



Hon. Stephanie L. Stumbo
Executive Director
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40601

June 11, 2013

RE: Case 2013-00196 - Application of WK&T to eliminate grandfathered rotary dial telephone service rates.

Dear Ms. Stumbo,

The attached application is in response to the May 29, 2013 Public Service Commission Order in the above referenced case.

If you need any additional information, please contact me as shown below.

Sincerely,

A handwritten signature in cursive script that reads "Martin Clift".

Martin Clift
Regulatory Manager
West Kentucky Rural Telephone Cooperative
mclift@wk.net
270-856-1883

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILING OF WEST KENTUCKY RURAL)	CASE NO.
TELEPHONE COOPERATIVE CORPORATION, INC.)	2013-0196

A. APPLICATION

1. On April 4, 2013 West Kentucky Rural Telephone Cooperative Corporation, Inc, (d/b/a "WK&T"), filed a tariff with the Kentucky Public Service Commission (KY PSC) seeking to increase rates for a small subset of customers who still retained rotary dial telephones. The rates were to be effective June 3, 2013.
2. On May 29, 2013 the KY PSC entered an Order stating that the proposed tariff effective date of May 31, 2013 was suspended one for day, and will be effective June 1, 2013, subject to refund. The Order further directs the Company to file an application with 807 KAR 5:001, Section 16, with noted exceptions. The Order also asks for additional information.

B. DESCRIPTION AND JUSTIFICATION

1. Rotary dial telephone service for WK&T ended in 1997; however, customers who still used rotary dial telephones were grandfathered at the then current rate, of \$13.06 for residence and \$19.06 for business. The residential rate at \$13.06 is below the revised benchmark rate floor of \$14.00 set by the FCC'S ICC/USF ORDER, which provisions become effective July 1, 2013¹. With this FCC established rate floor, the Company would lose USF High Cost Loop funding in an amount equivalent to the differential of \$.94. There are now 315 Kentucky residential lines at the

¹ In the matter of Connect America Fund: A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers: High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform: Mobility Fund, WC Docket Nos. 10-90, 07-135, 05-537, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09- 51, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (rel. Nov. 18, 2011) ("ICC/USF Order)

grandfathered rate². The USF penalty calculates to \$3,553.20 (315*.94*12). To avoid this penalty, and to provide symmetry with the Company's other local exchange service rate, the Company is proposing to eliminate the grandfathered provision in its Tariff. For those customers the new residential rate would be \$14.56. These 315 lines would thus experience a rate increase of \$1.50 per month; for a combined \$5670.00 annually in incremental revenues to the Company. The Company is also proposing to eliminate the rotary grandfather provision for business customers. The current rate of \$19.06 would be increased to the \$21.06 rate now applicable to all other business customers. There would be 7 customers affected with the \$2.00 per month increase; an incremental revenue increase to the Company of \$168.00.

2. On May 1, 2013 the Company mailed the attached notices to the affected residential and business customers.
3. A revised tariff is attached.
4. Due to the mandated FCC rules, and minimal dollar effects of this tariff rate increase, a pro-forma income statement and balance sheet, is not relevant, and thus the Company requests a waiver of 807 KAR subsection (10).

C. ADDITIONAL INFORMATION

1. The Order requested additional information to be filed with this application.
 - a. The estimated annual revenue to be received from High-Cost Loop Support beginning July 1, 2013.

Response: \$2,815,692

- b. The estimated annual revenue to be lost due to adjustment of terminating rates effective July 1, 2013.

Response: (\$94,360)

² The April 4, 2013 filing noted a count of 367 residential lines and 9 business lines. However, those counts mistakenly included Tennessee residents in the WK&T-KY study area; which would not be subject to KY PSC jurisdiction; and thus to this tariff change. However, for the record, WK&T did raise rates for its Tennessee customers concurrently with the Kentucky tariff.

- c. The total estimated annual revenue (increase or decrease) to be generated by the tariff changes. Include a breakout for each service or category of service to show changes in revenue.

