

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 AND) CASE NO. 94-147
NECESSITY TO CONSTRUCT NEW FACILITIES)
THROUGHOUT ITS SIXTEEN EXCHANGES IN)
SOUTH CENTRAL KENTUCKY)

O R D E R

On April 12, 1994, South Central Rural Telephone Cooperative Corporation, Inc. ("South Central Rural") filed an application seeking a Certificate of Public Convenience and Necessity to construct facilities throughout its sixteen exchanges in Kentucky over a five year Loan Design period.

South Central Rural is a non-stock, non-profit membership cooperative corporation organized under the laws of the Commonwealth of Kentucky with its principal office in Glasgow, Kentucky. South Central Rural currently services over 22,500 access lines in all or portions of Adair, Allen, Barren, Green, Hart, Larue, Metcalfe, Marion, Monroe, and Nelson counties of Kentucky.

The purpose of the proposed construction is to upgrade thirteen of South Central Rural's exchanges and to accommodate a projected 4.3 percent average annual access line growth for all sixteen exchanges over the next five years. The proposed construction consists of the reinforcement of existing and retired distribution cable, placement of new pad-mounted remotes,

transmission facilities to support the new remotes, and a system-wide fiber-optic ring network. According to South Central Rural, this construction will lower operating costs, improve reliability, and provide state-of-the-art technology for its subscribers. South Central Rural does not anticipate seeking any rate adjustments as a result of the proposed construction expenditures.

The total estimated cost of the proposed construction, including engineering, is \$27,492,578. The construction cost will be financed in part by a loan from the federal government through the Rural Electrification Administration and the Rural Telephone Bank ("RTB") in the amount of \$26,994,700 which includes a \$645,700 investment in class "B" stock of the RTB. South Central Rural plans to apply General Funds to the balance. Pursuant to KRS 278.300(10), loans subject to the supervision or control of the federal government or any agency thereof are exempt from Commission regulation and therefore are not subject to approval.

The Commission finds that the proposed construction includes necessary and desirable improvements that will benefit South Central Rural's present and future subscribers by increasing reliability, reducing maintenance costs, and establishing a state-of-the art network.

IT IS THEREFORE ORDERED that:


1. South Central Rural be and it hereby is granted a Certificate of Public Convenience and Necessity to construct and upgrade its facilities as described in its application filed April 12, 1994.

2. South Central Rural shall file a copy of all progress reports, or similar documents available, with the Commission annually.

Done at Frankfort, Kentucky, this 14th day of November, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:



Executive Director