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RECEIVED

JUN 11 2013

PUBLIC SERVICE  
COMMISSION

June 10, 2013

**VIA HAND DELIVERY**

Hon. Jeff R. Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd.  
Frankfort KY 40601-8294

Re: Tariff Filing of Ballard Rural Telephone Cooperative Corporation, Inc.  
Case No. 2013-00190 before the Public Service Commission of the  
Commonwealth of Kentucky

Dear Mr. Derouen:

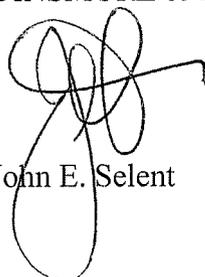
Enclosed for filing with the Public Service of the Commonwealth of Kentucky is one original and ten (10) copies of the following documents.

- 1) Application
- 2) Motion for Waiver of Certain Rate Application Filing Requirements
- 3) Petition for Confidential Treatment

Thank you, and if you have any questions with regard to this matter, please call me.

Very truly yours,

DINSMORE & SHOHL LLP



John E. Selent

JES/bmt  
Enclosures

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JUN 11 2013

In the Matter of:

PUBLIC SERVICE  
COMMISSION

TARIFF FILING OF BALLARD RURAL TELEPHONE ) CASE NO.  
COOPERATIVE CORPORATION, INC. ) 2013-00190

APPLICATION

Applicant Ballard Rural Telephone Cooperative Corporation, Inc. ("**Ballard**"), by counsel, pursuant to KRS 278.180, Sections 14 and 16 of 807 KAR 5:001, Section 6 of 807 KAR 5:011, and the Public Service Commission of the Commonwealth of Kentucky's (the "**Commission**") May 29, 2013 Order in this case (the "**Order**," attached hereto as "**Exhibit 1**"), applies for authority to adjust its rates and charges for basic local exchange service and gives notice of its intention to increase the same rates and charges effective May 31, 2013.

INTRODUCTION

This application for a rate increase is necessitated by an order from the Federal Communications Commission that fundamentally alters the cost structure of providing telecommunications services in high-cost rural areas, like those Ballard serves. *See In the Matter of Connect America Fund et al.*, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (Nov 18, 2011) ("**Transformation Order**"). For decades prior to that Order, high-cost carriers had received subsidies from the federal government's "Universal Service Fund" ("USF"). Those USF subsidies were intended to fulfill the Federal Communications Act's requirement that "[c]onsumers in all regions of the Nation, including . . . those in rural, insular, and high cost areas, should have access to telecommunications and information services . . . that are available at rates that are reasonably comparable to rates charged for similar services in urban areas." 47 U.S.C. § 254(b)(3). The Commission found, however, that many rural consumers were paying rates that were

less than those paid consumers in urban areas. Transformation Order ¶ 235. In consequence, the FCC Transformation Order sets a rate floor equal to the national average of local rates plus state regulated fees. *Id.* ¶ 238. The Transformation Order also “limit[s] high-cost support where local end-user rates plus state regulated fees” do not meet that national rate floor; those carriers’ federal subsidies will be reduced “on a dollar-for-dollar basis . . . , to the extent that [the] carrier’s local rates (plus state regulated fees) do not meet the urban rate floor.” *Id.* ¶ 239.

Ballard’s proposed rate increase is thus necessary to preserve its ability to receive these important USF subsidies. Without a minimum rate sufficient to meet the FCC’s new rate floor, high-cost carriers will lose significant federal subsidies that have historically allowed these carriers to provide service to the most costly, rural customers. That loss of federal funding will threaten the financial existence of these rural carriers, who have important obligations under federal and state law as carriers of last resort. Moreover, the loss of those subsidies could portend even larger rate increases in the future, as these carriers would need to raise their rates dramatically to reflect the full, unsubsidized cost of providing service in high-cost rural areas. And, as explained in the attached exhibits, Ballard believes that this rate increase will be effectively revenue-neutral, as a substantial percentage of its customers will qualify for an offset that negates virtually all of the proposed rate change.

\* \* \* \* \*

In support of its application, Ballard states as follows.

1. Pursuant to Section 14(1) of 807 KAR 5:001, (i) the full name of the applicant is Ballard Rural Telephone Cooperative Corporation, Inc.; (ii) the address of the applicant is 159 West 2<sup>nd</sup> Street, La Center, Kentucky 42056; and (iii) the electronic mailing address of the applicant is baltel@brtc.net.

2. Ballard is a rural incumbent local exchange carrier serving all of Ballard County and the western part of McCracken County (the “**Service Territory**”). Ballard was established in 1951 as a member-owned cooperative with the purpose of providing local telephone service to business and individual members within the exchanges of Bandana, La Center, Barlow, Wickliffe, Gage, Heath, and Kevil. Ballard provides approximately Four Thousand Fifty-Six (4,056) residential lines and Seven Hundred Seventy-Three (773) business lines to its members. Ballard is an eligible telecommunications carrier (“**ETC**”) in the communities it serves and is also the carrier of last resort (“**COLR**”) in the Service Territory. In 2011, Ballard received Eight Hundred Sixty Thousand And 00/100 Dollars (\$860,000.00) from the High Cost Loop Support (“**HCLS**”) Fund to support its COLR responsibilities in the Service Territory. Prior to its filing last year to meet the first rate floor, Ballard had not increased its local service rate since 1976, when it became the first independent telephone company in Kentucky to introduce one-party service throughout its Service Territory.

3. This proceeding was motivated by an Order of the Federal Communications Commission (“**FCC**”) that implemented “a rule to limit high-cost support where end-user rates do not meet a specified local rate floor.” *See* Transformation Order at ¶ 235.

4. Under the rule, local exchange carriers such as Ballard must meet a specified rate floor on June 1 of each subsequent year in order to be eligible to receive the maximum possible amount of HCLS from the FCC. Failure to meet the rate floor will result in a reduction in HCLS that the carrier could have otherwise received for that year. Transformation Order at ¶¶ 133, 238-40.

5. In addition to HCLS reform, the Transformation Order also established a glide path to reduce access charges to zero.

6. On April 25, 2013, Ballard filed with the Commission revised tariff sheets that contained an adjustment of its rates for basic local exchange service. Ballard informed the Commission of its intent to place its proposed rates into effect on and after May 31, 2013.

7. The Commission subsequently released the Order, which allowed Ballard's new rates to become effective on June 1, 2013, subject to refund. The Order requested that Ballard file an application to support its proposed new rates in compliance with Section 16 of 807 KAR 5:001, except for any waivers that may be granted.

\* \* \* \* \*

8. Pursuant to Section 4 of 807 KAR 5:006, Ballard's annual reports, including the annual report for 2012, are on file with the Commission.

9. Pursuant to Section 14(2)(a) of 807 KAR 5:001, a certified copy of Ballard's Articles of Incorporation and all amendments thereto are attached hereto as "**Exhibit 2**".

10. Pursuant to Section 16(1)(b)(1) of 807 KAR 5:001, Ballard requires an adjustment of its rates to maintain eligibility for the maximum amount of HCLS.

11. Pursuant to Section 16(1)(b)(2) of 807 KAR 5:001, a Certificate of Existence, dated within sixty (60) days of the date this Application is filed, is attached hereto as "**Exhibit 3**".

12. Ballard does not operate under an assumed name pursuant to KRS 365.015. Accordingly, the requirements of Section 16(b)(3) of 807 KAR 5:001 are inapplicable.

13. Pursuant to Section 16(1)(b)(4) of 807 KAR 5:001, Ballard's proposed tariff, in such form as is required by 807 KAR 5:011, is attached hereto as "**Exhibit 4**". The proposed effective date of the proposed tariff is May 31, 2013, and the rates are currently effective as of June 1, 2013 pursuant to the Order. As more fully explained in Ballard's Motion for Waiver of Certain Rate Application Filing Requirements, which is filed contemporaneously with the Application, Ballard

seeks waiver of the requirement that the effective date be not less than thirty (30) days from the date the application is filed, as is required by Section 16(1)(b)(4) of 807 KAR 5:001.

