

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

ELECTRONIC APPLICATION OF)	
THACKER- GRIGSBY)	
TELEPHONE COMPANY INC. FOR A)	CASE NO. 2022-00386
CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY)	
FOR THE CONSTRUCTION OF)	
FIBER OPTIC CABLE)	

**APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE
AND NECESSITY FOR CONSTRUCTION OF FIBER OPTIC CABLE**

Pursuant to KRS 278.020(1) and 807 KAR 5:001 §§ 14 and 15, Thacker-Grigsby Telephone Company Inc. (“Thacker-Grigsby”) hereby submits this application for a certificate of public convenience and necessity for the construction of fiber optic cable in Breathitt County and Leslie County, Kentucky.

1. The full name, address, and email address of Thacker-Grigsby is Thacker-Grigsby Telephone Company, Inc., 60 Communications Lane, P.O. Box 789, Hindman, Kentucky 41822. Applicant’s electronic mail contact for this application is Ms. Kim Jones, k.jones@tgtel.net.

2. Thacker-Grigsby is a Kentucky corporation, incorporated on May 7, 1956, and is in good standing with the Kentucky Secretary of State. A copy of Thacker-Grigsby’s Articles of Incorporation and all amendments thereto is attached hereto as Exhibit A.

3. Thacker-Grigsby is a rural incumbent local exchange carrier serving parts of Knott County, Perry County, Floyd County, and Breathitt County, Kentucky. Additionally, Thacker-Grigsby serves parts of Breathitt County and Leslie County, Kentucky as a competitive local exchange carrier. As of October 31, 2022, Thacker-Grigsby has 3,733 residential customers and 830 business customers.

4. The planned construction of fiber optic cable at issue in this proceeding is entirely within Thacker-Grigsby's service territory served as a competitive local exchange carrier. As a result, Thacker-Grigsby submits that a certificate of public convenience may not be required. However, out of an abundance of caution and in recognition that Thacker-Grigsby also provides service as an incumbent local exchange carrier,¹ Thacker-Grigsby files this Application seeking approval of its planned construction of fiber optic cable in portions of Leslie County and Breathitt County that are exclusively within Thacker-Grigsby's service area as a competitive local exchange carrier.

5. Construction of the fiber optic cable is required by public convenience and necessity. The purpose of the new construction is to deploy a Fiber-to-the-Home ("FTTH") build in the designated areas to provide broadband data services to customers that currently do not have this capability. This will permit Thacker-Grigsby to deliver high-speed Internet service, virtual private networks, video services, and multiple lines in these areas.

6. The FTTH build will consist of new strand and fiber optic cable on existing joint-use poles and on Thacker-Grigsby owned poles. Plans are to deploy a Gigabit Passive Optical Network (GPON) system providing sufficient bandwidth for current and future community requirements.

7. Advance telecommunications services, including broadband, are critical to the economic and social development of the rural communities in Breathitt County and Leslie County, Kentucky. In former Governor Fletcher's *Prescription for Innovation Plan*, deployment of advanced technologies such as fiber optics were recognized as essential to economic development. The importance of the deployment of broadband service has been reaffirmed by the

¹ Thacker-Grigsby will provide high speed broadband service to 100% of its ILEC service territory by September 2023, when construction on previously approved projects is anticipated to be completed.

implementation of Governor Beshear's Better Kentucky Plan. It is this type of technology that will help improve medical services, educational services, and numerous other economic opportunities to Thacker-Grigsby's customers.

8. Indeed, the importance of broadband has never been more evident than in the wake of COVID-19, which forced employees to work from home, children to be educated remotely, and encouraged the use of telehealth services. In fact, even before the current COVID-19 pandemic, the Breathitt County School District Superintendent wrote a letter of support to the Rural Utilities Service (RUS) urging approval of Thacker-Grigsby's then pending application for RUS grant funds under the ReConnect program, noting the benefits the proposed construction would provide to students and teachers who live within the affected service areas.

9. The proposed fiber network deployment encompasses new subscribers and will also help to meet the needs of potential growth in the affected service areas. Construction of the network is expected to begin in January 2024 and is projected to be completed in December 2028.

10. The proposed construction will allow Thacker-Grigsby to deploy fiber to provide high speed broadband service to 100 percent of its customers in the areas of Leslie County and Breathitt County served by Thacker-Grigsby, as depicted on Exhibit B (in addition to those areas of Leslie and Breathitt County where Thacker-Grigsby already provides high speed broadband service).

11. In compliance with 807 KAR 5:001 § 9(2)(b), Thacker-Grigsby states that it does not require any additional franchise approval from any public authority to deploy the fiber optic cable in the affected service areas.

12. In the affected service areas, the fiber network will result in a gigabit service that will meet the present and anticipated broadband demands of its customers. The construction will

consist primarily of aerial cable and strand, although there may be some conventional burying, and boring. Thacker-Grigsby does not anticipate that the new construction will compete with any CATV-based Voice over Internet Protocol (VOIP) services in the Leslie and Breathitt County service areas where construction is planned. There are no other line-based competitive local exchange carriers or broadband providers serving customers in the Leslie and Breathitt County service areas where construction is planned.

