



March 13, 2009

Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615

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PUBLIC SERVICE  
COMMISSION

2009-00119

In Re: In the Matter of the Application of Ballard Rural Telephone Cooperative Corporation, Inc., for a Certificate of Convenience and Necessity for Construction of a Gigabit Passive Optical Network

Dear Mr. Derouen:

Pursuant to KRS 278-020 Ballard Rural Telephone Cooperative Corporation, Inc. (Ballard), requests authority to construct and upgrade telecommunication facilities in its certified territory. Enclosed are an original and ten (10) copies of Ballard's verified Application for construction of new facilities in the affected exchanges in western Kentucky.

After the Application has been processed, Ballard personnel will be available to meet with members of the Commission's staff and other concerned Commission personnel.

In the event there are other filing requirements or information requests associated with the Application, please advise me at your earliest convenience.

Yours Truly,

Harlon E. Parker  
General Manager/CEO

No Copies Filed TW  
No MAP Filed TW 3/20/09

HEP/jkc

**B**ALLARD RURAL **T**ELEPHONE **C**OOPERATIVE CORPORATION, INC.

159 West Second Street • P.O. Box 209 • La Center, Kentucky 42056-0209  
Phone/270.665.5186 • Fax/270.665.9186 • www.brtc.net

Harlon E. Parker  
Manager

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

**In the Matter of:**

**THE APPLICATION OF BALLARD RURAL )  
TELEPHONE COOPERATIVE CORPORATION INC. )  
FOR A CERTIFICATE OF PUBLIC CONVENIENCE ) Case No.  
AND NECESSITY FOR THE CONSTRUCTION OF A )  
GIGABIT PASSIVE OPTICAL NETWORK )**

APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND  
NECESSITY FOR CONSTRUCTION OF GIGABIT PASSIVE OPTICAL  
NETWORK

Ballard Rural Telephone Cooperative Corporation, Inc. (Ballard RTCC) pursuant to KRS 278.020 and 807 KAR 5:001: Section 9(1)(a) hereby submits this application for a certificate of convenience and necessity for the purpose of upgrading Ballard RTCC's network to utilize Internet Protocol technology. It consists of deploying a gigabit passive optical network (GPON) fiber to the premise (FTTP) network in LaCenter, Heath and Kevil exchanges in Ballard County and McCracken County, Kentucky. In addition, the funds will be used to upgrade switching, transmission, and outside plant facilities.

1. The full name and address of the Ballard RTCC is Ballard Rural Telephone Cooperative Corporation, Inc., 159 West Second Street, P.O. Box 209, LaCenter, Kentucky 42056-0209.
2. Pursuant to 807 KAR 5:001 a copy of Ballard RTCC's Articles of Incorporation and all amendments thereto, are attached as Exhibit A.
3. Pursuant to 807 KAR 5:001, section 9(2), three copies of the required map showing the proposed route for the fiber deployment in the affected exchanges are attached as Exhibit B.
4. Ballard RTCC, a Rural Utilities Services (RUS) borrower, operates a rural incumbent local exchange carrier serving providing services to areas within Ballard County and McCracken County, Kentucky. Ballard RTCC, as of

December 31, 2007, has 4,903 residential customers and 1,612 business customers.

Pursuant to Section 9(2)(c), Ballard RTCC relied on the following circumstances to support its decision to upgrade the network in LaCenter, Kevil and Heath. During the period from 1997 through 2002, Ballard RTCC access lines grew from 6,182 lines to 7,537 lines. For various reasons beginning in 2003 through 2007 there was a decline Ballard RTCC's access lines from 7,537 lines to 6,515 lines. According to Ballard RTCC's analysis the primary reasons for the decline in access lines are customers upgrading to DSL and the dropping the second phone line for dial-up services. In addition, there were some customers that dropped land line telephone service and moved to mobile carriers.

Upgrading of the network and service offerings will assist Ballard RTCC in reversing this downward trend and will grow the number of access lines offered in its service area. Further, there has been a continuing migration of Paducah residents to Ballard RTCC's service area. These customers demand state of the art services. The construction of a four lane highway into Kevil has encouraged and will continue to support additional residential and commercial development in the service area. Ballard RTCC believes that the growth in population will continue and will require additional access lines along with the demand for a greater variety and bundling of telecommunications services.

