

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF FOOTHILLS RURAL	)	
TELEPHONE COOPERATIVE CORPORATION,	)	CASE NO.
INC. FOR A GENERAL ADJUSTMENT IN	)	2014-00328
RATES	)	

ORDER

On October 21, 2014, Foothills Rural Telephone Cooperative Corporation, Inc. ("Foothills Telephone") filed a motion for waiver of certain rate application filing requirements contemporaneously with tendering its application requesting authorization to adjust its rates and charges for basic local exchange service.

In its motion, Foothills Telephone requested a waiver from the following filing requirements and subparts of 807 KAR 5:001:

- Section 16(4)(b), which requires the filing of prepared testimony of each witness who will support the application.

Foothills Telephone requested a waiver from this requirement because a detailed narrative explanation of the proposed rate adjustment, which complies with a Federal Communications Commission ("FCC") order and is not driven by a financial need, was submitted as Exhibit 1 of the application and thus does not require further explanation through prepared testimony.

- Section 16(4)(h), which requires a summary of determination of revenue requirements based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage, or operating ratio, with supporting schedules.

Foothills Telephone requested a waiver from this requirement to the extent that it must provide information in addition to the 2013 Rural Utilities Service (“RUS”) operating report submitted with the application as Exhibit 5, which contains financial information regarding Foothills Telephone’s revenue position compared to its required operating revenues. Foothills Telephone argues that the proposed rate adjustment will be offset by revenue reductions imposed by the FCC’s reduction of access revenues from intercarrier compensation over the next ten years, and thus, no or nominal additional revenue is expected from the proposed rate adjustment.

- Section 16(4)(i), which requires the reconciliation of rate base and capital used to determine revenue requirements.

Foothills Telephone requested a waiver from this requirement because the proposed rate adjustment is based on a rate floor set by the FCC, not on rate base and capital.

- Section 16(4)(n), which requires the summary of the latest depreciation study with a schedule identifying current and test-period depreciation rates used by major plant accounts.
- Section 16(4)(r), which requires the monthly managerial reports providing financial results of operations for the 12 months in the test period.

Foothills Telephone requested a waiver from these requirements because its annual financial report, which covers the test period, is on file with the Commission.

- Section 16(4)(q), which requires the annual report to shareholders, or members, and statistical supplements covering the two most recent years from the utility's application filing date.

Foothills Telephone requested a waiver from this requirement to the extent that it must provide information in addition to the independent auditor’s opinion letter it submitted

with its application as Exhibit 7 and its annual financial report, which covers the test period and is on file with the Commission.

- Section 16(5), which allows, upon good cause shown, a utility to request pro forma adjustments for known and measurable changes to ensure fair, just, and reasonable rates based on the historical test period, and which requires any such adjustments to be supported by specific financial and statistical information.

Foothills Telephone requested a waiver from this requirement because its application does not include any pro forma adjustments.

Based on a review of Foothills Telephone's motion and rate application, the Commission finds that:

1. Foothills Telephone's application has been filed to comply with an FCC mandate which specifies a rate floor for basic exchange service.

2. Based on the FCC rate mandate, Foothills Telephone has shown good cause to permit it to deviate from the filing requirements of 807 KAR 5:001, Sections 16(4)(b), 16(4)(i), 16(4)(q), 16(4)(r), and 16(5), and its request for a waiver from the filing requirements should be granted.

3. The information provided in the application and on file with the Commission fulfills the filing requirements set forth in 807 KAR 5:001, Sections 16(4)(h) and 16(4)(n), and therefore a waiver of the filing requirements of those three sections is not required.

IT IS THEREFORE ORDERED that

1. Foothills Telephone's request for a waiver from the filing requirements of 807 KAR 5:001, Sections 16(4)(b), 16(4)(i), 16(4)(q), 16(4)(r), and 16(5) is granted.

2. Foothills Telephone's request for a waiver from the filing requirements of 807 KAR 5:001, Sections 16(4)(h) and 16(4)(n), is denied as moot because the application and the information are already on file with the Commission.

3. Foothills Telephone's application is deemed filed as of the date of this Order.

By the Commission

ENTERED  
OCT 29 2014  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

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

Ruth Conley  
General Manager/CEO  
Foothills Rural Telephone Cooperative  
1621 Kentucky Route 40 W  
P. O. Box 240  
Staffordsville, KY 41256

John E Selent  
Dinsmore & Shohl, LLP  
101 South Fifth Street  
Suite 2500  
Louisville, KENTUCKY 40202