Response: Residential: +\$5,670
Business: + \$ 168
Total + \$5,838

- d. Historical and projected line counts and the effects of any line changes on this company:

Response: 2012: 10,969
2013: 10,640

The Company continues to experience negative line growth. The effects of this on the Company are numerous and cross multiple Company services, and are beyond the scope of the context of this proceeding.

- e. Historical and projected federal universal service support and its effects on the company.

Response: 2012: \$6,407,859
2013: \$6,925,995

USF funds are used to support the provisioning of voice telephony service as certified and filed with the Kentucky PSC on July 30, 2012 (see attached).

- f. A narrative of any other circumstances that justify or support the proposed rate changes.

Response: In July 2012, the Company adopted new intrastate access charges and adopted other revenue affecting rules pursuant to the FCC's ICC/USF order. These new rules establish benchmark rate floors for local exchange service. Under these rules, the Company's USF funds are reduced commensurate with amounts below the benchmark. For the upcoming July 1, 2013 revisions, the rate floor was established at \$14.00 per month. This proposed tariff will increase local exchange rates of \$1.50 per month to a very small set of WK&T consumers that have rates below the FCC benchmark. These customers (315 residential and 7 business) have had rates of \$13.06 per month grandfathered in since 1999, when

rotary service was eliminated. The proposed rate of \$14.56 for them will increase their rate to a level consistent with all other WK&T local exchange customers. With this change the company expects to receive an additional \$5,838.00 in annual local revenues, while foregoing a \$3,553.20 reduction in USF, thus, bringing a combined revenue effect of \$9,391.20

Respectively Submitted

A handwritten signature in cursive script that reads "Martin Clift".

Martin Clift
Regulatory Manager
WK&T
June 11, 2016

ATTEST:

Davida Bridges
Executive Secretary



West Kentucky and Tennessee
Telecommunications Cooperative

May 1, 2013

Dear Valued Telephone Customer,

As you may recall, our rotary telephone service at WK&T ended in 1997; however, customers who were still using rotary dial telephones at that time had their current rate of \$13.06 grandfathered into the new services and rates. Unfortunately, in order to provide compliance with new FCC guidelines, as well as symmetry with WK&T's other local exchange service rates, WK&T will have to increase your phone rate, effective June 3, 2013. Your new phone rate will be \$14.56, which is the same price that all other residential telephone customers are currently paying.

The staff and management of WK&T have always taken great pride in providing not only outstanding service to our members, but in also our ability to keep rates affordable. Should you have any questions about this change, or your WK&T phone bill in general, please contact our customer service department at 1-877-954-8748.

Please know that we appreciate your longstanding business as a cooperative member and look forward to serving your telecommunications needs for many years to come.

Sincerely,

Michael D. Lee

Michael D. Lee
Products and Sales Manager
WK&T Telecommunications

Office #: 270-856-1919

Cell #: 270-994-8706

Email: mlee@wk.net



West Kentucky and Tennessee
Telecommunications Cooperative

May 1, 2013

Dear Valued Telephone Customer,

As you may recall, our rotary telephone service at WK&T ended in 1997; however, customers who were still using rotary dial telephones at that time had their current rate of \$19.06 grandfathered into the new services and rates. Unfortunately, in order to provide compliance with new FCC guidelines, as well as symmetry with WK&T's other local exchange service rates, WK&T will have to increase your phone rate, effective June 3, 2013. Your new phone rate will be \$21.06, which is the same price that all other residential telephone customers are currently paying.

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Please know that we appreciate your longstanding business as a cooperative member and look forward to serving your telecommunications needs for many years to come.

Sincerely,

Michael D. Lee

Michael D. Lee
Products and Sales Manager
WK&T Telecommunications

Office #: 270-856-1919

Cell #: 270-994-8706

Email: mlee@wk.net

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B. MILEAGE, CLASS OF SERVICE, RATES (CON'T)

(The previous tariff section that grandfathered rotary telephone service and established push button telephone services is deleted in its entirety, and is replaced with the following.) The below rates apply to all classes of service.

