

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

ORDER

On November 11, 2022, Thacker-Grigsby Telephone Company, Inc. (Thacker-Grigsby), submitted an application seeking a Certificate of Public Convenience and Necessity (CPCN) for the construction of a fiber optic network in Breathitt and Leslie counties, Kentucky. There were no motions to intervene or other objections made in this matter. Having reviewed the record and being otherwise sufficiently advised, the Commission grants Thacker-Grigsby’s request for a CPCN as discussed herein below.

BACKGROUND

Thacker-Grigsby is a Kentucky corporation and rural incumbent local exchange carrier serving parts of Knott County, Perry County, Floyd County, and Breathitt County, Kentucky.<sup>1</sup> As of October 31, 2022, Thacker-Grigsby has 3,733 residential customers and 830 business customers.<sup>2</sup>

Thacker-Grigsby, through its competitive local exchange carrier affiliate, proposes to construct fiber optic cable in order to deploy a Fiber-to-the-Home (FTTH) network to

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<sup>1</sup> Application at paragraph 3.

<sup>2</sup> Application at paragraph 3.

customers in the proposed area that currently do not have access to high speed broadband services.<sup>3</sup> Thacker-Grigsby provides competitive services in this area which lies within Leslie County Telephone Company, Inc.'s incumbent exchange.<sup>4</sup>

The proposed FTTH network will include new strand and fiber optic cables, attached to Thacker-Grigsby's poles or poles with which Thacker-Grigsby has a joint-use agreement. The specific system deployed will be a Gigabit Passive Optical Network system, which Thacker-Grigsby uses to serve its current customers, and is designed to provide sufficient bandwidth for current and future community requirements.<sup>5</sup> Thacker-Grigsby claims that the proposed FTTH project will help improve its customers' medical services, educational services, and other economic opportunities. Construction is expected to begin in 2024 and be completed in 2028.<sup>6</sup>

Thacker-Grigsby asserts this will allow it to provide broadband service to 100% of its customers in the proposed area. Thacker-Grigsby noted that the importance of high-speed broadband and other advanced telecommunication services to the economic development of rural communities like those in its service area and indicated that it would be unable to provide that service to the affected areas without the proposed construction.<sup>7</sup>

Thacker-Grigsby stated that the estimated cost of the new construction in Kentucky is \$25,000,000.<sup>8</sup> It has obtained a grant of \$12,188,992 for the project and a loan of

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<sup>3</sup> Application at paragraph 5.

<sup>4</sup> Application, Exhibit B.

<sup>5</sup> Application at 2.

<sup>6</sup> Application at 3.

<sup>7</sup> Application at 3.

<sup>8</sup> Application at paragraph 15.

\$12,188,991 from Rural Utilities Services (RUS) under the ReConnect program.<sup>9</sup> Thacker-Grigsby states that it had retained earnings of \$97,572,335 in 2021 and asserts that the RUS loan will not materially affect its operations and will not result in rate increases.<sup>10</sup> Thacker-Grigsby also stated that it does not anticipate the proposed construction increasing its annual operating expenses once construction is complete.<sup>11</sup>

### DISCUSSION AND FINDINGS

It appears that the proposed construction will result in an expansion of the services available to subscribers and will enhance Thacker-Grigsby's ability to maintain its facilities and provide service to customers. Thacker-Grigsby also indicated that it did not expect the new construction to result in an increase in its operating expenses or to otherwise require an increase in rates for regulated services. Thus, the Commission finds that Thacker-Grigsby should be authorized to proceed with the proposed construction as set forth in its Application and described herein.

However, the planned construction is extensive and designed primarily for Thacker-Grigsby to support services that may be beyond the jurisdiction of the Commission.<sup>12</sup> The Commission recognizes that the General Assembly has found that the provision of broadband and other state-of-the-art telecommunications technologies is an "essential element to the Commonwealth's initiatives to improve the lives of Kentucky

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<sup>9</sup> Application, Exhibit D.

<sup>10</sup> Application at 5.

<sup>11</sup> Application at 4.

<sup>12</sup> KRS 278.5462 provides, in part, that the provision of broadband services is not subject to Commission regulation. However, the Commission may assist in the resolution of consumer complaints stemming from broadband service and has the authority to arbitrate and enforce interconnection agreements. Interconnection agreements may include provisions related to remote terminals and central office facilities, which may incorporate broadband services.

citizens . . . .”<sup>13</sup> Nevertheless, the Commission remains obligated to ensure that Thacker-Grigsby’s ability to offer a safe, adequate, and reasonable basic local exchange service is not adversely affected.<sup>14</sup> Thus, while the Commission finds that Thacker-Grigsby should be authorized to proceed with the proposed construction, Thacker should also carefully account for the costs associated with the construction of these facilities and properly allocate those costs between jurisdictional and nonjurisdictional services.<sup>15</sup>

IT IS THEREFORE ORDERED that:

1. Thacker-Grigsby is granted a CPCN to construct new facilities as set forth in its application and as described in this Order.
2. Should the costs of the construction authorized herein exceed by more than 10 percent the estimated costs contained in the application, Thacker-Grigsby shall immediately notify the Commission in writing of the adjustment and include an explanation of the additional costs for the Commission’s approval.
3. As provided for in this Order, Thacker-Grigsby shall maintain records that clearly and sufficiently document the proper allocation of costs for jurisdictional and non-jurisdictional services provided as a result of this construction project.
4. Any documents filed pursuant to ordering paragraph 2 of this Order shall reference the number of this case and shall be retained in the post-case correspondence file.
5. This case is closed and removed from the Commission's docket.

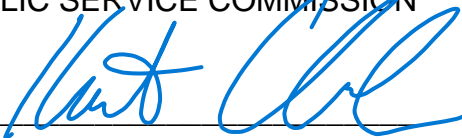
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<sup>13</sup> KRS 278.546(1).

<sup>14</sup> KRS 278.542(1)(n).

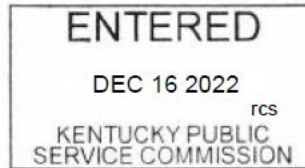
<sup>15</sup> The Commission retains the authority to review the reasonableness of such accounting procedures when considering adjustments of rates for basic local exchange service.

PUBLIC SERVICE COMMISSION

  
\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Vice Chairman

  
\_\_\_\_\_  
Commissioner



ATTEST:

  
\_\_\_\_\_  
Executive Director

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