

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF BALLARD RURAL)
TELEPHONE COOPERATIVE CORPORATION,) CASE NO.
INC. FOR ARBITRATION OF CERTAIN TERMS) 2006-00215
AND CONDITIONS OF PROPOSED)
INTERCONNECTION AGREEMENT WITH)
AMERICAN CELLULAR F/K/A ACC KENTUCKY)
LICENSE LLC, PURSUANT TO THE)
COMMUNICATIONS ACT OF 1934, AS)
AMENDED BY THE TELECOMMUNICATIONS)
ACT OF 1996)

PETITION OF DUO COUNTY TELEPHONE)
COOPERATIVE CORPORATION, INC. FOR) CASE NO.
ARBITRATION OF CERTAIN TERMS AND) 2006-00217
CONDITIONS OF PROPOSED)
INTERCONNECTION AGREEMENT WITH)
CELLCO PARTNERSHIP D/B/A VERIZON)
WIRELESS, GTE WIRELESS OF THE)
MIDWEST INCORPORATED D/B/A VERIZON)
WIRELESS, AND KENTUCKY RSA NO. 1)
PARTNERSHIP D/B/A VERIZON WIRELESS,)
PURSUANT TO THE COMMUNICATIONS ACT)
OF 1934, AS AMENDED BY THE)
TELECOMMUNICATIONS ACT OF 1996)

PETITION OF LOGAN TELEPHONE)
COOPERATIVE, INC. FOR ARBITRATION OF) CASE NO.
CERTAIN TERMS AND CONDITIONS OF) 2006-00218
PROPOSED INTERCONNECTION)
AGREEMENT WITH AMERICAN CELLULAR)
CORPORATION F/K/A ACC KENTUCKY)
LICENSE LLC, PURSUANT TO THE)
COMMUNICATIONS ACT OF 1934, AS)
AMENDED BY THE TELECOMMUNICATIONS)
ACT OF 1996)

PETITION OF WEST KENTUCKY RURAL)
TELEPHONE COOPERATIVE CORPORATION,)
INC. FOR ARBITRATION OF CERTAIN TERMS)
AND CONDITIONS OF PROPOSED)
INTERCONNECTION AGREEMENT WITH)
AMERICAN CELLULAR CORPORATION F/K/A)
ACC KENTUCKY LICENSE LLC, PURSUANT)
TO THE COMMUNICATIONS ACT OF 1934, AS)
AMENDED BY THE TELECOMMUNICATIONS)
ACT OF 1996)

CASE NO.
2006-00220

PETITION OF NORTH CENTRAL TELEPHONE)
COOPERATIVE CORPORATION, FOR)
ARBITRATION OF CERTAIN TERMS AND)
CONDITIONS OF PROPOSED)
INTERCONNECTION AGREEMENT WITH)
AMERICAN CELLULAR CORPORATION)
F/K/A ACC KENTUCKY LICENSE LLC,)
PURSUANT TO THE COMMUNICATIONS ACT)
OF 1934, AS AMENDED BY THE)
TELECOMMUNICATIONS ACT OF 1996)

CASE NO.
2006-00252

PETITION OF SOUTH CENTRAL RURAL)
TELEPHONE COOPERATIVE CORPORATION,)
INC. FOR ARBITRATION OF CERTAIN TERMS)
AND CONDITIONS OF PROPOSED)
INTERCONNECTION AGREEMENT WITH)
CELLCO PARTNERSHIP D/B/A VERIZON)
WIRELESS, GTE WIRELESS OF THE)
MIDWEST INCORPORATED D/B/A VERIZON)
WIRELESS, AND KENTUCKY RSA NO. 1)
PARTNERSHIP D/B/A VERIZON WIRELESS,)
PURSUANT TO THE COMMUNICATIONS ACT)
OF 1934, AS AMENDED BY THE)
TELECOMMUNICATIONS ACT OF 1996)

CASE NO.
2006-00255

PETITION OF BRANDENBURG TELEPHONE)
COMPANY FOR ARBITRATION OF CERTAIN)
TERMS AND CONDITIONS OF PROPOSED)
INTERCONNECTION AGREEMENT WITH)
CELLCO PARTNERSHIP D/B/A VERIZON)
WIRELESS, GTE WIRELESS OF THE MIDWEST)
INCORPORATED D/B/A VERIZON WIRELESS,)
AND KENTUCKY RSA NO. 1 PARTNERSHIP)
D/B/A VERIZON WIRELESS, PURSUANT TO)
THE COMMUNICATIONS ACT OF 1934, AS)
AMENDED BY THE TELECOMMUNICATIONS)
ACT OF 1996)

