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COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

A CERTIFICATION OF THE CARRIERS RECEIVING FEDERAL UNIVERSAL SERVICE HIGH-COST SUPPORT

ADMINISTRATIVE CASE NO. 381

<u>O R D E R</u>

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The Commission has entered Orders pursuant to the Federal Communications Commission's ("FCC") rules certifying that carriers¹ in Kentucky plan to use their "forward looking" high-cost support for authorized purposes for the calendar years 2000, 2001, 2002, 2003, 2004, 2005, and 2006.² 47 C.F.R. Sections 54.313 and 54.314 require states to ensure that carriers use the federal high-cost 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 1996.³ For 2000, only the use of

¹ Carriers are, in this context, defined as rural and non-rural incumbent local exchange carriers and eligible telecommunications carriers serving lines in the service area of a rural or non-rural incumbent local exchange carrier within their jurisdiction receiving support pursuant to 47 C.F.R. Section 54.309 (Calculation and Distribution of Forward-Looking Support for Non-Rural Carriers), Section 54.311 (Interim Hold-Harmless Support for Non-Rural Carriers), and Section 54.314 (State Certification of Support for Rural Carriers).

² Federal-State Joint Board on Universal Service Ninth Report and Order and Eighteenth Order on Reconsideration ("Ninth Report and Order"), CC Docket Number 99-45; FCC 99-306, released November 2, 1999, Appendix C, Section 54.313 and Administrative Case No. 381 Orders dated March 24, 2000, September 29, 2000, September 25, 2001, September 27, 2002, August 18, 2003, September 24, 2004 and September 20, 2005.

³ Ninth Report and Order at Paragraphs 93-110.

"forward-looking" support was to be certified. Beginning with the federal support for 2001, certification by state commissions is required regardless of whether the support is "forward-looking" or "hold harmless." On May 23, 2001, the FCC issued an order in CC Docket 96-45 and CC Docket 00-256 that changed the methodology by which rural carriers receive high-cost support. Also, in that order, the FCC required the states to certify that the high-cost support received by rural carriers is consistent with 47 U.S.C. § 254(e).¹ Certification must occur by October 1 prior to the year for which support is rendered.

All carriers eligible to receive support have certified to the Commission that the use of the federal universal service support will be used in accordance with 47 U.S.C. § 254(e). All carriers propose to use their universal service support to upgrade facilities to ensure that rural services are reasonably comparable to urban services and to maintain their current rates as allowed by the FCC.² Attached as Exhibit 1 is a schedule of support that each carrier is projected to receive.

The Commission finds that the carriers' proposals to use federal support to upgrade facilities and proposals to maintain embedded rates are consistent with the requirements of Congress and the FCC.

¹ In the Matter of Federal-State Joint Board on Universal Service Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers, Fourteenth Report and Order, Twenty-Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45, and Report and Order in CC Docket No. 00-256; FCC 01- 157, Released May 23, 2001. <u>See generally</u> Paragraphs 185-193.

² Ninth Report and Order at paragraph 106.

IT IS THEREFORE ORDERED that:

1. The proposals of all of the carriers are hereby certified as complying with the FCC's criteria and, accordingly, these utilities are eligible to receive federal Universal Service Fund support.

2. A copy of this Order shall be served upon the FCC and the Universal Service Administrative Company to ensure that all carriers receive their 2007 federal high-cost support.

3. By September 1 of each calendar year, all carriers shall file with the Commission their plans for the use of any high-cost federal support.

Done at Frankfort, Kentucky, this 22nd day of September, 2006.

