjustment	0%			\$0.00
Contingency	0%			\$0.00
Profit	5.00%			\$249,558.73
Sub Total				\$5,240,733.35
Bond				\$35,765.00
TOTAL			Cost/ SF \$155.44	\$5,276,498.35
BUDGET	\$5,000,000.00	Difference	(\$276,498.35)	-5.5%
Tax Savings From Owner Direct Material	-5.00%	\$1,996,469.85		(99,823.49)









Satellite of Proposed site and existing site ("A") from Google Earth.