CASE NO.
2006-00288

PETITION OF FOOTHILLS RURAL)
TELEPHONE COOPERATIVE CORPORATION,) CASE NO.
INC., FOR ARBITRATION OF CERTAIN TERMS) 2006-00292
AND CONDITIONS OF PROPOSED)
INTERCONNECTION AGREEMENT WITH)
CELLCO PARTNERSHIP D/B/A VERIZON)
WIRELESS, GTE WIRELESS OF THE)
MIDWEST INCORPORATED D/B/A VERIZON)
WIRELESS, AND KENTUCKY RSA NO. 1)
PARTNERSHIP D/B/A VERIZON WIRELESS,)
PURSUANT TO THE COMMUNICATIONS ACT)
OF 1934, AS AMENDED BY THE)
TELECOMMUNICATIONS ACT OF 1996)

PETITION OF GEARHEART)
COMMUNICATIONS INC. D/B/A COALFIELDS) CASE NO.
TELEPHONE COMPANY, FOR ARBITRATION) 2006-00294
OF CERTAIN TERMS AND CONDITIONS OF)
PROPOSED INTERCONNECTION AGREEMENT)
WITH CELLCO PARTNERSHIP D/B/A VERIZON)
WIRELESS, GTE WIRELESS OF THE MIDWEST)
INCORPORATED D/B/A VERIZON WIRELESS,)
AND KENTUCKY RSA NO. 1 PARTNERSHIP)
D/B/A VERIZON WIRELESS, PURSUANT TO)
THE COMMUNICATIONS ACT OF 1934, AS)
AMENDED BY THE TELECOMMUNICATIONS)
ACT OF 1996)

PETITION OF MOUNTAIN RURAL)
TELEPHONE COOPERATIVE CORPORATION,) CASE NO.
INC., FOR ARBITRATION OF CERTAIN TERMS) 2006-00296
AND CONDITIONS OF PROPOSED)
INTERCONNECTION AGREEMENT WITH)
CELLCO PARTNERSHIP D/B/A VERIZON)
WIRELESS, GTE WIRELESS OF THE MIDWEST)
INCORPORATED D/B/A VERIZON WIRELESS,)
AND KENTUCKY RSA NO 1 PARTNERSHIP)
D/B/A VERIZON WIRELESS, PURSUANT TO)
THE COMMUNICATIONS ACT OF 1934, AS)
AMENDED BY THE TELECOMMUNICATIONS)
ACT OF 1996)

PETITION OF PEOPLES RURAL TELEPHONE)
 COOPERATIVE CORPORATION, INC., FOR) CASE NO.
 ARBITRATION OF CERTAIN TERMS AND) 2006-00298
 CONDITIONS OF PROPOSED)
 INTERCONNECTION AGREEMENT WITH)
 CELLCO PARTNERSHIP D/B/A VERIZON)
 WIRELESS, GTE WIRELESS OF THE)
 MIDWEST INCORPORATED D/B/A VERIZON)
 WIRELESS, AND KENTUCKY RSA NO. 1)
 PARTNERSHIP D/B/A VERIZON WIRELESS,)
 PURSUANT TO THE COMMUNICATIONS ACT)
 OF 1934, AS AMENDED BY THE)
 TELECOMMUNICATIONS ACT OF 1996)

PETITION OF THACKER-GRIGSBY)
 TELEPHONE COMPANY, INC., FOR) CASE NO.
 ARBITRATION OF CERTAIN TERMS AND) 2006-00300
 CONDITIONS OF PROPOSED)
 INTERCONNECTION AGREEMENT WITH)
 CELLCO PARTNERSHIP D/B/A VERIZON)
 WIRELESS, GTE WIRELESS OF THE)
 MIDWEST INCORPORATED D/B/A VERIZON)
 WIRELESS, AND KENTUCKY RSA NO. 1)
 PARTNERSHIP D/B/A VERIZON WIRELESS,)
 PURSUANT TO THE COMMUNICATIONS)
 ACT OF 1934, AS AMENDED BY THE)
 TELECOMMUNICATIONS ACT OF 1996)

O R D E R

On December 22, 2006, the Commission entered an Order addressing all unresolved issues in this arbitration proceeding. The commercial mobile radio service providers (“CMRS Providers”)¹ petitioned for rehearing or clarification of several issues

¹ Alltel Communications, Inc.; New Cingular Wireless PCS, LLC, successor to BellSouth Mobility LLC, BellSouth Personal Communications LLC and Cincinnati SMSA Limited Partnership d/b/a Cingular Wireless; Sprint Spectrum L.P., on behalf of itself and SprintCom, Inc., d/b/a Sprint PCS; T-Mobile USA, Inc., Powertel/Memphis, Inc., and T-Mobile Central LLC; and Cellco Partnership d/b/a Verizon Wireless, GTE Wireless of the Midwest Incorporated, and Kentucky RSA No. 1 Partnership.

contained in the Commission's Order. The rural local exchange carriers ("RLECs")² filed a motion for clarification of one issue.

The CMRS Providers seek rehearing of the Commission's determination in Issues 1 and 9 that relate to whether RLECs owe reciprocal compensation for calls made by their customers using a 1+ arrangement that are carried by an interexchange carrier. They also seek rehearing of Issue 2, the Commission's requirement that interconnection be dedicated when traffic exchanged between an RLEC and a CMRS Provider reached a specific traffic threshold.

