

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

GTE SOUTH INCORPORATED
AVOIDED COST STUDY

) CASE NO.
) 98-041

ORDER

On September 26, 1996, in Administrative Case No. 355,¹ the Commission ordered all local exchange carriers not exempted by the Commission to file avoided cost studies no later than twelve months from the date of the Order. GTE South Incorporated ("GTE") has not complied with that Order and is still subject to the default wholesale discount rate ordered by the Commission in Administrative Case No. 355.

The Federal Communications Commission ("FCC") required that in the event that the default rate was used, state commissions were to establish wholesale rates based on avoided cost studies within a reasonable time.² More than sixteen months have passed since the Commission's Order in Administrative Case No. 355 without submission by GTE of such an avoided cost study.

The Commission will therefore require GTE to submit its avoided cost study within 60 days of the date of this order. Such study shall be state-specific and conform to the wholesale cost study format outlined by the FCC and submitted by BellSouth

¹ Administrative Case No. 355, An Inquiry Into Local Competition, Universal Service, and The Non-Traffic Sensitive Access Rate.

² Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, First Report and Order, CC Docket No. 96-98 (August 8, 1996), ("FCC Order").

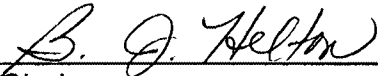
Telecommunications, Inc. ("BellSouth") in Cases No. 96-431³ and 96-482⁴ including an analysis by job function code of those accounts examined in BellSouth's study. The Commission will use this study to set GTE's wholesale discount rate, replacing the default rate now being used.

GTE may require an informal conference to discuss the format and methodology of the study required by the Commission.

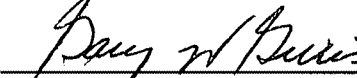
IT IS THEREFORE ORDERED that GTE shall submit its state-specific avoided cost study based upon the methodology prescribed by the FCC and previously submitted by BellSouth within 60 days of the date of this Order.

Done at Frankfort, Kentucky, this 4th day of February, 1998.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

³ Case No. 96-431, Petition By MCI For Arbitration of Certain Terms and Conditions of a Proposed Agreement With BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under The Telecommunications Act of 1996.

⁴ Case No. 96-482, The Interconnection Agreement Negotiations Between AT&T Communications of The South Central States, Inc. and BellSouth Telecommunications, Inc. Pursuant to 47 U.S.C.