

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INQUIRY INTO THE DEVELOPMENT OF)	ADMINISTRATIVE
DEAVERAGED RATES FOR UNBUNDLED)	CASE NO. 382
NETWORK ELEMENTS)	

O R D E R

On December 10, 1999, the Commission established this proceeding to identify different geographic areas within the state of Kentucky which exhibit different cost characteristics because of customer density; to identify the minimum number of unbundled network elements (“UNEs”) that should be made available by incumbent local exchange carriers (“ILECs”) to requesting carriers; to identify the proper method for determining prices for UNEs; and to establish deaveraged prices, by density zone, for those UNEs. The time in which the Commission must accomplish these goals is limited by the Federal Communications Commission (“FCC”), which has determined that 47 C.F.R. 51.507(f), must be implemented no later than May 1, 2000. That rule requires state commissions to establish different rates for UNEs in at least three defined geographic areas within the state to reflect geographic cost differences.

On January 19, 2000, AT&T Communications of the South Central States, Inc. (“AT&T”), BellSouth Telecommunications, Inc. (“BellSouth”), Cincinnati Bell Telephone (“CBT”), GTE South Incorporated (“GTE”), MCI WorldCom Communications and MCImetro Access Transmission Service, Inc. (“MCI WorldCom”), and TCG of Ohio (“TCG”) filed a Joint Stipulation regarding UNE deaveraging. The Stipulation establishes deaveraged UNE rates for the non-rural ILECs to be effective May 1, 2000

and to remain in effect until modified by future Commission decision. The stipulated rates are based on the UNE loop rates established during the arbitration proceedings for BellSouth and GTE, \$20.00 and \$19.65, respectively. CBT's stipulated rates are based on the deaveraged rates agreed upon in negotiated interconnection agreements with numerous carriers. The methodology contained in the stipulation is based on a wire center's relationship to the statewide average. The three zones were derived by averaging the costs of three classes of wire centers: those below 100 percent of the statewide average; those between 100 percent and 200 percent of the statewide average; and those exceeding 200 percent of the statewide average.

The Commission finds that the methodology and the results of the Joint Stipulation regarding UNE deaveraging are reasonable and non-binding on future decisions and that, given the applicable time constraints, the stipulated UNE rates should be adopted until such time as the Commission's investigation into these issues is concluded.

Accordingly, IT IS HEREBY ORDERED that:

1. The rates contained in the Joint Stipulation, attached hereto and incorporated herein, are the deaveraged UNE rates for the non-rural carriers in Kentucky effective May 1, 2000.
2. A copy of this Order shall be served upon the FCC as demonstration of compliance with the deaveraging rule.

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

By the Commission

ATTEST:


Executive Director