14. As more fully explained in Ballard's Motion for Waiver of Certain Rate Application Filing Requirements, Ballard seeks waiver of the requirements set forth in Section 16(1)(b)(5) of 807 KAR 5:001, requiring that the present and proposed tariff sheets be shown in comparative form or that the proposed tariff use italicizing, underscoring, and strikethroughs to show revisions.

15. Pursuant to Section 16(1)(b)(6) of 807 KAR 5:001, the notice sent to customers is attached hereto as "**Exhibit 5**". As more fully explained in Ballard's Motion for Waiver of Certain Rate Application Filing Requirements, which is filed contemporaneously with this Application, Ballard seeks a waiver of the requirement that customer notice has been given in compliance with Section 16(3)-(4) of 807 KAR 5:001, as required by Section 16(1)(b)(6) of 807 KAR 5:001.

16. As more fully explained in Ballard's Motion for Waiver of Certain Rate Application Filing Requirements, Ballard seeks waiver of Section 16(2) of 807 KAR 5:001, requiring a statement that the customer notice has been given in compliance with Section 16(3)-(4) of 807 KAR 5:001.

17. Pursuant to Section 16(9)(a) of 807 KAR 5:001, a narrative summary of the particular circumstances that justify and support Ballard Rural's application, including a statement of the reason the adjustment is required, is attached hereto as "**Exhibit 6**" and is incorporated herein. Exhibit 6 is filed in conjunction with a Petition for Confidential Treatment pursuant to Section 13 of 807 KAR 5:001 filed contemporaneously with this Application.

18. Because Ballard does not have gross annual revenues in excess of Five Million and 00/100 Dollars (\$5,000,000), the requirements of Section 16(9)(b) of 807 KAR 5:001 are inapplicable.

19. Pursuant to Section 16(9)(c) of 807 KAR 5:001, Ballard states that it does not plan to submit prepared testimony.

20. Pursuant to Section 16(9)(d) of 807 KAR 5:001, Exhibit 6 includes the estimate of the effect that new rates will have on Ballard's revenues as well as the percentage increase.

21. Because Ballard is not an electric, gas, sewage, or water utility, the requirements of Section 16(9)(e) of 807 KAR 5:001 are inapplicable.

22. Pursuant to Section 16(9)(f) of 807 KAR 5:001, Exhibit 6 contains a description of the effect upon the average bill for a change in basic local service.

23. As more fully explained in Ballard's Motion for Waiver of Certain Rate Application Filing Requirements filed contemporaneously with this Application, Ballard seeks waiver of Section 16(9)(g) of 807 KAR 5:001, requiring an analysis of customer bills.

24. Pursuant to Section 16(9)(h) of 807 KAR 5:001, Ballard's TIER calculations for the preceding three years are attached as "**Exhibit 7**" and is incorporated herein. Exhibit 7 is filed in conjunction with a Petition for Confidential Treatment pursuant to Section 13 of 807 KAR 5:001 filed contemporaneously with this Application.

25. As more fully explained in Ballard's Motion for Waiver of Certain Rate Application Filing Requirements filed contemporaneously with this Application, Ballard seeks waiver of Section 16(9)(i) of 807 KAR 5:001, requiring a reconciliation of the rate base and capital used to determine revenue requirements.

26. As more fully explained in Ballard's Motion for Waiver of Certain Rate Application Filing Requirements filed contemporaneously with this Application, Ballard seeks waiver of Section 16(9)(j) of 807 KAR 5:001, requiring a chart of current accounts.

27. As more fully explained in Ballard's Motion for Waiver of Certain Rate Application Filing Requirements filed contemporaneously with this Application, Ballard seeks waiver of Section 16(9)(k) of 807 KAR 5:001, requiring an auditor's annual opinion report.

28. Ballard has not been audited by the FCC. Accordingly, the requirements in Section 16(9)(l) of 807 KAR 5:001 are inapplicable.

29. As more fully explained in Ballard's Motion for Waiver of Certain Rate Application Filing Requirements filed contemporaneously with this Application, Ballard seeks waiver of Section 16(9)(m) of 807 KAR 5:001, requiring the most recent PSC Form T.

30. As more fully explained in Ballard's Motion for Waiver of Certain Rate Application Filing Requirements filed contemporaneously with this Application, Ballard seeks waiver of Section 16(9)(n) of 807 KAR 5:001, requiring a summary of the latest depreciation study.

31. As more fully explained in Ballard's Motion for Waiver of Certain Rate Application Filing Requirements filed contemporaneously with this Application, Ballard seeks waiver of Section 16(9)(o) of 807 KAR 5:001, requiring a schedule of detailed information regarding all software, programs, and models used to prepare the application.

32. Ballard has never made a stock or bond offering. Accordingly, the requirements of Section 16(9)(p) of 807 KAR 5:001 are inapplicable.

33. As more fully explained in Ballard's Motion for Waiver of Certain Rate Application Filing Requirements filed contemporaneously with this Application, Ballard seeks waiver of Section 16(9)(q) of 807 KAR 5:001, requiring the annual report to shareholders or members with statistical supplements.

34. As more fully explained in Ballard's Motion for Waiver of Certain Rate Application Filing Requirements filed contemporaneously with this Application, Ballard seeks waiver of Section 16(9)(r) of 807 KAR 5:001, requiring monthly managerial reports.

35. Ballard is not required to file the U.S. Securities and Exchange Commission's Form 10-K, Form 8-K, or Form 10-Q. Accordingly, the requirements of Section 16(9)(s) of 807 KAR 5:001 are inapplicable.

36. Ballard has not had any amounts charged or allocated to it by an affiliate or general or home office, and has not paid any monies to an affiliate or a general or home office during the test period or during the previous three (3) calendar years. Accordingly, the requirements of Section 16(9)(t) of 807 KAR 5:001 are inapplicable.

37. Because Ballard is not an electric, gas, sewage, or water utility, the requirements of Section 16(9)(u) of 807 KAR 5:001 are inapplicable.

38. Ballard has fewer than 50,000 access lines. Accordingly, the requirements of Section 16(9)(v) of 807 KAR 5:001 are inapplicable.

39. Pursuant to ¶ 3.a. of the Order, Exhibit 6 includes an estimate of the annual revenue to be received from HCLS beginning July 1, 2013.

40. Pursuant to ¶ 3.b. of the Order, Exhibit 6 contains an estimate of the annual revenue to be lost due to adjustment of terminating access rates effective July 1, 2013.

41. Pursuant to ¶ 3.c. of the Order, Exhibit 6 contains an estimate of the annual revenue to be generated by the tariff changes.

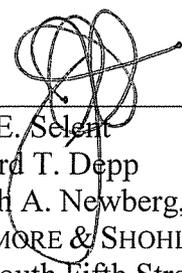
42. Pursuant to ¶ 3.d. of the Order, "**Exhibit 8**" contains an estimate of historical line counts. As more fully explained in Ballard's Motion for Waiver of Certain Rate Application Filing

Requirements filed contemporaneously with this Application, Ballard seeks partial waiver of ¶ 3.d. of the Order, insofar as it requests projected line losses.

43. Pursuant to ¶ 3.e. of the Order, “**Exhibit 9**” contains the quarterly universal service from 1Q2011 to 3Q2013 projected amounts. As is certified annually to the Commission, these funds are used by Ballard to provide voice and advanced data services to our customers, thereby providing our communities with access to critical communications services.

WHEREFORE, Ballard Rural Telephone Cooperative Corporation, Inc. requests that the Public Service Commission of the Commonwealth of Kentucky enter a final order approving Ballard Rural Telephone Cooperative Corporation, Inc.’s revisions to the applicable tariffs.

