

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF DUO COUNTY TELEPHONE)
COOPERATIVE CORPORATION, INC. FOR A)
CERTIFICATE OF PUBLIC CONVENIENCE AND) CASE NO. 98-113
NECESSITY TO CONSTRUCT A HEADQUARTERS)
AND WAREHOUSE/GARAGE FACILITY IN)
RUSSELL COUNTY, KENTUCKY)

O R D E R

On March 2, 1998, Duo County Telephone Cooperative Corporation, Inc. ("Duo County Telephone") filed an application for a Certificate of Public Convenience and Necessity ("CPCN") to construct a new headquarters and warehouse/garage facility in Russell County, Kentucky. Duo County Telephone is a non-stock, non-profit membership cooperative corporation with 11,420 access lines serving subscribers in Adair, Casey, Cumberland, Russell, and Wayne counties with its principal office in Jamestown, Kentucky.

Duo County Telephone proposes to build a headquarters building and warehouse/garage facility on 10.9 acres of land located on U.S. Highway 127 between Russell Springs and Jamestown. Its Board of Trustees purchased a centrally located 19.63 tract of land for construction and will attempt to sell the excess 8.73 acres. In the interim, the excess acreage will be recorded in Account 2006, Non-Operating Plant-Land. The facility will replace an inadequate facility purchased in 1960 when Duo County Telephone had 1500 customers and approximately 25 percent of its current staff.

The applicant has contracted with the architectural firm of Lockett & Farley to analyze its needs and design its facilities. It determined the need for a 21,227 square foot brick veneer customer headquarters facility with a drive-up window. The facility shall offer easy access for elderly and physically challenged customers while centralizing the company's operations. Storage and garage needs will be met with a 7,800 square foot warehouse/garage with an attached 16-bay covered canopy. The estimated building and architectural costs are \$3,495,000. Upon completion of its new facility, Duo County Telephone intends to sell its current facility following relocation. Proceeds from the sale of the current facilities will be used immediately for construction projects or be deposited in an interest bearing account until such time as needed.

Duo County Telephone has proposed to finance its new headquarters building from its general funds without incurring additional debt and does not contemplate any rate increases because of this construction project.

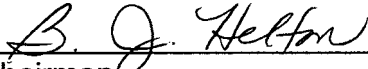
The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the construction of a new headquarters and warehouse/garage facility is needed to provide adequate and dependable service to existing and future customers.

IT IS THEREFORE ORDERED that:

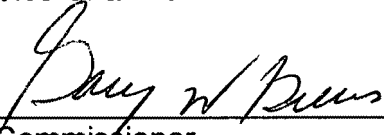
1. Duo County Telephone is granted a Certificate of Public Convenience and Necessity to construct a new headquarters and warehouse/garage facility.
2. Duo County Telephone shall record the excess acreage in Account 2006, Non-Operating Plant-Land.

Done at Frankfort, Kentucky, this 8th day of July, 1998.

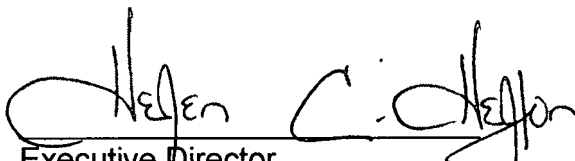
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director