The CMRS Providers also seek clarification of the Commission's Order on Issues 5 and 6, regarding whether the determination that RLECs should not be required to establish interconnection points beyond their local service territory was referring to a facilities issue or a compensation issue. Issues 7 and 8, the sharing of facilities' costs when direct interconnection is utilized, are also the subject of the CMRS Providers' motion.

The Commission has considered the CMRS Providers' motion and the RLECs' response thereto. Clarification of the December 22, 2006 Order is appropriate for each of these issues. Accordingly, the Commission finds that rehearing should be granted but only for the purpose of clarifying the December 22, 2006 Order, based on the record

² Ballard Rural Telephone Cooperative Corporation, Inc.; Duo County Telephone Cooperative Corporation, Inc.; Logan Telephone Cooperative, Inc.; West Kentucky Rural Telephone Cooperative Corporation, Inc.; North Central Telephone Cooperative Corporation; South Central Rural Telephone Cooperative Corporation, Inc.; Brandenburg Telephone Company; Foothills Rural Telephone Cooperative Corporation, Inc.; Gearheart Communications, Inc. d/b/a Coalfields Telephone Company; Mountain Rural Telephone Cooperative Corporation, Inc.; Peoples Rural Telephone Cooperative Corporation, Inc.; and Thacker-Grigsby Telephone Company, Inc.

as it now stands. Issues 1 and 9, Issue 2, Issues 5 and 6, and Issues 7 and 8 shall be clarified in an Order to be issued by the Commission in the near future.

ISSUES 10 AND 11: IF EACH RLEC IS REQUIRED TO DEVELOP A COMPANY-SPECIFIC TELRIC-BASED RATE FOR TRANSPORT AND TERMINATION, WHAT SHOULD THE RATE BE FOR EACH RLEC, AND WHAT ARE THE PROPER RATE ELEMENTS AND INPUTS TO DERIVE THAT RATE? IF THE RLECS FAIL TO DEMONSTRATE RATES THAT MEET THE REQUIREMENTS OF 47 U.S.C. § 252(d)(2)(A) AND THE FCC'S REGULATIONS, WHAT RATE SHOULD THE COMMISSION ESTABLISH FOR EACH RLEC?

The RLECs have asked for clarification of the requirement that they conduct total element long-run incremental cost ("TELRIC") studies. They ask that the Order be altered to give them the choice of whether to use proxy rates already established by the Commission or to file a TELRIC study for review and approval by the Commission. The CMRS Providers have also asked that the Commission clarify the requirement to establish TELRIC rates. The CMRS Providers ask that, if TELRIC studies are to be reviewed by the Commission, they be permitted to have an opportunity to fully participate in any Commission proceedings that may review the TELRIC studies submitted by RLECs.

The RLECs assert that under 47 C.F.R. § 51-705(a), they should have the option to decide whether to use TELRIC studies, default proxies, or bill-and-keep arrangements. However, that federal regulation specifically states that the rates for transport and termination of telecommunications traffic will be established at the election of the state commission. As the December 22, 2006 Order reflects, this Commission has elected that rates for transport and termination of telecommunications traffic should be based on forward-looking economic costs. However, the RLECs propose to

continue using the default proxies contained in Appendix A of the Commission's December 22, 2006 Order. The CMRS Providers do not oppose the use of these proxies.

Accordingly, the Commission will alter its Order to provide for continued use of the Commission-established proxies. The RLECs need not submit their TELRIC studies as previously required by ordering paragraph 3 of the December 22, 2006 Order. The RLECs may use the proxy rates until they or the CMRS Providers decide to seek an alternative rate. If an alternative rate is requested, the RLEC must submit TELRIC studies as described in the December 22, 2006 Order. At that time, the Commission will review the proposed TELRIC study and will provide an opportunity to any affected requesting carrier to participate in the review.

The Commission HEREBY ORDERS that:

1. Rehearing for the purpose of clarifying the Commission's December 22, 2006 Order is granted regarding Issues 1 and 9, 2, 5 and 6, and 7 and 8.
2. Within 30 days of the date of the issuance of the Order clarifying the December 22, 2006 Order, to be entered in the near future, the parties shall file their respective interconnection agreements, to be effective January 1, 2007, incorporating the relevant decisions contained in the December 22, 2006 Order, in the instant Order, and in the Order to be entered in the near future regarding clarifications.
3. The reciprocal compensation rates contained in Appendix A to the December 22, 2006 Order shall be utilized for each RLEC unless and until the RLEC or a requesting carrier seeks a different rate.

4. If an RLEC or a requesting carrier seeks a reciprocal compensation rate other than that contained in Appendix A to the December 22, 2006 Order, then the RLEC must submit, within 90 days of the date of that request, its relevant TELRIC studies as specified in the December 22, 2006 Order. Once approved by the Commission, the rate supported by the TELRIC studies shall replace the proxy rate contained in Appendix A of the December 22, 2006 Order.

Done at Frankfort, Kentucky, this 5th day of February, 2007.

By the Commission

ATTEST:

Executive Director