Respectfully submitted,



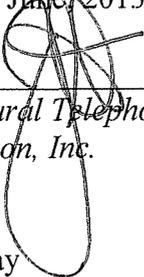
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Edward T. Depp  
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DINSMORE & SHOHL LLP  
101 South Fifth Street  
Suite 2500  
Louisville, KY 40202  
Phone: (502) 540-2300  
Fax: (502) 585-2207  
*Counsel to Ballard Rural Electric  
Cooperative Corporation, Inc.*

**CERTIFICATE OF SERVICE**

I certify that, on the date this Application was filed or served with the Kentucky Public Service Commission, a true and accurate copy of the foregoing was served by Federal Express or by hand delivery upon the persons listed below.

On this the 10th day of June, 2013.

  
\_\_\_\_\_  
*Counsel for Ballard Rural Telephone  
Cooperative Corporation, Inc.*

Honorable Jack Conway  
Capitol Suite 118  
700 Capitol Avenue  
Frankfort, Kentucky 40601-3449



COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILING OF BALLARD RURAL TELEPHONE ) CASE NO.  
COOPERATIVE CORPORATION, INC. ) 2013-00190

ORDER

On April 25, 2013, Ballard Rural Telephone Cooperative Corporation, Inc. ("Ballard Rural") filed with the Commission revised tariff sheets that contained a general adjustment of its rates for basic local exchange service. Ballard Rural informed the Commission of its intent to place its proposed rates into effect on and after May 31, 2013. However, as discussed below, the Commission finds that the proposed tariff should be suspended pursuant to KRS 278.190(2), but the proposed rates may be charged, subject to refund, on and after June 1, 2013.

Ballard Rural filed its proposed increased rates to comply with the directive of the Federal Communications Commission ("FCC") in its Order that, *inter alia*, comprehensively reformed intercarrier compensation.<sup>1</sup> In addition to establishing a glide path to reduce access charges to zero, the FCC's ICC/USF Order also established a rate floor for local exchange rates. The FCC required that Local Exchange Carriers ("LEC"), such as Ballard Rural, shall be eligible to receive high-cost support in a study area if the rates for local exchange service are at or above the rate floor on June 1 of

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<sup>1</sup> 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, 05-337, 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").

every subsequent year.<sup>2</sup> Failure to meet the rate floor will result in forfeiture of the high cost support that the carrier would have otherwise received for that year.<sup>3</sup>

The Commission, in the past, has held that a general adjustment in rates cannot be made simply through a tariff filing.<sup>4</sup> A utility must file an application that complies with the filing requirements of 807 KAR 5:001, Section 16, which, *inter alia*, requires that certain financial information be filed with the Commission and notice be given to customers. Ballard Rural's tariff filing seeking to raise local exchange rates is a general adjustment in rates and, therefore, an application for a general adjustment in rates must be filed pursuant to 807 KAR 5:001, Section 16. Ballard Rural must comply with the requirements found in 807 KAR 5:001, Section 16. Ballard Rural's tariff filing does not comply with this regulation and cannot be put into effect on the proposed effective date.

The Commission is cognizant that Ballard Rural's ability to receive high-cost loop support will be jeopardized if its rates for basic local exchange service are not at or above the \$14.00 rate floor mandated in the ICC/USF. Therefore, the Commission will *only suspend the proposed rates for one day and allow them to go into effect on June 1, 2013, subject to refund.* The Commission also acknowledges the mandatory and the time-sensitive nature of the FCC's rate floor, and that all of the information specified in 807 KAR 5:001, Section 16, may not be necessary to support an increase in basic local exchange rates under these circumstances.

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<sup>2</sup> 47 C.F.R. § 54.318 High-cost support; limitations on high-cost support.

<sup>3</sup> ICC/USF Order at ¶¶ 133, 238-240.

<sup>4</sup> See, Case No. 2004-00459, *The Application of Louisville Gas and Electric Company for Approval of New Rate Tariffs Containing a Mechanism for the Pass-Through of MISO-Related Revenue and Costs Not Already Included in Existing Base Rates* (Ky. PSC Apr. 15, 2004).

At the very least, the Commission will require that Ballard Rural file the information required in 807 KAR 5:001, Section 16(1)(a)(1), (1)(b)(4), (1)(b)(6), (3)(b)(1), (4), (6), (9)(a), (9)(d), (9)(f), (9)(h), and (10). Except as required above, Ballard Rural may request a deviation, pursuant to 807 KAR 5:001, Section 16(15), from the other requirements of 807 KAR 5:001, Section 16.

Based on the foregoing, IT IS THEREFORE ORDERED that:

1. Ballard Rural's proposed rates for its basic local exchange service are suspended for one day from the effective date of May 31, 2013, and will be effective subject to refund on June 1, 2013.

2. Within ten days of the date of this Order, Ballard Rural shall file with the Commission an application to support its proposed tariff to increase rates for local exchange service. The application shall comply with 807 KAR 5:001, Section 16, except for any waivers that may be granted or requirements other than those specified in the findings above.

3. The application shall also contain:

a. The estimated annual revenue to be received from High Cost Loop Support beginning July 1, 2013.

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

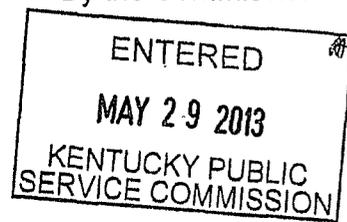
c. The total estimated annual revenue (increase or decrease) to be generated by the tariff changes. Include a breakout for each service or category of service to show changes in revenue.

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

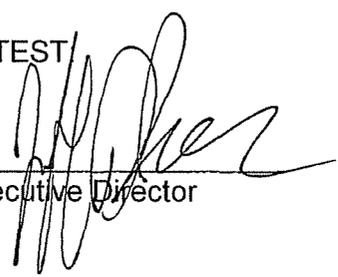
e. Historical and projected federal universal service support and its effects on the company.

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

By the Commission



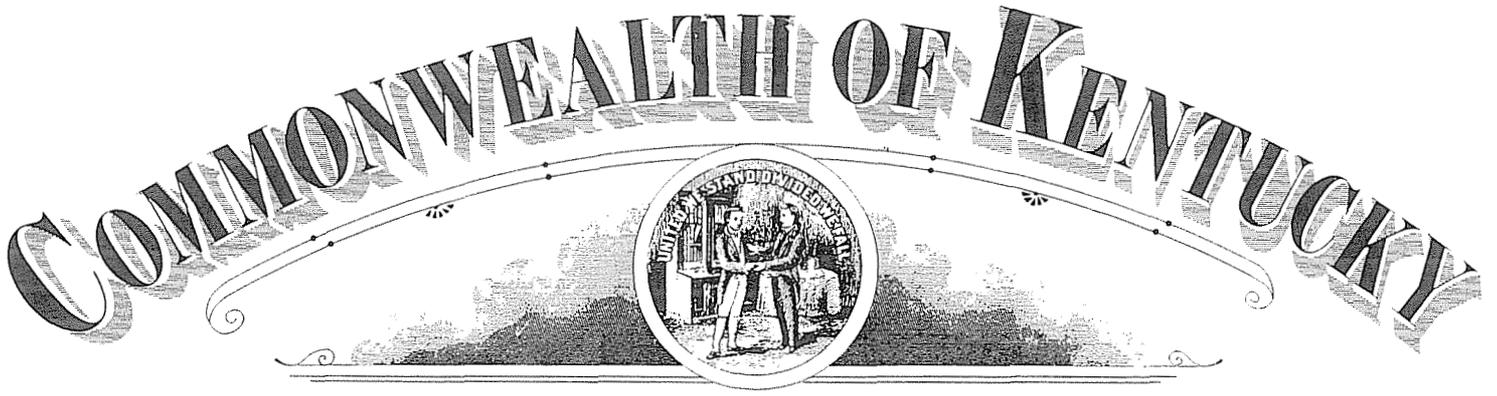
ATTEST

  
Executive Director

Case No. 2013-00190

Harlon E Parker  
CEO & General Manager  
Ballard Rural Telephone Cooperative Corporation,  
159 W 2nd Street  
P. O. Box 209  
La Center, KY 42056-0209





**Alison Lundergan Grimes  
Secretary of State**

**Certificate**

I, Alison Lundergan Grimes, Secretary of State for the Commonwealth of Kentucky, do hereby certify that the foregoing writing has been carefully compared by me with the original thereof, now in my official custody as Secretary of State and remaining on file in my office, and found to be a true and correct copy of

ARTICLES OF INCORPORATION OF

BALLARD RURAL TELEPHONE COOPERATIVE CORPORATION, INC. FILED JUNE 21, 1951.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 10th day of June, 2013.



