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March 12, 2007

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PUBLIC SERVICE
COMMISSION

Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

**RE: Case No. 2006-00316 – Petition of SouthEast Telephone for Arbitration with
BellSouth Telecommunications**

Dear Ms. O'Donnell:

This firm is counsel to Bluegrass Telephone Company d/b/a Kentucky Telephone (“KTC”). The purpose of this letter is to provide additional breadth of perspective on the importance of this case that is not readily apparent from the existing record. KTC, like SouthEast, is a CLEC building an advanced network to serve rural Kentuckians. Leitchfield-based KTC is engaged in this effort in Western Kentucky, whereas SouthEast Telephone’s efforts are concentrated in Eastern Kentucky. Their interests in certain issues involved in this case are essentially identical. KTC is particularly interested in Issue A-4, relating to adjacent off-site collocation.

SouthEast has told the Commission that new technology available within the past two years will enable the company to provide both POTs and broadband using as little of BellSouth’s network as possible. But SouthEast’s use of this technology in a cost effective way appears to require an off-site collocation arrangement, which SouthEast has claimed is technically feasible.

SouthEast has said in this case that it is “virtually unique” as a CLEC focusing on building facilities to provide both voice and advanced services to mass market customers in rural areas. SouthEast Brief at 2. BellSouth seems to have seized on this claim of uniqueness to support its various arguments that SouthEast is merely seeking “special treatment” related to its plans to compete in rural areas of Kentucky. *See, e.g.*, BellSouth Brief at 2-3. However, use of the words “unique” and “special” is erroneous in this context. In fact, as KTC’s own situation illustrates, the Commission’s decision on Issue A-4 would have a major impact on rural deployment in Kentucky.

Like SouthEast, KTC has concluded that access to off-site collocation is essential if there is to be meaningful voice, broadband, and video competition in rural areas of the state. And KTC agrees these arrangements are technically feasible. Indeed, KTC is currently using a similar arrangement, providing its own entrance facilities to a Windstream remote terminal in

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Leitchfield Kentucky and interconnecting with Windstream UNE loops which terminate to this facility. KTC can provide voice, DSL-based Internet access, and subscription-based video services over these loops using its own network. KTC is also attempting to interconnect with UNE loops in a Windstream office in Clarkson, Kentucky using an arrangement that is similar to the one that SouthEast seeks to obtain from BellSouth. KTC believes innovative technical arrangements like these are critical if the Governor's Rural Broadband Initiative is ever to be fulfilled, and urges the Commission to give careful consideration to this important issue presented in the referenced arbitration.

Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the enclosed additional copies and return them to me in the enclosed self-addressed stamped envelope.

Very truly yours,

A handwritten signature in black ink, appearing to read 'DFB', with a long horizontal flourish extending to the right.

Douglas F. Brent

DFB/ec
Enclosures
cc: service list