

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THACKER-GRIGSBY)
TELEPHONE COMPANY, INC. FOR A CERTIFICATE)
OF PUBLIC CONVENIENCE AND NECESSITY TO) CASE NO. 89-239
CONSTRUCT ADDITIONAL TELEPHONE LINES AND)
OTHER FACILITIES)

O R D E R

IT IS ORDERED that Thacker-Grigsby Telephone Company, Inc. ("Thacker-Grigsby") shall file the original and 10 copies of the following information with the Commission by October 20, 1989. If the information cannot be provided by this date, Thacker-Grigsby should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

1. Explain the next to the last sentence on page 2, item 3, which states in part ". . . why the service should be maintained from its capital."

2. Explain why the upgrading will be done completely with borrowed funds when the company has approximately \$4.4 million in temporary cash investments reflected on its 1988 Annual Report, Form T. Provide a schedule showing each investment, the type of investment, the interest rate, and the annualized interest income derived from each investment. Also, since it appears that the company is earning significantly above the return authorized in

its last rate case, explain why at least a portion of the additions cannot or will not be financed out of current earnings.

3. Does the interest derived from the investments benefit only the shareholders or does it benefit the ratepayers also? Explain your answer. Is it not true that the company has been able to accumulate these investments due to the difference between the prices the customers pay and the costs of the company? If no, explain.

4. Has the company been approached by any interexchange carrier with a request to provide equal access? If yes, provide a copy of the request.

5. Page 5 of the "Statement of Needs and Purposes for Construction" under item 1, states in part that "no rate adjustment is reflected in these forecasts." Does the company anticipate filing for increased rates as a result of this construction program? Explain.

6. As a result of this construction program, net income will decrease from \$714,435 to \$594,344 during the period 1989-1993 (see exhibit 3). What plans do the stockholders have for dealing with this trend?

7. Digital remotes are planned for the Cordia, Softshell, and Pinetop exchanges. Describe any required or planned switching capabilities of these remotes, such as if these remotes are capable of intraexchange switching independent of the host switch and any interexchange switching capabilities.

8. The application proposes construction of new fiber optic cable and terminal equipment which will be used to connect

the host switch with the remotes. The estimated cost of this construction is \$1,118,752 (page 35 of Supplemental Loan Proposal, sum of items 2.e. and 3.d.). However, the application does not clearly describe the necessity for this construction.

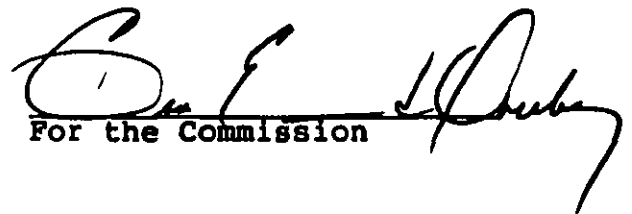
a. Describe any inadequacies of the existing facilities, such as the condition of the cable or insufficient capacity, which would make it unsuitable for digital carrier systems.

b. Describe any alternatives that were considered and why they were rejected.

c. Clarify whether or not these facilities will be retired. The proposed trunking diagram does not show these facilities; however the application provides no indication of cable retirements.

Done at Frankfort, Kentucky, this 12th day of October, 1989.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Acting Executive Director