COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE INTERCONNECTION AGREEMENT BETWEEN UNIVERSAL TELECOM, INC. AND ALLTEL TELECOMMUNICATIONS	)))	 CASE NO. 2000-027

and

THE APPLICATION BY COMM SOUTH COMPANIES, INC. D/B/A KENTUCKY COMM SOUTH AND ALLTEL COMMUNICATIONS SERVICE CORPORATION FOR APPROVAL OF RESALE AGREEMENT PURSUANT TO THE FEDERAL TELECOMMUNICATIONS ACT OF 1996	))))))	 CASE NO. 2000-083

O R D E R

On October 17, 2000, the Commission reopened these cases upon remand from the United States District Court, Eastern District of Kentucky, in ALLTEL Kentucky Inc. v. Brenda Helton, et al., C.A. No. 00-45 (E.D.Ky, September 18, 2000). In that Order, the Commission clarified that it had used the public interest standard pursuant to 47 U.S.C. § 252 (e)(2)(A)(ii) to reject the interconnection agreements which are the subject of this proceeding. Moreover, the Commission established a procedural schedule to offer ALLTEL Kentucky, Inc. (“ALLTEL”) the opportunity to demonstrate that it is entitled to retain its rural exemption status under 47 U.S.C. § 251 (f)(1)(B).

The Commission refused to accept the tariffed price as an appropriate rate between an incumbent local exchange carrier (“ILEC”) and a competitive carrier proposing to enter the resale market. Instead the Commission required ALLTEL to either establish an avoided cost discount based on its own cost studies or use the default discount rate established in 1996. By the October 17, 2000 Order, ALLTEL was required to submit its avoided cost studies, summaries of arguments why it should be entitled to retain its rural exemption, and a list of witnesses for a public hearing scheduled for December 14, 2000. The agreements which are the subject of this proceeding were allowed to become effective as of October 17, 2000 but the pricing terms were subject to adjustment pending the outcome of this proceeding.

On November 17, 2000, ALLTEL filed amended copies of its interconnection agreements with Universal Telecom, Inc. and Comm South Companies, Inc. d/b/a Kentucky Comm South. The original resale agreements were filed on January 18, 2000 and February 24, 2000, respectively. The only change made to each agreement was the inclusion of a negotiated wholesale discount rate of 8 percent. ALLTEL also filed an avoided cost study in support of the discount rate that reflected a wholesale discount rate of 7.46 percent.

Based on the foregoing, the Commission finds that the December 14, 2000 hearing and the production of arguments and witness lists for the hearing are no longer necessary. As of the date of this Order, the amended interconnection agreements with Universal Telcom, Inc. and Comm South Companies, Inc. d/b/a/ Kentucky Comm South are approved, subject to adjustment pending the outcome of the Commission's review of ALLTEL's avoided cost study. Moreover, pursuant to 47 U.S.C. § 252(i), ALLTEL shall make its avoided cost discount available to any carrier seeking to resell ALLTEL services.

Next, the Commission finds that additional information is required to evaluate ALLTEL's cost study. Accordingly, ALLTEL should respond to the following request for information:

1. Provide an explanation and usage of the 10 percent “Penetration Rate” shown on line 1 of the avoided cost study.

2. Provide an explanation and exhibits to support the expense and revenue amounts in column (d) of the study.

3. Provide exhibits showing the determination of the percentages in column (e).

4. Provide a breakdown of the amounts in column (d) between avoidable and non-avoidable amounts by function and explain why each function is considered avoidable or non-avoidable.

5. It appears that amounts in column (f) should be calculated by multiplying column (d) by column (e). Explain why this is not true.

6. Account 5081 is a federal access charge. Access charges are not subject to resale. Explain why Account 5081 is included with revenues subject to resale.

7. Is ALLTEL a partner in the Carrier A/Carrier B compensation arrangement in Kentucky? If so, are the “long distance” revenues shown on line 31 access charges received under the compensation arrangement converted to long distance?

8. Provide the calculation of the indirect avoided percentage (.11%).

After reviewing ALLTEL’s responses to these questions, the Commission Staff may schedule an informal conference to discuss the cost study.

IT IS THEREFORE ORDERED that:

1. The hearing scheduled for December 14, 2000 is cancelled.

2. The amended interconnection agreements submitted by ALLTEL on November 17, 2000 are hereby approved subject to an adjustment pending the outcome of the Commission's review of ALLTEL's avoided cost study.

3. ALLTEL shall make its avoided cost discount available to any carrier seeking to resell ALLTEL services.

4. Within 20 days of the date of this Order, ALLTEL shall respond to the questions propounded herein.

Done at Frankfort, Kentucky, this 11th day of December, 2000.

By the Commission

ATTEST:

Thomas M. Dorman

Executive Director