*Alison Lundergan Grimes*

Alison Lundergan Grimes  
Secretary of State  
Commonwealth of Kentucky  
dwilliams/0002225 - Certificate ID: 139772

Commonwealth

# Department of State

Kentucky



## Office of Secretary of State

GEORGE GLENN HATCHER, SECRETARY

### CERTIFICATE FOR NON-STOCK CORPORATION

I, George Glenn Hatcher, Secretary of State, do hereby certify that the Articles of Incorporation in triplicate originals of BALLARD RURAL TELEPHONE COOPERATIVE CORPORATION, INC.

(La Center, Kentucky)

are found to be duly signed and acknowledged; that there appears to be no capital stock; no private pecuniary profit is to be derived therefrom; no organization tax is required by law; all fees and charges have been paid; that one original copy is filed and recorded in this office. It further appears that all requirements of law have been complied with and this certificate, with two original articles of incorporation indorsed with the fact and time of recording in this office, has been returned to the incorporators or their representative. Corporate existence shall begin upon the issuance of this certificate. Said certificate shall be conclusive evidence of the fact that the above named corporation has been incorporated and is now authorized and empowered to do business in Kentucky, subject to the restrictions imposed by Chapter 273, Kentucky Revised Statutes, and other laws.

Given under my official signature and seal

this the 21st day of June 19 51

George Glenn Hatcher  
SECRETARY OF STATE

By \_\_\_\_\_  
Deputy, Corporation Department.

D- SECRETARY OF STATE 6/21/51 Original Process Agent: C. E. Seaton, La Center, Ky.

4540



D-45-40

ARTICLES OF INCORPORATION

OF

BALLARD RURAL TELEPHONE COOPERATIVE CORPORATION, INC.

We, the undersigned, being natural persons and citizens of the Commonwealth of Kentucky do hereby execute these articles of incorporation for the purpose of organizing a nonprofit cooperative corporation (herein called the "Cooperative") under the laws of the Commonwealth of Kentucky, pursuant to an Act entitled "AN ACT relating to telephone cooperative, nonprofit corporations, rural telephones and telephone services", approved March 25, 1950.

FIRST, the name of the Cooperative is Ballard Rural Telephone Cooperative Corporation, Inc.

SECOND, the address of the principal office of the Cooperative is La Center, Ballard County, Kentucky.

THIRD, the names and addresses of the incorporators of the Cooperative are:

Names

ADDRESSES

Harris Grubbs

Route #2, La Center, Kentucky

G. E. Seaton, Process Agent

La Center, Kentucky

Clay L. King

Route #2, Paducah, Kentucky

Elwood Crice

Bandana, Kentucky

W. H. Wolfe

Route #2, Kevil, Kentucky

W. E. Brockman, Jr.

Route #3, Kevil, Kentucky

W. L. Trimble

Wickliffe, Kentucky

George H. Lovelace

Barlow, Kentucky

C. B. Rollins

Kevil, Kentucky

Wilson Rudolph

Route 2, Kevil, Kentucky

W. F. Flournoy

Route #1, Wickliffe, Kentucky

FOURTH, the names and addresses of the persons who shall constitute the first Board of Trustees of the Cooperative are:

<u>Names</u>	<u>Addresses</u>
G. E. Seaton	La Center, Kentucky
Elwood Crice	Bandana, Kentucky
W. L. Trimble	Wickliffe, Kentucky
George H. Lovelace	Barlow, Kentucky
Wilson Rudolph	Route 2, Kevil, Kentucky

FIFTH, The operations of the Cooperative are to be conducted in the Counties of Ballard and McCracken, Kentucky, and in such other counties as such operations may from time to time become necessary or desirable in the interest of this Cooperative or of its members.

IN TESTIMONY WHEREOF we have hereunto subscribed our names this 15 day of June, 1951.

Harris Grubbs  
Lab Seaton  
Jay L. King  
Elwood Crice  
W H Wolfe  
W. E. Brubaker  
W. L. Trimble  
George H. Lovelace  
C. B. Rollins  
Wilson Rudolph  
W. L. Grubbs

STATE OF KENTUCKY        )  
                                  )    SS  
COUNTY OF McCRACKEN    )

I, Eloise Morgan, hereby certify that the foregoing articles of incorporation of the Ballard Rural Telephone Cooperative Corporation, Inc., were this day produced to me in my office by Harris Grubbs, C. E. Seston, Clay L. King, Elwood Crice, W. H. Wolfe, W. E. Brockman, Jr., W. L. Trimble, George H. Lovelace, C. B. Rollins, Wilson Rudolph and W. F. Flournoy, and acknowledged and delivered by said parties to be their act and deed.

WITNESS my hand this 15th day of June, 1951.

My commission expires March 9, 1954.

*Eloise Morgan*  
Notary Public, McCracken County, Kentucky

ORIGINAL COPY  
FILED AND RECORDED

JUN 21 1951

DATE

*George Glenn Ketcher*  
SECRETARY OF STATE OF KENTUCKY  
FRANKFORT, KENTUCKY

BY

*[Signature]*  
DEPUTY



**Commonwealth of Kentucky**  
**Alison Lundergan Grimes, Secretary of State**

Alison Lundergan Grimes  
Secretary of State  
P. O. Box 718  
Frankfort, KY 40602-0718  
(502) 564-3490  
<http://www.sos.ky.gov>

**Certificate of Existence**

Authentication number: 139752

Visit <https://app.sos.ky.gov/ftshow/certvalidate.aspx> to authenticate this certificate.

I, Alison Lundergan Grimes, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

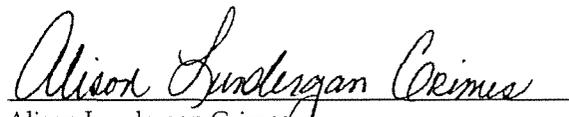
**BALLARD RURAL TELEPHONE COOPERATIVE CORPORATION, INC.**

is a corporation duly incorporated and existing under KRS Chapter 14A and KRS Chapter 272, whose date of incorporation is June 21, 1951 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that Articles of Dissolution have not been filed; and that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 7<sup>th</sup> day of June, 2013, in the 222<sup>nd</sup> year of the Commonwealth.



  
Alison Lundergan Grimes  
Secretary of State  
Commonwealth of Kentucky  
139752/0002225



GENERAL SUBSCRIBER SERVICES TARIFF

Ballard Rural Telephone Cooperative Corporation, Inc.

Section C  
2<sup>nd</sup> Revised Sheet 4  
Cancels 1<sup>st</sup> Revised Sheet 4

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C. BASIC LOCAL EXCHANGE SERVICE

C.1 Local Exchange Rates (Cont'd)

C.1.2 Monthly exchange service rates as authorized by the Kentucky Public Service Commission (Cont'd)

3. Monthly Rates

A. Bandana, Barlow, Gage, La Center, Wickliffe

	One-Party Service	
	<u>Residence</u>	<u>Business</u>
Network Access Charge	\$14.00 (I)	\$14.00 (I)

B. Heath

	One-Party Service	
	<u>Residence</u>	<u>Business</u>
Network Access Charge	\$14.00 (I)	\$14.00 (I)

C. Kevil

	One-Party Service	
	<u>Residence</u>	<u>Business</u>
Network Access Charge	\$14.00 (I)	\$14.00 (I)

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Issue Date: April 25, 2013  
Effective Date: May 31, 2013

By: /s/ Harlon E. Parker  
Harlon E. Parker, General Manager

GENERAL SUBSCRIBER SERVICES TARIFF

Ballard Rural Telephone Cooperative Corporation, Inc.

