

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF BLUEGRASS WIRELESS LLC)	
FOR DESIGNATION AS AN ELIGIBLE)	
TELECOMMUNICATIONS CARRIER IN THE)	CASE NO. 2005-00017
COMMONWEALTH OF KENTUCKY)	
PETITION OF KENTUCKY RSA #4)	
CELLULAR GENERAL PARTNERSHIP)	
FOR DESIGNATION AS AN ELIGIBLE)	CASE NO. 2005-00018
TELECOMMUNICATIONS CARRIER IN THE)	
COMMONWEALTH OF KENTUCKY)	
PETITION OF KENTUCKY RSA #3)	
CELLULAR GENERAL PARTNERSHIP)	
FOR DESIGNATION AS AN ELIGIBLE)	CASE NO. 2005-00019
TELECOMMUNICATIONS CARRIER IN THE)	
COMMONWEALTH OF KENTUCKY)	
PETITION OF CUMBERLAND CELLULAR)	
PARTNERSHIP FOR DESIGNATION AS AN)	
ELIGIBLE TELECOMMUNICATIONS)	CASE NO. 2005-00020
CARRIER IN THE COMMONWEALTH OF)	
KENTUCKY)	

O R D E R

On January 18, 2006, Bluegrass Wireless, LLC, RSA #3 Cellular General Partnership, RSA #4 Cellular General Partnership and Cumberland Cellular General Partnership (collectively "Bluegrass Cellular") filed a petition for clarification of the Commission's Order in this matter dated July 8, 2005. At issue is how the Commission came to the conclusion to redefine the study area of ALLTEL Kentucky, Inc. and Kentucky ALLTEL, Inc.'s London service area. Bluegrass Cellular agrees with the

Commission's determination to redefine the study area but requests clarification of the rationale. Bluegrass Cellular believes that the Commission must make a finding or conclusion addressing three factors. The Commission herein will grant the motion for clarification and address the matters raised by Bluegrass Cellular.

For purposes of federal universal service obligations, a rural telephone company's study area is presumed to be its service area unless and until the Federal Communications Commission ("FCC") and state commission cooperatively establish a different service area definition for such company after considering the Federal-State Joint Board on Universal Service's ("Joint Board") service area recommendations.¹ Therefore, if a state commission proposes to define a rural telephone company study area as something less than the company's entire service area, the state commission must consider and make findings with respect to each of the three Joint Board factors discussed below.

The first factor to consider is whether redefinition of the study area will present any risk of cream skimming. Bluegrass Cellular is not intentionally cream skimming. Bluegrass Cellular seeks to be designated within its entire FCC-licensed service area. It has not picked only certain areas within its licensed service area.

Also redefinition of the study area will not produce the unintended effects of cream skimming. The risk of unintentional cream skimming has been virtually eliminated by the FCC's implementation of the disaggregation mechanisms set forth in 47 C.F.R. § 54.315. Rural telephone companies have the option to disaggregate federal universal

¹ 47 U.S.C. § 214(e)(5); 47 C.F.R. § 54.207(b).

service support to higher cost portions of their study areas. ALLTEL Kentucky, Inc. has disaggregated its study area and Kentucky ALLTEL, Inc. has elected to forgo disaggregation within its study area.

The FCC also endorsed conducting a population density analysis as a proxy to assess the risk of unintended cream skimming. A population density analysis compares the population density of the wire centers where the ETC designation is requested to the wire centers where the ETC designation is not requested. Bluegrass Cellular completed a population density survey of each of the study areas comparing the areas in which it will operate and the area in which it will not operate. The population density study shows that the area in which it seeks designation in ALLTEL Kentucky, Inc.'s territory contains 110.32 persons per square mile and the area in which it does not seek designation contains 456.10 persons per square mile. Because Bluegrass Cellular is proposing to serve the less densely populated area, there is no risk that cream skimming will result here. The population density study shows that the area in which it seeks designation in Kentucky ALLTEL, Inc.'s – London territory contains 46.65 persons per square mile and the area in which it does not seek designation contains 46.35 persons per square mile. The difference in these two results does not present any risk of unintentional cream skimming.

The second Joint Board factor that must be considered is whether redefinition will impact the regulatory status of the rural telephone company under the Telecommunications Act of 1996. There is nothing that would affect the regulatory treatment of ALLTEL Kentucky, Inc. or Kentucky ALLTEL, Inc. Also, the FCC has made

the determination that redefinition of the study area does not affect embedded costs of the company or the amount of universal service support that it receives.²

The third Joint Board factor to be considered is whether any administrative burdens will result from the redefinition of the service area. The FCC confirmed in the Virginia Cellular, LLC order the redefinition of the study area does not affect the calculation of support or create any additional burdens for the rural telephone company.³

IT IS THEREFORE ORDERED that:

1. Bluegrass Cellular's motion for clarification of the July 8, 2005 Order is granted.
2. Redefinition of the study area of ALLTEL, Kentucky, Inc.'s and Kentucky ALLTEL, Inc.'s - London to permit Bluegrass Cellular's designation as a competitive ETC poses no risk of cream skimming.
3. Redefinition of the study area of ALLTEL, Kentucky, Inc. and Kentucky ALLTEL, Inc. - London to permit Bluegrass Cellular's designation as a competitive ETC will not affect ALLTEL, Kentucky, Inc. or Kentucky ALLTEL, Inc.'s regulatory status under the Telecommunications Act of 1996.

² In the matter of Virginia Cellular, LLC Petition for Designation as an Eligible Telecommunications Carrier in the Commonwealth of Virginia, CC Docket No. 96-45, Memorandum and Opinion and Order, FCC 03-338 Paragraph 41 and 43, released January 23, 2004.

³ Id. at Paragraph 44.

4. Redefinition of the study area of ALLTEL, Kentucky, Inc. and Kentucky ALLTEL, Inc. – London to permit Bluegrass Cellular's designation as a competitive ETC will not create any additional administrative burdens.

Done at Frankfort, Kentucky, this 24th day of January, 2006.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end, positioned above the text 'Executive Director'.

Executive Director

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