

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF GEARHART)
COMMUNICATIONS, INC. D/B/A)
COALFIELDS TELEPHONE COMPANY)
FOR A CERTIFICATE OF) CASE NO. 2001-360
CONVENIENCE AND NECESSITY TO)
CONSTRUCT NEW FACILITIES)

O R D E R

On December 3, 2001, Gearhart Communications, Inc. d/b/a Coalfields Telephone Company (Coalfields) filed an application to construct new facilities in its three exchanges, involving a total estimated project cost and prior loan deficiency of \$1,111,111. Coalfields proposes to finance the construction through a loan with the Rural Telephone Finance Cooperative (RTFC). As part of this refinancing, Coalfields has purchased RTFC stock valued at \$111,111. RTFC has already approved the construction and converted an outstanding short-term line of credit to a long-term loan with an amortization period of 15 years with a 2-year interest deferral. The interest rate on the long-term loan is 6.5 percent.

The construction being refinanced has upgraded central office switching equipment, equipped wire centers with digital high-speed interfaces, placed power generators, and added air-conditioning to accommodate access line growth. Coalfields filed this application seeking a Certificate of Convenience and Necessity to construct new facilities; however, according to Coalfields, the projects have no material financial impact on Coalfields, either individually or as a whole. Thus, a certificate to construct is

unnecessary. Only the request for approval of financing will be considered by the Commission.

The Commission being sufficiently advised, IT IS HEREBY ORDERED that the application for the refinancing of Coalfields short-term line of credit in the amount of \$1,000,000 to a long-term loan, with an amortization period of 15 years, with a 2-year interest deferral and an annual interest rate of 6.5 percent, is approved.

Done at Frankfort, Kentucky, this 1st day of February, 2002.

By the Commission

ATTEST:


Executive Director