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MAR 03 2009

**PUBLIC SERVICE
COMMISSION**

March 3, 2009

Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

RE: Highland Telephone Cooperative, Inc.
Amended Application

Dear Sir or Madam:

Enclosed please find the original and ten copies of the Amended Application for Highland Telephone Cooperative, Inc. for a certificate of public convenience and necessity and authority to issue evidences of indebtedness. Also enclosed are three additional copies that we would appreciate having stamped as filed and returned to the individual delivering the Amended Application.

Please contact me if you have any questions regarding the Amended Application.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Jeff Yost', written in a cursive style.

Jeffrey J. Yost

JJY/pom
Enclosures

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MAR 03 2009

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Amended Application of Highland)
Telephone Cooperative, Inc. for a)
Certificate of Public Convenience and) Case No. 2009-00048
Necessity.)
)

AMENDED APPLICATION

* * * * *

Highland Telephone Cooperative, Inc. ("Highland") hereby applies for a determination that its proposed installation of "fiber to the home" cable in McCreary County, Kentucky is exempt from regulation by the Commission or, in the alternative, for the grant of a certificate of public convenience and necessity for the installation. This "Amended Application" amends and restates the original application filed in this case on February 4, 2009 ("Original Application") and is to be substituted for the Original Application in its entirety. In support of this Amended Application, Highland respectfully states that:

Applicant Information

1. Highland's full name and post office address are Highland Telephone Cooperative, Inc., 7840 Morgan County Road, Post Office Box 119, Sunbright, Tennessee 37872.
2. Highland is a cooperative, nonprofit membership corporation organized under the laws of the State of Tennessee for the purpose of furnishing telephone service in rural areas, and it is authorized to do business in the Commonwealth of Kentucky.
3. A certified copy of Highland's Charter of Incorporation, Bylaws and Amended Charter are attached to the Original Application as Exhibit A.
4. Highland is a rural telephone cooperative that provides telephone service in McCreary County, Kentucky and in adjoining areas of Tennessee.

Background Information

5. Highland proposes to expand and deploy "fiber to the home" to customers in its service area for the purpose of providing "broadband" service as defined in KRS 278.5461(1).
6. The "fiber to the home" will be installed by independent contractors who have not yet been selected.

7. Highland proposes to finance the installation of the “fiber to the home” by borrowing up to \$48,611,000 from the United States of America, acting through the Administrator of the Rural Utilities Service, which has approved the loan.

Certificate of Public Convenience and Necessity

8. The new installation is required by public convenience and necessity.

9. “Fiber to the home” will enable Highland to provide “broadband” service as defined in KRS 278.5461(1) to its customers.

10. For example, “fiber to the home” will allow Highland to provide access to the Internet that offers the capability to transmit information at a rate that is generally not less than two hundred (200) kilobits per second in at least one direction.

11. “Fiber to the home” will also enable Highland to offer service that combines computer processing, information storage and protocol conversion that enables users to access Internet content and services.

12. In addition, “fiber to the home” will enable Highland to deliver video to its customers.

13. Indeed, the General Assembly has found and determined, as set forth in KRS 278.546, that “(1) State-of-the-art telecommunications is an essential element to the Commonwealth's initiatives to improve the lives of Kentucky citizens, to create investment, jobs, economic growth, and to support the Kentucky Innovation Act of 2000;” and that “(4) Consumers benefit from market-based competition that offers consumers of telecommunications services the most innovative and economical services”

14. As a result, the General Assembly declared in KRS 278.5462(1) that “The provision of broadband services shall be market-based and not subject to state administrative regulation.”

15. The “fiber to the home” will be installed on existing poles owned by Highland or used jointly with Rural Electric Cooperative Corporation, Kentucky Utilities and Cumberland Valley Cooperative. No new routes will be constructed. Three sets of maps showing those routes accompany the Original Application as Exhibit B.

16. The providing of broadband service is not likely to compete with any public utilities, as no other incumbent local exchange carrier and no competitive local exchange carriers serve McCreary County. It may compete with Access Cable, which provides CATV, and companies who provide satellite television service.

17. The costs of operating the “fiber to the home” system are estimated to be approximately the same as the costs of operating the existing copper cable system. The primary cost will be labor, but no need for additional employees is anticipated. In fact, replacing copper cable ranging from 25 to 40 years old with new “fiber to the home”

cable will hopefully reduce operational cost, but Highland is unable to quantify that at this time.

18. Highland expects that additional revenues from the new services it will be able to provide will offset the financing payments and any incremental operating costs and therefore no increase in its charges for basic local exchange service will be needed.

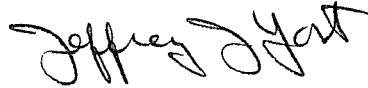
Request for Order

Based on the foregoing, Highland respectfully requests that the Commission issue an Order:

1. Confirming that Highland's proposed expansion and deployment of "fiber to the home" is not subject to state administrative regulation according to KRS 278.5462 or, in the alternative, authorizing and granting Highland a Certificate of Public Convenience and Necessity for the installation of "fiber to the home" cable in McCreary County, Kentucky pursuant to KRS 278.020.

2. Granting all other relief to which Highland may be entitled.


Respectfully submitted,



Jeffrey J. Yost
Elizabeth E. Nicholas
Jackson Kelly PLLC
175 E. Main Street, Ste. 500
P. O. Box 2150
Lexington, KY 40588-9945
Counsel for Highland Telephone
Cooperative, Inc.

VERIFICATION

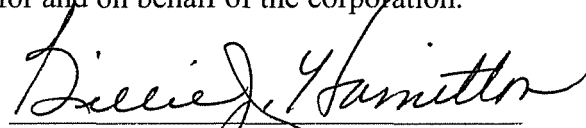
F. L. Terry, being duly sworn, hereby deposes and says that he is General Manager of Highland Telephone Cooperative, Inc., that he has personal knowledge of the matters set forth in the foregoing Amended Application, and that the facts contained therein are true and correct to the best of his information, knowledge and belief.


F. L. Terry, General Manager

STATE OF TENNESSEE)
COUNTY OF)

The foregoing verification was subscribed, sworn to and acknowledged before me this 2nd day of March, 2009, by F. L. Terry as General Manager of Highland Telephone Cooperative, Inc., a Tennessee corporation, for and on behalf of the corporation.

MY COMMISSION EXPIRES:
5/19/2010


NOTARY PUBLIC