

STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH

News Release

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UTILITIES COMMISSION GRANTS SALUDA MOUNTAIN TELEPHONE COMPANY  
A PARTIAL RATE INCREASE

After months of investigation and following public hearings, the North Carolina Utilities Commission today entered an Order allowing Saluda Mountain Telephone Company an increase in its rates and charges of approximately \$120,000, annually.

The Company's application for rate relief was filed with the Commission on February 16, 1993. The Company initially requested an increase of approximately \$159,000, but revised its request to approximately \$171,000 at the public hearings.

Underlying the increase in rates were increases in costs since the Company's last general rate case in October 1957, 35 years ago. These greater costs include increased investment in plant and facilities which were incurred to redesign and rebuild the Company's facilities to extend and improve service to the public, increases in operation, maintenance and depreciation expenses, and other overall cost increases. Included in the Company's construction program was the replacement or addition of new plant for approximately 160 route miles, the installation of a Northern Telecom DMS-10 digital switch and the installation of fiber plant.

The approved increase of \$120,000 will have an impact on the rates and charges for virtually all local exchange services provided by the Company. The Commission's Order eliminated all zone or mileage charges and approved a monthly rate of \$11.51 for the one-party residential access line rate and \$28.78 for the business one-party access line rate.

In allowing the overall rate increase, the Commission found that the approved rates will provide Saluda Mountain Telephone Company under efficient management an opportunity to earn an overall rate of return of 6.47% on its investment in telephone plant and facilities. The Commission found the overall rate increase to be the minimum that could be granted and still allow the Company to maintain good service and to meet growth in customer demand for telephone service.

Saluda Mountain Telephone Company is located approximately 33 miles southeast of Asheville and is providing telephone service in western North Carolina to the rural areas of Polk and Henderson Counties. The Company is a one exchange company, covering approximately 42 square miles.