By the Commission

ecutive Director

Administrative Case No. 381

Universal Service Funding

High Cost Support by Study Area

Fourth Quarter 2006

Study Area Name	High Cost Model	High Cost Loop	Safety Net Additive	Safety Valve	Interstate Access	Local Switching	Interstate CL	Total High Cost	Total High Cost	Total High Cost
			Monthly Support						Quarterly	Annual
260396 BALLARD RURAL TEL. COOP. CORP., INC.	<u>\$0</u>	\$24,536	<u>\$0</u>				\$45,242	\$103,123		\$1,237,476
260398 BRANDENBURG TEL CO., INC.	\$0	<u> </u>	\$0			\$57,509	\$133,194	\$190,703		\$2,288,436
260401 DUO COUNTY TEL, COOP., INC.	\$0	\$230,550	\$0		SO	\$18,605	\$159,543	\$408,698		\$4,904,376
260402 ALLTEL KENTUCKY, INC.	\$0	\$0	\$0		\$0	\$21,203	\$24,856	\$46,059		\$552,708
260406 FOOTHILLS RURAL TEL. COOP. CORP., INC.	\$0	\$132,506	<u>So</u>		\$0	\$42,382	\$199,391	\$374,279		\$4,491,348
260408 GEARHEART COMM. DBA COALFIELDS TEL. CO.	\$0	\$6,137	<u>\$0</u>		50	\$38,200	\$48,309	\$92,646	\$277,938	\$1,111,752
260411 LESLIE COUNTY TEL. CO., INC.	\$0	\$86,638	\$0		\$0	\$11,301	\$48,735	\$146,674	\$440,022	\$1,760,088
260412 LEWISPORT TEL. CO., INC.	\$0	\$3,722	<u>\$0</u>		\$0	\$8,453	\$8,150	\$20,325		\$243,900
260413 LOGAN TEL. COOP., INC.	\$0	\$169,693	\$2,072	\$0	\$0	\$24,964	\$91,369	\$288,098		\$3,457,176
260414 MOUNTAIN RURAL TEL. COOP. CORP., INC.	50	\$12,450	\$0		\$0	\$36,479	\$103,715	\$152,644	\$457,932	<u>\$1,831,728</u>
260415 PEOPLES RURAL TEL. COOP. CORP.	<u>\$0</u>	\$190,153	\$8,592	\$0	\$0	\$49,464	\$109,982	\$358,191		\$4,298,292
260417 SALEM TEL. CO.	\$0	\$2,249	<u> </u>		\$0	\$9,605	\$10,971	\$22,825	\$68,475	\$273,900
260418 SOUTH CENTRAL RURAL TEL. COOP. CORP., INC.	\$0	\$473,170	<u>\$0</u>		\$0	\$9,968	\$259,065	\$742,203		\$8,905,436
260419 THACKER/GRIGSBY TEL. CO., INC.	50	\$22,519	\$0		\$0	\$37,559	\$61,752	\$121,830	\$365,490	\$1,461,960
260421 WEST KY, RURAL TEL. COOP, CORP., INC.	50	\$303,998	\$0		\$0	\$27,842	\$237,990	\$569,830	\$1,709,490	\$6,837,960
265061 CINCINNATI BELL-KY	<u>\$0</u>	<u>\$0</u>	\$0		\$0	\$0	\$0	\$0	\$0	\$0
265061 CINCINNATI BELL-KY	\$61,822	\$0	\$0		\$20,625	50	\$Q	\$82,447	\$247,340	\$989,362
265182 SOUTH CENTRAL BELL-KY	50	\$0	<u> </u>		\$0	\$0	\$0	\$0		\$0
265182 SOUTH CENTRAL BELL-KY	\$851,851	\$0	\$0		\$560,807	\$0	\$0	\$1,412,658	\$4,237,974	\$16,951,894
269001 SOUTHEAST TELEPHONE, INC.	\$0	\$0	\$0			\$0	\$0	<u>\$0</u>		\$0
269001 SOUTHEAST TELEPHONE, INC.	\$23,137	\$0	\$0			\$0	\$0	\$50,199	\$150,597	\$602,388
269001 SOUTHEAST TELEPHONE, INC.	<u>\$0</u>	\$0	\$0		\$0	\$0	\$0	<u>\$</u> 0	\$0	\$0
269001 SOUTHEAST TELEPHONE, INC.	\$0	SO	\$0		\$1,665	\$0	\$0	\$1,665	\$4,995	\$19,980
269002 NPCR, INC.	\$0	\$0	<u>\$0</u>		\$76,092	50	<u>\$0</u>	\$76,092	\$228,276	\$913,104