13. Thacker-Grigsby estimates that the incremental costs to operate the fiber network after it has been fully deployed will be negligible. The operational costs, which consist primarily of labor, will be met by existing staff. While it has yet to quantify the savings at the completion of the proposed construction, Thacker-Grigsby anticipates the proposed network deployment will actually result in operational savings over time.

14. Pursuant to 807 KAR 5:001 § 15(2)(d) and KRS 322.340, one copy of the required map prepared by a registered engineer and showing the proposed route for the fiber deployment in the affected service areas is filed herewith in portable document format and attached as Exhibit B. Additionally, Thacker-Grigsby will provide the Commission with two copies of Exhibit B in paper medium, as required by 807 KAR 5:001 § 15(2)(d). The plans and specifications of the proposed plant, equipment, and facilities that are depicted on the map attached at Exhibit B, are fully explained in the description attached at Exhibit C. The proposed plant, equipment, and facilities that will be utilized in the FTTH build for these service areas will be practically identical to the FTTH architecture utilized by Thacker-Grigsby when completing construction of its fiber optic network in the Cody, Pippa Passes, Hindman, Clayhole, Hunting Creek, and Taulbee exchanges, for which the Commission previously granted certificates of public convenience and necessity.²

² *In the Matter of: Application of Thacker-Grigsby Telephone Company, Inc. for a Certificate of Public Convenience and Necessity for the Construction of Fiber Optic Cable in Knott County, Kentucky*, P.S.C. Case No. 2018-00405 (Jan

15. The total estimated cost of the new construction in Kentucky is approximately \$25,000,000.00. Financing for this project has been secured through a grant from RUS in the amount of \$12,188,991.00 and a loan from RUS in the amount of \$12,188,991.00. A copy of RUS's letter confirming the grant and loan amount to Thacker-Grigsby is attached as Exhibit D.

16. To the extent the grant or loan approved by RUS is subject to KRS 278.300, pursuant to KRS 278.300(10), no approval from the Commission was required prior to entering into the grant or loan agreement with RUS because the "evidence of indebtedness is subject to the supervision or control of the federal government or any agency thereof."

17. Thacker-Grigsby has attached as Exhibit E its 2021 Annual Report submitted to the Commission to demonstrate its ability to finance the portion of the construction not secured through the RUS grant, and as evidence that the RUS loan will not materially affect the operations of Thacker-Grigsby. At the end of the 2021 period, Thacker-Grigsby had retained earnings of \$97,572,335.00. Thacker-Grigsby's financial condition is such that it can complete the construction without requiring any rate adjustments, under its reasonably foreseeable operating circumstances.

18. Pursuant to RUS's November 3, 2022 approval authorizing Thacker-Grigsby to seek any additional necessary approvals to complete construction, RUS has imposed a deadline of January 2, 2023 for Thacker-Grigsby to complete all steps necessary to enter into the grant and loan agreement with RUS. Upon being granted a CPCN from the Commission, Thacker-Grigsby must take additional steps, including appropriate board action, prior to entering into the grant

10, 2019) (granting a CPCN to Thacker-Grigsby to construct a FTTH network in the Cody, Pippa Passes, and Hindman exchanges); *In the Matter of: Application of Thacker-Grigsby Telephone Company, Inc. for a Certificate of Public Convenience and Necessity for the Construction of Fiber Optic Cable*, P.S.C. Case No. 2020-00124 (May 20, 2020) (granting a CPCN to Thacker-Grigsby to construct a FTTH network in the Clayhole, Hunting Creek, and Taulbee exchanges).

agreement. Accordingly, Thacker-Grigsby respectfully requests that the Commission grant its application for a CPCN no later than December 9, 2022.

WHEREFORE, pursuant to KRS 278.020(1), Thacker-Grigsby Telephone Company Inc. respectfully requests that the Commission issue a Certificate of Public Convenience and Necessity authorizing the deployment of Fiber-to-the-Home capability throughout the service areas in Breathitt County, Kentucky and Leslie County, Kentucky where construction is planned.

This the 11th day of November, 2022.

Respectfully submitted,

/s/ R. Brooks Herrick

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Certification

I hereby certify that a copy of this Application and its exhibits has been served electronically on all parties of record through the use of the Commission's electronic filing system, and there are currently no parties that the Commission has excused from participation by electronic means. Pursuant to the Commission's July 22, 2021 Order in Case No. 2020-00085, a paper copy of this filing has not been transmitted to the Commission; provided that, two (2) paper copies of Exhibit B to the Application have been transmitted to the Commission via overnight mail, pursuant to 807 KAR 5:001 § 15(2)(d).

/s/ R. Brooks Herrick
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Company, Inc.*

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