

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

SEPARATION OF COSTS OF REGULATED) ADMINISTRATIVE
TELEPHONE SERVICE FROM COSTS OF) CASE NO. 362
NONREGULATED ACTIVITIES)

O R D E R

On October 16, 1997, the Independent Telephone Group ("ITG")¹ moved the Commission to rehear one issue contained in its October 3, 1997 Order. The Commission required the allocation of a portion of long-term debt to deregulated lines of business from Account #7510 - Interest On Funded Debt. The ITG asserts that the current procedures are correct since the loans associated with interest in the account were for the construction of regulated plant. Moreover, the ITG requests an informal conference to review matters related to Account #7510 - Interest On Funded Debt.

The Commission, having considered the motion and having been otherwise sufficiently advised, HEREBY ORDERS that:

1. The ITG's motion for rehearing is granted.

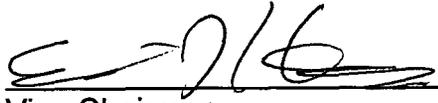
¹ Ballard Rural Telephone Cooperative; Brandenburg Telephone Company; Duo County Telephone Cooperative; Foothills Rural Telephone Cooperative; Harold Telephone Company; Highland Telephone Cooperative; Logan Telephone Cooperative; Mountain Rural Telephone Cooperative; North Central Telephone Cooperative; Peoples Rural Telephone Cooperative; South Central Rural Telephone Cooperative; Thacker-Grigsby Telephone Company; West Kentucky Rural Telephone Cooperative.

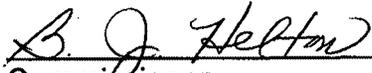
2. An informal conference is scheduled for Thursday, November 20, 1997, at 1:30 p.m., Eastern Standard Time, in Conference Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky.

Done at Frankfort, Kentucky, this 4th day of November, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director