

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INQUIRY INTO UNIVERSAL SERVICE) ADMINISTRATIVE
AND FUNDING ISSUES) CASE NO. 360

O R D E R

On July 7, 1997, MCI Telecommunications Corporation and MCImetro Access Transmission Services, Inc. ("MCI") requested a modification of the procedural schedule. A similar request was filed by BellSouth Telecommunications, Inc. ("BellSouth") on July 9, 1997. Both utilities assert that they are unable to produce adequate information on their cost studies and models at this time. MCI plans to present the Hatfield Model, Release 4, to the Commission but it will not be completed and will not have Kentucky-specific data incorporated into it until after the conclusion of the scheduled hearing. BellSouth wishes to present a Benchmark Cost Proxy Model to determine the cost of funding universal service. However, this model will not be released until six weeks after the scheduled hearing.

One of the sections for prefiled testimony established by the Commission in its June 17, 1997 Order is the "cost of universal service support." The Commission required that prefiled testimony emphasize appropriate cost models to determine rural and high cost area support, and provide available Kentucky-specific costs. Incomplete cost models by BellSouth and MCI will preclude the Commission from adequately addressing these major issues. Accordingly, the motions of MCI and BellSouth should be granted. That portion of the hearing related to presentation of cost models to

determine rural and high cost area support and Kentucky-specific costs should be delayed.

The Commission finds on its own motion that further alterations to the procedural schedule should be made. The hearing scheduled for July 28, 1997 should be convened August 4, 1997, one week later, and should address all issues enumerated in the June 17, 1997 Order except for the presentation of cost models to determine rural and high cost area support and Kentucky-specific costs. However, the parties should address the scope of study areas for rural and high cost support in the August 4, 1997 hearing.

The Commission adopts BellSouth's proposed procedural schedule for the separate universal service cost model hearing as follows: (a) direct testimony is due September 30, 1997; (b) rebuttal testimony is due October 14, 1997; and (c) the public hearing will begin October 28, 1997.

Parties should make available to the Commission Staff their updated cost models in a CD Rom format as soon as they become available.

The Commission, having considered the motions to modify the procedural schedule, and having been otherwise sufficiently advised, HEREBY ORDERS that:

1. The motions of MCI and BellSouth are granted to the extent stated herein.
2. The July 28, 1997 public hearing is rescheduled to August 4, 1997 at 9:00 a.m. in Hearing Room 1 of Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky.

3. The public hearing related to cost models and cost data to determine universal service costs shall be convened October 28, 1997 at 9:00 a.m. in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky.

4. The August 4, 1997 public hearing shall proceed on all non-cost model issues as set forth in the June 17, 1997 Order.

5. The parties shall provide cost model information in CD Rom format to the Commission Staff as soon as it becomes available.

Done at Frankfort, Kentucky, this 10th day of July, 1997.

PUBLIC SERVICE COMMISSION



For the Commission

ATTEST:



Executive Director