2. Class of service

a. Residence			
(1) Line Access Charge	\$14.56		(T,I*)
b. Business			
(1) Line Access Charge	\$21.06		(T,I*)
c. COCOT			
(1) Line Access Charge	\$21.06		

3. Penalty Charge

A. \$10.00 Penalty will be added if bills are not paid on or before next billing date.

* Increase only applies to those customers who where grandfathered under rotary telephone service.

Issued: April 4, 2013

Effective: June 3, 2013

By: Trevor R. Bonnstetter, Chief Executive Officer



July 30, 2012

Hon. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40601

RE: West Kentucky Rural Telephone Cooperative, Inc. Annual USF Certification

Dear Mr. Derouen,

In compliance with Administrative Case No. 381, please find West Kentucky Rural Telephone Cooperative, Inc. annual certification filing.

Sincerely,

A handwritten signature in cursive script that reads "Martin Clift".

Martin Clift
Regulatory Manager
270-674-1000
mclift@wk.net

FCC CC Docket No. 96-45
Section 254(e), 47 C.F.R. § 54.314

Certification of
West Kentucky Rural Telephone Cooperative Corporation, Inc.

AFFIDAVIT

I, Trevor R. Bonnstetter, CEO of West Kentucky Rural Telephone Cooperative Corporation, Inc. do hereby certify under penalties of perjury that:

1. My name is Trevor R. Bonnstetter. I am employed by West Kentucky Rural Telephone Cooperative in the position of CEO. In this position, I am personally familiar with the Federal Universal Service support received by the Cooperative and how the Cooperative uses these funds.
2. West Kentucky Rural Telephone Cooperative (KY-Study Area 260421) was designated as an (ETC) eligible telecommunications carrier by the Kentucky Public Service Commission in Case No. 360 by order dated November 26, 1997.
3. The Company is a “rural telephone company” as defined in 47 U.S.C. §153(37);
4. West Kentucky Rural Telephone Cooperative Corporation, Inc. estimates receiving approximately \$7.0 million in Federal Universal Service high-cost support during January 1, 2013 to December 31, 2013 time period. All Federal high-cost Universal Service support provided to the Cooperative was used in the preceding calendar year and will be used in the coming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended, as designated by the Federal Communications Commission consistent with Section 254 (e) of the Federal Telecommunications Act. These funds will be used to provide the supported service – voice telephony service as outlined in 47CFR 54.101 (a), which are available to any customer in the Cooperative’s service area. This supported service includes: voice grade access to the public switched network; minutes of use for local service provided at no additional charge; access to emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911, to the extent the local government in the Cooperative’s service area has implemented 911 or enhanced 911 systems.
5. West Kentucky Rural Telephone Cooperative follows Federal Communications Commission Part 32 accounting requirements for regulate local exchange carriers and Part 36 separations provisions used to determine high cost support amounts. As a regulated utility, West Kentucky Rural Telephone Cooperative’s accounting and separations procedures are subject to periodic National Exchange Carrier Association and Kentucky Public Service Commission reviews.
6. While continuing to receive amounts of Federal Universal Service support as described and using this support for the purpose as described, West Kentucky Rural Telephone Cooperative does not anticipate increasing local rates nor withdrawing any services; therefore, the comparability of rates and service between the rural areas served by West

Kentucky Rural Telephone Cooperative will not be changed because of any action on part of West Kentucky Rural Telephone Cooperative.

The matters addressed above are within my personal knowledge and are true and correct.

Signature: 
Print Name: Trevor R. Bonnstetter Date: July 25, 2012

Title: CEO

State of Kentucky, County of Graves

BEFORE ME, the undersigned Notary in and for the State of Kentucky, on this day personally appeared Trevor R. Bonnstetter, known to me to be the Declarant, who, being duly sworn, executed the foregoing instrument.

Subscribed and sworn to before me this 25th day of July, 2012.

My Commission expires 04-14-14.


Notary Public

(seal)