Advance telecommunications services, including broadband, are critical to the economic and social development of the communities in McCracken and Ballard County, Kentucky. Subscribers in the Kevil, Heath and LaCenter exchanges have upgraded their telecommunications requirements as they have migrated from second telephone lines to DSL. The State Telecommunications Modernization Plan recognizes that deployment of advanced technologies such as fiber optics and related technologies as essential to economic development. It is this type of technology that will bring medical services, educational services, and numerous other economic opportunities to the customers of Ballard RTCC. Construction of the GPON is required by public convenience and necessity.


The purpose of the new construction is to deploy a GPON Fiber-to-the Premise (FTTP) in Kevil, Heath, and LaCenter exchanges and upgrading the switching, transmission and outside plant facilities. This will permit Ballard RTCC to provide triple-play and potentially other state-of-the-art communications services to its subscribers and adhere to the requirements of the State Telecommunication Modernization Plan.

5. Pursuant to Section 9(2)(c) of 807 KAR 5:001 Ballard RTCC has attached as Exhibit C, the loan design provided to RUS as a part of its loan application. The loan design provides a complete description of the proposed new construction.
6. BRTCC plans to deploy a gigabyte passive optical network (GPON) in the affected exchanges. Under this loan design, a high density chassis and Optical Line Terminal will be placed in the Central Offices in LaCenter, Heath and Kevil. Optical Network Terminals will be placed at subscriber terminals. A 10 Gigabit IP transport to connect all exchanges in the system. The IP transport will function concurrently with the existing SONET rings. New DSL equipment will be deployed in the remaining four exchanges on a temporary basis until a FTTP network can be deployed in future projects.
7. Ballard RTCC will place outside plant in LaCenter, Heath, and Kevil exchanges. Fiber-optic cables will be deployed with existing copper distribution plant to allow copper plant to be retired as needed. Ballard RTCC fiber drops will be placed only to subscribers requiring data or video services. POTS subscribers will continue to use existing copper where economically feasible.
8. In compliance with 807 KAR 5:001, section 9(2)(b), Ballard RTCC states that it does not require a franchise approval from any public authority to deploy the GPON in the affected exchanges.
9. The construction of the new facilities throughout the three (3) exchanges totals an estimated cost of \$15,435,985.00. The Rural Utilities Services (RUS) has reviewed and approved the Loan Design and the outside plant layout submitted in Ballard RTCC' "N" loan application. Ballard RTCC received an approval letter from RUS on February 4, 2009. Pursuant to Section 9 (e) KAR 5:0001, Ballard RTCC has attached as Exhibit D, a copy of the approval letter demonstrating the manner in which it will finance the proposed construction.
10. Pursuant to Section 9(2)(f) Ballard RTCC does not have an estimate cost of operation after the proposed facilities are completed. According to RUS, Ballard RTCC will maintain a tier that will meet the requirements of the loan. Ballard RTCC will be able to operate the system after construction at the same operating cost as the current system. **(Mr. Parker: I am certain the Commission will issue a data request to get a numerical estimate of the operating costs after the facilities are installed.)**

Based on the foregoing and in accordance with KTS 278.020 and 807 KAR 5:001, sections 8 and 9, Ballard RTCC respectively requests that the Commission issue a Certificate of Public Convenience and Necessity to deploy a GPON network with related construction in La Center, Heath, and Kevil exchanges in Ballard County and McCracken County, Kentucky as described in this application and attached exhibits.

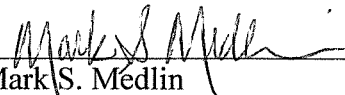
Respectively submitted,

MEDLIN LAW OFFICE  
Attorney for BRTC

  
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Mark S. Medlin  
113 E. First Street  
P. O. Box 457  
La Center, KY 42056  
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(270) 665-8531 Facsimile

I certify that a copy was mailed this 16 day of March, 2009, to:

Jeff R. Derouen, Ex. Dir.  
Kentucky Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602-01615

  
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Mark S. Medlin