

PENDING PETITION MEMO

Date: 5/11/2007

TO : Office of Accounting and Finance
Office of Telecommunication
Office of General Counsel

FROM: CENTRAL OPERATIONS

UTILITY: HANCOCK TELEPHONE COMPANY

SUBJECT: 07-C-0539

Petition of Hancock Telephone Company to defer certain expenses associated with flooding during June 2006.



HANCOCK TELEPHONE

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2007 MAY 11 AM 9:32

May 8, 2007

Ms. Jaclyn A. Brillling
Secretary
NYS Department of Public Service
Three Empire State Plaza
Albany, New York 12223-1350

RE: Petition for Deferred Accounting Treatment in Conjunction with
Case 06-C-0314 – Proceeding on Motion of the Commission to Address
Dissolution of the Rural Telephone Bank

Dear Secretary Brillling,

We are filing a petition to defer certain expenses associated with the flooding that occurred in our territory during June 2006. After receiving 14 inches of rain in three days, Hancock, NY and surrounding communities were declared a natural disaster area by both state and federal governments, resulting in a mandated state of emergency. We apologize for the delay in this filing as our initial impression was that this would be handled in the Rural Telephone Bank (RTB) proceeding Case 06-C-0314. However, it was recently brought to our attention that we needed to file a petition requesting permission to defer the above mentioned expenses.

This petition to recover previous storm related expenses is being filed under Section 95 of the Public Service Law.

Since this was an extraordinary event we are requesting permission to apply deferred accounting treatment to the expenses we incurred during the June flood. If permission is granted the Company would set up a deferred asset for \$16,675, which represents the intrastate portion of such expenses ($\$32,780 * 50.87\%$). We would also

like to note that the Company is not in an over earnings situation as our intrastate return on equity was -0.79%, as calculated in our 2006 PSC Annual Report.

We also request permission to offset this deferred asset with the deferred liability associated with RTB proceeds created in Case 06-C-0314.

Sincerely,

A handwritten signature in black ink, appearing to read "Bethany J. Millar". The signature is written in a cursive, flowing style.

Bethany J. Millar
General Manager