COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF BALLARD RURAL TELEPHONE COOPERATIVE CORPORATION, INC. FOR ARBITRATION OF CERTAIN TERMS AND CONDITIONS OF PROPOSED INTERCONNECTION AGREEMENT WITH AMERICAN CELLULAR F/K/A ACC KENTUCKY LICENSE LLC, PURSUANT TO THE COMMUNICATIONS ACT OF 1934, AS AMENDED BY THE TELECOMMUNICATIONS ACT OF 1996	)	CASE NO. 2006-00215
PETITION OF DUO COUNTY TELEPHONE COOPERATIVE CORPORATION, INC. FOR ARBITRATION OF CERTAIN TERMS AND CONDITIONS OF PROPOSED INTERCONNECTION AGREEMENT WITH CELLCO PARTNERSHIP D/B/A VERIZON WIRELESS, GTE WIRELESS OF THE MIDWEST INCORPORATED D/B/A VERIZON WIRELESS, AND KENTUCKY RSA NO. 1 PARTNERSHIP D/B/A VERIZON WIRELESS, PURSUANT TO THE COMMUNICATIONS ACT OF 1934, AS AMENDED BY THE TELECOMMUNICATIONS ACT OF 1996	)	CASE NO. 2006-00217
PETITION OF LOGAN TELEPHONE COOPERATIVE, INC. FOR ARBITRATION OF CERTAIN TERMS AND CONDITIONS OF PROPOSED INTERCONNECTION AGREEMENT WITH AMERICAN CELLULAR CORPORATION F/K/A ACC KENTUCKY LICENSE LLC, PURSUANT TO THE COMMUNICATIONS ACT OF 1934, AS AMENDED BY THE TELECOMMUNICATIONS ACT OF 1996	)	CASE NO. 2006-00218

PETITION OF WEST KENTUCKY RURAL TELEPHONE COOPERATIVE CORPORATION, INC. FOR ARBITRATION OF CERTAIN TERMS AND CONDITIONS OF PROPOSED INTERCONNECTION AGREEMENT WITH AMERICAN CELLULAR CORPORATION F/K/A ACC KENTUCKY LICENSE LLC, PURSUANT TO THE COMMUNICATIONS ACT OF 1934, AS AMENDED BY THE TELECOMMUNICATIONS ACT OF 1996	)	CASE NO. 2006-00220
PETITION OF NORTH CENTRAL TELEPHONE COOPERATIVE CORPORATION, FOR ARBITRATION OF CERTAIN TERMS AND CONDITIONS OF PROPOSED INTERCONNECTION AGREEMENT WITH AMERICAN CELLULAR CORPORATION F/K/A ACC KENTUCKY LICENSE LLC, PURSUANT TO THE COMMUNICATIONS ACT OF 1934, AS AMENDED BY THE TELECOMMUNICATIONS ACT OF 1996	)	CASE NO. 2006-00252
PETITION OF SOUTH CENTRAL RURAL TELEPHONE COOPERATIVE CORPORATION, INC. FOR ARBITRATION OF CERTAIN TERMS AND CONDITIONS OF PROPOSED INTERCONNECTION AGREEMENT WITH CELLCO PARTNERSHIP D/B/A VERIZON WIRELESS, GTE WIRELESS OF THE MIDWEST INCORPORATED D/B/A VERIZON WIRELESS, AND KENTUCKY RSA NO. 1 PARTNERSHIP D/B/A VERIZON WIRELESS, PURSUANT TO THE COMMUNICATIONS ACT OF 1934, AS AMENDED BY THE TELECOMMUNICATIONS ACT OF 1996	)	CASE NO. 2006-00255
PETITION OF BRANDENBURG TELEPHONE COMPANY FOR ARBITRATION OF CERTAIN TERMS AND CONDITIONS OF PROPOSED INTERCONNECTION AGREEMENT WITH CELLCO PARTNERSHIP D/B/A VERIZON WIRELESS, GTE WIRELESS OF THE MIDWEST INCORPORATED D/B/A VERIZON WIRELESS, AND KENTUCKY RSA NO. 1 PARTNERSHIP D/B/A VERIZON WIRELESS, PURSUANT TO THE COMMUNICATIONS ACT OF 1934, AS AMENDED BY THE TELECOMMUNICATIONS ACT OF 1996	)	CASE NO. 2006-00288

