

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO DIVERSIFIED)	
OPERATIONS OF LOCAL EXCHANGE)	ADMINISTRATIVE
TELEPHONE COMPANIES)	CASE NO. 340

O R D E R

On September 21, 1992, the Commission, after having initiated an investigation into the cellular diversification operations of local exchange companies (LECs), entered an Order which discussed the Commission's findings and ordered the LECs to comply with certain directives of the Commission, including accounting guidelines, lease arrangements, billing arrangements, partnership arrangements, liability insurance coverage, and notification by cooperatives to its membership regarding cellular investment.

On October 9, 1992, West Kentucky Rural Telephone Cooperative Corporation, Inc. filed a motion for reconsideration of the Commission's September 21, 1992 Order specifically requesting deletion of paragraphs 8, 9, and 10 which ordered the cooperatives to provide specific information to its members regarding cellular telephone investments. Subsequently, on October 12, 1992, Foothills Rural Telephone Cooperative Corporation, Inc., Ballard Rural Telephone Cooperative Corporation, Inc., Logan Telephone Cooperative Corporation, Inc., and Duo County Telephone Cooperative

Corporation, Inc. filed motions for reconsideration and modification of the September 21, 1992 Order also requesting that ordering paragraphs 8, 9, and 10 be deleted. South Central Rural Telephone Cooperative Corporation, North Central Rural Telephone Cooperative, Highland Telephone Cooperative, and Mountain Rural Telephone Company have filed motions concurring. Because all of the motions have requested reconsideration of ordering paragraphs 8, 9, and 10, the Commission will consolidate the motions for purposes of considering the request for modification of the September 21, 1992 Order.

The cooperatives have cited three general reasons in support of their motions:

1. The Order exceeded its basic purpose of ensuring that subscribers of regulated telephone services are not subsidizing LEC diversified operations.

2. Ordering paragraphs 8, 9, and 10 could be construed as discriminatory treatment of LEC cooperatives since no similar requirement is imposed upon investor-owned LECs.

3. Ordering paragraphs 8, 9, and 10 place additional regulatory review requirements upon the Commission.

The Commission, having considered the grounds set forth in the motions filed by the cooperatives and being otherwise sufficiently advised, HEREBY ORDERS that:

1. The motions filed on behalf of the cooperatives requesting reconsideration of ordering paragraphs 8, 9, and 10 of the Commission's September 21, 1992 Order are granted and compliance

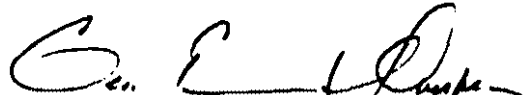
with ordering paragraphs 8, 9, and 10 shall be held in abeyance pending further investigation of this Commission.

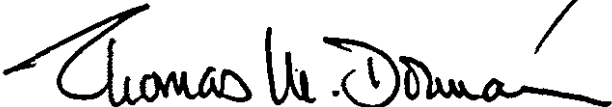
2. An informal conference is scheduled for December 11, 1992, at 10:00 a.m., Eastern Standard Time, in Conference Room 1 of the Commission's Offices at 730 Schenkel Lane, Frankfort, Kentucky, for the purpose of further investigating the issues concerning membership notification relating to cellular investments.

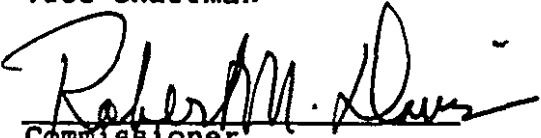
3. No later than 30 days from the date of this Order all cooperatives shall file any information relating to the type and extent of notification which their membership has received regarding cellular investments.

Done at Frankfort, Kentucky on this 28th day of October, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director