

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF HAROLD TELEPHONE )  
COMPANY, INC., FOR AUTHORITY TO EXE- )  
CUTE AN AMENDMENT TO THE TELEPHONE )  
LOAN CONTRACT AND TO EXECUTE A NOTE )  
IN THE AMOUNT OF \$1,014,300.00 TO )  
THE RURAL TELEPHONE BANK, RURAL )  
ELECTRIFICATION ADMINISTRATION, )  
UNITED STATES OF AMERICA, FOR THE )  
PURPOSE OF IMPROVING AND EXTENDING )  
TELEPHONE SUBSCRIBERS AND TO MAKE )  
RELATED IMPROVEMENTS INCLUDING THE )  
CONSTRUCTION OF FACILITIES TO HANDLE )  
NEW DIGITAL SERVICES )

CASE NO. 8294

O R D E R

IT IS ORDERED that Harold Telephone Company shall file an original and five copies of the following information with the Commission, with a copy to the Attorney General's Division of Consumer Protection, by September 8, 1981. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case will be dismissed.

1. What is the reason for the investment of \$48,300.00 in Class B stock in the Rural Telephone Bank?

2. Why are you proposing to borrow money from the Rural Telephone Bank at 11.25%? Did you investigate the possibility of borrowing REA money at 5%?

3. Is any of the proposed construction and expenditure of money related to the Telephone Company's last construction and loan which was approved by the Commission in Case No. 6843, dated September 19, 1977? If so, identify that uncompleted

work and the amount of the loan which will be used to complete that work.

4. In connection with question #3, if any work from your previous construction program is not complete, please explain the reason for the cost overrun, since the company stated that the proceeds of the previous loan would be sufficient to complete the previous construction program.

5. Will this loan and construction, if authorized, be sufficient to serve all present and anticipated applicants for telephone service during the period covered by the construction program?

6. Please explain the economic analysis underlying the decision to install a digital central office in the Harold Exchange, rather than making additions and improvements to the existing central office.

7. Provide all details concerning the proposed lease agreement or sale of land by the owner to Harold Telephone Company referred to on page 9 in the narrative of the Area Coverage Design. Give dimensions and location of land and how price was determined.

8. Provide excerpts from the minutes of the Board of Directors' meeting of July 27, 1981, approving the construction and financing requested in this application.

9. Provide details of the purchase of the new building for \$125,000 referred to on page 16 in the narrative of the Area Coverage Design. Include the name of the seller, dimensions, purpose and location of new building, and form of transaction,

whether by private bid or public auction. If private bid, provide an explanation as to how the price was determined.

10. Do you foresee or anticipate that this additional indebtedness will necessitate an increase in your rates?

11. Will this work be done in-house, by your own employees, or will it be contracted out? If by contract, provide the name(s) of the firm(s) who will construct these facilities.

Done at Frankfort, Kentucky, this 31st day of August, 1981.

PUBLIC SERVICE COMMISSION

  
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For the Commission

ATTEST:

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Secretary