The Commission has previously found that it will support the Lifeline program. The Lifeline Program supports Universal Telecommunications Service with the goal that consumers in all regions of the nation, including low-income consumers, should have access to telecommunications and information services that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged in urban areas. Another Universal Service principle is that the extension of service to the maximum number of subscribers is in the interest of public safety and all users of telecommunications services.

The Federal Lifeline Program provides support to individuals that are enrolled in one of five programs: Medicaid, food stamps, supplemental security income, federal public housing assistance, and low-income home energy assistance programs. The Federal Lifeline Program gives a reduction in the subscriber’s monthly telephone bill in the amount equal to the subscriber line charge, plus $1.75, plus an amount equal to one-half of the amount provided by state funding up to $1.75. The state participates by providing $3.50 in order to receive the maximum matching amount from the Federal Lifeline Program.
Due to changes in the projected increase in cost of the Kentucky Lifeline Program, the monthly surcharge for each local exchange carrier\(^1\) ("LEC") and wireless provider customer access line should be increased from five cents ($0.05) to eight cents ($0.08) per month. As in the past, this surcharge should be shown on the customer’s bill as “Kentucky Lifeline Surcharge.” All LECs should submit to the Commission updated tariffs to reflect this change no later than June 15, 2004, to be effective July 1, 2004. Also, carriers should use the new “Universal Service Fund” report form and instructions for completing the form, which is attached hereto as Appendix A.

IT IS THEREFORE ORDERED that:

1. The surcharge for the Kentucky Lifeline Program shall be eight cents ($0.08) per access line per month beginning with billing for service rendered after July 1, 2004.
2. By June 15, 2004, all LECs shall submit tariff revisions to reflect this change.
3. For the reporting month of July 2004 and thereafter, carriers shall use the form attached hereto and incorporated herein as Appendix A.

Done at Frankfort, Kentucky, this 3\(^{rd}\) day of June, 2004.

By the Commission

ATTEST:

Executive Director

\(^{1}\) Local exchange carriers include all incumbent and competitive local exchange carriers.
Instructions for Completing Kentucky Universal Service Fund Report

Beginning in July 2004 the surcharge rate for the Kentucky Universal Service Fund ("USF") to support the Kentucky Lifeline program will increase from five cents ($0.05) per access line to eight cents ($0.08) per access line, collected on a monthly basis. Following are instructions for completing the forms and definitions of the terms on the forms.

All Incumbent Local Exchange Carriers ("ILECs"), Competitive Local Exchange Carriers ("CLECs"), and Wireless Providers are required to collect the surcharge from their customers on a monthly basis. The surcharge should be collected for all local exchange access lines and wireless subscribers including analog and digital cellular and PCS. Local exchange access lines are defined for this purpose as facilities which provide access to and from the telecommunications network for toll service and for local calling with the exception of Coin, WATS, remote call forwarding, radio common carriers, interlata foreign exchange lines, private line services, mobile, other common carriers, and company official accounts. Each carrier should collect the surcharge from the customers it serves on a retail basis, wholesale accounts should not be charged the surcharge. The surcharge should appear on each customer’s bill as “Kentucky Lifeline Support” or a similar facsimile.

Carriers may contribute to the fund on a monthly or quarterly basis depending on the number of subscribers served. Carriers with less than 1,000 access lines may contribute on a quarterly basis. Carriers with greater than 1,000 access lines should continue to contribute on a monthly basis. Carriers contributing on a quarterly basis will still be required to submit separate reports for each month but remit them to the fund on a quarterly basis. Reports are due within 15 days following the reporting month.

Form Instructions

Please complete the carrier information at the top of the form; include company name, address, telephone/fax number, vendor number, date report filed and month for reporting data. Please circle your company designation.

Block 3, Monthly Access Line Data

Line 1, this is the total number of access lines in service for the month.
Line 2, the amount of the surcharge is provided.
Line 3, this should be equal to line 1 multiplied by line 2.
Line 4, this is the number of customers that are receiving Lifeline service.
Line 5, the amount of reimbursement should be the number of customers from line 4 multiplied by the amount of state reimbursement, up to $3.50.

Signature Block

Please date and print the name and title of the company official and sign the form. A company official may be an officer, controller or other responsible person designated to be held accountable for the information submitted on the form.

Please note the two addresses at the bottom of the form and mail within 15 days after the reporting month. Utilities failing to file reports will be subject to penalties in accordance with KRS 278.990.
COMMONWEALTH OF KENTUCKY
UNIVERSAL SERVICE FUND

Company Name
Company Address
Telephone / Fax
Vendor Number

<table>
<thead>
<tr>
<th>Classification</th>
<th>ILEC</th>
<th>CLEC</th>
<th>Cellular</th>
<th>PCS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Please Circle One</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Monthly Access Line Data

1. Total Access Lines in Service…………………………………………___________________________
2. Surcharge Per Access Line……………………………………………__________ $0.08
3. Amount of Surcharge Remitted to Kentucky USF……………………___________________________
4. Number of Access Lines Receiving Lifeline Support……………………___________________________
5. Amount of Reimbursement Requested from Kentucky USF……………………___________________________

Signature Block

I hereby attest that the information reported herein is true and accurate to the best of my knowledge.

Company Official _______________________Title_______________________Company Official_________________________
(Printed) (Signed)

Make check payable to: “Kentucky State Treasurer” and send with this report to:
Finance and Administration Cabinet
ATTN: Donna Smith
Capitol Annex, Room 488A
Frankfort, KY 40601

Send a copy of this report to:
Kentucky Public Service Commission
ATTN: Jim Stevens
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40602