Section J  
4<sup>th</sup> Revised Sheet 4  
Cancels 3<sup>rd</sup> Revised Sheet 4

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J.3 Charges

Rates:

J.3.2 Key System

Monthly Rates

Capacity, 4 Trunks and 9 Stations

1. Deleted
2. Deleted
3. Key Trunk: By Exchange Rates.

Bandana	\$ 14.00 (I)
Barlow	\$ 14.00 (I)
Gage	\$ 14.00 (I)
Heath	\$ 14.00 (I)
Kevil	\$ 14.10
La Center	\$ 14.00 (I)
Wickliffe	\$ 14.00 (I)

Capacity, 4 Trunks and 19 stations

1. Deleted
2. Deleted
3. Key Trunk: By Exchange Rates.

Bandana	\$ 14.00 (I)
Barlow	\$ 14.00 (I)
Gage	\$ 14.00 (I)
Heath	\$ 19.53
Kevil	\$ 19.90
La Center	\$ 14.00 (I)
Wickliffe	\$ 14.00 (I)

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Issue Date: April 25, 2013  
Effective Date: May 31, 2013

/s/ Harlon E. Parker  
By: Harlon E. Parker, General Manager

GENERAL SUBSCRIBER SERVICES TARIFF

Ballard Rural Telephone Cooperative Corporation, Inc.

Section J  
4<sup>th</sup> Revised Sheet 4.1  
Cancels 3<sup>rd</sup> Revised Sheet 4.1

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J.3 Charges

Rates:

J.3.2 Key System

Monthly Rates

Capacity, 4 Trunks and 19 Stations  
4 Intercom Links

1. Deleted
2. Deleted
3. Key Trunk: By Exchange Rates.

Bandana	\$ 14.00 (I)
Barlow	\$ 14.00 (I)
Gage	\$ 14.00 (I)
Heath	\$ 19.53
Kevil	\$ 19.90
La Center	\$ 14.00 (I)
Wickliffe	\$ 14.00 (I)

Capacity, 12 Trunks and 36 Stations  
4 Intercom Links

1. Deleted
2. Deleted
3. Key Trunk: By Exchange Rates.

Bandana	\$ 14.00 (I)
Barlow	\$ 14.00 (I)
Gage	\$ 14.00 (I)
Heath	\$ 19.53
Kevil	\$ 19.90
La Center	\$ 14.00 (I)
Wickliffe	\$ 14.00 (I)

---

Issue Date: April 25, 2013

Effective Date: May 31, 2013

/s/ Harlon E. Parker

By: Harlon E. Parker, General Manager

GENERAL SUBSCRIBER SERVICES TARIFF

Ballard Rural Telephone Cooperative Corporation, Inc.

Section J  
4<sup>th</sup> Revised Sheet 4.2  
Cancels 3<sup>rd</sup> Revised Sheet 4.2

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J.3 Charges

Rates:

J.3.2 Key System

Monthly Rates

Capacity, 4 Trunks and 9 Stations (Touchtone)

1. Deleted
2. Deleted
3. Key Trunk: By Exchange Rates.
  - Bandana \$ 14.00 (I)
  - Barlow \$ 14.00 (I)
  - Gage \$ 14.00 (I)
  - Heath \$ 14.00 (I)
  - Kevil \$ 14.10
  - La Center \$ 14.00 (I)
  - Wickliffe \$ 14.00 (I)

Capacity, 12 Trunks and 19 Stations (Touchtone)

1. Deleted
2. Deleted
3. Key Trunk: By Exchange Rates.
  - Bandana \$ 14.00 (I)
  - Barlow \$ 14.00 (I)
  - Gage \$ 14.00 (I)
  - Heath \$ 19.53
  - Kevil \$ 19.90
  - La Center \$ 14.00 (I)
  - Wickliffe \$ 14.00 (I)

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Issue Date: April 25, 2013  
Effective Date: May 31, 2013

By: /s/ Harlon E. Parker  
Harlon E. Parker, General Manager



## **Ballard Telephone Cooperative Customer Notification**

Dear Cooperative Member:

Ballard Telephone Cooperative strives to provide our members with advanced technologies that are readily available in most urban markets. We have invested in wireless technology as a partner with Verizon Wireless, we can provide DSL to all customers, we operate a video network, and we are currently constructing a fiber-to-the-home (FTTH) network. We have completed the FTTH network in the LaCenter exchange. Heath will be completed in 2012 and Kevil will be completed in 2013. The other exchanges are still in the planning phases.

The Federal Communications Commission (FCC) passed landmark regulation in November 2011 and just recently made clarifications that will have an effect on Ballard Telephone. The purpose of the regulation was to ensure that all Americans have access to a broadband network. We applaud the FCC's goal, but we do not agree with their path to accomplish the goal! The FCC's current regulations penalize rural America by dramatically slashing the funding mechanisms for rural companies like your cooperative. For BTC to receive reduced funding from the FCC, our local rates must meet certain local rate floors. As of June 1, BTC's local rates must be, at a minimum, \$14.00. If we fail to meet the local rate floor, the Cooperative will be denied the FCC funding that essentially is used to help operate Ballard Telephone. At this point, we have no choice but to meet the local rate floor of \$14.00. The FCC has decided that the consumer should be paying more directly for their telecommunication services and they will continue this process for the next three years.

Moving forward, the FCC will adjust the local rate floor annually. Ballard Telephone will continue to invest in the community to make certain that our members have the same opportunities as any consumer of telecommunication services across the nation. We will be providing more information in upcoming newsletters and mailings about how the FCC decision making will challenge rural America and Ballard Telephone.

We appreciate your business and thank you for your continued support of Ballard Telephone Cooperative!



**DESCRIPTION AND JUSTIFICATION**

On April 25, 2013, Ballard Rural Telephone Cooperative Corporation, Inc. (“**Ballard**”) filed for an increase of its basic local service rates to Fourteen And 00/100 Dollars (\$14.00) per month. This filing was in response to the Federal Communications Commission’s November 18, 2011 order requiring that providers meet certain minimum local service rates in order to continue to receive certain federal universal service support. In that Order (the “**Transformation Order**”) the Federal Communications Commission established a local exchange rate floor of Ten And 00/100 (\$10.00) as of June 1, 2012, Fourteen And 00/100 Dollars (\$14.00) as of June 1, 2013, and an undefined “urban rate” as of June 1, 2014. Companies below the applicable rate floor are penalized with a dollar for dollar reduction in High Cost Loop Support (“**HCLS**”).

On June 1, 2012, Ballard increased its rates to meet the Federal Communications Commission’s Ten And 00/100 Dollar (\$10.00) rate floor mandate. With this filing, Ballard intends to increase its rates again so that Ballard meets the Federal Communications Commission’s Fourteen And 00/100 Dollar (\$14.00) rate floor mandate. Unlike its prior rate increase, which appeared to have minimal impact on customer subscription rates, Ballard believes that this rate increase will likely result in service abandonment. As a member-owned cooperative, the company is particularly tuned to the expectations of its members; as such, Ballard would not increase its rate to Fourteen And 00/100 Dollars (\$14.00) were it not for the Federal Communications Commission’s requirement in the Transformation Order.

