

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION BY AMERICAN)
COMMUNICATIONS SERVICES, INC.,)
AND ITS LOCAL EXCHANGE)
OPERATING SUBSIDIARIES, FOR)
ARBITRATION WITH GTE SOUTH) CASE NO. 96-467
INCORPORATED AND CONTEL OF)
KENTUCKY PURSUANT TO THE)
TELECOMMUNICATIONS ACT OF 1996)

O R D E R

On April 10, 1997, pursuant to the Commission's final Order in this case, dated January 17, 1997 (the "Order"), and its Order in response to a request for clarification dated March 3, 1997, American Communications Services, Inc. ("ACSI") and GTE South Incorporated ("GTE") filed their Interconnection Agreement Between ACSI and GTE Communications ("Agreement") which states the terms upon which they will extend certain interconnection arrangements to each other within each local access transport area ("LATA") in which they both operate. The Agreement is "an integrated package that reflects a balancing of interests critical to the Parties." Agreement at 1.

Because this Agreement is submitted subsequent to a fully arbitrated proceeding, the Commission's review must be completed by May 10, 1997. See 47 U.S.C. 252(e)(4).

In its Order, the Commission found that the cost studies submitted by GTE were insufficient to enable it to set prices based on standards prescribed by the Act. Order at 3, 9. The Agreement as submitted provides for interim rates with a true-up subsequent to the Commission's decision. The Commission finds that the true-up arrangement is consistent with applicable law and approves its use here.

The Commission has reviewed the total long run incremental cost ("TELRIC") studies for nonrecurring charges submitted by GTE in response to the Commission's Order and finds them reasonable. In accordance with the Commission's Order, the Commission adds to the TELRIC costs a factor of 10 percent for shared and common costs. See Appendix 1.

The Commission also has reviewed GTE's two-wire integrated services digital network ("ISDN") basic rate interface ("BRI") cost study, and concludes that serious flaws remain in the study. For example, the assignment of material investment and labor expense is unsupported in comparison to analogous worksheets in prior TELRIC loop studies; methodologies used to calculate basic network function costs greater than twelve kilofeet are inconsistently applied; and GTE seems to have failed to account for, or to alter, problematic assumptions regarding cost allocation factors and utilization rates as discussed in the Commission's Order. As a result, sufficient information to reconstruct TELRIC appropriately is lacking. Consequently, the Commission has, pursuant to 47 U.S.C. 252(a)(4)(B), proceeded "on the basis of the best information available to it" from other sources and has calculated a proxy accordingly.¹ See Appendix 1.

Although there is no allegation that GTE has not participated in the post-hearing negotiations that resulted in this Agreement, or that GTE objected to its filing, no

¹ The 1.6 ratio used in calculating the 2-Wire ISDN Digital Grade Loop rate per month was derived from TELRIC cost studies submitted by BellSouth in its arbitration cases before this Commission. Although BellSouth's TELRIC studies required modifications, they do not contain the irremedial flaws found in GTE's. Further, the respective loop costs of these companies, as well as the respective relationships of residential two-wire loop and two-wire ISDN, are assumed, for current Commission purposes, to be comparable.

representative of GTE has executed the Agreement. GTE has filed suit seeking review of the Order whose decisions are implemented in the Agreement. By letter dated March 24, 1997, GTE states that, although no disputed language exists in the Agreement, GTE "reasserts its continued objection to those provisions which reflect Commission decisions adverse to GTE's positions in the arbitration proceedings." The Commission notes GTE's continued objections. However, the Commission believes that its Order is lawful and fully enforceable pursuant to the Telecommunications Act of 1996, Pub.L. 104-104, 110 Stat. 56 (1996). Consequently, because the Agreement as submitted implements the decisions reached by the Commission and does not otherwise conflict with those decisions, the Commission approves the Agreement and, despite the conspicuous absence of a signatory from GTE, requires the parties to implement the Agreement immediately.


IT IS THEREFORE ORDERED that:

1. The Agreement is hereby approved and shall be implemented by the parties as soon as is practicable.
2. The parties shall institute appropriate pricing as prescribed by this Commission.

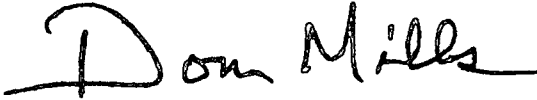
Done at Frankfort, Kentucky, this 9th day of May, 1997.

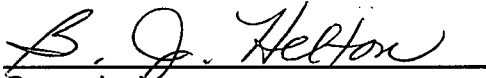
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner

APPENDIX 1

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION
 IN CASE NO. 96-467 DATED MAY 9, 1997

GTE - ACSI LOCAL INTERCONNECTION AND NETWORK ELEMENT PRICES

NETWORK LOCAL INTERCONNECTION/ELEMENT	COMMISSION Decision
NETWORK LOCAL INTERCONNECTION/ELEMENT	COMMISSION Decision
LOCAL LOOPS	
Local Loop	
2-Wire Analog Voice Grade Loop, Per Month	\$19.65
4-Wire Analog Voice Grade Loop, Per Month	\$27.51
2-Wire ISDN Digital Grade Loop, Per Month	\$31.44
Network Interface Device	
Basic NID	\$1.86
12x NID	\$2.00
LOCAL INTERCONNECTION	
A Bill and Keep +/- 10% Traffic	Interim
B Out of Balance Terminating Traffic Average MOU	\$0.0032276
SERVICE PROVIDER NUMBER PORTABILITY	
-Service Provider Number Portability per number ported	\$3.93
-Simultaneous Call Capability - Additional	\$2.61
COLLOCATION ELEMENTS	
Nonrecurring Costs	
Physical Engineering Fee per Request	\$3,749.00
Building Modifications per Central Office	
Simple	\$15,468.00
Moderate	\$21,305.00
Complex	\$27,189.00
DC Power per 40 Amps	\$4,191.00
Cable Pull per 12 Fibers	\$1,075.00
Cage Enclosures per Cage	\$4,705.00
Monthly Recurring	
Partitioned Space per Sq. Ft.	\$2.33
DC Power per 40 Amps	\$388.26
Cable Pull per 12 Fibers	\$15.22
Monthly Recurring for EIS	
DS0 level connection	\$1.53
DS1 level connection	\$3.22
DS3 level connection	\$23.84

GTE - ACSI LOCAL INTERCONNECTION AND NETWORK ELEMENT PRICES

NETWORK LOCAL INTERCONNECTION/ELEMENT	COMMISSION Decision
NONRECURRING CHARGES	
UNBUNDLED SERVICES	
Service Ordering (loop or port)	
Initial Service Order, per order	\$51.84
Transfer of Services Charge, per order	\$17.41
Subsequent Service Order, per order	\$26.37
Customer Service Record Research, per order	\$5.65
Installation	
Unbundled Loop, per order	\$10.64
Unbundled Port, per port	\$10.64
Loop Facility Charge, per order	\$69.59
The Loop Facility Charge will apply when field work is required for establishment of a new unbundled loop service.	