

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SOUTH CENTRAL)
RURAL TELEPHONE COOPERATIVE CORPORATION,)
INC. FOR A CERTIFICATE OF CONVENIENCE) CASE NO. 94-147
AND NECESSITY TO CONSTRUCT NEW)
FACILITIES THROUGHOUT ITS SIXTEEN)
EXCHANGES IN SOUTH CENTRAL KENTUCKY)

O R D E R

IT IS ORDERED that South Central Rural Telephone Cooperative Corporation ("South Central") shall file the original and ten copies of the following information with the Commission within 30 days from the date of this Order.

1. Refer to Page 2, Item VI, of South Central's application. South Central states that the degraded buried copper cable will be abandoned. Will South Central seek special treatment for this abandoned plant from the Commission? What is the depreciated value of the plant to be abandoned?

2. Will the increased debt service have any impact on future capital credit rotations? If not, why not?

3. As of December 31, 1993, South Central's TIER was approximately 3.0, well above that required by the Rural Electrification Administration. What impact will the proposed construction have on South Central's TIER over each year of the construction plan?

4. For the following, refer to the last paragraph of Section I on Page II-2 of South Central's Loan Design filed as Exhibit A to its application:

a. Identify the market information and describe the planning procedure that resulted in South Central concluding that there will be a significant need for data and especially video services in its service territory.

b. South Central characterizes these needs as long term. Does this imply that a portion of the completed construction could be considered excess capacity, at least until a demand for the service is realized? If not, why not?

c. Approximately what percentage of the total proposed construction cost can be attributed to establishing or enhancing data and video services as opposed to upgrading or maintaining voice grade service? If an estimate cannot be determined, identify the new data and video services that are expected to arise (e.g. Distance Learning, Medical Links, etc.) and the types of local exchange carrier facilities necessary to support such services.

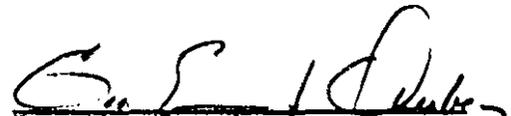
5. Refer to the first paragraph on Page 3 of South Central's application and Section 1 on Page IV-19 of Exhibit A. Provide expense estimates for Plant Specific Operations that support South Central's claim that the proposed construction will lower operating costs. Include any additional personnel and equipment necessary to maintain the new facilities being proposed.

6. One condition for establishing public convenience and necessity for a new service or facility is a showing of inadequacy

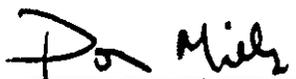
of existing service. Does South Central believe that this condition exists with its current network? If yes, describe such inadequacies. If no, describe the tangible benefits that will be noticed by South Central's general subscribers once the proposed construction is complete.

Done at Frankfort, Kentucky, this 23rd day of May, 1994.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director