**FINANCIAL IMPACT**

Ballard recognizes that it is seeking a Forty Percent (40.00%) increase in its local service rates. Based on the 3Q13 USAC reports, Ballard anticipates receiving approximately Eight Hundred Sixty-Two Thousand And 00/100 Dollars (\$862,000.00) in HCLS for its 2012 fiscal

year. Based on its subscribers as of March, 2013, without the increase in local service rates, failure to meet the FCC’s rate floor mandate could cost the company approximately One Hundred Ninety-Five Thousand And 00/100 (\$195,000.00), or Twenty-Two and Fifty-Eight Hundredths Percent (22.58%) of its total annual HCLS.

	Subscribers	Current Rate	FCC Floor	At Risk
Residential	4,056	\$ 10.00	\$ 14.00	\$ 194,688
Annual HCLS (using 3Q13 projections)				\$ 862,140
Support at risk absent a rate increase				22.58 %

Additionally, as part of the Transformation Order, the Federal Communications Commission established that the intercarrier compensation collected in 2011 fiscal year, from October 1, 2010 to September 30, 2011, was the maximum amount of allowed revenues from intercarrier compensation. In addition, the Transformation Order established a phase down schedule of those maximum amounts allowed, requiring that the maximum intercarrier compensation amount be reduced by Five Percent (5.00%) each fiscal year. With this change, Ballard cannot collect more than the maximum intercarrier compensation revenue amount. As is shown below, this reduction was approximately [REDACTED] [REDACTED] for Ballard’s 2012 fiscal year and the cumulative reduction at the end of Ballard’s 2013 fiscal year will be approximately [REDACTED] [REDACTED]

	Allowed Revenues	Reduction	Cumulative	% Reduction
FY 2011				0.00%
FY 2012				-5.00%
FY 2013				-9.75%

**CONCLUSION**

The Transformation Order seeks to dramatically change the revenue sources historically available to rural telephone companies like Ballard to use in meeting their carrier of last resort obligation and to expand the availability of advanced broadband services to their customers. Unfortunately, for many of these companies, doing so requires upward pressure on local service rates. As shown in this documentation, Ballard has no other options available to it and, therefore, requests that its tariff revisions be approved.



	2010	2011	2012
<b>Income Statement</b>			
<b>Operating Revenues</b>			
Local network services revenue			
Network access service revenue			
Long distance network services revenue			
Miscellaneous revenue			
Uncollectible revenue			
Additional Revenue			
<b>Total Operating Revenues</b>			
<b>Operating Expenses</b>			
Plant specific operations expense			
Plant non-specific operations expense			
Provision for depreciation			
Customer operations expense			
Corporate operations expense			
<b>Total Operating Expenses</b>			
<b>Operating Margin</b>			
<b>Fixed Charges</b>			
Interest expense on long term debt			
Interest charged to construction			
<b>Total Fixed Charges</b>			
<b>Net Income</b>			
<b>TIER</b>			
Net Income (after taxes)			
Interest expense			
Net Income (after taxes) + Interest Ex			

**Times Interest Earned Ratio (TIER)**

the ratio of a borrower's net income (after taxes) plus interest expense, all divided by interest expense. Interest expense should only include interest on debt with a maturity greater than one year.



Ballard Telephone Cooperative  
NECA Access Line - Historical

	<u>Jan-10</u>	<u>Feb-10</u>	<u>Mar-10</u>	<u>Apr-10</u>	<u>May-10</u>	<u>Jun-10</u>	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>
Multi-Line Business	852	849	845	836	842	841	840	835	831	831	824	821
Single-Line Business	169	170	167	167	165	164	163	159	163	162	164	161
Residential	<u>4,348</u>	<u>4,356</u>	<u>4,309</u>	<u>4,304</u>	<u>4,279</u>	<u>4,260</u>	<u>4,251</u>	<u>4,212</u>	<u>4,206</u>	<u>4,197</u>	<u>4,177</u>	<u>4,194</u>
TOTAL	5,369	5,375	5,321	5,307	5,286	5,265	5,254	5,206	5,200	5,190	5,165	5,176

	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>
Multi-Line Business	803	797	797	793	795	790	787	792	785	785	779	771
Single-Line Business	162	160	159	158	159	159	159	160	159	161	162	163
Residential	<u>4,201</u>	<u>4,187</u>	<u>4,184</u>	<u>4,109</u>	<u>4,089</u>	<u>4,068</u>	<u>4,079</u>	<u>4,036</u>	<u>4,038</u>	<u>4,034</u>	<u>4,033</u>	<u>4,044</u>
TOTAL	5,166	5,144	5,140	5,060	5,043	5,017	5,025	4,988	4,982	4,980	4,974	4,978

	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>
Multi-Line Business	770	765	765	761	761	764	764	766	767	762	755	752
Single-Line Business	166	163	166	163	163	160	162	162	161	159	158	158
Residential	<u>4,034</u>	<u>3,998</u>	<u>4,024</u>	<u>4,006</u>	<u>3,988</u>	<u>3,967</u>	<u>3,926</u>	<u>3,910</u>	<u>3,901</u>	<u>3,874</u>	<u>3,848</u>	<u>3,843</u>
TOTAL	4,970	4,926	4,955	4,930	4,912	4,891	4,852	4,838	4,829	4,795	4,761	4,753

	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>	<u>Jul-13</u>	<u>Aug-13</u>	<u>Sep-13</u>	<u>Oct-13</u>	<u>Nov-13</u>	<u>Dec-13</u>
Multi-Line Business	741	735	735	735	730							
Single-Line Business	158	157	156	154	153							
Residential	<u>3,812</u>	<u>3,810</u>	<u>3,813</u>	<u>3,791</u>	<u>3,745</u>							
TOTAL	4,711	4,702	4,704	4,680	4,628							



Universal Service Support 1Q2011 - 3Q2013

BALLARD RURAL COOP

Case 2013-00190

Period	State	SAC	Study Area Name	Total High Cost Monthly	Total High Cost Quarterly
3Q2013	KY	260396	BALLARD RURAL COOP	\$ 219,949	\$ 659,847
2Q2013	KY	260396	BALLARD RURAL COOP	\$ 211,173	\$ 633,519
1Q2013	KY	260396	BALLARD RURAL COOP	\$ 204,045	\$ 612,135
4Q2012	KY	260396	BALLARD RURAL COOP	\$ 154,753	\$ 464,259
3Q2012	KY	260396	BALLARD RURAL COOP	\$ 154,753	\$ 464,259
2Q2012	KY	260396	BALLARD RURAL COOP	\$ 153,939	\$ 461,817
1Q2012	KY	260396	BALLARD RURAL COOP	\$ 151,121	\$ 453,363
4Q2011	KY	260396	BALLARD RURAL COOP	\$ 106,471	\$ 319,413
3Q2011	KY	260396	BALLARD RURAL COOP	\$ 106,471	\$ 319,413
2Q2011	KY	260396	BALLARD RURAL COOP	\$ 76,914	\$ 230,742
1Q2011	KY	260396	BALLARD RURAL COOP	\$ 78,698	\$ 236,094

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JUN 11 2013

PUBLIC SERVICE  
COMMISSION

In the Matter of:

TARIFF FILING OF BALLARD RURAL TELEPHONE ) CASE NO.  
COOPERATIVE CORPORATION, INC. ) 2013-00190

**MOTION FOR WAIVER OF CERTAIN  
RATE APPLICATION FILING REQUIREMENTS**

Ballard Rural Telephone Cooperative Corporation, Inc. ("**Ballard**"), by counsel, and pursuant to 807 KAR 5:001 Section 16(15), hereby moves the Public Service Commission of the Commonwealth of Kentucky (the "**Commission**") for waiver, for good cause, of certain filing requirements set forth in 807 KAR 5:001 Section 16 and the Commission's May 29, 2013 Order in this case (the "**Order**", attached as Exhibit 1 to the Application). In support of its request, Ballard states as follows.

