

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BLUEGRASS CELLULAR)
TELEPHONE PARTNERS FOR THE ISSUANCE OF)
A CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY TO PROVIDE DOMESTIC)
PUBLIC CELLULAR RADIO TELECOMMUNICA-)
TIONS SERVICE TO THE PUBLIC IN THE) CASE NO. 9942
LEXINGTON-FAYETTE METROPOLITAN)
STATISTICAL AREA, INCLUDING ALL OR)
PARTS OF BOURBON, CLARK, FAYETTE,)
JESSAMINE, SCOTT, AND WOODFORD COUNTIES)
IN KENTUCKY, FOR APPROVAL OF THE)
ISSUANCE OF INDEBTEDNESS AND FOR)
ESTABLISHMENT OF INITIAL RATES)

O R D E R

On June 2, 1987, Bluegrass Cellular Telephone Partners ("Bluegrass Cellular") filed its application for a certificate of public convenience and necessity to provide cellular radio telecommunications service in the Lexington, Kentucky, Metropolitan Statistical area ("Lexington MSA"), as more specifically described in its application and exhibits, and to construct the necessary facilities to provide such service. Bluegrass Cellular further requested approval for the issue of certain indebtedness necessary to establish its operations, and approval of its proposed tariff and initial rates.

As a part of its initial application, Bluegrass Cellular petitioned the Commission for confidential treatment of certain exhibits pursuant to 807 KAR 5:001, Section 7. These exhibits (F, G, M, N, P, and Q) contain information relative to system design

criteria and the financial statements of Bluegrass Cellular, including details of the proposed financing. In support of its petition, Bluegrass Cellular stated that the information is not known outside the business of the applicant or of its affiliates, equipment vendors, or creditors, and that disclosure would result in the likelihood of substantial competitive injury to Bluegrass Cellular. Since the Commission will grant the request for confidentiality, the amount and type of indebtedness involved will not be enumerated herein.

Bluegrass Cellular is a Kentucky general partnership consisting of two partners, Bluegrass Cellular, Inc., and McCaw Communications of Louisville, Inc. Bluegrass Cellular, Inc., is a wholly-owned subsidiary of Bluegrass Broadcasting Co., Inc., which was granted a construction permit by the Federal Communications Commission for the non-wireline cellular system for the Lexington MSA on January 21, 1987.

As part of its proposed construction, Bluegrass Cellular plans to construct six cell sites in the Central Business District of Lexington, Kentucky; Georgetown, Kentucky; near Paris, Kentucky; Winchester, Kentucky; Nicholasville, Kentucky; and in Western Fayette County, near Lexington, Kentucky. In an informal, pre-filing conference held on May 22, 1987, with Commission staff, attorneys for Bluegrass Cellular discussed the potential impact on Bluegrass Cellular of KRS 100.324(1), which states that public utilities operating under the jurisdiction of the Commission are not required to obtain approval for the location of facilities from relevant planning commissions. Bluegrass Cellular stated in

its application that it has contacted the relevant planning commission for each of the cell sites to be constructed. The Commission will require in this Order that Bluegrass Cellular file the results of those contacts as soon as they are available.

The Commission is also aware that the Jessamine County Planning commission is holding a public meeting on August 4, 1987, during which the proposed cell site location will be discussed. Bluegrass Cellular filed a letter on July 29, 1987, proposing the Commission grant the certificate by August 1, 1987, except for this cell site location. Bluegrass Cellular stated in part, that it will face severe financial penalties if construction is not begun and completed in a timely fashion.

In its application, Bluegrass Cellular presented financial information for which it requested confidentiality. The request has been granted herein by the Commission. As such, specific financial data will not be discussed in this Order; however, the Commission does have some reservations with the formidable amount of leverage involved in bluegrass Cellular's request for approval. The financial information provided was, in one case, in draft form. The other provided only a balance sheet for its entire operations. These situations with the high amount of debt involved permit the Commission to make only a limited review of the Kentucky operations. Although both partners may be financially sound, Bluegrass Cellular should be aware of its undertaking and take necessary action to alleviate the financial risk involved.

FINDINGS AND ORDERS

The Commission, having considered the application and evidence of record, and being advised, is of the opinion and finds that:

(1) Bluegrass Cellular is technically capable of providing cellular telephone service;

(2) Bluegrass Cellular is financially willing and ready to construct and operate the necessary facilities required to provide cellular telephone service;

(3) The proposed rates, rules, and regulations filed with the application are fair, just, and reasonable and should be approved, effective with the institution of service;

(4) Pursuant to 807 KAR 5:001, Section 7, Exhibits F, G, M, N, P, and Q of Bluegrass Cellular's application should be treated as confidential;

(5) The proposed issue of indebtedness by Bluegrass Cellular for its planned construction is for lawful objects within the purpose of its utility operations, is necessary and appropriate for and consistent with the proper performance of its services to the public and will not impair its ability to perform these services, is reasonably necessary and appropriate for such purposes and should be approved; and

(6) Bluegrass Cellular should file with the Commission the results of its discussions with the relevant planning commissions concerning the location of its cell sites.

7. The application should be granted as filed except for construction of the proposed cell site in Jessamine County, Kentucky. The Commission will defer its decision on this construction until after the August 4, 1987, public hearing by the Jessamine County Planning Commission.

IT IS THEREFORE ORDERED that:

(1) Bluegrass Cellular be and it hereby is granted a certificate of public convenience and necessity to provide cellular telecommunications service within the Lexington MSA as described in its application except for the construction and location of the cell site in Jessamine County, Kentucky. It shall not begin construction of this cell site until further ordered by the Commission.

(2) The proposed rates, rules, and regulations filed with the application are fair, just, and reasonable and are approved effective with the institution of service.

(3) Bluegrass Cellular shall file tariffs, in the form prescribed by the Commission's Regulations, reflecting the rates, rules, and regulations approved herein within 30 days from the date of this Order;

(4) Exhibits F, G, M, N, P, and Q of Bluegrass Cellular's application be and they hereby are accorded confidential treatment, pursuant to 807 KAR 5:001, Section 7;

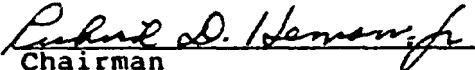
(5) The proposed issue of indebtedness by Bluegrass Cellular be and it hereby is approved; and

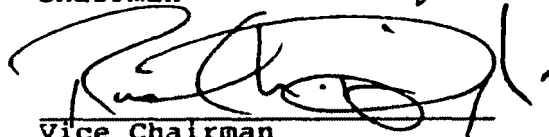
(6) Bluegrass Cellular be and it hereby is directed to file with the Commission the results of its contacts with the relevant planning commissions concerning the location of its cell sites as soon as such discussions are completed.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein authorized.

Done at Frankfort, Kentucky, this 30th day of July, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director