269002 NPCR, INC.	\$64,353	\$0	\$0		<u>\$0</u>	\$0	<u>\$0</u>	\$64,353	\$193,059	\$772,235
269002 NPCR, INC.	\$0	\$0				\$0	<u> </u>	\$2,254	\$6,762	\$27,048
269002 NPCR, INC.	\$0	\$24,698	\$225	\$0	\$0	\$2,319	\$14,269	\$41,511	<u>\$124,533</u>	\$498,132
269004 CINERGY COMMUNICATIONS COMPANY	\$7,274	\$0	<u>\$0</u>		\$5,898	\$0	<u>\$0</u>	\$13,172	\$39,515	\$158,060
269004 CINERGY COMMUNICATIONS COMPANY	\$0	\$4,516	<u>\$0</u>		<u>50</u>	\$113	50	\$4,629	\$13,887	\$55,548
269006 NORTH CENTRAL COMMUNICATIONS	\$5,414	<u> </u>	<u>\$0</u>		\$4,315	\$0	\$0	\$9,729	\$29,187	\$116,748
269007 EAST KENTUCKY NETWORK, LLC DBA APPALACHIAN WIRELESS	\$0	\$0	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>	\$0	<u>\$0</u>	<u>\$0</u>	\$0
269007 EAST KENTUCKY NETWORK, LLC DBA APPALACHIAN WIRELESS	\$35,406	50	<u>\$</u> 0		\$55,182	SO	\$0	\$90,588	\$271,764	\$1,087,057
269007 EAST KENTUCKY NETWORK, LLC DBA APPALACHIAN WIRELESS	\$0	\$0	<u>\$0</u>		\$0	\$0	\$0	<u>\$0</u>	\$0	\$0
269007 EAST KENTUCKY NETWORK, LLC DBA APPALACHIAN WIRELESS	\$0	\$81,209	\$1,734	\$0	\$480	\$51,693	\$121,705	\$256,821	\$770,463	\$3,081,852
269008 BLUEGRASS CELLULAR	\$0	\$0	50		<u>0</u>	\$0	<u>\$0</u>	\$0	\$0	\$0
269008 BLUEGRASS CELLULAR	\$73,227	\$0	<u>\$0</u>		\$99,106	\$0	\$0	\$172,333	\$517,000	\$2,068,001
269008 BLUEGRASS CELLULAR	<u>\$0</u>	\$0	\$0		\$0	\$O	\$0	<u>\$0</u>	\$0	\$0
269008 BLUEGRASS CELLULAR	\$0	\$465,862	\$681	\$0	\$4,756	\$43,605	\$340,361	\$855,265	\$2,565,795	\$10,263,180
269009 SOUTH CENTRAL TELCOM LLC	\$0	<u>\$0</u>			\$510	\$0	\$0	\$510	\$1,530	\$6,120
269690 KENTUCKY ALLTEL, INC LEXINGTON	\$0	\$0	\$0		\$0	\$0	\$0	<u>\$0</u>	<u>\$0</u>	\$0
269690 KENTUCKY ALLTEL, INC LEXINGTON	\$372,578	\$0	\$0		\$470,005	\$0	\$0	\$842,583	\$2,527,748	
269691 KENTUCKY ALLTEL, INC LONDON	\$0	\$0	50		\$0	\$0	\$0	\$0	\$0	\$0
269691 KENTUCKY ALLTEL, INC LONDON	\$0	<u></u>	\$0		\$46,960	\$0	\$0	\$46,950	\$140,850	\$563,400
269905 AMERICAN CELLULAR CORP.	SO	\$0	\$0		<u>\$0</u>	\$O	<u>\$0</u>	\$0		<u>\$0</u>
269905 AMERICAN CELLULAR CORP.	\$80,658	<u>so</u>	\$0		\$96,506	<u></u>	<u>\$0</u>	\$177,164	\$531,493	\$2,125,973
269905 AMERICAN CELLULAR CORP.	\$0	50	\$0		\$0	\$0	\$0	<u>\$0</u>	<u> </u>	50
269905 AMERICAN CELLULAR CORP.	50	\$111,872	\$0	\$0	<u>\$0</u>	\$9,418	\$85,967	\$207,257	\$621,771	\$2,487,084
290573 NORTH CENTRAL TEL. COOP., INC.	\$0	\$105,772			\$0	\$27,400	\$164,076	\$297,248	\$891,744	\$3,566,976
290565 HIGHLAND TEL. COOP., INC.	\$0	<u>\$0_</u>	\$0	\$0	\$0	\$41,122	\$125,542	\$166,664	\$499,992	\$1,999,968
DIALOG TELECOMMUNICATIONS, INC.				l	/					
E-TEL, LLC				<u> </u>						
				<u> </u>						
TOTAL ANNUAL SUPPORT	L			L	L				1	\$102,122,636