**I. Introduction**

In the Order, the Commission requested that Ballard file an application pursuant to 807 KAR 5:001 Section 16 in order to obtain the rate adjustments that it seeks. The Commission recognized "the mandatory and time-sensitive nature of the FCC's rate floor, and that all of the information specified in 807 KAR 5:001 Section 16 may not be necessary to support an increase in basic local exchange rates under these circumstances." Order at 2. Accordingly, the Commission provided a list of specific requirements from 807 KAR 5:001 that are necessary to allow the Commission to evaluate Ballard's Application. Ballard now moves for waiver of certain requirements of Section 16 of 807 KAR 5:001 and the Order.

## II. Argument

Upon good cause shown, the Commission shall grant “[a] request for waiver of any of the provisions of [the] filing requirements.” 807 KAR 5:001, Section 16(15). In determining whether good cause exists, the Commission may consider:

(a) Whether other information provided by the utility is sufficient to allow the Commission to effectively and efficiently review the rate application;

(b) Whether the information for which waiver is requested is normally maintained by the utility or reasonably available from the information the utility does maintain; and

(c) The expense in providing the information which is the subject of the waiver request.

Id.

Because of the expedited nature of these proceedings (which is required due to the time-sensitive nature of the rate floor) and the relatively small size of the utility, it is not feasible for Ballard to compile some of the information required by Section 16 by the application deadline established in the Order. Furthermore, Ballard’s Application is simply a response to the regulatory pronouncement of the FCC as opposed to a financial need for additional revenue from its ratepayers, and the Commission acknowledged in its Order that “all of the information specified in 807 KAR 5:001 Section 16 may not be necessary to support an increase in basic local exchange rates under these circumstances.” Order at 2.

Wherefore, Ballard requests waiver of the following filing requirements. A brief supporting narrative is included for each of these provisions.

### **A. Filing Requirements Not Specified in the Order**

The information required by the following regulations was not requested by the Commission in the Order. *See* Order at 3.

**807 KAR 5:001 Section 16(1)(b)(5)**

**New or revised tariff sheets shown by either providing the present and proposed tariffs in comparative form on the same sheet side by side or on facing sheets side by side, or providing a copy of the present tariff indicating proposed additions by italicized inserts or underscoring and striking over proposed deletions.**

Ballard does not have this information readily available and accordingly seeks waiver of Section 16(1)(b)(5) of 807 KAR 5:001.

**807 KAR 5:001 Section 16(2)**

**File written notice of intent to file a rate application at least thirty days, but not more than sixty days, prior to filing the application; state in such notice whether the application will be supported by a historical or forecast test period; serve a copy of the notice upon the Attorney General.**

Ballard files the Application pursuant to the Order, which established a deadline of ten days from entry of the Order. Furthermore, Ballard will serve a copy of the Application upon the Attorney General contemporaneous with its filing. Therefore, in light of the unique circumstances of this case, Ballard seeks waiver of Section 16(2) of 807 KAR 5:001.

**807 KAR 5:001 Section 16(9)(g)**

**Analysis of customers' bills in such detail that revenues from present and proposed rates can be readily determined for each customer class.**

Because of offsets Ballard will be providing its customers and anticipated line loss due to the rate increase, the propose rate adjustments will be virtually revenue-neutral. Additionally, Ballard's financial report, containing its 2012 revenues under the rates in effect prior to the filing

of the Application, is on file with the Commission. This information should be sufficient to allow the Commission to effectively and efficiently review the Application, and Ballard accordingly seeks waiver of Section 16(9)(g) of 807 KAR 5:001.

**807 KAR 5:001 Section 16(9)(i)**

**Reconciliation of rate base and capital used to determine revenue requirements.**

Ballard's Application is filed for the purpose of implementing rates to secure the maximum amount of High Cost Loop Support ("**HCLS**"), and not because of a financial need to obtain more revenue from its customers. The new basic local rate was determined based on the rate floor set in the Transformation Order, and not determined based on the rate base and capital. This data is thus irrelevant to the proposed rate increase and will not aid the Commission in evaluating Ballard's Application. Accordingly, Ballard seeks waiver of Section 16(9)(i) of 807 KAR 5:001.

**807 KAR 5:001 Section 16(9)(j)**

**Current chart of accounts, if more detailed than the Uniform System of Accounts.**

Ballard's financial reports are on file with the Commission and should be sufficient to efficiently evaluate the Application. Accordingly, Ballard seeks waiver of Section 16(9)(j) of 807 KAR 5:001.

**807 KAR 5:001 Section 16(9)(k)**

**Independent auditor's annual opinion report, with any written communication from auditor which indicates existence of material weakness in internal controls.**

Ballard's Application is filed merely to secure HCLS and is not driven by financial weakness in the company or a need to secure more revenue from its ratepayers. Reports that otherwise detail Ballard's financials are on file with the Commission. Accordingly, Ballard seeks waiver of Section 16(9)(k) of 807 KAR 5:001.

**807 KAR 5:001 Section 16(9)(m)                      The most recent PSC Form T.**

Subscriber information similar to that which appears in the PSC Form T is included in Exhibit 6 to the Application. This information should allow the Commission the ability to efficiently evaluate the Application under the circumstances of this case, and Ballard accordingly seeks waiver of Section 16(9)(m) of 807 KAR 5:001.

**807 KAR 5:001 Section 16(9)(n)                      Summary of latest depreciation study with schedules by major plant accounts, except that telecommunications utilities adopting the Commission's average depreciation rates shall provide a schedule identifying current and test period depreciation rates used by major plant accounts.**

Ballard's annual financial report for 2012, which covers the test period, is on file with the Commission. Because this information should be sufficient to allow the Commission to efficiently evaluate the Application, Ballard seeks waiver of Section 16(9)(n) of 807 KAR 5:001.

**807 KAR 5:001 Section 16(9)(q)                      Annual report to shareholders, or members, and statistical supplements covering the two most recent years from the application filing date.**

Ballard's annual financial report for 2012, which covers the test period, is on file with the Commission. Because this information should be sufficient to allow the Commission to efficiently evaluate the Application, Ballard seeks waiver of Section 16(9)(q) of 807 KAR 5:001.

**807 KAR 5:001 Section 16(9)(r)**                      **Monthly managerial reports providing financial results for twelve months in test period.**

Ballard's annual financial report for 2012, which covers the test period, is on file with the Commission. Because this information should be sufficient to allow the Commission to efficiently evaluate the Application, Ballard seeks waiver of Section 16(9)(r) of 807 KAR 5:001.

**B. Filing Requirements Specified in the Order**

**807 KAR 5:001 Section 16(1)(b)(4)**                      **New or revised tariff sheets must have an effective date not less than thirty days from the date the application is filed**

Because of the time-sensitive nature of the FCC-mandated rate floor, the effective date is within the thirty-day horizon required by Section 16(1)(b)(4), and Ballard accordingly requests waiver of Section 16(1)(b)(4) of 807 KAR 5:001 so that it may comply with the Transformation Order.

**807 KAR 5:001, Section 16(1)(b)(6)**                      **A statement that notice has been given in compliance with subsections (3) and (4) of 807 KAR 5:001 Section 16, with a copy of the notice.**

Ballard has provided a copy of the customer notice at Exhibit 5 of its Application. However, Ballard requests waiver of Section 16(1)(b)(6) of 807 KAR 5:001 as it requires strict compliance with 807 KAR 5:001 Section 16(3)-(4). Ballard targeted the notice in a manner that

was most appropriate to reach its customers with the pertinent information. The notice that was provided as a bill insert to all customers states that basic local rates will increase, and explains the reasons under the new FCC rules to meet the \$14.00 rate floor for basic local service. Accordingly, Ballard requests waiver of Section 16(1)(b)(6) of 807 KAR 5:001.

**Order at ¶ 3.d.**

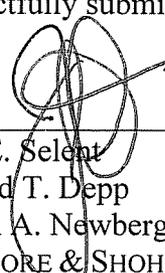
**Historical and projected line loss.**

Ballard has provided historical data concerning line loss but does not have readily-available data for projected line loss. Accordingly, Ballard seeks waiver of the filing requirements that appear in the Order at ¶ 3.d.