PETITION OF FOOTHILLS RURAL TELEPHONE COOPERATIVE CORPORATION, INC., FOR ARBITRATION OF CERTAIN TERMS AND CONDITIONS OF PROPOSED INTERCONNECTION AGREEMENT WITH CELLCO PARTNERSHIP D/B/A VERIZON WIRELESS, GTE WIRELESS OF THE MIDWEST INCORPORATED D/B/A VERIZON WIRELESS, AND KENTUCKY RSA NO. 1 PARTNERSHIP D/B/A VERIZON WIRELESS, PURSUANT TO THE COMMUNICATIONS ACT OF 1934, AS AMENDED BY THE TELECOMMUNICATIONS ACT OF 1996	)	CASE NO. 2006-00292
PETITION OF GEARHEART COMMUNICATIONS INC. D/B/A COALFIELDS TELEPHONE COMPANY, FOR ARBITRATION OF CERTAIN TERMS AND CONDITIONS OF PROPOSED INTERCONNECTION AGREEMENT WITH CELLCO PARTNERSHIP D/B/A VERIZON WIRELESS, GTE WIRELESS OF THE MIDWEST INCORPORATED D/B/A VERIZON WIRELESS, AND KENTUCKY RSA NO. 1 PARTNERSHIP D/B/A VERIZON WIRELESS, PURSUANT TO THE COMMUNICATIONS ACT OF 1934, AS AMENDED BY THE TELECOMMUNICATIONS ACT OF 1996	)	CASE NO. 2006-00294
PETITION OF MOUNTAIN RURAL TELEPHONE COOPERATIVE CORPORATION, INC., FOR ARBITRATION OF CERTAIN TERMS AND CONDITIONS OF PROPOSED INTERCONNECTION AGREEMENT WITH CELLCO PARTNERSHIP D/B/A VERIZON WIRELESS, GTE WIRELESS OF THE MIDWEST INCORPORATED D/B/A VERIZON WIRELESS, AND KENTUCKY RSA NO 1 PARTNERSHIP D/B/A VERIZON WIRELESS, PURSUANT TO THE COMMUNICATIONS ACT OF 1934, AS AMENDED BY THE TELECOMMUNICATIONS ACT OF 1996	)	CASE NO. 2006-00296

PETITION OF PEOPLES RURAL TELEPHONE COOPERATIVE CORPORATION, INC., FOR ARBITRATION OF CERTAIN TERMS AND CONDITIONS OF PROPOSED INTERCONNECTION AGREEMENT WITH CELLCO PARTNERSHIP D/B/A VERIZON WIRELESS, GTE WIRELESS OF THE MIDWEST INCORPORATED D/B/A VERIZON WIRELESS, AND KENTUCKY RSA NO. 1 PARTNERSHIP D/B/A VERIZON WIRELESS, PURSUANT TO THE COMMUNICATIONS ACT OF 1934, AS AMENDED BY THE TELECOMMUNICATIONS ACT OF 1996	)	CASE NO. 2006-00298
PETITION OF THACKER-GRIGSBY TELEPHONE COMPANY, INC., FOR ARBITRATION OF CERTAIN TERMS AND CONDITIONS OF PROPOSED INTERCONNECTION AGREEMENT WITH CELLCO PARTNERSHIP D/B/A VERIZON WIRELESS, GTE WIRELESS OF THE MIDWEST INCORPORATED D/B/A VERIZON WIRELESS, AND KENTUCKY RSA NO. 1 PARTNERSHIP D/B/A VERIZON WIRELESS, PURSUANT TO THE COMMUNICATIONS ACT OF 1934, AS AMENDED BY THE TELECOMMUNICATIONS ACT OF 1996	)	CASE NO. 2006-00300

O R D E R

On July 25, 2006, the Commission consolidated 49 petitions for arbitration made by rural local exchange carriers into 12 proceedings. Each of the 12 proceedings is centered upon the rural local exchange carriers which are participating in these arbitration cases. On August 3, 2006, Ballard Rural Telephone Cooperative Corporation, Inc., Duo County Telephone Cooperative Corporation, Inc., Logan Telephone Cooperative, Inc., West Kentucky Rural Telephone Cooperative Corporation, Inc., North Central Telephone Cooperative Corporation, South Central Rural Telephone

Cooperative Corporation, Inc., Brandenburg Telephone Company, Foothills Rural Telephone Cooperative Corporation, Inc., Gearheart Communications, Inc. d/b/a Coalfields Telephone Company, Mountain Rural Telephone Cooperative Corporation, Inc., Peoples Rural Telephone Cooperative Corporation, Inc., and Thacker-Grigsby Telephone Company, Inc. (collectively "RLECs") filed motions that they styled as "rehearings." The RLECs have asked the Commission to reconsider its decision to require them to file total element long run incremental cost ("TELRIC") studies and related testimony. The RLECs have also asked the Commission to modify its procedural schedule to ensure that the Commission can issue a decision by October 2, 2006. Finally, the RLECs ask that the Commission incorporate procedural restrictions regarding the conduct of the hearing and other matters.

On August 11, 2006, Alltel Communications, Inc., American Cellular Corporation, New Cingular Wireless PCS, LLC (successor to BellSouth Mobility LLC, BellSouth Personal Communications LLC and Cincinnati SMSA Limited Partnership d/b/a Cingular Wireless), Sprint Spectrum L.P. on behalf of itself and SprintCom, Inc. d/b/a Sprint PCS, T-Mobile USA, Inc., Powertel/Memphis, Inc., T-Mobile Central LLC, and Cellco Partnership d/b/a Verizon Wireless, GTE Wireless of the Midwest Incorporated, and Kentucky RSA No. 1 Partnership (collectively "CMRS Providers") filed their joint response to the motions for rehearing filed by the RLECs.

