

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

A CERTIFICATION OF THE CARRIERS)	
RECEIVING FEDERAL UNIVERSAL)	ADMINISTRATIVE
SERVICE HIGH-COST SUPPORT)	CASE NO. 381

O R D E R

On December 10, 1999, the Commission opened this proceeding pursuant to the order of the Federal Communications Commission ("FCC").¹ The FCC has required states to ensure that carriers use Universal Service support for the provision, maintenance, and upgrading of facilities and services for which the support is intended. Also, states must ensure that federal support is being applied in a manner consistent with Section 254 of the Telecommunications Act of 1996.²

The Commission required BellSouth Telecommunications, Inc. ("BellSouth"), Cincinnati Bell Telephone Company and GTE South Incorporated to file detailed proposals for the process by which this Commission will certify that they will use federal universal service funds appropriately. All companies filed their proposals on January 14, 2000. Subsequently, on January 20, 2000, the FCC released a notice revising the amount of universal service funding available to eligible carriers. Under the revised

¹ Federal-State Joint Board on Universal Service Ninth Report and Order and Eighteenth Order on Reconsideration, CC Docket Number 99-45; FCC 99-306, released November 2, 1999.

² Id. at Paragraph 95.

calculations, BellSouth is the only carrier in Kentucky that will receive support in excess of its current high-cost support. Therefore, at this time, only BellSouth must be certified in Kentucky.

On February 14, 2000, BellSouth filed a revised plan for its intended use of federal support. BellSouth will receive \$428,601 over and above the \$580,608 from existing high-cost support for the calendar year 2000. BellSouth proposes to use the additional federal support to reduce its non-traffic sensitive revenue requirement ("NTSRR"). NTSRR is received by BellSouth from interexchange carriers and supports local rates.

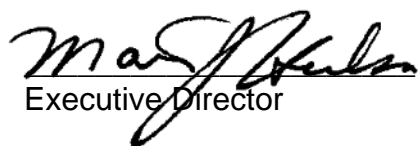
The Commission finds that BellSouth's proposal to use federal support to reduce its NTSRR is consistent with the requirements of Congress and the FCC. The NTSRR is a non-cost based access charge that is used to support local access rates. The Commission has, through other proceedings, used excess revenues of the companies to reduce NTSRR and has an established policy of working to eliminate the NTSRR. Additionally, based on the relatively small amount of the required offset, reduction of the NTSRR is a single process.

IT IS THEREFORE ORDERED that BellSouth's February 14, 2000 proposal is hereby certified by this Commission as complying with the FCC's criteria and that BellSouth is, accordingly, eligible to receive federal Universal Service Fund support. The Commission will serve a copy of this Order upon the FCC to ensure BellSouth receives its intended federal support.

Done at Frankfort, Kentucky, this 24th day of March, 2000.

By the Commission

ATTEST:


Executive Director