**III. Conclusion**

Ballard has demonstrated good cause for granting each of the requests for waiver or deviation identified above. In each case, Ballard does not prepare the requested reports or budgets or otherwise have the information readily available. In addition, it would be prohibitively expensive for Ballard to prepare the reports in the timeframe of this case. Accordingly, Ballard has demonstrated good cause and the Commission should grant the requested waivers.

Respectfully submitted,



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John E. Selent  
Edward T. Depp  
Joseph A. Newberg, II  
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101 South Fifth Street  
Suite 2500  
Louisville, KY 40202  
Phone: 502.540.2300  
Fax: 502.585.2207

*Counsel to Ballard Rural Telephone  
Cooperative Corporation, Inc.*

**CERTIFICATE OF SERVICE**

I certify that, on the date this Motion for Waiver of Certain Rate Application Filing Requirements was filed or served with the Kentucky Public Service Commission, a true and accurate copy of the foregoing was served by Federal Express or by hand delivery upon the persons listed below.

On this the 10th day of June, 2013.

  
\_\_\_\_\_  
*Counsel for Ballard Rural Telephone  
Cooperative Corporation, Inc.*

Honorable Jack Conway  
Capitol Suite 118  
700 Capitol Avenue  
Frankfort, Kentucky 40601-3449

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JUN 11 2013

PUBLIC SERVICE  
COMMISSION

In the Matter of:

TARIFF FILING OF BALLARD RURAL TELEPHONE ) CASE NO.  
COOPERATIVE CORPORATION, INC. ) 2013-00190

**PETITION OF BALLARD RURAL TELEPHONE COOPERATIVE  
CORPORATION, INC. FOR CONFIDENTIAL TREATMENT**

Ballard Rural Telephone Cooperative Corporation, Inc. ("**Ballard**") hereby petitions the Kentucky Public Service Commission (the "**Commission**"), pursuant to 807 KAR 5:001 Section 13 and KRS 61.878, to grant confidential treatment to certain information Ballard is contemporaneously filing with its application for a general adjustment in rates. The information Ballard seeks to protect as confidential is hereinafter referred to as the "Confidential Information."

Pursuant to 807 KAR 5:001 Sections 13(2)(a)(3) and 13(2)(b) one (1) copy of the hardcopy pages containing Confidential Information, with the Confidential Information highlighted with transparent ink, printed on yellow paper, or otherwise marked "CONFIDENTIAL," is being filed with this petition. A copy of those pages with the Confidential Information redacted is being filed with the original and each of the ten (10) copies of the application filed with this petition.

The Confidential Information is not publicly available, is not disseminated within Ballard except to those employees and professionals with a legitimate business need to know and act upon the information, and is not disseminated to others without a legitimate need to know and act upon the information.

If and to the extent the Confidential Information becomes generally available to the public, whether through filings required by other agencies or otherwise, Ballard will notify the Commission and have the information's confidential status removed pursuant to Section 13(1)(b) of 807 KAR 5:001.

As discussed below, the Confidential Information is entitled to confidential treatment based upon KRS 61.878(1)(c)(1), which protects "records confidentially disclosed to an agency or required by an agency to be disclosed to it, generally recognized as confidential or proprietary, which if openly disclosed would permit an unfair commercial advantage to competitors of the entity that disclosed the records." 807 KAR 5:001 Section 13(2)(a)(1).

### **I. Applicable Law**

807 KAR 5:001 Section 13(2)(a) sets forth the procedure by which certain information filed with the Commission may be treated as confidential. The regulation provides that a party seeking confidential treatment of certain information must:

Establish specific grounds pursuant to KRS 61.878, upon which the Commission should classify that material as confidential;

State the time period in which the material should be treated as confidential and the reasons for the time period; and

Include[ ] in a separate sealed envelope marked confidential, one (1) copy of the material . . . which identifies by underscoring, highlighting with transparent ink, or other reasonable means only those portions which unless redacted would disclose confidential material.

The Kentucky Open Records Act, KRS 61.870, *et seq.*, exempts certain records from the requirement of public inspection. In particular, KRS 61.878(c)(1) provides the following exemption from the requirement of public inspection:

records confidentially disclosed to an agency or required by an agency to be disclosed to it, generally recognized as confidential or proprietary, which if openly disclosed would present an unfair

commercial advantage to competitors of the entity that disclosed the records.

**II. Disclosure of the Confidential Information Would Grant Ballard's Competitors an Unfair Commercial Advantage.**

The Confidential Information for which Ballard seeks confidential treatment pursuant to KRS 61.878(1)(c)(1) is generally recognized as confidential or proprietary under Kentucky law.

The Confidential Information in Exhibit 6 consists of data related to the revenue changes due to adjustment of terminating access rates pursuant to the FCC's November 18, 2011 Order reforming intercarrier compensation and the Universal Service Fund (the "**Transformation Order**").

The Confidential Information in Exhibit 7 includes Ballard's operating expenses and revenues.

The highlighted information contained in Ballard's application would result in an "unfair commercial advantage to competitors" of Ballard if disclosed. Ballard, as a participant in the telecommunications market, faces economic competition from other entities in the same market. Ballard competes in the telecommunications market to sell telecommunication services to customers. With the increased penetration of alternatives to basic local service such as VoIP and wireless services, Ballard faces an increasingly competitive market. Ballard's ability to successfully compete against other entities in the telecommunications market would be adversely affected by the disclosure of its internal financial information. Therefore, Ballard has "competitors" as is contemplated under the statute and faces actual competition from other market participants.

The Confidential Information for which Ballard seeks confidential treatment under KRS 61.878(1)(c)(1) is generally recognized as confidential or proprietary under Kentucky law. In

particular, information about a company's detailed inner workings is generally recognized as confidential or proprietary. *See, e.g., Hoy v. Ky. Indus. Revitalization Auth.*, 907 S.W.2d 766, 768 (Ky. 1995) ("It does not take a degree in finance to recognize that such information concerning the inner workings of a corporation is 'generally recognized as confidential or proprietary . . . .'"); *Marina Mgmt. Servs. v. Cabinet for Tourism*, 906 S.W.2d 318, 319 (Ky. 1995) ("The most obvious disadvantage may be the ability to ascertain the economic status of the entities without the hurdles systematically associated with the acquisition of such information about privately owned organizations.").

The disclosure of this confidential and proprietary information would provide competitors an unfair competitive advantage, allowing them insight into Ballard's financial position and giving them the ability to unfairly tailor their competitive efforts against Ballard in light of this Confidential Information.

### **III. Time Period**

Pursuant to Section 13(2)(a)(2) of 807 KAR 5:001 Ballard requests that the Confidential Information remain confidential for a period of five (5) years from the date of this petition, which should allow sufficient time for the projected data to become historical and sufficiently outdated that it could not be used to determine similar Confidential Information at that time. .

### **IV. Conclusion**

Based on the foregoing, the Confidential Information is entitled to confidential treatment. If the Commission disagrees that Ballard is entitled to confidential treatment, due process requires the Commission to hold an evidentiary hearing. *Utility Regulatory Comm'n v. Kentucky Water Serv. Co., Inc.*, 642 S.W.2d 591 (Ky. App. 1982).

WHEREFORE, Ballard respectfully requests that the Commission classify and protect as confidential the Confidential Information.

On this the 10th day of June, 2013.

Respectfully submitted,



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Cooperative Corporation, Inc.*

**CERTIFICATE OF SERVICE**

I certify that, on the date this Petition was filed or served with the Kentucky Public Service Commission, a true and accurate copy of the foregoing was served by Federal Express or by hand delivery upon the persons listed below.

On this the 10th day of June, 2013.



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*Counsel for Ballard Rural Telephone  
Cooperative Corporation, Inc.*

Honorable Jack Conway  
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