The RLECs have asked the Commission to arbitrate rates regarding reciprocal compensation arrangements for the transport and termination of telecommunications traffic. Pursuant to 47 U.S.C. § 251(b)(5), all local exchange carriers have the duty to establish such arrangements. Pursuant to 47 U.S.C. § 252(d)(2), the Commission must

follow statutory pricing standards. Terms and conditions for reciprocal compensation are just and reasonable if they provide mutual and reciprocal recovery and if the costs are based on a reasonable approximation of the additional costs of terminating such calls. 47 U.S.C. § 252(d)(2)(A). It was in the furtherance of ensuring that the Commission could comply with these statutory pricing standards that the RLECs were required to provide studies based on TELRIC costs associated with the transport and termination of the calls which are the subject of this proceeding. The RLECs must prove that the rates for each element do not exceed the forward-looking economic cost per unit of providing the element. 47 C.F.R. 51.505(e). The RLECs have not demonstrated that they are relieved from this requirement.

The RLECs have filed arbitration petitions. Since they have done so, this Commission may require them and the CMRS Providers to provide such information as may be necessary for the Commission to reach a decision on the unresolved issues. 47 U.S.C. § 252(b)(4)(B). Recognizing the limited time in which a state commission may rule on unresolved issues in arbitration proceedings, the Telecom Act states:

> If any party refuses or fails unreasonably to respond on a timely basis to any reasonable request from the State commission, then the State commission may proceed on the basis of the best information available to it from whatever source derived.

47 U.S.C. § 252(b)(4)(B).

Next, the RLECs assert that the Commission must alter the procedural schedule to ensure an earlier decision. The July 25, 2006 procedural schedule provides as much time as possible to the parties while still complying with the January 1, 2007 deadline for the effective date of new interconnection agreements. The RLECs indicate their

openness to discussing "an appropriate timeline."[1] However, as the CMRS Providers have highlighted, the RLECs have not proposed an alternative schedule to the Commission's July 25, 2006 Order.[2] The Commission is cognizant of the January 1, 2007 deadline and is diligently seeking to comply with that time frame while providing all parties an opportunity to be heard.

Finally, the RLECs ask that the Commission institute named procedural restrictions to "minimize prejudice."[3] As the Commission indicated in its July 25, 2006 Order, it fully anticipates that the parties to these proceedings will act whenever possible to minimize unnecessary duplication of efforts and resources in each of the 12 consolidated proceedings. Moreover, the Commission noted that it "may enter a separate order at a later date setting forth in detail the process and procedure to be followed in conducting the hearings of the consolidated cases and may permit portions of the hearings to be further consolidated as circumstances may warrant."[4] Given the Commission's caution in proceeding in a manner to minimize unnecessary duplication of efforts and resources, and given the Commission's stated intention of issuing an order regarding the conduct of the hearings at a later time, if necessary, no additions to the procedural Order need to be made at this time.

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[1] RLECs' Motion for Rehearing at 7.

[2] CMRS Providers' Response to Motion for Rehearing at 9.

[3] RLECs' Motion for Rehearing at 8.

[4] July 25, 2006 Order at 3-4.

Having considered the RLECs' motion and the CMRS Providers' response thereto, and having been otherwise sufficiently advised, the Commission HEREBY ORDERS that:

1. The July 25, 2006 Order remains in full force and effect with the sole exception of permitting the RLECs additional time, if needed, to file their TELRIC-based cost studies and written testimony.

2. The parties shall abide by the schedule set forth in Appendix A unless otherwise ordered by the Commission.

Done at Frankfort, Kentucky, this 18th day of August, 2006.

By the Commission

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NOS. 2006-00215, 2006-00217, 2006-00218, 2006-00220, 2006-00252, 2006-00255, 2006-00288, 2006-00292, 2006-00294, 2006-00296, 2006-00298, and 2006-00300 DATED August 18, 2006

RLECs file and serve TELRIC-based cost studies and written testimony in support of those cost studies, on which they rely to demonstrate that their proposed reciprocal compensation rates meet the pricing standards of 47 U.S.C. § 252(d)(2) and the FCC's part 51 pricing rules. The cost studies will be provided in both hard copy and in electronic format that will allow the Commission and the CMRS Providers to track each element from initial input to final results. All cost studies will be provided in open format ..... no later than 8/23/06

Written discovery requests shall be filed with the Commission and served on all parties electronically 8/23/06

Responses and all objections to discovery shall be filed and served electronically 9/7/06

Supplemental discovery requests shall be filed with the Commission and served on all parties electronically 9/14/06

Responses and objections to supplemental discovery shall be filed and served electronically 9/22/06

Direct testimony (other than RLEC cost witnesses) shall be filed and served 9/29/06

Rebuttal testimony shall be filed and served 10/6/06

Public hearing is to begin at 9:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky 10/16-18/06

Opening briefs shall be filed by 11/3/06

Reply briefs shall be filed by 11/15/06

Commission decision ..... End of December